Ausdrill Limited
ABN 95 009 211 474

# Retail Entitlement Offer Booklet

1-for-2.13 accelerated non-renounceable pro rata entitlement offer of fully paid ordinary shares at $1.47 per New Share

**The Equity Raising is fully underwritten**

The Retail Entitlement Offer closes at 5.00pm (Sydney time) on Wednesday, 5 September 2018.

**NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES**

If you are an Eligible Retail Shareholder, this is an important document which is accompanied by a personalised Entitlement and Acceptance Form and both documents should be read in their entirety. This document is not a prospectus under the Corporations Act and has not been lodged with the Australian Securities and Investments Commission.

If you have any questions please contact your professional advisor or the Ausdrill Shareholder Information Line on 1300 367 027 (within Australia) or +61 (3) 9415 4000 (outside Australia) from 8.30am to 5.00pm (Sydney time) Monday to Friday during the Retail Entitlement Offer Period.

## IMPORTANT NOTICES

This Retail Entitlement Offer Booklet has been prepared by Ausdrill Limited ABN 95 009 211 474 and is dated 17 August 2018. Capitalised terms in this section have the meaning given to them in this Retail Entitlement Offer Booklet.

The Retail Entitlement Offer is made in accordance with section 708AA of the Corporations Act (as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84). This Retail Entitlement Offer Booklet does not contain all of the information which an investor may require to make an informed investment decision. The information in this Retail Entitlement Offer Booklet does not constitute financial product advice and does not take into account your investment objectives, financial situation or particular needs.

This Retail Entitlement Offer Booklet should be read in its entirety before you decide to participate in the Retail Entitlement Offer. This Retail Entitlement Offer Booklet is not a prospectus or other disclosure document under the Corporations Act and has not been lodged with ASIC.

By returning an Entitlement and Acceptance Form or otherwise paying for your New Shares through BPay® in accordance with the instructions on the Entitlement and Acceptance Form, you acknowledge that you have read this Retail Entitlement Offer Booklet and you have acted in accordance with and agree to the terms of the Retail Entitlement Offer detailed in this Retail Entitlement Offer Booklet.

### No overseas offering

This Retail Entitlement Offer Booklet and the accompanying Entitlement and Acceptance Form do not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. In particular, this Retail Entitlement Offer Booklet does not constitute an offer to Ineligible Retail Shareholders. This Retail Entitlement Offer Booklet is not to be distributed in, and no offer of New Shares is to be made, in countries other than Australia and New Zealand.

No action has been taken to register or qualify the Retail Entitlement Offer, the Entitlements or the New Shares, or otherwise permit the public offering of the New Shares, in any jurisdiction other than Australia and New Zealand.

The distribution of this Retail Entitlement Offer Booklet (including an electronic copy) outside Australia and New Zealand, is restricted by law. If you come into possession of the information in this booklet, you should observe such restrictions and should seek your own advice on such restrictions. Any non-compliance with these restrictions may contravene applicable securities laws.

Foreign exchange control restrictions or restrictions on remitting funds from your country to Australia may apply. Your Application for New Shares is subject to all requisite authorities and clearances being obtained for Ausdrill to lawfully receive your Application Monies.

### New Zealand

The New Shares are not being offered or sold to the public within New Zealand other than to existing shareholders of Ausdrill with registered addresses in New Zealand to whom the offer of New Shares is being made in reliance on the *Financial Markets Conduct Act 2013* (New Zealand) and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016 (New Zealand).

This document has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority under the *Financial Markets Conduct Act 2013* (New Zealand). This document is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

**United States disclaimer**

None of the information in this Retail Entitlement Offer Booklet or the Entitlement and Acceptance Form that will accompany this booklet when it is despatched to Eligible Retail Shareholders constitutes an offer to sell, or the solicitation of an offer to buy, any securities in the United States. Neither this booklet (or any part of it), the accompanying ASX announcements nor the Entitlement and Acceptance Form when that is to be made available, may be released or distributed directly or indirectly, to persons in the United States.

The Entitlements and the New Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States. The Entitlements may not be taken up by persons in the United States or by persons (including nominees or custodians) who are acting for the account or benefit of a person in the United States, and the New Shares may not be offered, sold or resold in the United States or to, or for the account or benefit of, a person in the United States except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act and applicable securities laws of any state or other jurisdiction in the United States.

**Definitions and time**

Defined terms used in this Retail Entitlement Offer Booklet are contained in Section 9. All references to time are to the time in Sydney (Australia), unless otherwise indicated.

**Foreign exchange**

All references to “$” are AUD unless otherwise noted.

**Taxation**

There will be tax implications associated with participating in the Retail Entitlement Offer and receiving New Shares. Section 8 provides for a general guide to the Australian income tax, GST and stamp duty implications of the Retail Entitlement Offer for Eligible Retail Shareholders. The guide does not take account of the individual circumstances of particular Eligible Retail Shareholders and does not constitute tax advice. Ausdrill recommends that you consult your professional tax advisor in connection with the Retail Entitlement Offer.

**Privacy**

Ausdrill collects information about each Applicant provided on an Entitlement and Acceptance Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant’s shareholding in Ausdrill.

By submitting an Entitlement and Acceptance Form, you will be providing personal information to Ausdrill (directly or through the Share Registry). Ausdrill collects, holds and will use that information to assess your Application. Ausdrill collects your personal information to process and administer your shareholding in Ausdrill and to provide related services to you. Ausdrill may disclose your personal information for purposes related to your shareholding in Ausdrill, including to the Share Registry, Ausdrill’s related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisors, and to ASX and regulatory bodies. You can obtain access to personal information that Ausdrill holds about you. To make a request for access to your personal information held by (or on behalf of) Ausdrill, please contact Ausdrill through the Share Registry.

**Governing law**

This Retail Entitlement Offer Booklet, the Retail Entitlement Offer and the contracts formed on acceptance of the Applications are governed by the law of Western Australia, Australia.

**No representations**

No person is authorised to give any information or to make any representation in connection with the Retail Entitlement Offer which is not contained in this Retail Entitlement Offer Booklet. Any information or representation in connection with the Retail Entitlement Offer not contained in the Retail Entitlement Offer Booklet may not be relied upon as having been authorised by Ausdrill or any of its officers.

**Past performance**

Investors should note that Ausdrill's past performance, including past share price performance, cannot be relied upon as an indicator of (and provides no guidance as to) Ausdrill's future performance including Ausdrill's future financial position or share price performance.

**Future performance**

This Retail Entitlement Offer Booklet contains certain forward-looking statements, including statements with respect to the financial condition, results of operations, projects and business of Ausdrill, certain plans and objectives of the management of Ausdrill, projected earnings, revenue, growth, commodity prices, outlook, plans and strategies, the completion of the Acquisition, the impact of the Acquisition and the future strategies and results of the combined Ausdrill and Barminco groups and the opportunities available to it, the integration process and the timing and amount of synergies, the timing and outcome of the Equity Raising and the use of proceeds as well as guidance regarding future financial results for Ausdrill's business. These statements relate to expectations, beliefs, intentions or strategies regarding the future. Forward looking statements may be identified by the use of words like 'anticipate', 'believe', 'aim', 'estimate', 'expect', 'intend', 'may', 'plan', 'project', 'will', 'should', 'seek' and similar expressions. These forward-looking statements reflect views and assumptions with respect to future events as of the date of this Retail Entitlement Offer Booklet. However, they are not guarantees of future performance. They involve known and unknown risks, uncertainties and other factors which are subject to change without notice, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct.

Forward-looking statements are provided as a general guide only and there can be no assurance that actual outcomes will not differ materially from these statements. Neither Ausdrill, nor any other person, gives any representation, warranty, assurance or guarantee, express or implied, as to the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects, returns or statements in relation to future matters contained in this Retail Entitlement Offer Booklet, or that the occurrence of the events expressed or implied in any forward-looking statement will actually occur. In particular, such forward-looking statements are subject to significant uncertainties and contingencies, many of which are outside the control of Ausdrill and its directors and management. A number of important factors could cause actual results or performance to differ materially from the forward looking statements. Applicants should consider the forward looking statements contained in this Retail Entitlement Offer Booklet in light of those disclosures. Except as required by law or regulation (including ASX Listing Rules), Ausdrill undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise.

**Risks**

Refer to the 'Key risks' section of the Investor Presentation included in Section 6 of this Retail Entitlement Offer Booklet for a summary of general and specific risk factors that may affect Ausdrill, including risks relating to the Acquisition.

**Trading New Shares**

Ausdrill will have no responsibility and disclaims all liability (to the maximum extent permitted by law) to persons who trade New Shares they believe will be issued to them before they receive their holding statements, whether on the basis of confirmation of the allocation provided by Ausdrill or the Share Registry or otherwise, or who otherwise trade or purport to trade New Shares in error or which they do not hold or are not entitled to.

If you are in any doubt, as to these matters you should first consult with your stockbroker, solicitor, accountant or other professional advisor.

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## 1 Summary of the Equity Raising

| Equity Raising | |
|---|---|
| Ratio | 1 New Share for every 2.13 Existing Shares held on the Record Date |
| Offer Price | $1.47 |
| Additional Shares | Eligible Retail Shareholders will have the opportunity to apply for additional Shares up to 25% of their Entitlement |
| Size | Approximately 170 million New Shares |
| Gross proceeds | Approximately $250 million before costs |

## 2 Key dates for the Retail Entitlement Offer

| Event | Date |
|---|---|
| Announcement of the Equity Raising | Wednesday, 15 August 2018 |
| Record Date for the Retail Entitlement Offer | 7.00pm Friday, 17 August 2018 |
| Retail Entitlement Offer opens | Tuesday, 21 August 2018 |
| Settlement of shares issued under the Institutional Entitlement Offer | Friday, 24 August 2018 |
| Issue and commencement of trading of shares issued under the Institutional Entitlement Offer | Monday, 27 August 2018 |
| Retail Entitlement Offer closes (unless extended) (**Retail Closing Date**) | 5.00pm Wednesday, 5 September 2018 |
| Issue of New Shares under the Retail Entitlement Offer | Wednesday, 12 September 2018 |
| New shares issued under the Retail Entitlement Offer commence trading on ASX | Thursday, 13 September 2018 |
| Despatch to Shareholders of holding statements under the Retail Entitlement Offer | Friday, 14 September 2018 |

This timetable is indicative only and subject to change without notice.

The commencement of quotation of New Shares is subject to confirmation from ASX.

Subject to the requirements of the Corporations Act, ASX Listing Rules and any other applicable laws, Ausdrill reserves the right to amend this timetable at any time, including extending the Retail Entitlement Offer Period or accepting late applications, either generally or in particular cases, and to withdraw the Retail Entitlement Offer, without notice. Any extension of the Retail Closing Date will have a consequential effect on the issue date of New Shares.

Ausdrill also reserves the right not to proceed with the Retail Entitlement Offer in whole or in part at any time prior to allotment and issue of the New Shares. In that event, the relevant Application Monies will be returned in full to Applicants (without interest).

**Enquiries**

If you have any questions, please call the Ausdrill Shareholder Information Line on 1300 367 027 (within Australia) or +61 (3) 9415 4000 (outside Australia) from 8.30am to 5.00pm (Sydney time) Monday to Friday during the Retail Entitlement Offer Period. Alternatively, you can access information about the Retail Entitlement Offer online at www.ausdrillentitlementoffer.com.au or www.asx.com.au.

## 3 Letter from the Chairman

17 August 2018

Dear Shareholder,

On Wednesday, 15 August 2018, Ausdrill announced it had entered into a binding agreement to acquire 100% of the equity and equity-like instruments in Barminco (**Acquisition**).

Barminco is one of Australia's leading underground hard-rock mining contractors and is Ausdrill's existing joint venture partner in AUMS. If implemented, the Acquisition will create Australia's second largest mining services company, transforming the Ausdrill group. Further details of the Acquisition are set out in the Investor Presentation included in Section 6 of this Retail Entitlement Offer Booklet.

In connection with the Acquisition, Ausdrill is pleased to invite you to participate in a 1 for 2.13 accelerated non-renounceable pro rata entitlement offer of new fully paid ordinary shares in Ausdrill (**New Shares**) at an offer price of $1.47 per New Share (**Offer Price**). The offer is comprised of an accelerated institutional entitlement offer (**Institutional Entitlement Offer**) and a retail entitlement offer (**Retail Entitlement Offer**) (together, the **Equity Raising**).

The Equity Raising is fully underwritten by Deutsche Bank AG, Sydney Branch and UBS AG, Australia Branch.

On behalf of the directors of Ausdrill, I invite you to participate in the Retail Entitlement Offer.

### *3.1 Details of the Acquisition*

The consideration for the Acquisition is the issue of 150.7 million fully paid ordinary shares in Ausdrill and $25.4 million in cash.

The Acquisition is subject to customary conditions precedent for a transaction of its nature, including Ausdrill shareholder approval, no material adverse change occurring in relation to Barminco or Ausdrill, a favourable independent expert's report, continuation of material contracts and required change of control consents. Ausdrill Shareholders will have the opportunity to vote on the proposed acquisition at Ausdrill's annual general meeting to be held around 25 October 2018. Further information will be provided to Shareholders in a notice of meeting expected to be issued in early September 2018. Further details of Acquisition conditions precedent are at attachment I of the ASX Announcement.

The Acquisition is currently expected to complete on 31 October 2018, but this date is subject to change.

### *3.2 Details of the Equity Raising*

On Wednesday, 15 August 2018, Ausdrill announced its intention to raise approximately $250 million through the Equity Raising. Subject only to settlement, the Institutional Entitlement Offer has been completed with approximately $162.5 million to be raised. Approximately $87.5 million is expected to be raised through the Retail Entitlement Offer to which this Retail Entitlement Offer Booklet relates. The Retail Entitlement Offer is fully underwritten on the terms described in section 7.5.

Net proceeds of the Equity Raising are intended to be used to partially fund the repayment of Ausdrill's senior unsecured notes due November 2019 (with the balance to be repaid from existing cash reserves and revolving credit facility drawdown).[1] The $1.47 Offer Price for the Retail Entitlement Offer represents a 10.0% discount to TERP[2] based on the closing price of Ausdrill shares on Tuesday, 14 August 2018 (the last trading day before the Equity Raising was announced) and is the same price at which New Shares will be issued to Institutional Investors under the Institutional Entitlement Offer. The Offer Price also represents a 14.0% discount to the closing price of Ausdrill shares on Tuesday, 14 August 2018, being $1.71.

If you take up your full Entitlement, you may also apply for additional New Shares in excess of your Entitlement, at the Offer Price up to a maximum of the number of additional New Shares equal to 25% of your Entitlement (**Retail Oversubscription Facility**).

Additional New Shares will only be available where there is a shortfall between Applications received from Eligible Retail Shareholders and the number of New Shares proposed to be issued under the Retail Entitlement Offer. Ausdrill also retains the flexibility to scale back Applications for additional New Shares at its discretion (refer to Section 5 of this Retail Entitlement Offer Booklet for more information). In accordance with ASX Listing Rules, participating Directors will not be applying for any additional New Shares under the Retail Oversubscription Facility.

The Equity Raising is non-renounceable and therefore your Entitlements will not be tradeable on ASX or otherwise transferable. Shareholders that do not take up their Entitlements in full will not receive any value in respect of those Entitlements they do not take up.

### *3.3 Other information*

This Retail Entitlement Offer Booklet contains important information, including:

(a) the ASX Announcement and the Investor Presentation, which provide information on Ausdrill, the Acquisition, the Equity Raising and key risks for you to consider;

(b) instructions on how to participate in the Retail Entitlement Offer if you choose to do so, and a timetable of key dates;

(c) information regarding the personalised Entitlement and Acceptance Form that will accompany this Retail Entitlement Offer Booklet when it is despatched to Eligible Retail Shareholders (and which will detail your Entitlement) to be completed in accordance with the instructions in this Retail Entitlement Offer Booklet and your personalised Entitlement and Acceptance Form; and

(d) instructions on how to take up all or part of your Entitlement via BPay® or by cheque.

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[1] This represents a statement of current intentions. Ausdrill will make final decisions on which debt instruments are repaid and when after consultation with lenders. If the Acquisition does not complete, then net proceeds of the Equity Raising will be used to pay down Ausdrill debt or may be returned to shareholders (subject to any approvals required), or a combination of both.

[2] The Theoretical Ex-Rights Price (**TERP**) is the theoretical price at which Ausdrill shares should trade after the ex-date for the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which Ausdrill shares trade immediately after the ex-date of the Entitlement Offer will depend on many factors and may not be equal to TERP. TERP is calculated by adjusting for the bonus-element of the Entitlement Offer based on the closing price of Ausdrill shares on Tuesday 14 August 2018.

### 3.4 *The Retail Entitlement Offer closes at 5.00pm (Sydney time) on Wednesday, 5 September 2018*

You should read this Retail Entitlement Offer Booklet carefully and in its entirety before making your investment decision. In particular, you should read and consider the risks in the 'Key risks' of the Investor Presentation included in Section 6 of this Retail Entitlement Offer Booklet, which summarise some of the key risks associated with an investment in Ausdrill. If you are uncertain about taking up your Entitlement you should consult your stockbroker, solicitor, accountant or other professional advisor to evaluate whether or not to participate in the Retail Entitlement Offer.

If you do not wish to take up any of your Entitlement, you do not have to take any action.

If you decide to take this opportunity to increase your investment in Ausdrill please ensure that, before 5.00pm (Sydney time) on Wednesday, 5 September 2018, you have paid your Application Monies, preferably via BPay® pursuant to the instructions that are set out in the personalised Entitlement and Acceptance Form that will accompany this Retail Entitlement Offer Booklet when it is despatched to you, or otherwise that your completed Entitlement and Acceptance Form and your Application Monies are received in cleared funds by the Share Registry.

