

ASX RELEASE



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Company Announcements Office
Australian Stock Exchange Limited
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Sydney NSW 2000

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Dear Sir,

Attached is a copy of the Chairman's Address to be delivered to shareholders of Ausdrill Limited at the Annual General Meeting of the Company to be held today.

Yours faithfully

DOMENIC SANTINI
Company Secretary

BRINGING MORE TO MINING

CHAIRMAN'S ADDRESS

Ladies and Gentlemen

I am delighted to welcome you to the Ausdrill Limited annual general meeting for 2011.

Your company has experienced another record year. Obviously we are benefitting significantly from the continued resources boom, however, we are also seeing significant benefits from the Company's decision to broaden the range of services we offer to the mining industry. This diversification is continuing and we expect to see further benefits from this strategy in the future.

Allow me to run through some of the key highlights:

- Sales revenue was up 32% to \$834.6m
- EBITDA was up 30% to \$195.4m
- Profit after tax was up 52% to \$73.3m
- Basic earnings per share were up 14% to 27.13 cents
- Importantly, from shareholders' perspective, the dividend increased to 12 cents per share

Despite our best efforts, there are still people who think Ausdrill is merely a drilling company. Even a cursory examination of the Annual Report demonstrates that this perception is wrong.

I propose to highlight the activities of some of our divisions including those divisions which are not involved in drilling. For a full review I refer you to the Annual Report.

AUSTRALIA

Drill & Blast

This is the business on which the Company was founded. The drill and blast business of Brandrill has now been incorporated into this business. The Brandrill acquisition brought with it drill and blast contracts in the Eastern States coal industry. Initially, this part of the business was operating at a loss. Renegotiation of existing contracts and rationalisation of overheads has improved the profitability of this business.

During the year, the drill and blast division commenced a three year grade control contract for Fortescue Metals Group at its Cloudbreak and Christmas Creek operations and, since year end, has commenced a three year grade control contract at FMG's new Solomon mine. The division has also obtained new contracts at the Carina iron ore project for Mineral Resources and the Ravensthorpe nickel project for First Quantum.

Drill and blast civil work has also been carried out at Barrow Island, the Burrup and the Sino iron ore project at Cape Preston.

Exploration Drilling

This is carried out in two divisions, one centred in the North West of Western Australia and one in Kalgoorlie. Our exploration fleet is being constantly upgraded with new rigs designed and built in-house by our subsidiary, Drill Rigs Australia.

The rigs carry the special features required by many of our major clients. In all, we have 42 exploration rigs in Australia. Most are committed on long term contracts to the likes of BHP Billiton, Gold Fields, Rio Tinto Iron Ore, Barrick Gold, Alacer and Consolidated Minerals.

Ausdrill Mining Services Australia

This division hires earthmoving and ancillary equipment to miners and contractors, primarily in the Pilbara. It has 104 pieces of earthmoving and ancillary equipment on hire. The fleet is fully utilised and we are seeing strong demand in the period ahead.

New Businesses

As part of our strategy of expanding our services to the mining industry, we have three new businesses, two we have started from scratch and one we have acquired.

MinAnalytical Laboratory Services

This division has been formed to provide assaying services to the industry. We are in the process of setting up a new laboratory in Canning Vale. The set up has taken longer than we had hoped but the business has just started operating. We are expecting that, in due course, this will become a very important division for us. Already we are seeing strong interest from mining companies in both Australia and Africa.

Connector Drilling

This business was acquired during the year. It provides hydrogeological services to the industry. Because of the water problems being experienced as many of the open pits go beneath the water table, there is a very strong demand for this division's services. Connector has 9 drilling rigs with ancillary equipment and is expecting 3 more to be commissioned this year. The business has designed and built a unique drill pipe and casing handling system to be fitted to its rigs. The system leads the industry. The strong demand for the division's services sees the current fleet booked on long term contracts, with the new rig suites, which are still to be commissioned, also going out on long term contracts.

