

17 FEBRUARY 2015

---

## MARKET UPDATE

### ASSET IMPAIRMENT

Ausdrill advises that it has carried out a preliminary review of the carrying value of assets as at 31 December 2014, with the review including a consideration of the reasonableness of the assumptions used in these valuations. The review is ongoing and will be completed as part of the finalisation of Ausdrill's half year financial report to 31 December 2014.

As previously noted in Ausdrill's 2014 Annual Report, the testing of recoverable amounts as required under accounting standards was based on certain assumptions which, if not achieved, may require the Group to book an impairment expense. The valuations were sensitive to changes in key assumptions as there was minimal headroom (the excess of recoverable amount over carrying values of assets) at 30 June 2014.

Following the Company's market announcements on 20 October 2014 and 25 November 2014, there has been continued pressure on commodity prices, in particular, the iron ore and oil prices, and continued challenging market conditions. A review of the Company's mid to long term forecast has resulted in a view being taken that the recovery of the mining services sector will be from a base that is lower than Ausdrill had previously anticipated.

The Company believes that an impairment expense in the range of \$170 million - \$220 million (pre-tax), comprised mainly of impairment of plant and equipment, will be required in the Company's FY2015 Half Year Results.

The Company's half year results to 31 December 2014 are scheduled to be released on or about 26 February 2015.

#### ***Impairment Implications***

The impairment expense is a non-cash item and:

- does not have any impact on cash-flow;
- will not have an impact on operations; and
- will not have a material impact on banking covenants with the principal covenant affected being the gearing ratio which would increase by approximately 7%, which is well within the required limit allowing the Company to maintain a significant level of headroom under its gearing covenant test.

Further details on the impairment expense will be provided in the Company's financial statements for the six months ended 31 December 2014.

**BRINGING MORE  
TO MINING**

## AUMS JOINT VENTURE

Ausdrill advises that African Underground Mining Services (“AUMS” a 50:50 joint venture with Barminto Limited) has received notice from Randgold Resources Ltd (“Randgold”) that the provision by AUMS of underground mining services at the Gara and Yalea operations will be terminated. Randgold has advised AUMS that it intends to transition to owner-miner at those projects.

The parties are in discussions in relation to the transition process, on the purchase by Randgold of the AUMS assets (inventory and equipment) used at the operations, and the final termination date.

The Board remains focussed on improving the Company’s performance and applying the free cash-flow generated to reduce debt, with the Company remaining on track with its previously stated strategy of de-leveraging the business over the next year. A full review of the Company is under way and further actions to be taken by the Company to improve its performance will be provided with the release of the Company’s FY2015 financial results.

---

### **About Ausdrill**

*Ausdrill (ASX: ASL) is a diversified mining services company. Since its formation in Kalgoorlie in 1987, Ausdrill has grown significantly and now has operations across Australia, Africa and the United Kingdom. Ausdrill is a leader in providing services in contract mining, grade control, drill & blast, exploration, mineral analysis, procurement & logistics and manufacturing. The Ausdrill Group employs over 4,000 staff worldwide.*

*For further information, please contact:*

*Mr Ron Sayers  
Managing Director  
Ausdrill Limited  
Tel: +618-9311 5666*

*Mr José Martins  
Chief Financial Officer  
Ausdrill Limited  
Tel: +618-9311 5666*

*Mr David Ikin  
Professional Public Relations  
Tel: +618-9388 0944*