For further information on the Retail Entitlement Offer you can call the Ausdrill Shareholder Information Line on 1300 367 027 (within Australia) or +61 (3) 9415 4000 (outside Australia) from 8.30am to 5.00pm (Sydney time) Monday to Friday during the Retail Entitlement Offer Period.

On behalf of the board of Ausdrill, I have pleasure in inviting you to consider this investment opportunity and thank you for your ongoing support of Ausdrill.

Yours sincerely

Ian Cochrane

Chairman

Ausdrill Limited

## 4 Summary of options available to you

If you are an Eligible Retail Shareholder, you may take one of the following actions:

(a) take up all of your Entitlement and also apply for additional New Shares under the Retail Oversubscription Facility;

(b) take up all of your Entitlement but not apply for any additional New Shares under the Retail Oversubscription Facility;

(c) take up part of your Entitlement and allow the balance to lapse, in which case you will receive no value for those lapsed Entitlements; or

(d) do nothing, in which case your Entitlement will lapse and you will receive no value for those lapsed Entitlements.

If you are a retail shareholder that is not an Eligible Retail Shareholder, you are an "**Ineligible Retail Shareholder**". Ineligible Retail Shareholders are not entitled to participate in the Equity Raising.

| Options available to you | Key considerations |
| --- | --- |
| Take up all of your Entitlement | You may elect to purchase New Shares at the Offer Price (see Section 5 for instructions on how to take up your Entitlement). If you take up all of your Entitlement, you may also apply for additional New Shares under the Retail Oversubscription Facility up to a maximum of the number of additional New Shares equal to a further 25% of your Entitlement. There is no guarantee that you will be allocated any additional New Shares under the Retail Oversubscription Facility. |
| Take up part of your Entitlement | If you only take up part of your Entitlement, the part not taken up will lapse. You will not be entitled to apply for additional New Shares under the Retail Oversubscription Facility.<br><br>If you do not take up your Entitlement in full you will not receive any payment or value for those Entitlements not taken up.<br><br>If you do not take up your Entitlement in full, you will have your percentage holding in Ausdrill reduced as a result of dilution by the shares issued under the Equity Raising. |

| Options available to you | Key considerations |
|---|---|
| Do nothing, in which case your Entitlement will lapse and you will receive no value for those lapsed Entitlements | If you do not take up your Entitlement, you will not be allocated New Shares and your Entitlements will lapse. Your Entitlements to participate in the Retail Entitlement Offer are non-renounceable, which means they are non-transferrable and cannot be sold, traded on ASX or any other exchange, nor can they be privately transferred. |

# 5 How to apply

## *5.1 Overview of Equity Raising*

Ausdrill proposes to raise up to approximately $250 million under the Equity Raising. Under the Equity Raising, Ausdrill is offering Eligible Shareholders the opportunity to subscribe for 1 New Share for every 2.13 Existing Shares held at 7.00pm (Sydney time) on Friday, 17 August 2018, at the Offer Price of $1.47 per New Share.

The Equity Raising is comprised of two parts:

(a) **The Institutional Entitlement Offer** – under which Eligible Institutional Shareholders were invited to take up all or part of their Entitlement and a process to sell New Shares in respect of Entitlements not taken up by Eligible Institutional Shareholders as well as New Shares in respect of Entitlements of Ineligible Institutional Shareholders to certain Institutional Investors at the Offer Price was carried out.

(b) **The Retail Entitlement Offer** – under which Eligible Retail Shareholders are being sent this Retail Entitlement Offer Booklet, together with a personalised Entitlement and Acceptance Form, and are being invited to take up all or part of their Entitlement. In addition, Eligible Retail Shareholders who take up their full Entitlement may also participate in the Retail Oversubscription Facility by applying for additional New Shares in excess of their Entitlement, at the Offer Price.

Both the Institutional Entitlement Offer and the Retail Entitlement Offer are non-renounceable.

The Equity Raising is fully underwritten by the Underwriters on the terms and conditions of the Underwriting Agreement (see Section 7.5 for more details).

Please refer to the ASX Announcement and the Investor Presentation set out in Section 6 for information on the purpose of the Equity Raising, the application of the proceeds of the Equity Raising and for information on Ausdrill's business, performance and strategy. You should also consider other publicly available information about Ausdrill, including information available at www.asx.com.au and www.ausdrill.com.au.

## *5.2 Institutional Entitlement Offer*

The Institutional Entitlement Offer was conducted between Wednesday, 15 August 2018 and Thursday, 16 August 2018 (inclusive), and settlement of the Institutional Entitlement Offer is expected to occur on Friday, 24 August 2018.

The Institutional Entitlement Offer will (once settlement occurs) raise approximately $162.5 million through the issue of approximately 110.5 million New Shares.

## *5.3 Retail Entitlement Offer*

The Retail Entitlement Offer opens on Tuesday, 21 August 2018 The Retail Entitlement Offer Booklet will be despatched on Tuesday, 21 August 2018, along with a personalised Entitlement and Acceptance Form, to Eligible Retail Shareholders. The Retail Entitlement Offer is expected to close at 5.00pm (Sydney time) on Wednesday, 5 September 2018.

The Retail Entitlement Offer constitutes an offer to Eligible Retail Shareholders, who are invited to apply for 1 New Share for every 2.13 Existing Shares held on the Record Date. The Offer Price of $1.47 per New Share represents a discount of 10.0% to TERP. The Offer

Price also represents a discount of 14.0% to the closing price of Ausdrill shares on 14 August 2018, being $1.71.

The Equity Raising is non-renounceable. Accordingly, Entitlements do not trade on ASX, nor can they be sold, transferred or otherwise disposed of.

The Retail Entitlement Offer is being made pursuant to section 708AA of the Corporations Act (as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84) which allows entitlement offers to be made without a prospectus, provided certain conditions are satisfied.

As a result, this offer is not being made under a prospectus and it is important for Eligible Retail Shareholders to read and understand the information on Ausdrill and the Retail Entitlement Offer made publicly available by Ausdrill, prior to taking up all or part of their Entitlement. In particular, please refer to the materials enclosed in Section 6, Ausdrill's interim and annual reports and other announcements made available at www.asx.com.au (including Ausdrill's preliminary annual report for the financial year ended 30 June 2018 released to ASX on 15 August 2018 and half yearly financial report for the half financial year ended 31 December 2017 released to ASX on 26 February 2018) and all other parts of this Retail Entitlement Offer Booklet carefully before making any decisions in relation to your Entitlement.

### *5.4 Your Entitlement*

A personalised Entitlement and Acceptance Form setting out your Entitlement (calculated as 1 New Share for every 2.13 Existing Shares held on the Record Date with fractional entitlements rounded up to the nearest whole number of New Shares) will accompany this Retail Entitlement Offer Booklet when it is despatched to Eligible Retail Shareholders. Eligible Retail Shareholders may subscribe for all or part of their Entitlement. If you have more than one registered holding of Shares, you will be sent an Entitlement and Acceptance Form for each separate registered holding, and you will have separate Entitlements for each separate registered holding.

Any New Shares not taken up by the Retail Closing Date may be made available to those Eligible Retail Shareholders who took up their full Entitlement and applied for additional New Shares under the Retail Oversubscription Facility. Eligible Retail Shareholders may apply for additional New Shares equal in number to up to a maximum of 25% of their Entitlement. There is no guarantee that such Shareholders will receive the number of additional New Shares applied for under the Retail Oversubscription Facility, or any. Additional New Shares will only be allocated to Eligible Retail Shareholders under the Retail Oversubscription Facility if available and then only if and to the extent that Ausdrill so determines, in its absolute discretion. Any scale-back will be applied by Ausdrill in its absolute discretion.

### *5.5 Options available to you*

The number of New Shares to which Eligible Retail Shareholders are entitled is shown on the personalised Entitlement and Acceptance Form that will accompany this Retail Entitlement Offer Booklet when it is despatched to you.

Eligible Retail Shareholders may:

(a) take up their Entitlement in full and, if they do so, they may apply for additional New Shares under the Retail Oversubscription Facility (refer to Section 5.6);

(b) take up part of their Entitlement, in which case the balance of the Entitlement would lapse (refer to Section 5.7); or

(c) allow their Entitlement to lapse (refer to Section 5.8).

Ausdrill reserves the right to reject any Entitlement and Acceptance Form that is not correctly completed or that is received after the Retail Closing Date.

The Retail Closing Date for acceptance of the Retail Entitlement Offer is 5.00pm (Sydney time) on Wednesday, 5 September 2018 (however, that date may be varied by Ausdrill, in accordance with ASX Listing Rules and the Underwriting Agreement).

### *5.6 Taking up all of your Entitlement or taking up all of your Entitlement and participating in the Retail Oversubscription Facility*

If you wish to take up all or part of your Entitlement, payment must be made by following the instructions set out on the personalised Entitlement and Acceptance Form. Payment must be received by no later than 5.00pm (Sydney time) on Wednesday, 5 September 2018. If you apply to take up all of your Entitlement, you may also apply for additional New Shares under the Retail Oversubscription Facility. Eligible Retail Shareholders may apply for additional New Shares equal in number to up to a maximum of 25% of their Entitlement. If you apply for additional New Shares under the Retail Oversubscription Facility, your Application Monies must include payment for as many additional New Shares as you are applying for.

For example, if you are an Eligible Retail Shareholder who holds 2130 Shares at the Record Date, then your Entitlement and right to apply for additional Shares under the Retail Oversubscription Facility would be as follows:

| Existing Shares held at the Record Date | 2130 |
|---|---|
| Entitlement ratio | 1 New Share for every 2.13 Existing Shares held at the Record Date |
| Entitlement to New Shares | 1000 |
| Maximum additional Shares you can apply for under the Retail Oversubscription Facility | 250 |
| Total number of New Shares you can apply for | 1250 |

Application Monies received by Ausdrill in excess of the amount in respect of your Entitlement (**Excess Amount**) may be treated as an application to apply for as many additional New Shares as your Excess Amount will pay for in full, subject to the maximum number of additional New Shares Eligible Retail Shareholders may apply for under the Retail Oversubscription Facility described above and any scale-back Ausdrill may determine to implement, in its absolute discretion, in respect of additional New Shares. Ausdrill's decision on the number of additional New Shares to be allocated to you will be final.

If you apply for additional New Shares under the Retail Oversubscription Facility and if your Application is successful (in whole or in part), your additional New Shares will be issued to you at the same time that other New Shares are issued under the Retail Entitlement Offer. Additional New Shares will only be allocated to Eligible Retail Shareholders if available. If you apply for additional New Shares, there is no guarantee that you will be allocated any additional New Shares. If your Application Monies includes an Excess Amount for additional New Shares which you are not ultimately allocated, you will be refunded in respect of those additional New Shares that you included payment for but were not allocated.

Refund amounts, if any, will be paid in Australian dollars by cheque sent by ordinary post to your address as recorded on the share register or by direct credit to the nominated bank account as noted on the share register.

### *5.7 Taking up part of your Entitlement and allowing the balance to lapse*

If you wish to take up part of your Entitlement, payment for the number of New Shares you wish to be allocated must be made by following the instructions set out on the personalised Entitlement and Acceptance Form. If Ausdrill receives an amount that is less than the Offer Price multiplied by your Entitlement, your payment will be treated as an Application for as many New Shares as your Application Monies will pay for in full and any excess will be refunded to you (without interest). Alternatively your application may not be accepted.

If you do not take up your Entitlement in full, any part of your Entitlement which you do not take up will lapse and you will not receive any New Shares under the Retail Entitlement Offer in respect of that part of your Entitlement.

### *5.8 Allowing your full Entitlement to lapse*

If you do not wish to accept any of your Entitlement, do not take any further action and your full Entitlement will lapse.

### *5.9 Consequences of not accepting all or part of your Entitlement*

If you do not accept all or part of your Entitlement in accordance with the instructions set out above, those New Shares for which you would have otherwise been entitled under the Retail Entitlement Offer (including New Shares that relate to the portion of your Entitlement that has not been accepted) will be acquired by Eligible Retail Shareholders under the Retail Oversubscription Facility or by the Underwriter(s) or any sub-underwriters or Institutional Investors outside the United States for whom the Underwriters or any sub-underwriters procure subscriptions for New Shares not subscribed for by Eligible Retail Shareholders under the Retail Entitlement Offer. The Directors also reserve the right to place any shares not subscribed for by Eligible Retail Shareholders at their discretion within three months of the Retail Closing Date.

By allowing part or all of your Entitlement to lapse, you will forgo any exposure to increases or decreases in the value of the New Shares had you taken up your Entitlement in full and you will not receive any value for any part of your Entitlement which lapses. Your interest in Ausdrill will also be diluted.

### *5.10 Payment*

Payment should be made using BPay® if possible. New Zealand shareholders who do not have an Australian bank account will be able to pay by cheque, bank draft or money order (see below at Section 5.12).

Cash payments will not be accepted. Receipts for payment will not be issued.

Ausdrill will treat you as applying for as many New Shares as your payment will pay for in full up to your Entitlement.

Any Excess Amount received by Ausdrill may be treated as an application to apply for as many additional New Shares as your Excess Amount will pay for in full, subject to the maximum number of additional New Shares Eligible Retail Shareholders may apply for under the Retail Oversubscription Facility described in section 5.6 above and any scale-back Ausdrill may determine to implement, in its absolute discretion, in respect of additional New Shares. Ausdrill's decision on the number of additional New Shares to be allocated to you will be final.

Any refunds in respect of Application Monies will be made as soon as practicable after the close of the Retail Entitlement Offer. No interest will be paid to applicants on any Application Monies received or refunded.

### 5.11 *Payment by BPay®*

For payment by BPay®, please follow the instructions on the personalised Entitlement and Acceptance Form. You can only make payment via BPay® if you are the holder of an account with an Australian financial institution that supports BPay® transactions.

If you are paying by BPay®, please make sure you use the specific Biller Code and your unique Customer Reference Number (CRN) on the back of your personalised Entitlement and Acceptance Form. If you have multiple holdings and consequently receive more than one personalised Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those holdings only use the CRN specific to that holding. If you inadvertently use the same CRN for more than one of your Entitlements, you will be deemed to have applied only for New Shares on the Entitlement to which the CRN applies.

Please note that by paying by BPay®:

(a) you do not need to submit your personalised Entitlement and Acceptance Form but are taken to have made the declarations, representations and warranties on that Entitlement and Acceptance Form and in Section 5.13; and

(b) if you do not pay for your full Entitlement, you are deemed to have taken up your Entitlement in respect of as many New Shares as your Application Monies will pay for in full.

It is your responsibility to ensure that your BPay® payment is received by the Share Registry by no later than 5.00pm (Sydney time) on Wednesday, 5 September 2018. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration in the timing of when you make payment.

### 5.12 *If you are unable to pay by BPay®*

Ausdrill encourages payments by BPay® if possible.

To pay by cheque, bank draft or money order you should complete your personalised Entitlement and Acceptance Form in accordance with the instructions on the form and return it accompanied by a cheque, bank draft or money order in Australian currency for the amount of the Application Monies, payable to “Ausdrill Limited” and crossed “Not Negotiable”.

It is your responsibility to ensure that your payment by cheque is received by the Share Registry by no later than 5.00pm (Sydney time) on Wednesday, 5 September 2018. You must ensure cleared funds are held in your account as your cheque will be banked as soon as practicable after it is received. Please note that you should consider postal and cheque clearance timeframes in meeting this deadline.

Your cheque, bank draft or money order must be:

(a) for an amount equal to $1.47 multiplied by the number of New Shares that you are applying for; and

(b) in Australian dollars drawn on an Australian branch of a financial institution. Payment cannot be made in New Zealand dollars. New Zealand resident shareholders must arrange for payment to be made in Australian dollars.

You should ensure that sufficient funds are held in relevant account(s) to cover the Application Monies as your cheque will be processed as soon as it is received. If the amount of your cheque for Application Monies (or the amount for which the cheque clears in time for allocation) is insufficient to pay in full for the number of New Shares you have applied for in your personalised Entitlement and Acceptance Form, you will be taken to have applied for such lower whole number of New Shares as your cleared Application Monies will pay for (and to have specified that number of New Shares on your personalised Entitlement and Acceptance Form). Alternatively, your Application may not be accepted.

If you make payment via cheque, you should mail your completed personalised Entitlement and Acceptance Form together with the cheque to:

Computershare Investor Services Pty Limited
GPO Box 505
MELBOURNE VIC 3001

Personalised Entitlement and Acceptance Forms and Application Monies will not be accepted at Ausdrill's registered or corporate offices or other offices of the Share Registry.