Energy Drilling Australia

This marks our move into the coal seam gas business. The division has one new Foremost rig purchased out of Canada. In May, it commenced its first job with Santos on a 15 month contract. Because of the demand for its services, we have placed an order for a large capacity Schramm rig from America. The division is also developing a business case for the acquisition of a well servicing rig. After a coal seam gas well is drilled, there is a constant requirement for the hole to be serviced throughout its life. Because this is a new area for us, we are moving slowly into the coal seam gas business.

AFRICA

Our African business has continued on its steady growth path and this year marks our 20th year of operating in Africa. We now operate in five different African countries and are looking at opportunities in other countries. Revenue and profits have continued to grow.

As our contracts are denominated in US dollars, the appreciation or depreciation of the Australian dollar has a significant effect on the result from our operations when expressed in Australian dollars. As noted in the Annual Report, if the average exchange rate used in the previous period had applied to this year, then in Australian dollars, our revenue would increase by \$28.1 and our profit by \$3.9m.

We believe that our African business has huge growth opportunities given the increasing mining activity on that continent.

African Mining Services (AMS)

This division provides a full suite of surface contract mining and exploration drilling services to the industry in West Africa. The driver of this business is contract mining.

During the year, the division commenced a 63 month US\$300m mining contract for Perseus Mining and a three year US\$58m contract for Adamus Resources. AMS has also received a letter of intent from Golden Star Resources for contract mining at its Pampe project.

These are all in addition to the mining contracts for Kinross at Chirano in Ghana and for AngloGold Ashanti at Yatela in Mali.

The division's exploration drilling fleet is fully utilised and new drilling equipment was recently mobilised to Burkina Faso.

Ausdrill Tanzania / Zambia

In Tanzania, we have a drill and blast contract with AngloGold Ashanti at Geita and also carry out exploration drilling in that country.

We have established a presence in Zambia with a 12 month contract for the provision of three exploration rigs to BHP Billiton. BHP Billiton has an option to extend the contract for a further 12 months.

African Underground Mining Services (AUMS)

Our underground mining joint venture with Barmenco is growing steadily. The joint venture currently has contracts in Ghana and Mali for Newmont, Randgold and Kinross. During the year, revenue and profit grew strongly. Our share of the profit in AUMS grew from (\$0.1m) in the previous year to \$7.7m in the year under review.

Since year end, Randgold has awarded AUMS a second underground mining contract at this mine in Mali.

MANUFACTURING

This division has almost doubled its revenue and more than doubled its sales outside the Group to \$50m.

Taking the businesses within our manufacturing division one by one...

Drilling Tools Australia (DTA)

DTA manufactures drilling consumables. It has developed a range of RC hammers which have a patent pending and is looking to sell these worldwide. It carries out significant research and development and has a number of other patents pending for products it has developed. The division has three more computerised machine tools on order from a Japanese manufacturer.

DT HiLoad

DT HiLoad manufactures light weight high performance bodies for dump trucks. These are proving very popular as they permit a truck to increase its payload by up to 15%. KCGM in Kalgoorlie, for example, has moved to use the trays on all of its trucks in the Super Pit.

Remet Engineers

Remet manufactures drill rods and associated equipment which is sold in Australia and overseas. Remet has operated in Kalgoorlie for many years and we have recently opened a Canning Vale plant as well.

Drill Rigs Australia (DRA)

DRA manufactures exploration rigs, diamond, RC, multipurpose and grade control rigs. These rigs have specially-developed safety and operational features which we believe provide a significant advantage. DRA has recently built a unique medium-size blasthole rig which was partly modelled on the special long-reach drills we have operated at the Super Pit for many years. The drill provides a high level of safety and productivity and is operating exceptionally well in the tough Pilbara environment. DRA production is primarily for internal use, with 12 rigs currently under construction.

SAFETY

The Group now has approximately 4,600 employees. Whilst in many of our operations our safety record is excellent, we have had serious accidents in some areas over the past year. Improvement of our safety record is a major focus for the Group.

