

12 APRIL 2018

ESTABLISHMENT OF DEFERRED ISSUE ESOP AND PROPOSED ISSUE OF OPTIONS

The Board of Ausdrill Limited (ASX:ASL) ("**Ausdrill**") has established a new "deferred issue" executive share option plan ("**Plan**") for the benefit of certain executives and has today resolved to make offers under the Plan.

Eligible executives will be offered Ausdrill options ("**Options**") which entitle the holder to subscribe for one fully paid ordinary share in Ausdrill per Option.

The Board only intends to make one round of offers under this Plan. The Plan has been established specifically to rectify two issues:

- a) certain executives commenced employment with Ausdrill in 2016 and 2017 on terms that included the right to a grant of options under Ausdrill's Executive Share Option Plan announced to ASX on 21 December 2015 (**Existing ESOP**). However, options were never issued to those Eligible Executives under the Existing ESOP; and
- b) certain other executives were within the category of executives who were issued options under the Existing ESOP when prior offers were made. However, due to administrative oversight, those executives were never issued their options.

The new Plan is designed to put the executives referred to above in the position they would have been in had Options been issued to those executives under the Existing ESOP when offers would otherwise have been made under the Existing ESOP (and the date on which offers would otherwise have been made is referred to as the **Relevant Date**). Accordingly, exercise prices, vesting dates and performance hurdles have been adjusted to reflect what they would have been as at the Relevant Date.

Ausdrill has, pursuant to the Plan, today offered 800,000 Options to eligible executives. It is expected that Options will be issued to eligible executives on or about 20 April 2018.

All Options will be unlisted, will expire 5 years after the applicable Relevant Date (and also in certain circumstances where the executive ceases to be employed or where the Board determines), and will be issued in three (equal) tranches as follows:

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- Tranche 1 (one third of the Options) will become exercisable after the second anniversary of the applicable Relevant Date;
- Tranche 2 (a further one third of the Options) will become exercisable after the third anniversary of the applicable Relevant Date; and
- Tranche 3 (the remaining one third of the Options) will become exercisable after the fourth anniversary of the applicable Relevant Date.

The exercise price for each Option will be the volume weighted average price of Ausdrill shares on ASX over the 10 trading days prior to the applicable Relevant Date for the Options. As the exercise price is being determined based on a period prior to the Relevant Date (which occurred some time ago), the exercise price for the Options will, in some cases, already be “in-the-money”.

The exercise of the Options will be subject to the achievement by Ausdrill of certain performance hurdles involving Ausdrill’s total shareholder return performance relative to certain of its peers. Given that the performance hurdles are measured from the applicable Relevant Date, some of the performance hurdles may already be satisfied (or be close to being satisfied) as at the date of offer of Options under the Plan.

Apart from adjustments to reflect that the Options are being issued on terms that would otherwise have applied as at the applicable Relevant Dates, the terms of the Plan are otherwise consistent with the terms of the Existing ESOP, as described in detail in Ausdrill’s ASX announcement dated 21 December 2015.

Options will be issued pursuant to Ausdrill’s 15% capacity under ASX Listing Rule 7.1. Shareholder approval will not be sought for the issue of the Options, though Ausdrill may seek ratification of the issue in the future in order to refresh its ASX Listing Rule 7.1 capacity. An Appendix 3B in respect of the Options will be released once they are issued.

The Existing ESOP will continue to apply in respect of future issues of options in the ordinary course.

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General Counsel/Company Secretary

AUSDRILL LIMITED

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. The Ausdrill Group employs over 4,800 staff worldwide.

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