### *5.13 Entitlement and Acceptance form is binding*

A payment made through BPay® or a completed and lodged Entitlement and Acceptance Form together with the payment of requisite Application Monies constitutes a binding offer to acquire New Shares on the terms and conditions set out in this Retail Entitlement Offer Booklet and, once lodged or paid, cannot be withdrawn. If the Entitlement and Acceptance Form is not completed correctly it may still be treated as a valid Application for New Shares. Ausdrill's decision whether to treat an acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

By making a payment by BPay® or by completing and returning your personalised Entitlement and Acceptance Form with the requisite Application Monies, you will also be deemed to have acknowledged, represented and warranted on behalf of each person on whose account you are acting that:

(a) you have read and understand this Retail Entitlement Offer Booklet and your personalised Entitlement and Acceptance Form in their entirety;

(b) you agree to be bound by the terms of the Retail Entitlement Offer, the provisions of this Retail Entitlement Offer Booklet, and Ausdrill's constitution;

(c) you authorise Ausdrill to register you as the holder(s) of New Shares allotted to you;

(d) you declare that all details and statements in the personalised Entitlement and Acceptance Form are complete and accurate;

(e) you declare you are over 18 years of age (if you are a natural person) and have full legal capacity and power to perform all of your rights and obligations under the personalised Entitlement and Acceptance Form;

(f) once Ausdrill receives your personalised Entitlement and Acceptance Form or any payment of Application Monies via BPay®, you may not withdraw your application or funds provided except as allowed by law;

(g) you agree to apply for and be issued up to the number of New Shares specified in the personalised Entitlement and Acceptance Form, or for which you have submitted payment of any Application Monies via BPay®, at the Offer Price per New Share;

(h) you authorise Ausdrill, the Underwriters, the Share Registry and their respective officers or agents to do anything on your behalf necessary for New Shares to be issued to you, including to act on instructions of the Share Registry upon using the contact details set out in your personalised Entitlement and Acceptance Form;

(i) you acknowledge and agree that:

  (i) determination of eligibility of investors for the purposes of the institutional or retail components of the Equity Raising was determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of Ausdrill and/or the Underwriters; and

  (ii) each of Ausdrill and the Underwriters, and each of their respective affiliates, disclaim any duty or liability (including for negligence) in respect of that determination and the exercise or otherwise of that discretion, to the maximum extent permitted by law;

(j) you declare that you were the registered holder(s) at the Record Date of the Shares indicated on the personalised Entitlement and Acceptance Form as being held by you on the Record Date;

(k) the information contained in this Retail Entitlement Offer Booklet and your personalised Entitlement and Acceptance Form is not investment advice nor a recommendation that New Shares are suitable for you given your investment objectives, financial situation or particular needs;

(l) this Retail Entitlement Offer Booklet is not a prospectus, does not contain all of the information that you may require in order to assess an investment in Ausdrill and is given in the context of Ausdrill's past and ongoing continuous disclosure announcements to ASX;

(m) you have read and understand the statement of risks in the 'Key risks' section of the Investor Presentation included in Section 6 of this Retail Entitlement Offer Booklet, and that investments in Ausdrill are subject to risk;

(n) none of Ausdrill, the Underwriters, nor their respective related bodies corporate and affiliates and their respective directors, officers, partners, employees, representatives, agents, consultants or advisors, warrants or guarantees the future performance of Ausdrill, nor do they guarantee any return on any investment made pursuant to the Equity Raising;

(o) you agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Retail Entitlement Offer and of your holding of Shares on the Record Date;

(p) you authorise Ausdrill to correct any errors in your personalised Entitlement and Acceptance Form or other form provided by you;

(q) you represent and warrant (for the benefit of Ausdrill, the Underwriters and their respective related bodies corporate and affiliates) that you did not receive an invitation to participate in the Institutional Entitlement Offer either directly or through a nominee, are not an Ineligible Retail Shareholder and are otherwise eligible to participate in the Retail Entitlement Offer;

(r) you represent and warrant that the law of any place does not prohibit you from being given this Retail Entitlement Offer Booklet and the personalised Entitlement and Acceptance Form, nor does it prohibit you from making an application for New

Shares and that you are otherwise eligible to participate in the Retail Entitlement Offer;

(s) you represent and warrant (for the benefit of Ausdrill, the Underwriters and their respective related bodies corporate and affiliates) that you are an Eligible Retail Shareholder and are not in the United States and are not a person (including nominees or custodians) acting for the account or benefit of a person in the United States and are not otherwise a person to whom it would be illegal to make an offer or issue New Shares under the Retail Entitlement Offer;

(t) you acknowledge that the Entitlements and the New Shares have not been, and will not be, registered under the U.S. Securities Act or under the laws of any state or other jurisdiction of the United States and that, accordingly, the Entitlements may not be taken up or exercised by a person in the United States, and the New Shares may not be offered or sold, directly or indirectly, in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any other applicable securities laws;

(u) you acknowledge that you are subscribing for the Entitlements and the New Shares in an "offshore transaction" (as defined in Rule 902(h) under the U.S. Securities Act) in reliance on Regulation S under the U.S. Securities Act;

(v) you have not and will not send any materials relating to the Retail Entitlement Offer to any person in the United States;

(w) you agree that if in the future you decide to sell or otherwise transfer the New Shares, you will only do so in standard (regular way) brokered transactions on the ASX where neither you nor any person acting on your behalf knows, or has reason to know, that the sale has been pre-arranged with, or that the purchaser is, a person in the United States; and

(x) you make all other representations and warranties set out in this Retail Entitlement Offer Booklet.

### *5.14 Brokerage and stamp duty*

No brokerage fee is payable by Eligible Retail Shareholders who accept their Entitlement. No stamp duty is payable in any Australian State or Territory for subscribing for New Shares under the Retail Entitlement Offer or for additional New Shares under the Retail Oversubscription Facility.

### *5.15 Notice to Nominees and Custodians*

The Retail Entitlement Offer is being made to all Eligible Retail Shareholders. Nominees with registered addresses in the eligible jurisdictions, irrespective of whether they participate under the Institutional Entitlement Offer, may also be able to participate in the Retail Entitlement Offer in respect of some or all of the beneficiaries on whose behalf they hold Existing Shares, provided that the applicable beneficiary would satisfy the criteria for an Eligible Retail Shareholder.

Nominees and custodians who hold Existing Shares as nominees or custodians will have received, or will shortly receive, a letter from Ausdrill. Nominees and custodians should carefully consider the contents of that letter and note, in particular, that the Retail Entitlement Offer is not available to, and they must not purport to accept the Retail Entitlement Offer in respect of:

(a) beneficiaries on whose behalf they hold Existing Shares who would not satisfy the criteria for an Eligible Retail Shareholder;

(b) Eligible Institutional Shareholders who received an offer to participate in the Institutional Entitlement Offer (whether they accepted their Entitlement or not);

(c) Ineligible Institutional Shareholders who were ineligible to participate in the Institutional Entitlement Offer; or

(d) Shareholders who are not eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

In particular, persons acting as nominees for other persons may not take up Entitlements on behalf of, or send any documents relating to the Retail Entitlement Offer to, any person in the United States.

Ausdrill is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of Shares. Where any holder is acting as a nominee for a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Retail Entitlement Offer is compatible with applicable foreign laws. Ausdrill is not able to advise on foreign laws.

### *5.16 Withdrawal of the Equity Raising*

Subject to applicable law, Ausdrill reserves the right to withdraw the Equity Raising at any time before the issue of New Shares, in which case Ausdrill will refund any Application Monies already received in accordance with the Corporations Act and will do so without interest being payable to Applicants.

To the fullest extent permitted by law, you agree that any Application Monies paid by you to Ausdrill will not entitle you to receive any interest and that any interest earned in respect of Application Monies will belong to Ausdrill.

### *5.17 Risks*

Eligible Retail Shareholders should be aware that an investment in Ausdrill involves risks. The key risks identified by Ausdrill are set out in the 'Key risks' section of the Investor Presentation in Section 6.

### *5.18 Enquiries*

If you have not received or you have lost your personalised Entitlement and Acceptance Form, or have any questions regarding the Equity Raising, please contact the Ausdrill Shareholder Information Line on 1300 367 027 (within Australia) or +61 (3) 9415 4000 (outside Australia) from 8.30am to 5.00pm (Sydney time) Monday to Friday during the Retail Entitlement Offer Period. If you have any further questions, you should contact your stockbroker, solicitor, accountant or other professional advisor.

## 6 ASX Announcement and Investor Presentation

ASX RELEASE

15 AUGUST 2018

**NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES**

# AUSDRILL DELIVERS 96% EARNINGS GROWTH, ANNOUNCES STRATEGIC ACQUISITION OF BARMINCO

Diversified mining services company Ausdrill Limited **(ASX: ASL)** has delivered an outstanding result, with a 95.7% increase in net profit after tax to $61.1 million for the full year ended 30 June 2018. Ausdrill's safety record has also continued to improve, with all key safety indicators at record low levels.

Ausdrill is also pleased to announce it has entered into a binding agreement to acquire Barminco Holdings Pty Ltd ("Barminco"), a specialist underground hard-rock mining contractor with operations predominantly in Australia as well as in Africa (through the AUMS[1] joint venture with Ausdrill), Egypt and India. The acquisition is strategically, operationally and financially compelling. It would create Australia's second largest mining services company. It is also expected to strengthen Ausdrill's position in the S&P/ASX200 index and to result in a lower capital intensity, higher return business.

In order to reduce pro-forma gearing and facilitate the repayment of Ausdrill's Senior Unsecured Notes due November 2019 ("Ausdrill Notes"), Ausdrill will undertake a fully underwritten 1 for 2.13 pro rata accelerated non-renounceable entitlement offer to raise approximately $250 million before costs.

Executive Chairman, Ian Cochrane, said:

*"Ausdrill is pleased to present its shareholders with this transformational opportunity. We have delivered operationally in FY18 and the Barminco transaction would broaden our strategic footprint to be Australia's clear #2 mining services company and set in place a balance sheet with the capacity to achieve sustainable and profitable growth."*

BRINGING MORE TO MINING

## FY18 Results

### Highlights[2,3]

- Key safety indicators at record low levels
- Sales revenue of $887.3 million, up 16.4%
- Reported EBITDA of $177.4 million, up 30.6%
- Reported EBITDA margin increased from 17.8% to 20.0%
- Reported Net Profit After Tax of $61.1 million, up 95.7%
- Underlying profit after tax of $45.2 million[4], up 70.8% on the back of efficiencies and scale benefits
- Basic earnings of 17.4 cents per share, up 74.0%
- Fully franked final dividend of 3.5 cents per share declared, comprising a 1.5 cents per share final dividend and a 2.0 cents per share special dividend component bringing total dividends for the year to 7.0 cents per share
- Over $500 million in contract extensions and new work won
- Long-standing exposure to low-cost gold sector continues to provide a core source of revenue, accounting for approximately 80% of revenue
- Targeting 20%-30% underlying profit growth for FY19 (before taking into account the proposed acquisition)

Ausdrill has delivered significantly improved financial performance during FY18 underpinned by our transformation and growth strategy.

Sales revenue from continuing operations for the Group increased 16.4% to $887.3 million. Revenue growth was driven largely by activity in Africa following the commencement of mining works at major new projects in Burkina Faso, Mali and Senegal. The Equipment Services and Supplies segment also showed strong improvement, achieving revenue growth of 13.0%, driven by demand for mining equipment, parts and services.

EBITDA increased from $135.8 million to $177.4 million. The primary drivers of the increase included improved operational performance in Equipment Services and Supplies, Drilling Services Australia and growth of the African surface mining and underground portfolios. A non-recurring $5.3 million claim settlement as well as foreign exchange movements also contributed favourably to the EBITDA increase.

Mr Cochrane said:

*"This strong result has been underpinned by our strong relationships with long-standing mining clients, combined with our success at winning new work. Over the past 12 months we have secured more than $500 million in contract extensions and new work."*

## Group Financial Performance[2,3,5]

| $ million | 12 months to June 2017 | 12 months to June 2018 | % change from prior corresponding period |
|---|---|---|---|
| **Continuing Operations** | | | |
| Sales revenue | 762.6 | **887.3** | 16.4% |
| EBITDA | 135.8 | **177.4** | 30.6% |
| *Proportionately consolidated EBITDA* [5] | *153.5* | ***204.5*** | *33.2%* |
| EBIT | 73.6 | **102.9** | 39.7% |
| Profit before tax | 44.6 | **74.1** | 66.0% |
| Profit after tax | 30.9 | **59.3** | 91.8% |
| **Discontinued Operations** | | | |
| Profit after tax | 0.3 | **1.7** | |
| **Reported profit after tax** | 31.2 | **61.1** | 95.7% |

"Proportionately consolidated EBITDA" is the Company's reported EBITDA including the Group's 50% share of AUMS[1] EBITDA on a proportionately consolidated basis but excludes the equity accounted profits from AUMS[1].

The balance sheet of the Group remains strong with improved gearing at 25.7%, and cash reserves of $137.3 million at 30 June 2018. The net assets of the Group increased by $144.6 million to $774.8 million during the year, resulting in the net tangible asset position increasing from $2.02 per share to $2.14 per share. The Group maintains financial flexibility for growth through its cash reserves, its committed lines of funding and ready access to capital markets.

### Health and Safety

The Group continues to improve its health and safety performance. As a result of the continued engagement and commitment from all staff, a 25% reduction in the number of recordable injuries and a 41% reduction in the Total Recordable Injury Frequency Rate ("TRIFR") were reported for FY18, taking all key safety measures to record low levels.

### People

Ausdrill and its jointly owned entities across Australia and Africa currently employ 5,278 employees, up from 4,582 at June 2017. This represents an increase of 15%, driven mainly by new projects in Mali, Burkina Faso and Senegal that saw the African employee numbers increasing to 4,206, from 3,503 at June 2017. Australian numbers remained virtually unchanged.

### Dividend

The Directors have declared a final fully franked dividend of 3.5 cents per share for the full year ended 30 June 2018, including a 2.0 cents per share special component. The dividend will be paid to shareholders on 18 October 2018. This follows the payment of an interim fully franked dividend of 3.5 cents per share on 30 March 2018.

Acting CEO, Theresa Mlikota, said:

*"The Company's revenues have stabilised and grown over recent years, and we expect this growth to continue over the next 6 to 12 months based on contracts already secured. Whilst uncertainty within the mining services sector remains, Ausdrill has delivered improved profitability and has a strong balance sheet position."*

## Outlook[6]

The Group continues to focus its strategy on the delivery of core mining services in markets where it has a competitive advantage. Its strategy is client-focused and harnesses innovation and technology to deliver relevant and low-cost mining solutions to our clients.

The mining industry continues to experience strong competition in an environment which is showing stable levels of activity in production drilling and exploration in Australia, increasing demand for equipment hire, parts sales and service exchange and continued growth in both production and exploration activity in Africa.

In response to these market conditions, Ausdrill will:

- maintain its strong focus on safety;
- invest in higher barrier to entry businesses that deliver sustainable profits to shareholders;
- continue to deliver efficiency gains to counter market driven margin pressures;
- rationalise its businesses to focus on profitable revenue streams;
- maintain a stable financial foundation from which to grow Ausdrill in the future;
- continue to review working capital, to ensure that it is commensurate with current levels of activity;
- restrict capital expenditure to replacement needs or identified growth opportunities; and
- pursue M&A opportunities which are complementary to its existing business model or to industry rationalisation.

Ausdrill believes that competitive market conditions will persist, and margin pressure will continue in material parts of our business.

The gold price (in Australian dollars) currently favours the Australian production-related mining industry and provides a platform for a stable level of activity in the near term. Expenditure in gold exploration is growing in response to sustained periods of strong Australian Dollar gold prices.

Growth of the African businesses is expected to continue on the back of strong levels of tendering activity.

The outlook for the resources industry is expected to improve over the medium-term in both Australia and Africa where Ausdrill has a long-established presence and local know-how. Consequently, management believes that Ausdrill is in a strong position to grow in its key markets in the years ahead.

Ms Mlikota said:

*"Based on the level of work currently in hand and expected contract renewals, we are targeting 20%-30% underlying profit growth for FY19, before taking into account the proposed acquisition."*

## Barminco Acquisition

Ausdrill has entered into a binding agreement to acquire Barminco on the terms described in Attachment I. Barminco is one of Australia's leading underground hard-rock mining contractors and is Ausdrill's existing joint venture partner in AUMS[1]. The acquisition will create Australia's second largest mining services company, transforming the Ausdrill Group.

Ausdrill will acquire all of the equity and equity-like instruments in Barminco in exchange for 150.7 million fully paid ordinary ex-dividend Ausdrill shares and $25.4 million in cash. This is equivalent to an equity acquisition price of $271.5 million[8] and an enterprise value of $697.0 million[9] which equates to acquisition multiples of:

- 4.2x FY18 reported underlying Barminco proportionately consolidated EBITDA, versus an equivalent Ausdrill multiple of 4.7x; and
- 7.6x FY18 reported underlying Barminco proportionately consolidated EBIT(A), versus an equivalent Ausdrill multiple of 9.3x.

At completion of the transaction, Barminco vendors will own approximately 22.1% of the enlarged Ausdrill, held by a range of entities. All of the consideration shares issued will be escrowed until the release of Ausdrill's FY19 results in late August 2019. However, if after the release of Ausdrill's 1H19 results (in late February 2019), the Ausdrill share price trades on the ASX for any five consecutive days at a volume weighted average price of at least $2.04 (representing a 25% premium to TERP[11]), this escrow will cease to apply with respect to one third of the shares issued.

In addition, experienced company director Mr Keith Gordon, currently non-executive chairman of Barminco, will join the Ausdrill Board following completion. Further information about Mr Gordon is set out in Attachment II.

Key expected benefits of the transaction include:

- materially earnings per share accretive on a pro-forma basis before synergies, amortisation of transaction intangibles[12];
- adding financial strength across a range of metrics including resulting in Ausdrill being a higher margin business with improved return on average invested capital;
- delivering scale, with Ausdrill expected to have annual revenue of around $1.8 billion across a more diverse range of customers and geographies;
- consolidating 100% of AUMS[1], resulting in streamlined governance, enhanced operation and strategic focus;
- complementing Ausdrill's current capabilities and creating a more balanced portfolio;
- enabling the delivery of a broader service offering and providing access to new underground mining markets;

- aligning former Barminco owners and Ausdrill through acquisition consideration of (predominantly) Ausdrill shares and associated escrow; and
- further renewal of the Ausdrill Board.