SOVEREIGN RISK

Last year, I expressed concern at the proposal by the Government to introduce a tax on miners, which operates retrospectively in the sense that it applies to existing mines, where investment decisions were made under a different tax regime. I expressed the view that Australia could become viewed as a country where investors could start to think twice about investing because of a perceived sovereign risk.

Obviously, existing profitable mines will continue to operate and no doubt new ones will be developed where an ore body has been discovered. Due to the impost of the new taxes we expect that capital allocations for new projects in Australia may be subject to uncertainty whilst these issues are fully understood by the industry. What I foresee is that, in time, exploration in Australia will be reduced as companies realise there are opportunities in other parts of the world where there is less chance of the rules being changed after investment decisions have been taken.

In Africa, we are seeing the benefit of increased capital allocation from international mining houses and from junior miners based in Australia. This will only increase as the emerging economies in Africa see the benefits that a thriving mining industry can bring. Because of its 20 years experience in Africa, Ausdrill is well placed to take advantage of this increased activity which has already begun.

ECONOMIC OUTLOOK

Whilst the global outlook remains very uncertain with the turmoil in Europe and, at best, sluggish growth in America, on the positive side, growth in Asia, particularly in China and India, will continue to underwrite strong demand for resources, and gold prices should continue to remain strong.

PEOPLE

The shortage of suitably qualified people remains a problem. We have sent recruitment teams to the UK and Ireland, North America, New Zealand and Asia. They have managed to secure some suitable staff but the shortages still remain. The Company has significant in-house training and apprenticeship programs, and is looking to set up an industry-supported initiative to provide training for people wanting to work in the mining industry. We have held discussions with Government and others in the industry and there appears to be general support for what is proposed.

OUTLOOK FOR AUSDRILL

When considering the outlook for Ausdrill, the following are factors which need to be remembered:

1. Between 60-70% of Ausdrill's work is in the gold business. Although it has come off its recent highs, the gold price remains at historically high levels. In times of uncertainty, people do buy gold. Thus, we see no reason why the gold industry will not hold up in the event of a downturn. This underpins Ausdrill's future.
2. Ausdrill has focussed over the years on working primarily for the major mining houses which continue operations even in periods of downturn.
3. Wherever possible, we seek long term contracts.
4. Recently we have sought to broaden our offerings to the iron ore industry in the Pilbara which we believe is here to stay.

As at 1 July 2011, work in-hand was \$A1.84 billion, as against \$A1.15 billion on the same date last year. Included in this work in hand is the following, which I mentioned earlier:

- Two 3 year RC grade control contracts with Fortescue at its Cloudbreak, Christmas Creek and Solomon mines
- 3 year drill and blast contract for Mineral Resources at Carina
- 42 month drill and blast contract at Ravensthorpe
- 63 month mining contract for Perseus in Ghana
- 3 year Adamus Mining contract in Ghana
- 12 month with 12 month option of extension exploration for BHP in Zambia
- 3 year mining contract with Golden Star in Ghana

We also have contracts for the provision of mining services to Central Norseman for 3 years and Kimberley Metals for 4 years. Our new explosives division has two contracts for the provision of explosives.

We are also expecting a positive contribution from a full 12 month ownership of Connector Drilling. Similarly, as MinAnalytical commences operations, we are expecting this division to make a positive contribution to the business.

As I said earlier, we are seeing the benefits of the diversification of the range of services we offer to the industry. We are continuing to look for further opportunities to expand the range of services we offer to the mining industry, and are working on entering the underground mining business by acquisition or through organic means, or both.

We expect our revenue for the current year to rise to a billion dollars for the first time, whilst maintaining margins at 2011 levels.

The Company remains confident that, barring a meltdown in the international financial system or some other such disaster, Ausdrill will continue on the growth path which we have seen over the last few years and which is highlighted by the bar chart on page 3 of the Annual Report.

Finally, I would like to pay tribute to Ron Sayers and the staff of the Company for their efforts, often in very trying circumstances. We have a first class team. The Company's success is due in no small part to the dedication and hard work of that team, and on behalf of the Board, I would like to acknowledge their contributions.



TERENCE O'CONNOR
Chairman
Ausdrill Limited