Executive Chairman, Ian Cochrane, said:

*"Given Barminco's strength in underground mining, the acquisition would enable Ausdrill to diversify and broaden its service offering as well as being a financially compelling acquisition.*

*"The combination of surface and underground technical expertise will deliver a mining services business that provides a broad range of services required by our customers, while transforming the Ausdrill Group.*

*"Ausdrill and Barminco have worked together successfully for many years through their joint venture in Africa, AUMS[1], which provides a comprehensive range of underground mining and mine management services from consulting and feasibility management through to mine development and production.*

*"We also have a shared history in terms of our roots in the Goldfields of Western Australia. Today we share an over-riding commitment to safety, along with the delivery of outstanding work for our customers. As a result, we are confident that Barminco can successfully be brought into the Ausdrill Group."*

Barminco Chief Executive Officer, Paul Muller, said:

*"Barminco and Ausdrill are a great fit, with the businesses providing complementary services and having worked together for a decade through our AUMS joint venture.*

*"By bringing these two businesses together and creating Australia's second largest mining services company, we will be able to provide a broader range of services for our customers and generate additional opportunities for our employees.*

*"Barminco had a strong 2018 financial year and our focus is to continue safely delivering results for our customers."*

The transaction is subject to several conditions precedent, including Ausdrill shareholder approval (given the number of shares to be issued to Barminco vendors, and former Managing Director Ron Sayers' 15% indirect shareholding in Barminco), no material adverse change to Barminco or Ausdrill, a favourable independent expert's report, continuation of material contracts and required change of control consents. Ausdrill shareholders will have the opportunity to vote on the proposed acquisition at Ausdrill's AGM which is currently scheduled for 25 October 2018. Further information will be provided to shareholders in a notice of meeting expected to be issued in early September 2018. Further details of acquisition conditions precedent are at Attachment I.

Completion is anticipated to occur on 31 October 2018, but this date is subject to change.

In respect of the acquisition of Barminco, Ausdrill was advised by Deutsche Bank AG, Sydney Branch, with Johnson Winter & Slattery as legal adviser.

## Equity raising

In order to reduce pro-forma gearing, Ausdrill will undertake a fully underwritten 1 for 2.13 pro rata accelerated non-renounceable entitlement offer to raise approximately $250m before costs (“Offer” or “Equity Raising”).

The net proceeds of the Equity Raising are intended to be used to partially fund the repayment of the Ausdrill Notes due in November 2019 (with the balance of the notes to be repaid from existing cash and revolving credit facility drawdown)[10].

Eligible Ausdrill shareholders will be invited to subscribe for 1 new fully paid ordinary share in Ausdrill (“New Share”) for every 2.13 existing fully paid ordinary shares in Ausdrill held as at 7.00pm (Sydney time) on Friday 17 August 2018 (“Record Date”), at the offer price of $1.47 per New Share (“Offer Price”), which represents a:

- 14% discount to the closing price of Ausdrill shares of $1.71 on Tuesday 14 August 2018; and
- 10.0% discount to the theoretical ex-rights price[11] of $1.63 as at Tuesday 14 August 2018.

The Equity Raising will result in the issue of approximately 170.0m New Shares and will include:

- an accelerated institutional entitlement component (“Institutional Entitlement Offer”) which will open on Wednesday, 15 August 2018 and close on Thursday 16 August 2018; plus
- a retail entitlement component (“Retail Entitlement Offer”) which is anticipated to open on Tuesday 21 August 2018 and close at 5.00pm (Sydney time) on Wednesday 5 September 2018.

Entitlements to subscribe for New Shares under the Entitlement Offer cannot be traded.

Each New Share will rank equally with existing shares on issue and will be eligible for the dividend declared for the period ended 30 June 2018. Ausdrill will apply for quotation of the New Shares on ASX.

### Institutional Entitlement Offer

Eligible institutional holders will be invited to participate in the Institutional Entitlement Offer, which is being conducted on Wednesday 15 August 2018 and Thursday 16 August 2018. Eligible institutional holders can choose to take up all, part or none of their entitlement.

Institutional entitlements that eligible institutional holders do not take up, and institutional entitlements that would otherwise have been offered to ineligible institutional holders, will be offered to eligible institutional holders who apply for New Shares in excess of their entitlement, as well as certain other institutional investors, through an institutional shortfall bookbuild to be conducted concurrently with the Institutional Entitlement Offer. It is expected that Ausdrill will remain in trading halt while the Institutional Entitlement Offer is conducted.

### Retail Entitlement Offer

Eligible retail shareholders with a registered address in Australia or New Zealand as at the Record Date will be invited to participate in the Retail Entitlement Offer at the same Offer Price and offer ratio as under the Institutional Entitlement Offer. The Retail Entitlement Offer is expected to open on Tuesday 21 August 2018 and to close at 5.00pm (Sydney time) on Wednesday 5 September 2018 ("Retail Offer Period").

Eligible retail shareholders can choose to take up all, part, or none of their entitlements. Eligible retail shareholders who take up their full entitlement will also be permitted to apply for New Shares in excess of their entitlement at the Offer Price ("Retail Oversubscription") up to a maximum equivalent to 25% of their entitlement. New Shares not applied for by eligible retail holders may be offered to other eligible retail holders through applications via the Retail Oversubscription facility. There is no guarantee that applicants under the Retail Oversubscription facility will receive all or any of the additional New Shares for which they apply.

Further details about the Retail Entitlement Offer will be set out in a booklet ("Retail Offer Booklet") which Ausdrill expects to lodge with the ASX on Friday 17 August 2018, in advance of the despatch date (outlined below). The closing date for the receipt of Entitlement and Acceptance Forms is 5.00pm, (Sydney time) on Wednesday 5 September 2018.

Shareholders with a registered address outside Australia or New Zealand on the Record Date are ineligible to participate in the Retail Entitlement Offer.

All of the Directors of Ausdrill who are shareholders have indicated they will participate in the Retail Entitlement Offer. Directors are not eligible to participate in the Retail Oversubscription facility.

### Timetable

| Event | Date |
|---|---|
| Trading Halt; announcement of acquisition and Institutional Entitlement Offer; opening of Institutional Entitlement Offer | Wednesday, 15 August 2018 |
| Institutional Entitlement Offer closes | Thursday, 16 August 2018 |
| Announcement of results of Institutional Entitlement Offer | Friday, 17 August 2018 |
| Trading halt lifted – shares recommence trading on ASX on an "ex entitlement" basis | Friday, 17 August 2018 |
| Record Date for Entitlement Offer | 7.00pm Friday, 17 August 2018 |
| Retail Offer Booklet (including Entitlement and Acceptance Form) despatched and Retail Entitlement Offer opens | Tuesday, 21 August 2018 |
| Settlement of Institutional Entitlement Offer | Friday, 24 August 2018 |
| Issue and normal trading of New Shares under the Institutional Entitlement Offer | Monday, 27 August 2018 |
| Retail Entitlement Offer closes | 5.00pm Wednesday, 5 September 2018 |
| Notice of AGM despatched | Friday, 7 September 2018 |
| Announcement of results of Retail Entitlement Offer | Monday, 10 September 2018 |

| Event | Date |
|---|---|
| Issue of New Shares under the Retail Entitlement Offer | Wednesday, 12 September 2018 |
| Commencement of trading of New Shares issued under the Retail Entitlement Offer | Thursday, 13 September 2018 |
| Despatch of holding statements in respect of New Shares issued under the Retail Entitlement Offer | Friday 14 September 2018 |
| Annual General Meeting and shareholder vote | Thursday, 25 October 2018 |
| Barminco acquisition completion | Wednesday, 31 October 2018 |

All dates and times are subject to change. Unless otherwise specified, all times and dates refer to Sydney time. Ausdrill and the Underwriters reserve the right to amend at any time any or all of these dates and times or to withdraw the Entitlement Offer, subject to the Corporations Act, the ASX Listing Rules and other applicable laws. In particular, Ausdrill reserves the right to extend the closing date for the Retail Entitlement Offer, or to accept late applications under the Retail Entitlement Offer without prior notice.

## Further information

Further information on Ausdrill's FY18 results is set out in the Results Investor Presentation provided to the ASX today.

Further details of the Acquisition and the Equity Raising are set out in the "Acquisition of Barminco and equity raising" Investor Presentation also provided to the ASX today. The Investor Presentation contains important information including key risks and foreign selling restrictions with respect to the Equity Raising.

## Retail Investor Enquiries

If you have any questions in relation to the Equity Raising, please contact the Ausdrill Offer Information Line on 1300 367 027 (within Australia) and +61 3 9415 4000 (from outside Australia) between 8.30am and 5.00pm (Sydney time) Monday to Friday.

Nothing contained in this announcement constitutes investment, legal, tax or other advice. You should make your own assessment and consult your independent broker, solicitor, accountant, financial adviser or other professional adviser in relation to the information in this announcement and any action to be taken on the basis of that information.

***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 5,000 staff worldwide.*

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## Important information

This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction in which such an offer would be illegal. Neither the entitlements nor the New Shares to be offered and sold in the Entitlement Offer have been, or will be, registered under the U.S. Securities Act of 1933 (U.S. Securities Act) or the securities laws of any state or other jurisdiction of the United States. Accordingly, the entitlements may not be exercised or taken up by, and the New Shares may not be offered or sold, directly or indirectly, to, persons in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any other applicable securities law of any state or other jurisdiction of the United States.

This announcement may not be released or distributed in the United States.

This announcement includes certain forward looking statements, including statements regarding the completion of the acquisition, the impact of the acquisition and the future strategies and results of the combined Ausdrill and Barminco groups and the opportunities available to it, the integration process and the timing and amount of synergies, the timing and outcome of the Entitlement Offer and the use of proceeds, as well as statements regarding projected earnings, revenue, growth, commodity prices, outlook, plans and strategies. Forward-looking statements can generally be identified by the use of forward-looking words such as “may”, “will”, “expect”, “intend”, “plan”, “estimate”, “anticipate”, “believe”, “continue”, “objectives”, “outlook”, “guidance” or other similar words and include statements regarding certain plans, strategies and objectives of management, trends and outlook. Indications of, and guidance on, future earnings and financial position and performance are also forward looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause Ausdrill’s actual results, performance and achievements or industry results to differ materially from any future results, performance or achievements, or industry results, expressed or implied by these forward-looking statements.

Forward-looking statements are based upon management’s good faith assumptions relating to the financial, market, regulatory and other relevant environments that will exist and affect Ausdrill’s business and operations in the future. Ausdrill cannot give any assurance that the assumptions upon which management based its forward-looking statements will prove to be correct, or that Ausdrill’s business and operations will not be affected in any substantial manner by other factors not currently foreseeable by management or beyond its control. Any forward-looking statements contained in this announcement speak only as of the date of this announcement.

Subject to any continuing obligations under applicable law or any relevant stock exchange listing rules, Ausdrill disclaims any obligation or undertaking to publicly update or revise any forward-looking statement contained in this announcement or to reflect any change in management’s expectations with regard thereto after the date hereof of any change in events, conditions or circumstances on which any such statement is based. No representation or warranty, express or implied, is given as to the accuracy, completeness, likelihood of achievement or reasonableness of any forecasts, projections or prospects referred to in this announcement.

## Notes

1. AUMS = African Underground Mining Services joint venture companies (50/50 JV with Barminco).
2. Non-IFRS Financial Information
   - "Operating profit" is profit /(loss) before significant items
   - "EBITDA" is "earnings before interest, tax, depreciation and amortisation, and significant items but includes impairment of available-for-sale financial assets
   - "EBIT" is "earnings before interest and tax and significant items"

   These terms are non-IFRS financial measures which Ausdrill uses in managing its business. They have been included to provide additional insight and understanding of business performance for users of this information. When reviewing business performance these non-IFRS financial measures should be used in addition to and not as a substitute for IFRS financial information provided. These non-IFRS financial measures do not have a standard definition under IFRS and may be calculated differently by different companies.
3. Profit from continuing operations is profit/(loss) after tax from continuing operations and excludes results from discontinued activities, which must be added or deducted as the case may be to arrive at profit/(loss) attributable to equity holders of the Company.
4. Underlying excludes one off claim settlement, foreign exchange gains and transaction costs.
5. "Proportionately consolidated EBITDA" is the Company's reported EBITDA including the Group's 50% share of AUMS[1] EBITDA on a proportionately consolidated basis but excludes the equity accounted profits from AUMS[1].
6. Refer to Important Note on forward looking statements.
7. $ = Australian dollars, unless otherwise stated.
8. Assuming Ausdrill equity is valued at the Theoretical Ex-Rights Price ("TERP") of $1.63. See Note 11 below.
9. Assuming Barminco proportionately consolidated net debt, including the mark-to-market value of derivative financial instruments, of $425.5m as at 30 June 2018. This balance excludes shareholder-associated debt that will be extinguished as part of the purchase consideration.
10. This represents a statement of current intentions. Ausdrill will make final decisions on which debt instruments are repaid and when after consultation with lenders. If the acquisition does not complete, then net proceeds will be used to pay down Ausdrill debt or may be returned to shareholders (subject to any approvals required), or a combination of both.
11. The Theoretical Ex-Rights Price ("TERP") is the theoretical price at which Ausdrill shares should trade after the ex-date for the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which Ausdrill shares trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not be equal to TERP. TERP is calculated by adjusting for the bonus-element of the Entitlement Offer based on the closing price of Ausdrill shares on Tuesday 14 August 2018.
12. EPS(A) is calculated excluding transaction costs, synergies and amortisation of intangibles. It includes discontinued operations, the impact of the acquisition, issue of shares to Barminco vendors, the equity raising and associated TERP[11] adjustment, pro forma repayment of the Ausdrill Notes, utilisation of deferred tax assets and other adjustments.

Attachment I

## Barminco acquisition – Details of transaction

Ausdrill has entered into a binding share sale agreement (**Share Sale Agreement**) to acquire 100% of the ordinary shares, redeemable preference shares and shareholder loan notes of Barminco Holdings Pty Limited (**Barminco**) for consideration of 150,666,463 fully paid ordinary shares in Ausdrill plus up to $25.4 million in cash (**Transaction**).

The “locked box date” for the Transaction is 30 June 2018, meaning that (subject to completion of the Transaction) Ausdrill will have economic exposure to the Barminco business with effect from 1 July 2018. Completion is anticipated to occur on 31 October 2018, but this date is subject to change.

### Conditions Precedent

Completion under the Share Sale Agreement is subject to customary conditions precedent for a transaction of this nature, including:

- the continuation of material contracts (including change of control consents where required);
- no Ausdrill or Barminco prescribed occurrences (covering customary matters such as alterations to share capital, material transactions and insolvency);
- no material adverse change occurring in relation to Ausdrill or Barminco. In relation to Ausdrill, a material adverse change refers to any event or circumstance (individually or in combination) that would:
  - prevent a party from discharging its obligations under the Share Sale Agreement;
  - materially adversely affect assets, liabilities, financial position or performance, profits, losses or prospects of the Ausdrill group;
  - have a material effect on certain financial or qualitative measures which may affect the underlying earnings or reputation of Ausdrill;
- Ausdrill shareholder approval of the Transaction (to be obtained at Ausdrill’s 2018 annual general meeting);
- an independent expert’s report concluding that the Transaction is fair and reasonable to Ausdrill shareholders whose votes are not to be disregarded;
- the vendors entering into voluntary escrow arrangements in respect of their scrip consideration; and
- receipt of change of control consents from Barminco’s noteholders (or confirmation of no decline in note ratings as a result of the Transaction).

### Escrowed Funds

A portion of the cash consideration ($15 million) will be held in escrow for 6 months following completion pending resolution of any claims relating to the “locked box” accounts mechanism.

### W&I Insurance

Ausdrill has taken out warranty and indemnity insurance in relation to the Transaction (and Ausdrill has limited recourse to the vendors except in limited circumstances).

**Termination**

The Share Sale Agreement can be terminated by mutual agreement, or by either party for material breach of the agreement (including failure to support the Transaction). Either party must pay a $5 million break fee if a condition precedent is not satisfied due to an action (or failure to act) by that party or if that party ceases to support the Transaction.

**Restraints**

Certain of the vendors will be subject to customary restraints following completion of the Transaction.

Attachment II

## Information about Keith Gordon

***Qualifications***

Bachelor of Sc (Agric) Hons and MBA from the University of Western Australia.

***Experience***

Keith Gordon is an experienced company director and public company CEO with a broad business perspective built through extensive experience across sectors including mining services, mining, retail, manufacturing, chemicals, energy and agriculture.

Mr Gordon has over 25 years' of professional experience having worked in large global organisations. Mr Gordon is currently the Chairman of Barminco, the Chairman of GMA Garnet Group, a Director of Wright Prospecting Pty Ltd and a director of Red Emu Advisory.

Prior to this Mr Gordon was the Managing Director and CEO of Emeco Holdings and a senior executive at Wesfarmers. As part of his role at Wesfarmers, Mr Gordon led the post-merger integration of Coles into Wesfarmers.

Mr Gordon has a proven focus on driving financial performance through the engagement of teams and alignment around strategy, with experience in M&A activities, post-merger integration and equity markets both within Australia and internationally.

# AUSDRILL

# Acquisition of Barminco and equity raising

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15 August 2018

# Important notice and disclaimer

This presentation and these materials (together, the "**Presentation**") have been prepared by Ausdrill Limited ABN 95 009 211 474 (ASX:ASL) ("**Ausdrill**") in connection with the proposed acquisition of Barminco Holdings Pty Limited ABN 85 126 398 276 ("**Barminco**") and a related pro rata accelerated non-renounceable entitlement offer of new fully paid ordinary shares in Ausdrill ("**New Shares**").
By reviewing or retaining these materials, or attending or participating in this Presentation, you acknowledge and represent that you have read, understood and accepted the terms of this Important Notice and Disclaimer.

This Presentation should be read in conjunction with Ausdrill's 2018 Annual Report lodged with the Australian Securities Exchange ("**ASX**") on 15 August 2018 (including the risks noted under the heading "Key risks" on slides 41 to 50 (inclusive)) and other periodic and continuous disclosure announcements that have been lodged by Ausdrill with the ASX, and with Barminco's financial disclosures including Barminco's US Annual Compliant Report for the Year Ended 30 June 2018 and Results Presentation available at https://www.barminco.com.au/news-investors/investors.html and on the Singapore Stock Exchange (SGX).

**Forward looking statements**

This Presentation contains forward looking statements, including statements regarding projected earnings, revenue, growth, commodity prices, outlook, plans and strategies, the completion of the acquisition, the impact of the acquisition and the future strategies and results of the combined Ausdrill and Barminco groups ("**New Ausdrill**") and the opportunities available to it, the integration process and the timing and amount of synergies, the timing and outcome of the entitlement offer and the use of proceeds as well as guidance regarding future financial results for New Ausdrill's business. These statements relate to expectations, beliefs, intentions or strategies regarding the future. Forward looking statements may be identified by the use of words like 'anticipate', 'believe', 'aim', 'estimate', 'expect', 'intend', 'may', 'plan', 'project', 'will', 'should', 'seek' and similar expressions.

The forward looking statements reflect views and assumptions with respect to future events as of the date of this Presentation. However, they are not guarantees of future performance. They involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of Ausdrill and its directors and management, and may involve significant elements of subjective judgement and assumptions as to future events that may or may not be correct. Refer to the "Key Risks" section of this Presentation for a summary of certain Ausdrill specific and acquisition specific risk factors that may affect Ausdrill. There can be no assurance that actual outcomes will not differ materially from those expressed in the forward looking statements in this Presentation. No representation or warranty, express or implied, is made as to the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects, returns or statements in relation to future matters contained in this Presentation. Readers are cautioned not to place undue reliance on the forward looking statements, which are based only on information currently available to Ausdrill. Except as required by applicable laws or regulations, Ausdrill does not undertake to publicly update or revise the forward looking statements or this Presentation, whether as a result of new information or future events or circumstances.

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# Important notice and disclaimer (cont'd)

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**Reliance on third party information**

The views expressed in this Presentation contain information derived from sources believed to be reliable, although such information has not been independently verified in all instances. No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness, reliability or correctness of such information.

**Information about Barminco**

Certain information in this Presentation has been sourced from the vendors of Barminco, their representatives or associates. Ausdrill undertook a due diligence process in respect of Barminco, which relied in part on the review of financial and other information provided by the vendors of Barminco. Despite making reasonable efforts, Ausdrill has not been able to verify the accuracy, reliability or completeness of all the information which was provided to it against independent data. While steps have been taken to review that information, no representation or warranty, expressed or implied, is made as to its fairness, accuracy, correctness, completeness or adequacy.

Similarly, Ausdrill has prepared (and made assumptions in the preparation of) the financial information relating to Barminco (on a stand-alone basis and also to New Ausdrill) included in this Presentation from financial and other information provided by the vendors of Barminco. Ausdrill is unable to verify the accuracy or completeness of all of this information.

**Not investment advice**

This Presentation does not constitute investment or financial product advice (nor tax, accounting or legal advice) or any recommendation by Ausdrill or its advisers to acquire entitlements or New Shares and does not and will not form any part of any contract for the acquisition of entitlements or New Shares. Each recipient of this Presentation should make its own enquiries and investigations regarding all information in this Presentation including but not limited to the assumptions, uncertainties and contingencies, which may affect future operations of Ausdrill and the impact that different future outcomes may have on Ausdrill.

The Presentation has been prepared without taking into account the investment objectives, financial situation or individual needs of any particular person. You should consult your own advisors as to legal, tax, financial and related matters and conduct your own investigations, enquires and analysis concerning any transaction, investment or other financial decision.

**Financial data**

Investors should note that this Presentation contains pro forma historical financial information. The pro forma financial information provided in this Presentation is for illustrative purposes only and is not represented as being indicative of Ausdrill's views on its future financial condition and/or performance. The pro forma financial information has been prepared on the basis set out on slide 37, which also contains explanation of non-IFRS key financial terms used in this Presentation. Investors should also note that the pro forma financial information does not purport to be in compliance with Article 11 of Regulation S-X of the rules and regulations of the U.S. Securities and Exchange Commission (SEC), and such information does not purport to comply with Article 3-05 of Regulation S-X.

The pro forma financial information has been prepared by Ausdrill in accordance with the recognition and measurement principles of the Australian Accounting Standards and other mandatory reporting requirements in Australia, and Ausdrill's adopted accounting policies. Ausdrill has prepared (and made assumptions in the preparation of) the financial information relating to Barminco on a stand-alone basis and also to Ausdrill post-completion included in this Presentation in reliance on limited financial and other information provided by Barminco. Financial information contained in this presentation has been derived from audited consolidated annual accounts of Barminco, Barminco public announcements and other financial information made available by Barminco in connection with the acquisition, and Ausdrill does not take responsibility for it.

# Important notice and disclaimer (cont'd)

Investors should be aware that certain financial measures included in this presentation are 'non-IFRS financial information' under ASIC Regulatory Guide 230: 'Disclosing non-IFRS financial information' published by ASIC and also 'non-GAAP financial measures' within the meaning of Regulation G under the U.S. Securities Exchange Act of 1934 and are not recognised under Australian Accounting Standards (**"AAS"**) and International Financial Reporting Standards (**"IFRS"**). The non-IFRS financial information/non-GAAP financial measures include EBITDA, EBITDA margin, EBIT(A), EBIT(A) margin, EBIT, NPAT(A), EPS(A), as well as the same measures stated on an underlying basis, net debt and return on average capital employed (**"ROACE"**).

Such non-IFRS financial information/non-GAAP financial measures do not have a standardised meaning prescribed by AAS or IFRS. Therefore, the non-IFRS financial information may not be comparable to similarly titled measures presented by other entities, and should not be construed as an alternative to other financial measures determined in accordance with AAS or IFRS. Although Ausdrill believes these non-IFRS financial measures provide useful information to investors in measuring the financial performance and condition of its business, investors are cautioned not to place undue reliance on any non-IFRS financial information/non-GAAP financial measures included in this Presentation. The financial information in the Presentation is presented in an abbreviated form insofar as it does not include all of the presentation and disclosures required by the AAS and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act.

**Financial data and rounding**

All dollar values are in Australian dollars ($) unless stated otherwise. A number of figures, amounts, percentages estimates, calculations of value and other fractions used in this Presentation are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this Presentation.

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Statements made in this Presentation are made only as at the date of this Presentation. The information in this Presentation remains subject to change without notice.

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INDUSTRIOUS
Transaction summary
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# A compelling acquisition for Ausdrill …

## … strategically

## … financially

## … operationally

- ✓ Creates Australia's clear #2, and leading listed pure-play, mining services company
- ✓ Pro forma FY18 underlying EPS(A)[1] accretion of over 28% (excluding synergies)
- ✓ Strengthens market leading position in international underground hard-rock contract mining
- ✓ Balances geographic exposure between Australia and Africa
- ✓ Consolidates African Underground Mining Services ("AUMS"), streamlining governance and providing clear operational control
- ✓ Delivers a lower capital intensity, higher return business
- ✓ Enhances future global growth opportunities
- ✓ Equity consideration creates alignment between Ausdrill and Barminco vendors
- ✓ Equity raising facilitates repayment of the Ausdrill Notes[2] to maintain prudent leverage
- ✓ Strengthens Ausdrill's position in the S&P/ASX200 index

[1] EPS(A) is calculated excluding transaction costs, synergies and amortisation of intangibles. It includes discontinued operations, the impact of the acquisition, issue of shares to Barminco vendors, the equity raising and associated TERP adjustment, pro forma repayment of the Ausdrill Notes[2], utilisation of deferred tax assets and other adjustments. See slides 27 and 28 for further information

[2] Ausdrill's Senior Unsecured Notes due November 2019 ("Ausdrill Notes")

# Transaction summary

| | |
|---|---|
| Barminco overview | ■ Leading provider of underground hard-rock contract mining in Australia and Africa with FY18 proportionately consolidated underlying EBITDA[1] of $167.3m and EBIT(A) of $91.5m<br>■ Barminco has been Ausdrill's 50% joint venture partner in AUMS since 2007 |
| Transaction summary | ■ Ausdrill to acquire 100% of equity and equity-like instruments[2] ("Equity") of Barminco Holdings Pty Ltd ("Barminco")<br>■ Consideration comprises 150.7m fully-paid ex-dividend Ausdrill ordinary shares and $25.4m cash |
| Transaction metrics | ■ Values Equity at $271.5m[3], together with $425.5m of net debt, implying an enterprise value of $697.0m<br>■ Proportionately consolidated underlying FY18 EV / EBITDA of 4.2x[4] and EV / EBIT(A) of 7.6x[4], discounts to Ausdrill's equivalent multiples of 4.7x[4] and 9.3x[4], respectively |
| Barminco shareholding | ■ At acquisition completion, Barminco vendors will own approximately 22.1%[5] of New Ausdrill. 100% of the shares issued will be escrowed until the release of Ausdrill's FY19 results (late August 2019)<br>■ However, if after the release of Ausdrill's 1H19 results (late February 2019), its share price trades for any five consecutive days at a VWAP[6] of at least $2.04 (a 25% premium to TERP[3]), this escrow will cease to apply with respect to one third of the shares issued<br>■ Keith Gordon, currently Chairman of Barminco, will join Ausdrill's board as a director following completion |

1 Underlying proportionately consolidated EBITDA and EBIT(A) – see slide 39
2 Including redeemable preference shares and shareholder loan notes
3 Based on an Ausdrill theoretical ex-rights price ("TERP") of $1.63
4 Multiple of underlying proportionately consolidated EBITDA and EBIT(A) – see slides 38 and 39. Ausdrill based on share price of $1.71 per share as of 14 August 2018
5 Share of New Ausdrill post equity raising
6 Volume weighted average price ("VWAP")

# Transaction summary (cont'd)

| | |
|---|---|
| Underwritten equity raising | ▪ Concurrent with the acquisition announcement, Ausdrill is undertaking a fully underwritten 1 for 2.13 Accelerated Non-Renounceable Entitlement Offer ("Entitlement Offer") to raise $250m (before costs) at $1.47 per new share (10% discount to TERP of $1.63) |
| Leverage[1] | ▪ Equity raising supports repayment of the Ausdrill Notes as soon as practicable after completion, resulting in lower gross debt for New Ausdrill. The Barminco Notes[2] are expected to remain in place<br>▪ New Ausdrill pro forma FY18 proportionately consolidated net debt / underlying proportionately consolidated EBITDA of 1.4x[3] |
| Dividends | ▪ Shares issued in the equity raising will be eligible for Ausdrill's 30 June 2018 fully franked final and special dividends totaling 3.5 cents<br>▪ Shares issued to Barminco vendors will be ex-dividend<br>▪ Ausdrill dividend policy expected to remain at 40% of underlying NPAT(A) post transaction |
| Integration | ▪ Well developed integration plan designed to manage the transition and assist Ausdrill to realise expected acquisition benefits<br>▪ Estimated run-rate synergies of approximately $5.0m per annum[4] |
| Conditions precedent | ▪ Acquisition subject to customary conditions precedent including Ausdrill shareholder approval, no material adverse change to Barminco or Ausdrill, a favourable independent expert's report, continuation of material contracts and required change of control consents[5]<br>▪ Ausdrill's Directors unanimously support the transaction |

1 This represents a statement of current intentions. Ausdrill will make final decisions on which debt instruments are repaid, and when, after consultation with lenders. If the acquisition does not complete, the net proceeds will be used to pay down Ausdrill debt or may be returned to shareholders (subject to any approvals required), or a combination of both

2 Barminco's Senior Secured Notes due May 2022 ("Barminco Notes")

3 See details of use of proceeds on slide 32

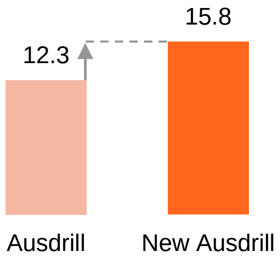
4 Synergy estimates have not been included in FY18 pro forma EPS(A) analysis for New Ausdrill

5 Further detail on conditions precedent is set out in Attachment I to today's ASX announcement

# The acquisition is expected to be financially positive[1]

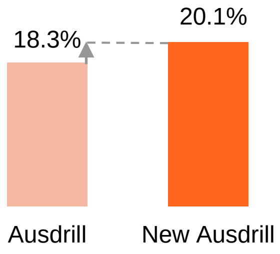
### Underlying TERP adj. EPS(A) (cents)[2]

+28%



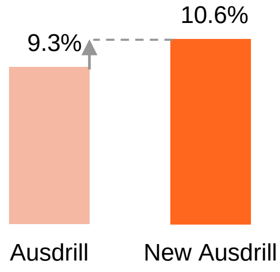

### Underlying[3] EBITDA margin (%)

+190bps



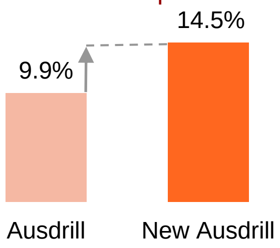

### Underlying[3] EBIT(A) margin (%)

+130bps



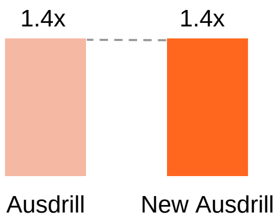

### Underlying ROACE (%)[4]

460bps



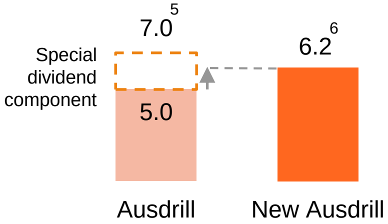

### Net debt / Underlying[3] EBITDA (x)

—




### DPS (cents)

1.2 cents[7]




FY18 Pro forma FY18

1. New Ausdrill metrics are pro forma including Ausdrill, Barminco and AUMS (100%) post-consolidation
2. EPS(A) is calculated excluding transaction costs, synergies and amortisation of intangibles. It includes discontinued operations, the impact of the acquisition, issue of shares to Barminco vendors, the equity raising and associated TERP adjustment, pro forma repayment of the Ausdrill Notes, utilisation of deferred tax assets and other adjustments. See slides 27 and 28 for further information
3. Ausdrill is on a proportionately consolidated underlying basis (including 50% contribution from AUMS). See slide 38
4. Return on average capital employed = Proportionately consolidated underlying EBIT(A) / sum of average of proportionately consolidated FY17 and FY18 receivables, inventories, PP&E less trade payables. ROACE for New Ausdrill based on pro forma balance sheet as of 30 June 2018
5. Ausdrill's full year dividend of 7.0 cents per share comprises 3.5 cent interim plus 1.5 cent final (for a 5.0 cent per share total ordinary dividend) plus a 2.0 cent per share special dividend
6. Assuming a 40% payout ratio applied to underlying NPAT(A)
7. Excludes FY18 special dividend

# Timetable and process

| Event | Date/Time (AEST)[1] |
|---|---|
| Announcement | Wednesday, 15 August 2018 |
| Trading halt | Wednesday, 15 August 2018 |
| Institutional Entitlement Offer closes | Thursday, 16 August 2018 |
| Trading halt lifted | Friday, 17 August 2018 |
| Announcement of results of Institutional Entitlement Offer and record date for the equity raising | Friday, 17 August 2018 |
| Shares recommence trading on an “ex-entitlement” basis | Friday, 17 August 2018 |
| Retail Entitlement Offer closes | 5:00pm Wednesday, 5 September 2018 |
| Notice of AGM despatched | Friday, 7 September 2018 |
| Ex-dividend date | Wednesday, 3 October 2018 |
| Annual General Meeting and shareholder vote | Thursday, 25 October 2018 |
| Barminco acquisition completion | Wednesday, 31 October 2018 |

1 All dates and times are indicative only and subject to change. Unless otherwise specified, all times and dates refer to Sydney time. Ausdrill and the Underwriters reserve the right to amend any or all of these dates and times subject to the Corporations Act, the ASX Listing Rules and other applicable laws. In particular, Ausdrill reserves the right to extend the closing date for the Retail Entitlement Offer, or to accept late applications under the Retail Entitlement Offer without prior notice


# BUSINESS

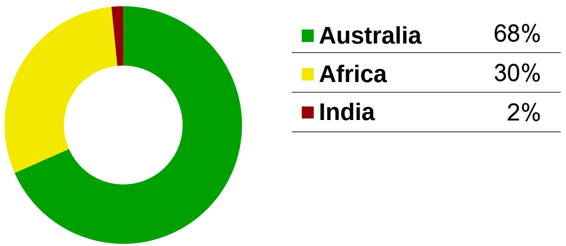
## Barminco overview

# Barminco is one of the world's leading underground hard-rock contract miners

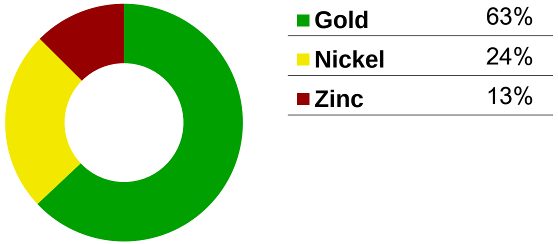
## Overview

- Founded in 1989, Barminco provides underground hard-rock contract mining services under its own brand in Australia, Egypt and India
- Headquartered in Perth with 1,800 employees (AUMS employs an additional 1,000 people)
- Owned by a range of institutional and individual shareholders including Gresham, Peter Bartlett (Barminco's founder) and Ron Sayers (Ausdrill's founder)
- Also operates in other parts of Africa through AUMS (Ausdrill's 50% joint venture partner)
- Industry leading safety record with a TRIFR[2] of 7.1 and LTIFR[2] of 0
- Barminco is rated B1/B (Moody's/S&P)

**2018 revenue by geography[1]**




**2018 revenue by commodity[1]**




1 Revenue represented on a proportionately consolidated basis (including 50% contribution from AUMS)

2 Total Recordable Injury Frequency Rate and Lost Time Injury Frequency Rate, both per million man hours worked for the twelve months ended 30 June 2018

# Barminco service offering[1]

Barminco | AFRICAN UNDERGROUND MINING SERVICES (50% JV with Ausdrill)

### Underground contract mining

- Leading underground hard-rock mining services provider operating across Australia, Egypt and India
- Capability and fleet to provide customised solutions for longhole, specialist and production drilling applications
- Production mining services include drilling, charging and blasting, load and hauling to the surface

**72%** of Revenue — **$530m**

**65%** of EBITDA[2] — **$108m**

### Diamond drilling/Other[3]

- Offers a complete suite of underground diamond drilling services including grade control and orebody definition
- All standard core sizes to 2,000m

**8%** of Revenue[3] — **$56m**

**5%** of EBITDA[2,3] — **$9m**

### AUMS

- Provides comprehensive underground mining and mine management services across East and West Africa
- Production mining services include drilling, charging and blasting, load and haul, shotcreting and diamond drilling
- Services predominantly provided to clients engaged in gold mining

**20%** of Revenue[4] — **$146m**

**30%** of EBITDA[4] — **$50m**

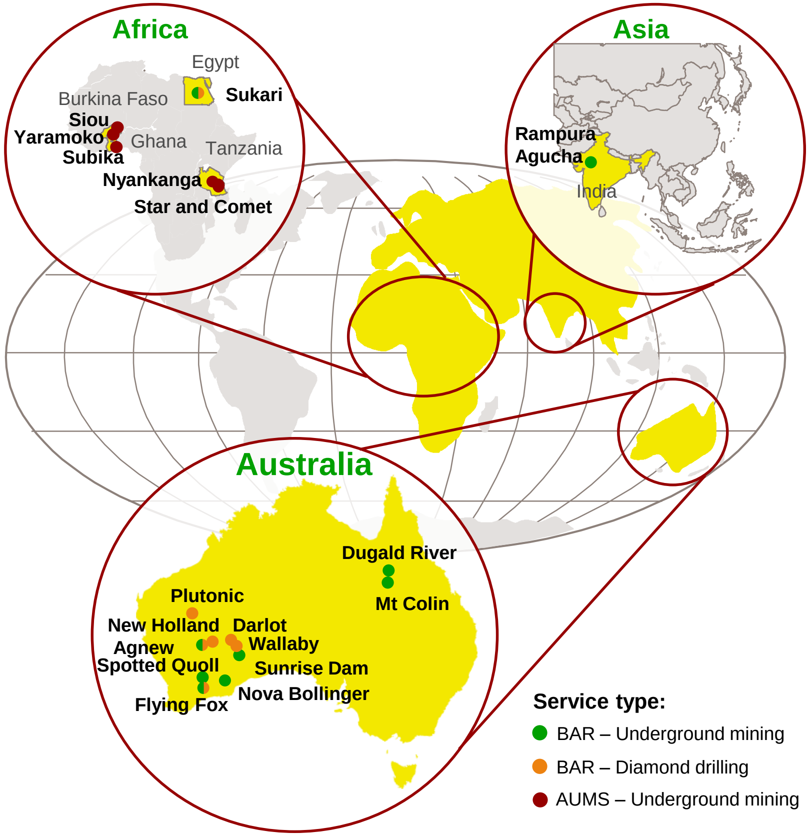
1 Divisional financials represented on a proportionately consolidated underlying basis for FY18 (including 50% contribution from AUMS)

2 Includes normalisations for shareholder management fees – see slide 39

3 Revenue and EBITDA include contribution from diamond drilling, crushing, shared services and other

4 As per Barminco reporting – see slide 39

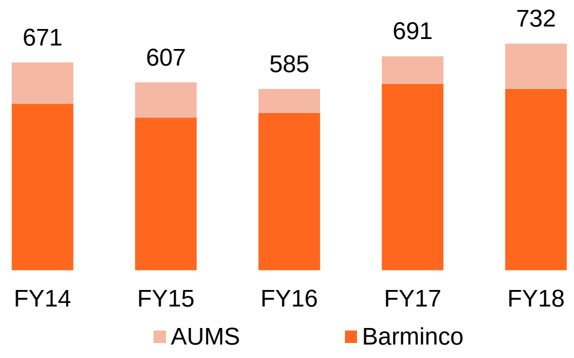
# Barminco and AUMS have a diverse international portfolio of contracts



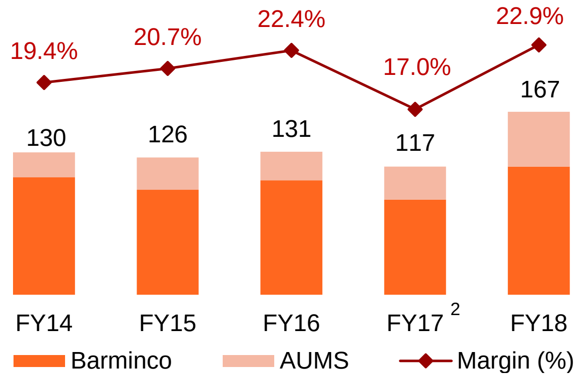

| Project | Client | Geog. | Comm. |
|---|---|---|---|
| **Australia** | | | |
| Sunrise Dam | AngloGold Ashanti | WA | Gold |
| Dugald River | MMG | QLD | Zinc |
| Mt Colin | Round Oak Minerals | QLD | Copper |
| Spotted Quoll | Western Areas | WA | Nickel |
| Nova Bollinger | Independence Group | WA | Nickel |
| Agnew | Gold Fields | WA | Gold |
| Flying Fox | Western Areas | WA | Nickel |
| Plutonic | Billabong Gold | WA | Gold |
| Wallaby | Gold Fields | WA | Gold |
| New Holland | Gold Fields | WA | Gold |
| Darlot | Red 5 | WA | Gold |
| **International** | | | |
| Sukari | Centamin | Egypt | Gold |
| Rampura Agucha | Hindustan Zinc | India | Zinc |
| Star & Comet | AngloGold Ashanti | Tanzania | Gold |
| Nyankanga | AngloGold Ashanti | Tanzania | Gold |
| Subika | Newmont Ghana Gold | Ghana | Gold |
| Yaramoko | Roxgold | Burkina Faso | Gold |
| Siou | SEMAFO | Burkina Faso | Gold |

# Barminco has evidenced a solid track record through the mining cycle and has delivered strong earnings growth in FY18[1]

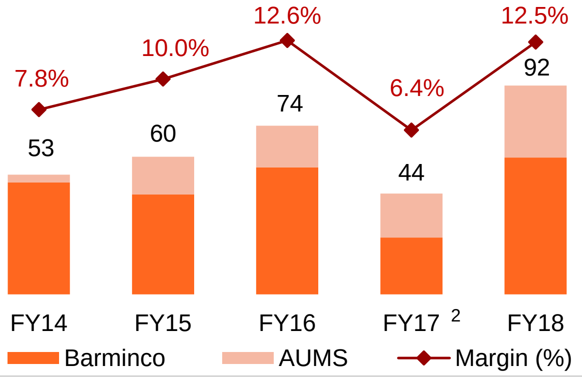
## Revenue ($m)



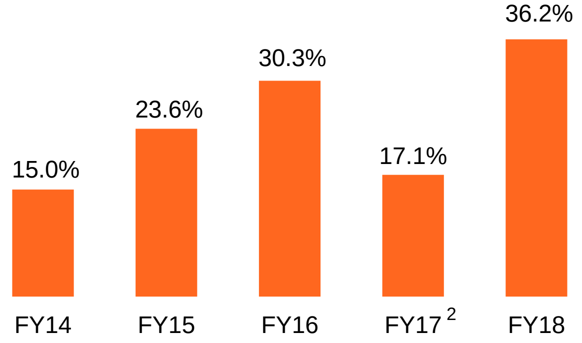

## Underlying EBITDA ($m) and margin (%)




## Underlying EBIT(A) ($m) and margin (%)




## Underlying ROACE (%)[3]



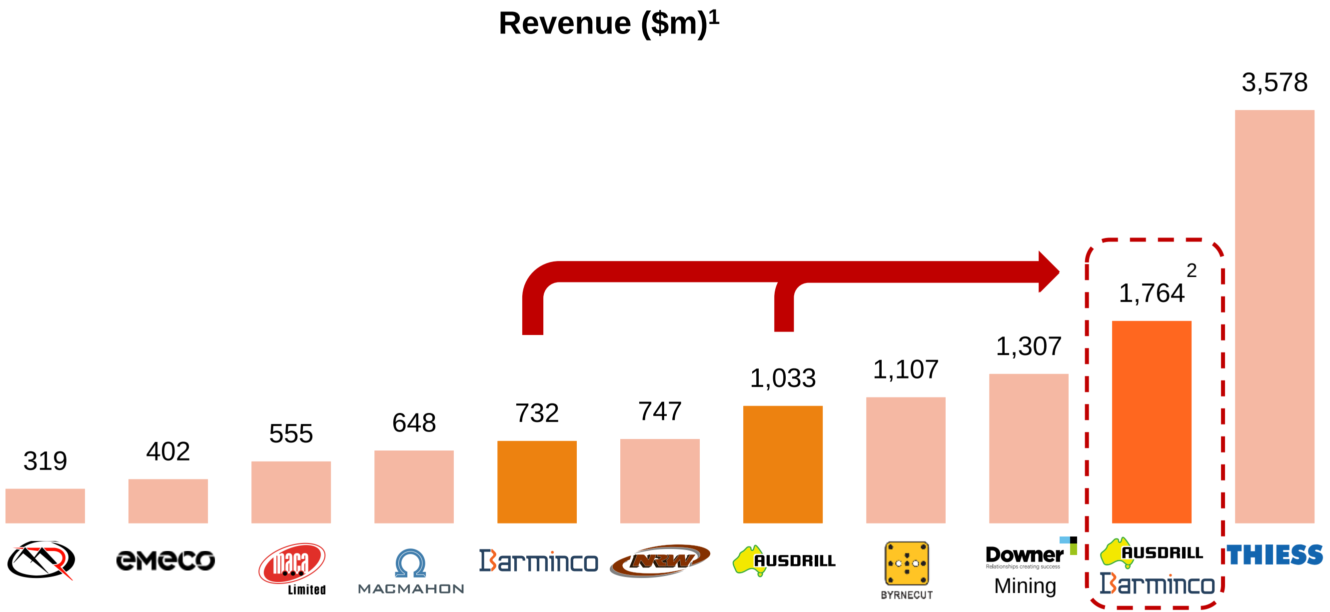

1 All financials reflected on a proportionately consolidated underlying basis (including 50% contribution from AUMS) – see slide 39

2 Barminco's FY17 earnings materially impacted by once-off underperformance of Kundana (now exited) and Rampura Agucha (now rectified) contracts. FY17 excludes onerous contract provision of $3.7m

3 Return on average capital employed = Proportionately consolidated underlying EBIT(A) / sum of average proportionately consolidated current and prior year receivables, inventories, PP&E less trade payables


# Strategic rationale

# The acquisition positions Ausdrill as the clear #2 Australian mining services provider (and largest listed pure-play)



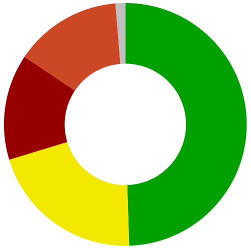

- Creates Australia's clear #2 mining services provider
- Largest listed Australian pure-play mining services company
- Strengthens Ausdrill's position in the S&P/ASX200 index

1 Ausdrill based on sales revenue. Proportionately consolidated revenue for Ausdrill and Barminco. FactSet consensus FY18E revenue for Emeco, MACA, Macmahon and NRW. Byrnecut based on twelve months to 31 December 2017. Downer Mining based on twelve months to 31 December 2017. Mineral Resources based on twelve months to 31 December 2017 for Mining Services & Processing external revenue (comparable total revenue figure is $903m). Thiess based on twelve months to 30 June 2018 for CIMIC Mining & Mineral Processing segment revenue (comparable total revenue figure is $3,420m)

2 Pro forma includes 100% contribution from AUMS

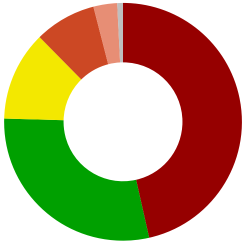
# The acquisition delivers a more balanced and diverse revenue portfolio[1]

## Revenue by business activity – pre transaction[2]



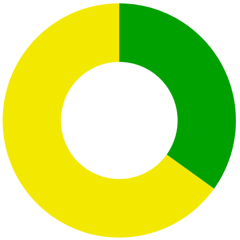
| | |
|---|---|
| Surface mining | 49% |
| Drilling services | 21% |
| Underground mining[2] | 14% |
| Equipment services | 14% |
| Other | 1% |

## Revenue by business activity – post transaction (pro forma)



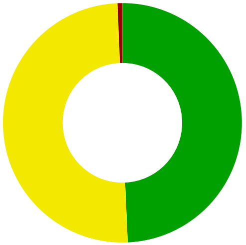
| | |
|---|---|
| Underground mining[3] | 46% |
| Surface mining | 29% |
| Drilling services | 12% |
| Equipment services | 8% |
| Diamond drilling | 3% |
| Other | 1% |

## Revenue by geography – pre transaction[2]



| | |
|---|---|
| Australia | 35% |
| Africa | 65% |

## Revenue by geography – post transaction (pro forma)



| | |
|---|---|
| Australia | 48% |
| Africa | 50% |
| India | 1% |

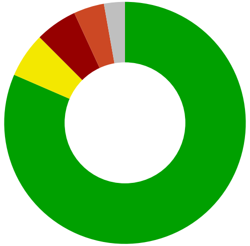
1 Ausdrill based on sales revenue

2 Pre transaction revenue for Ausdrill reflected on a proportionately consolidated basis (including 50% contribution from AUMS)

3 Post transaction revenue is 100% of AUMS and Barminco's underground mining segment

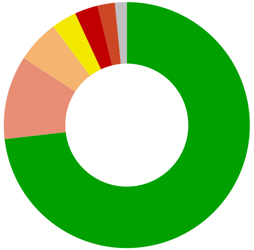
# A more diverse project portfolio

## Revenue by commodity – pre transaction[1]



| | |
|---|---|
| Gold/copper | 82% |
| Iron | 6% |
| Coal | 6% |
| Manganese | 4% |
| Other | 3% |

## Revenue by commodity – post transaction (pro forma)



| | |
|---|---|
| Gold/copper | 73% |
| Nickel | 12% |
| Zinc | 6% |
| Iron | 3% |
| Coal | 3% |
| Manganese | 2% |
| Other | 1% |

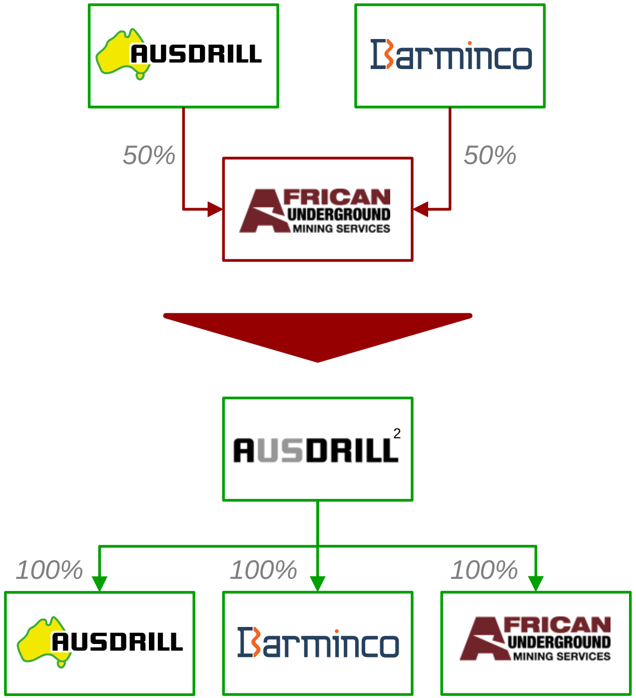
## Expanded portfolio of leading mining clients[2]

1 Pre transaction revenue for Ausdrill reflected on a proportionately consolidated basis (including 50% contribution from AUMS)

2 Not exhaustive. List includes existing clients of Ausdrill, Barminco and AUMS

# Consolidation of AUMS – a high margin, high growth business

- Ausdrill and Barminco have been joint venture partners since 2007
- Facilitates 100% ownership of AUMS, the fastest growing, highest margin and highest return on capital business of Ausdrill[1] and Barminco
- Streamlines current governance structure and provides operational control
- Benefit of relative de-gearing of Ausdrill due to earnings consolidation of AUMS
- Ausdrill shareholders increase effective exposure to the fast growing, underground mining business
- Africa presents good organic growth opportunities that enable further portfolio expansion




[1] For further details see Ausdrill FY18 annual report

[2] Simplified organisational chart

# Business rationalisation provides a clear “go to market” strategy

| Current brands | | New brand strategy |
|---|---|---|
| | | AUSDRILL |
| AFRICAN UNDERGROUND MINING SERVICES; Barminco | ▶ | Barminco |
| AMS AFRICAN MINING SERVICES; LOGISTICS DIRECT | ▶ | AMS |
| AUSDRILL NORTHWEST; AUSDRILL; CONNECTOR DRILLING; DRILL RIGS australia; MinAnalytical LABORATORY SERVICES AUSTRALIA PTY LTD; synegex EXPLOSIVES DIRECT | ▶ | AUSDRILL |
| BTP PARTS; BTP EQUIPMENT; SUPPLY DIRECT | ▶ | BTP |

**Non-core**

WELL CONTROL SOLUTIONS

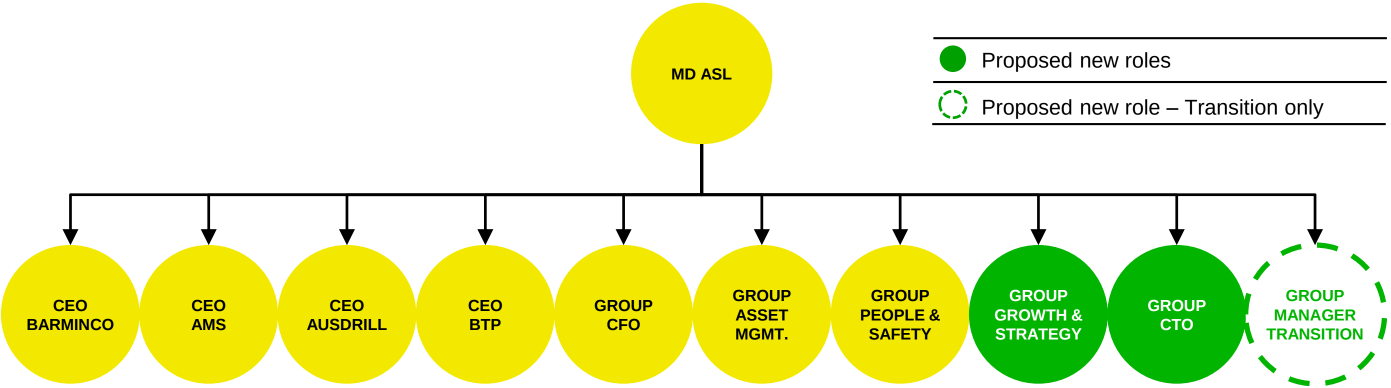
ENERGY DRILLING AUSTRALIA

# Integration guiding principles

## An orderly and well resourced integration plan developed to ensure a successful acquisition

| | | |
|---|---|---|
| Focus on culture | **Unique opportunity to shape culture** | One-time chance to meld best of both cultures |
| | **Leadership** | High level of authentic employee touch and communications |
| | **People** | With the respective complementary skills across the combined entities we expect little change in management |
| Best of breed approach | **Brand** | Adopt brands that maximise market share, profit and ROACE |
| | **Structure** | Adopt business and organisation structures that best serve clients |
| | **Processes** | Adopt best of two equivalent processes |
| | **Systems** | Adopt best of three systems |

# Organisational structure




## Rationale

- Organisational structure designed for growth under new Group Managing Director – Mark Norwell[1]
- Operational leadership rationalised under four core businesses – see slide 22
- New functions to enhance capability of a performance and technology driven growth business
- Centralised support services in two regional hubs to support global business to deliver approximately $5.0m in run-rate cost synergies[2] from duplicated overheads, procurement and other initiatives
- Business critical employees and key relationship managers incentivised to remain through remuneration structures
- Integration planning well progressed – integration team members identified

1 Commences 17 September 2018

2 Synergy estimates have not been included in FY18 pro forma EPS(A) analysis for New Ausdrill

# Creates a foundation for pursuing global underground mining growth opportunities

## Target markets in underground mining[1]

**TIER 1&2[2] targets:**

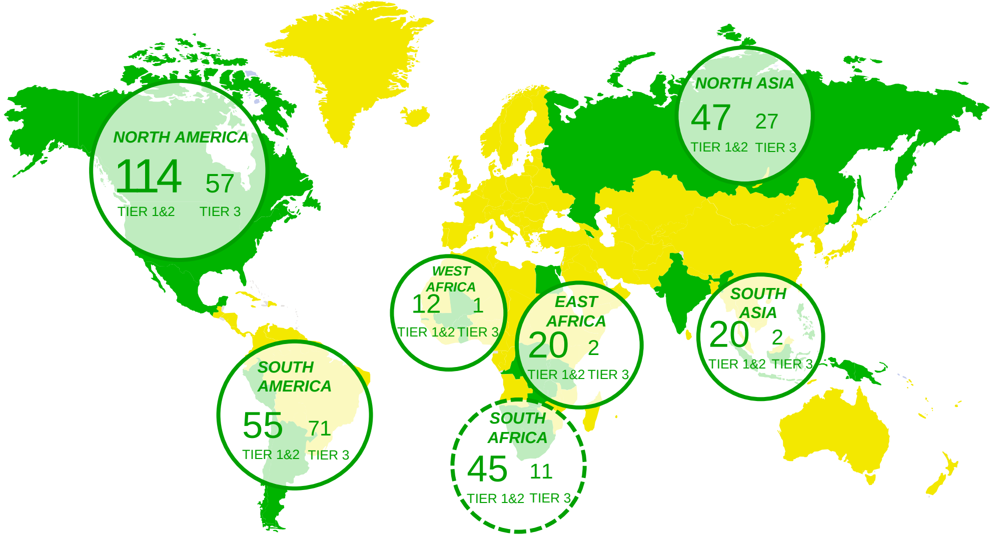
**313**

**TIER 3[3] targets:**

**171**

Target markets

Alternate markets




1 Source: Ausdrill management analysis as of June 2018

2 Tier 1&2 key criteria: Major/mid-tier global mining companies, at least one large operating asset or multiple assets, often multi-market assets and market capitalisation over $500m or similar if private

3 Tier 3 key criteria: Mostly junior miners/exploration companies, mainly private or small entities, smaller sized and few assets, mostly operate in a single market and market capitalisation less than $100m or similar if private

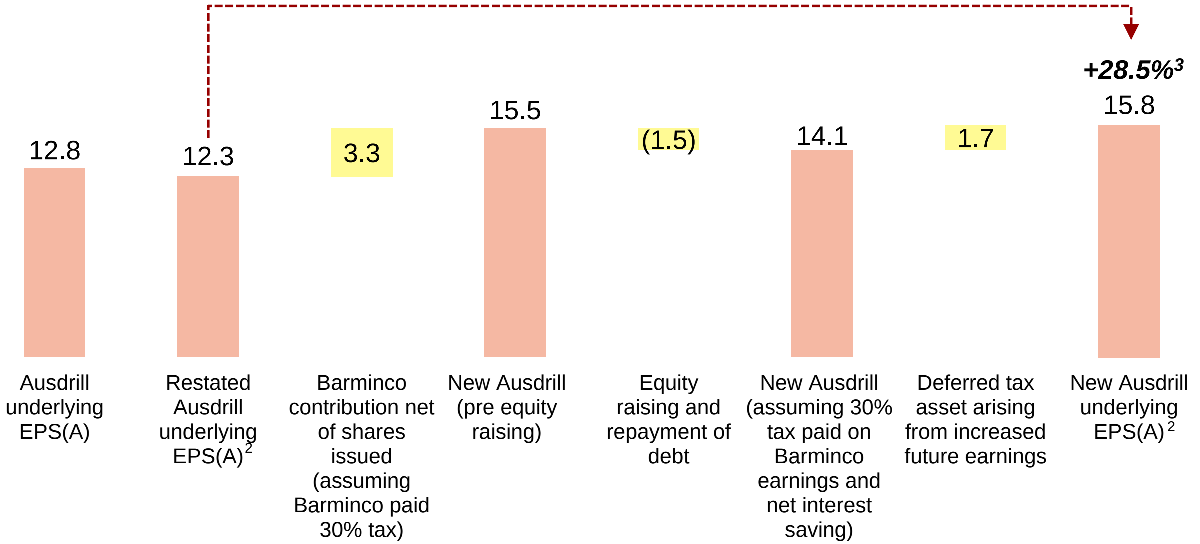
- Transaction creates platform to be a global underground mining player and lays the foundation for global growth and expansion
- Ausdrill evaluates global mine opportunities by assessing level of mining activity, ease of doing business, economic outlook, political stability and security
- A total of 313 Tier 1&2 mine site targets have been identified, with considerable scope for growth for New Ausdrill both within and outside existing geographic areas of operation
- Ausdrill MD Mark Norwell has significant international experience

# FOCUSED

## Financial impact

# Pro forma FY18 earnings per share impact[1]

## EPS(A) (cents)




1. Pro forma transaction impacts are illustrative only. EPS(A) is calculated excluding transaction costs, synergies and amortisation of intangibles. It includes discontinued operations, the impact of the acquisition, issue of shares to Barminco vendors, the equity raising and associated TERP adjustment, pro forma repayment of the Ausdrill Notes, utilisation of deferred tax assets and other adjustments. Assumes an indicative effective tax rate for Barminco of 30% and net interest savings. See slide 28 for further information
2. In accordance with AASB 133, Ausdrill pre transaction EPS(A) has been restated based on an adjustment factor to take into account the bonus element of the Entitlement Offer
3. These forward looking statements are not guarantees or predictions of future performance and involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of Ausdrill, its directors and management, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct. See slide 2

**As Ausdrill and Barminco have independently made positive outlook statements for FY19, pro forma underlying FY19 EPS(A) is expected to be at solid growth on underlying pro forma FY18[3]**

# Pro forma FY18 income statement

| $Million | A Ausdrill | A Barminco | B Elim. of assoc. | C AUMS | Trans. adj. | New Ausdrill | H Adj. | Underlying New Ausdrill | |
|---|---|---|---|---|---|---|---|---|---|
| **Revenue** | **887.3[1]** | **586.1** | **-** | **290.4** | **-** | **1,763.8** | **-** | **1,763.8** | **Margin** |
| **EBITDA** | **177.4** | **139.6** | **(45.7)** | **99.0** | **-** | **370.2** | **(14.9)** | **355.3** | *20.1%* |
| **EBIT(A)** | **102.9** | **82.4** | **(45.7)** | **61.9** | **-** | **201.5** | **(14.9)** | **186.6** | *10.6%* |
| Customer related amort. | - | (0.9) | - | - | (39.8) D | **(40.8)** | - | **(40.8)** | - |
| EBIT | 102.9 | 81.4 | (45.7) | 61.9 | (39.8) D | **160.7** | (14.9) | **145.8** | - |
| Net interest expense | (28.8) | (43.7) | - | (2.5) | 22.3 E | **(52.6)** | - | **(52.6)** | - |
| Tax expense | (14.7) | 12.9 | - | (14.8) | (13.1) F | **(29.7)** | - | **(29.7)** | - |
| Profit from disc. operations | 1.7 | - | - | - | - | **1.7** | - | **1.7** | - |
| NPAT | 61.1 | 50.7 | (45.7) | 44.7 | (30.6) | **80.1** | (14.9) | **65.2** | - |
| NPAT(A) | 61.1 | 51.6 | (45.7) | 44.7 | 9.2 | **120.8** | (14.9) | **105.9** | - |
| **Underlying NPAT(A)** | **45.2** | **39.5** | **(45.7)** | **44.7** | **22.3** | **n/a** | **-** | **105.9** | **Change** |
| **Underlying EPS(A) (cents)** | **12.8** | **-** | **-** | **-** | **-** | **n/a** | **-** | **15.8** | *22.7%* |
| **Underlying EPS(A) TERP adj.** | **12.3** | **-** | **-** | **-** | **-** | **n/a** | **-** | **15.8** | *28.5%* |
| **Indicative DPS[2] (cents)** | **5.0[3]** | **-** | **-** | **-** | **-** | **n/a** | **-** | **6.2** | *24.1%* |
| Shares on issue (m) | 351.8[4] | - | - | - | 320.7 G | **672.5** | - | **672.5** | - |

1 Ausdrill based on sales revenue only

2 Assuming a 40% payout ratio applied to NPAT(A)

3 Ausdrill's full year dividend of 7.0 cents per share comprises 3.5 cent interim, 1.5 cent final and 2.0 cent special dividend. This base component of 5.0 cents per share is the sum of the 3.5 cent interim and 1.5 cent final full year dividends and excludes the special dividend

4 Basic weighted average shares on issue

# Pro forma FY18 income statement (notes)

The New Ausdrill pro forma FY18 income statement has been derived from the FY18 audited financial statements of Ausdrill and Barminco, and adjusted to reflect the impact of the acquisition and Entitlement Offer as if both had occurred on 30 June 2017. As a result, the New Ausdrill pro forma FY18 income statement excludes the impact of the one-off gain recognised on acquisition upon remeasurement of Ausdrill's existing 50% share in AUMS and any transaction costs incurred. Both of which would be adjusted in the calculation of New Ausdrill underlying earnings given one-off nature. However, these items have been reflected in the New Ausdrill pro forma 30 June 2018 balance sheet – see following slides for further details

**A** – Presented on a statutory reported basis, as reflected in each company's respective audited financial statements, i.e. inclusive of equity accounted share of net profit after tax from AUMS

**B** – Elimination of equity accounted share of net profit after tax from AUMS included in each company's statutory income statement

**C** – Pro forma adjustment to recognise 100% of AUMS results

**D** – Indicative customer related amortisation expense that will be recognised upon acquisition of Barminco. Existing Barminco amortisation expense of $0.9m includes $0.4m of other non-customer related amortisation expense which has not been adjusted. Figures are illustrative only and subject to change upon finalisation of purchase accounting post acquisition. See slide 40

**E** – Pro forma adjustment to reflect impact on net interest expense from interest savings from the repaid Ausdrill Notes, additional interest expense on RCF drawdown, interest income foregone from cash utilised and additional interest expense (non-cash) recognised on fair value remeasurement of the Barminco Notes

**F** – Reversal of Barminco’s $13.1m current year income tax benefit recognised from prior year tax losses, net of tax effect of other pro forma adjustments. This income tax benefit is non-recurring and would not be recognised by New Ausdrill

**G** – 150.7m shares issued to Barminco vendors and 170.0m shares issued as part of the Entitlement Offer

**H** – Adjustments to derive underlying earnings – see slides 38 and 39

# Pro forma FY18 balance sheet

| 30 June 2018 $Million | (A) Ausdrill | (A) Barminco | (B) AUMS | (C) AUMS adj. | Trans. adj. | New Ausdrill |
|---|---|---|---|---|---|---|
| Cash and cash equivalents | 137.3 | 80.3 | 33.3 | - | (110.4) (D) | 140.4 |
| Receivables | 230.5 | 83.5 | 44.5 | - | - | 358.4 |
| Inventories | 212.6 | 20.7 | 50.1 | - | - | 283.4 |
| Property, plant and equipment | 664.3 | 124.9 | 90.6 | - | - | 879.8 |
| Intangibles | - | 2.1 | - | 77.4 | 189.4 (E) | 268.9[1] |
| Goodwill | - | 256.9 | - | 136.5 | 103.6 (F) | 497.0[1] |
| Deferred tax assets | 35.5 | 63.3 | - | - | (9.0) (G) | 89.8 |
| Other assets | 87.5 | 75.0 | (142.5) | - | - | 20.1 |
| **Total assets** | **1,367.8** | **706.6** | **76.0** | **213.9** | **173.5** | **2,537.8** |
| Payables | 122.8 | 72.6 | 30.5 | - | 12.2 (H) | 238.0 |
| Interest bearing liabilities[2] | 404.6 | 481.9 | 41.7 | - | (304.8) (I) | 623.3 |
| Derivative financial instruments | - | 19.7 | - | - | - | 19.7 |
| Deferred tax liabilities | 24.9 | - | (2.3) | 25.9 | 60.1 (J) | 108.7 |
| Employee provisions | 39.5 | 27.5 | 1.5 | - | - | 68.6 |
| Other liabilities | 1.2 | 10.8[3] | 4.6 | - | (10.8) (K) | 5.8 |
| **Total liabilities** | **593.0** | **612.4** | **76.0** | **25.9** | **(243.2)** | **1,064.1** |
| Share capital | 624.6 | - | - | - | 490.4 (L) | 1,114.9 |
| Reserves | (12.5) | - | - | - | - | (12.5) |
| Retained earnings | 162.6 | - | - | 188.0 (C) | 20.6 (M) | 371.2 |
| **Shareholders' equity** | **774.8** | - | **-** | **188.0** | **511.0** | **1,473.7** |
| Net debt[4] | 267.3 | 421.3 | 8.4 | - | (194.4) | 502.6 |
| Prop. consolidated net debt | 271.5 | 425.5 | - | - | (194.4) | 502.6 |

1 See slide 40

2 Interest bearing liabilities presented are net of capitalised borrowing costs – see slide 32

3 Includes Barminco shareholder loan as per statutory accounts but will be eliminated on consolidation post acquisition – refer to Note K

4 Net debt inclusive of derivative financial instruments and net of capitalised borrowing costs. See slide 32

# Pro forma FY18 balance sheet (notes)

The New Ausdrill pro forma 30 June 2018 balance sheet has been derived from the FY18 audited financial statements of Ausdrill and Barminco, and adjusted to reflect the impact of the acquisition and Entitlement Offer as if both had occurred on 30 June 2018

**A** – Presented on a statutory reported basis, as reflected in each company's respective audited financial statements, i.e. inclusive of investment in AUMS recognised as an equity accounted joint venture

**B** – Pro forma adjustment to recognise 100% of AUMS net assets (i.e. on a proportionately consolidated basis) and eliminate investment in equity accounted joint ventures

**C** – Pro forma adjustment to recognise fair value adjustments on Ausdrill's existing 50% share in AUMS. Under accounting standards, Ausdrill is required to recognise its 50% share of net assets in AUMS at fair value (including recognition of identifiable intangible assets and goodwill) at the acquisition date. The accounting for the step acquisition of Ausdrill's existing 50% share in AUMS results is a gain recognised in Ausdrill's income statement post acquisition of $188.0m based on management's indicative analysis (subject to change based on finalisation of the purchase price accounting ("PPA")). Actual intangibles will be calculated as at completion based upon the then prevailing Ausdrill share price. To the extent that Ausdrill's share price at completion is greater than TERP, it is Ausdrill's intention to impair any additional goodwill created which would be offset by the gain recognised post acquisition by New Ausdrill upon the re-measurement of Ausdrill's existing 50% equity interest in AUMS at fair value

**D** – Net reduction in cash reflecting the net proceeds from the equity raising (net of approximately $25.5m of transaction costs, including Barminco's transaction costs), partial repayment of the Ausdrill Notes and cash consideration paid to Barminco vendors

**E** – Indicative customer contract and relationship intangible assets recognised on acquisition of Barminco. This balance is indicative only and subject to change upon finalisation of PPA post acquisition

**F** – Indicative adjustment to recognise goodwill on acquisition of Barminco. This balance is indicative only and subject to change upon finalisation of PPA post acquisition, including the treatment of transaction costs, duties and management incentives

**G** – Net reduction in DTA reflecting the de-recognition of Barminco's carried forward tax losses on acquisition, partially offset by the recognition of Ausdrill's carried forward tax losses previously not recognised

**H** – Contingent liabilities recognised on acquisition of Barminco in accordance with accounting standards, partially offset by a reduction in liabilities to be settled pre-acquisition

**I** – RCF drawdown for the partial repayment of the Ausdrill Notes and payment of transaction costs, write-off of unamortised borrowing costs, reduction in the Barminco Notes (including associated capitalised borrowing costs) upon re-measurement at fair value on acquisition. The fair value adjustment for the Barminco Notes is indicative only and will be subject to change based on the trading price of the notes and the prevailing AUD:USD exchange rates at completion

**J** – Deferred tax liabilities in respect of the customer intangibles recognised as part of PPA on acquisition of Barminco

**K** – Ausdrill will acquire the loan receivable currently held by Barminco vendors as part of the transaction and therefore this balance will eliminate with the Barminco shareholder loan of $10.8m on consolidation

**L** – $244.3m (net of transaction costs) new shares issued as part of the Entitlement Offer and $246.1m new shares issued to Barminco vendors

**M** – Net increase in retained earnings of $20.6m from recognition of Ausdrill carried forward tax losses, partially offset by transaction costs (including employee bonus payments) and write-off of unamortised borrowing costs on repayment of the Ausdrill Notes

# Pro forma FY18 capitalisation[1]

| 30 June 2018 $Million | Ausdrill | Barminco | AUMS | Trans. adj. | New Ausdrill |
|---|---|---|---|---|---|
| Ausdrill Notes | 405.0 | - | - | (405.0) | - |
| Barminco Notes | - | 468.0 | - | (17.8)[2] | 450.3 |
| Revolver (drawn) | - | -[3] | - | 106.2[4] | 106.2 |
| Other[5] | (0.4) | 33.5 | 41.7 | 11.8 | 86.5 |
| **Gross debt[6]** | **404.6** | **501.6** | **41.7** | **(304.8)** | **643.0** |
| Cash | (137.3) | (80.3) | (33.3) | 110.4 | (140.4) |
| **Net debt[6]** | **267.3** | **421.3** | **8.4** | **(194.4)** | **502.6** |
| **Shareholders' equity** | **774.8** | **n/a** | **n/a** | **699.0** | **1,473.7** |
| Prop. consolidated gross debt | 425.4 | 522.4 | - | (304.8) | 643.0 |
| Prop. consolidated net debt | 271.5 | 425.5 | - | (194.4) | 502.6 |
| Prop. consolidated: Gross debt / underlying EBITDA (x) | 2.3x | 3.1x | n/a | n/a | 1.8x |
| Prop. consolidated: Net debt / underlying EBITDA (x) | 1.4x | 2.5x | n/a | n/a | 1.4x |
| Gearing[7] | 25.7% | n/a | n/a | n/a | 25.4% |
| Shares on issue (m) | 351.8[8] | n/a | n/a | 320.7[9] | 672.5 |
| Revolver (undrawn) | 200.0 | 71.4[3,10] | - | (106.2)[4] | 165.2 |

1 This represents a statement of current intentions. Ausdrill will make final decisions on which debt instruments are repaid and when after consultation with lenders. If the acquisition does not complete, the net proceeds will be used to pay down Ausdrill debt or may be returned to shareholders (subject to any approvals required), or a combination of both

2 Reduction in the Barminco Notes upon remeasurement at fair value at acquisition in accordance with accounting standards. The fair value adjustment reflects the implied discount based on the SGX traded price of the Barminco Notes and AUD:USD exchange rate as at 30 June 2018

3 No cash currently drawn, however $3.6m of bank guarantees and transaction banking facilities have been applied against this balance

4 Partial repayment of the Ausdrill Notes through revolver drawdown and funding of transaction costs

5 Includes hire purchase liabilities, bank loans, derivative financial liabilities and capitalised borrowing costs

6 Net of capitalised borrowing costs

7 Gearing calculated as net debt / (net debt plus shareholders' equity)

8 Basic weighted average FY18 shares outstanding

9 Comprises 150.7m shares issued to Barminco vendors and 170.0m shares issued in equity raising

10 Ausdrill intends to retain the Barminco revolver in place, subject to a change of control provision


TRUST
Entitlement Offer
NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

# Overview of the equity raising

| | |
|---|---|
| Offer structure | ▪ Fully underwritten 1 for 2.13 Accelerated Non-Renounceable Entitlement Offer to raise $250m before costs<br>▪ 170.0m New Shares to be issued (equivalent to 46.9% of existing shares excluding any shares to be issued to Barminco vendors) |
| Offer price | ▪ Entitlement Offer priced at $1.47 per New Share ("Offer Price"), representing:<br>— 14.0% discount to the last traded price of $1.71 on 14 August 2018<br>— 10.0% discount to TERP[1] of $1.63 |
| Use of proceeds | ▪ Net proceeds are intended to be used to partially fund the repayment of the Ausdrill Notes (balance to be repaid from existing cash and revolving credit facility drawdown)[3] |
| Retail over-subscription | ▪ The retail component will include an oversubscription facility under which eligible retail shareholders who take up their full entitlement may apply for additional New Shares to the extent New Shares are not taken up by eligible retail shareholders[4] |
| Ranking | ▪ New Shares issued will rank pari passu with existing shares and will be eligible for the FY18 final dividend of 3.5 cents per share |
| Director participation | ▪ Ausdrill Directors that are shareholders have indicated they will participate in the Retail Entitlement Offer |

1 Theoretical ex-rights price ("TERP") is a theoretical calculation only and the actual price at which Ausdrill shares trade immediately following the ex-date for the Entitlement Offer. The actual trading price may be different from TERP

2 Volume weighted average price ("VWAP")

3 This represents a statement of current intentions. Ausdrill will make final decisions on which debt instruments are repaid, and when, after consultation with lenders. If the acquisition does not complete, the net proceeds will be used to pay down Ausdrill debt or may be returned to shareholders (subject to any approvals required), or a combination of both

4 Retail oversubscription facility capped at 25% of entitlement at record date

# Equity raising timetable

| Event | Date/Time (AEST)[1] |
|---|---|
| Trading Halt, announcement of acquisition, Institutional Entitlement Offer and opening of Institutional Entitlement Offer | Wednesday, 15 August 2018 |
| Institutional Entitlement Offer closes | Thursday, 16 August 2018 |
| Announcement of results of Institutional Entitlement Offer | Friday, 17 August 2018 |
| Trading halt lifted – Shares recommence trading on an “ex-entitlement” basis | Friday, 17 August 2018 |
| Record Date for Entitlement Offer | 7:00pm Friday, 17 August 2018 |
| Retail Offer Booklet despatched and Retail Entitlement Offer opens | Tuesday, 21 August 2018 |
| Settlement of Institutional Entitlement Offer | Friday, 24 August 2018 |
| Issue and normal trading of New Shares under the Institutional Entitlement Offer | Monday, 27 August 2018 |
| Retail Entitlement Offer closes | 5:00pm Wednesday, 5 September 2018 |
| Announcement of results of Retail Entitlement Offer | Monday, 10 September 2018 |
| Issue of New Shares under the Retail Entitlement Offer | Wednesday, 12 September 2018 |
| Commencement of trading of New Shares issued under the Retail Entitlement Offer | Thursday, 13 September 2018 |
| Despatch of holding statements in respect of New Shares issued under the Retail Entitlement Offer | Friday, 14 September 2018 |

1 All dates and times are indicative only and subject to change. Unless otherwise specified, all times and dates refer to Sydney time. Ausdrill and the Underwriters reserve the right to amend any or all of these dates and times subject to the Corporations Act, the ASX Listing Rules and other applicable laws. In particular, Ausdrill reserves the right to extend the closing date for the Retail Entitlement Offer, or to accept late applications under the Retail Entitlement Offer without prior notice

# Appendices

# Definitions and basis of preparation of key FY18 financials

| | EBITDA | EBIT(A) | Other/comments |
|---|---|---|---|
| EBITDA / EBIT | ▪ Includes "share of associates net profit after tax" from AUMS and excludes profit from discontinued operations | | ▪ As reported in statutory accounts. NPAT (and NPAT(A)) includes profit from discontinued operations |
| Underlying | ▪ Ausdrill: EBITDA / EBIT(A) less realised and unrealised FX gains, one-off claim settlement benefit and one-off transaction costs and excludes profit from discontinued operations<br>▪ Barminco: EBITDA / EBIT(A) less one-off income tax benefit recognised from prior year tax losses (non-cash) and reversal of shareholder management and consultancy fees | | ▪ Underlying profitability is a more appropriate basis for assessing performance<br>▪ Discontinued operations excluded in Ausdrill and New Ausdrill EBITDA and EBIT(A), but included in corresponding NPAT and NPAT(A)<br>▪ See reconciliations on slides 38 – 39 |
| Proportionately consolidated | ▪ EBITDA / EBIT(A) less share of associate net profit after tax from AUMS plus 50% of AUMS EBITDA / EBIT(A) | | ▪ Proportional consolidation for the respective 50% shares of AUMS best reflects the standalone financial profiles of Ausdrill and Barminco |
| Underlying proportionately consolidated | ▪ Ausdrill/Barminco: Proportionately consolidated EBITDA / EBIT(A) as per Underlying (above) | | ▪ As per Underlying (above) |
| Net debt / EBITDA | | | ▪ Proportionately consolidated net debt (net of capitalised borrowing costs) divided by proportionately consolidated underlying EBITDA |
| Underlying ROACE | | | ▪ Proportionately consolidated underlying EBIT(A) / sum of average proportionately consolidated current and prior year receivables, inventories, PP&E less trade payables<br>▪ New Ausdrill based on pro forma 30 June 2018 balance sheet only |

# Ausdrill earnings reconciliation: statutory to underlying

| FY18 $Million | Sales revenue | EBITDA[1] | EBIT/ EBIT(A)[1] | NPAT[1] |
|---|---|---|---|---|
| **Reported earnings** | **887.3** | **177.4** | **102.9** | **61.1** |
| Less: Share of associates profits | - | (22.3) | (22.3) | (22.3) |
| **Standalone earnings** | - | **155.0** | **80.5** | **38.7** |
| Realised foreign exchange gain | - | (9.6) | (9.6) | (9.6) |
| Unrealised foreign exchange gain | - | (1.6) | (1.6) | (1.6) |
| Transaction costs | - | 0.6 | 0.6 | 0.6 |
| Claim settlement benefit | - | (5.3) | (5.3) | (5.3) |
| **Subtotal** | - | **(15.9)** | **(15.9)** | **(15.9)** |
| **Standalone underlying** | **887.3** | **139.1** | **64.7** | **22.8** |
| 50% share of AUMS[2] | 145.2 | 49.5 | 31.0 | 22.3 |
| **Underlying proportionately consolidated** | **1,032.6** | **188.6** | **95.6** | **45.2** |
| *Margin (%)* | - | *18.3%* | *9.3%* | *4.4%* |

1 Discontinued operations is excluded from EBITDA / EBIT(A) and is included in NPAT / NPAT(A)

2 As per Ausdrill reporting – discrepancy to Barminco reporting due to differing treatment in relation to foreign exchange rates and post balance date adjustments

# Barminco earnings reconciliation: statutory to underlying

| FY18 $Million | Revenue | EBITDA | EBIT / EBIT(A) | NPAT |
|---|---|---|---|---|
| **Reported earnings** | **586.1** | **139.6** | **81.4** | **50.7** |
| Less: Share of associates profits | - | (23.4) | (23.4) | (23.4) |
| Add: Redundancy costs | - | 1.1 | 1.1 | |
| **“Trading” earnings** | - | **117.4** | **59.2** | |
| Less: Redundancy costs | - | (1.1) | (1.1) | |
| **Standalone earnings[1]** | - | **116.2** | **58.1** | **27.3** |
| Shareholder management and consultancy fees[2] | - | 1.0 | 1.0 | 1.0 |
| Recognised income tax benefit | - | - | - | (13.1) |
| **Subtotal** | - | **1.0** | **1.0** | **(12.1)** |
| **Standalone underlying** | **586.1** | **117.2** | **59.1** | **15.2** |
| 50% share of AUMS[3] | 145.8 | 50.1 | 31.6 | 23.4 |
| **Underlying proportionately consolidated** | **731.9** | **167.3** | **90.6** | **38.6** |
| *Margin (%)* | - | *22.9%* | *12.4%* | *5.3%* |
| Add: Amortisation of customer intangibles[4] | | | 0.9 | |
| **EBIT(A)** | | | **91.5** | |
| *Margin (%)* | | | *12.5%* | |

1 “Adjusted Trading EBITDA” and “Statutory Trading EBIT” per Barminco FY18 Results Presentation

2 Item is not an adjustment to underlying earnings in Barminco results (which are therefore $1.0m lower than underlying earnings presented in the table opposite), however these costs will not be incurred post acquisition by New Ausdrill and have therefore been removed

3 As per Barminco reporting – discrepancy to Ausdrill reporting due to differing treatment in relation to foreign exchange rates and post balance date adjustments

4 Existing Barminco amortisation expense of $0.9m includes $0.4m of other non-customer related amortisation expense

# Indicative goodwill and intangibles

| | |
|---|---|
| Total intangibles | ▪ Intangible assets and goodwill of approximately $765m[1] in the acquisition arises from<br>— difference between total purchase consideration and Barminco fair value of identifiable assets acquired and liabilities assumed<br>— the re-measurement of Ausdrill's existing 50% equity interest in AUMS at fair value |
| Surplus intangible write-off | ▪ The current intangibles balance is indicative only and calculated assuming the value of Ausdrill equity issued to Barminco vendors is the TERP of $1.63 per share<br>▪ Actual intangibles will be calculated as at completion based upon the then prevailing Ausdrill share price. To the extent that Ausdrill’s share price at completion is greater than TERP, it is Ausdrill’s intention to impair any additional goodwill created which would be offset by the gain recognised post acquisition by New Ausdrill upon the re-measurement of Ausdrill's existing 50% equity interest in AUMS at fair value |
| Allocation between intangible assets and goodwill | ▪ Intangible assets and goodwill of approximately $765m[1] is indicatively allocated as:<br>— $270m[1] to customer related intangibles, which will be amortised<br>— $495m[1] to goodwill, that will be impairment tested annually |
| Annual amortisation | ▪ Customer related intangible assets will be amortised on a contract life basis<br>▪ Pro forma FY18 customer related intangibles amortisation is expected to be approximately $40m[1] and remain at a similar level for three years, before declining |
| No impact on dividend | ▪ Dividends are calculated based on NPAT(A) and hence no impact is expected from customer related intangibles amortization |
| Subject to review | ▪ Intangible assets and goodwill are indicative and subject to change upon finalisation of the acquisition and purchase price accounting in the first twelve months |

[1] The impact of the purchase price accounting has not been completed, which will impact future depreciation and amortisation charges which impact on Ausdrill’s NPAT

# Key risks – Ausdrill and New Ausdrill risks

As Ausdrill and Barminco operate in the same industry, and are joint venture partners in AUMS, many of the key risks that apply to Ausdrill apply equally to Barminco. These overlapping key risks are set out below under the heading “Key risks – Ausdrill and New Ausdrill risks” and will continue to apply to New Ausdrill post-Transaction (although relative risk weightings may change). The next section of this Presentation (“Key risks – Barminco and acquisition risks”) contains specific Barminco risks that Ausdrill is not currently exposed to (but that New Ausdrill will be exposed to post-Transaction), plus risks in relation to the Transaction. Equity raising risks and general risks are set out under the heading “Key risks - Equity raising and general risks”.

The factors identified below are not necessarily listed in order of importance and are not intended as an exhaustive list of all the risks and uncertainties associated with Ausdrill, Barminco, the Transaction, the Entitlement Offer or New Ausdrill. Additional risks and uncertainties not presently known, or that are currently considered to be immaterial or manageable, may adversely affect the businesses of Ausdrill, Barminco or New Ausdrill.

**Key risks – Ausdrill and new Ausdrill risks**

Ausdrill’s operations and Barminco’s operations are impacted by both global and local factors that have the potential to have a material adverse impact on Ausdrill’s (or New Ausdrill’s) financial condition and results of operations. These factors may arise individually, simultaneously or in combination.

**Level of new mining services contracts and contract renewals:** Mining services provided under contracts represent a large portion of revenues for services provided for surface and underground contract mining, drill and blast, grade control, equipment hire, water well drilling, diamond drilling and exploration services. Under most mining services contracts the mine operator contracts Ausdrill or Barminco to undertake work in accordance with a work schedule. Mining services contracts, other than equipment hire contracts and exploration contracts, are typically for terms between three and five years. Some contracts, typically exploration contracts, have a shorter term, generally of one year or less, while equipment rental contracts have varying terms from three months to two years.

Generally, in the mining industry, most contracts can be terminated for convenience by the client at short notice and without penalty with the client paying for all work completed to date, unused materials and in most cases demobilisation from the sites and redundancies. As a result, there can be no assurance that work in hand will be realised as revenue in any future period.

Results from operations are affected by the number of new contracts commenced during a period, the number of existing contracts that are renewed during a period and the number of contracts that expire without renewal or extension or which are otherwise terminated during a period.

Contracts are at risk of termination or non-renewal due to the client having no further need for the service such as when the mine has reached the end of its planned life or the operator ceases production because changes in the underlying commodity price or mining costs have rendered continued production from the mine uneconomic. Contracts are also at risk of termination or non-renewal as a result of competition if the client seeks to use an alternative mining services provider to provide the service or if the client decides to bring the contracted services in-house.

**Production levels and clients’ mines:** Mining services provided in relation to the production phase (including development and rehabilitation work) of a mine represent a large part of Ausdrill’s and Barminco’s sales revenue. Revenues are associated with and influenced by long-term decisions of mine owners to continue producing at their current levels. Ausdrill and Barminco derive most revenues from mines which are already in production and the majority of other services, such as logistics, and assaying, complement production-related services. Under most mining services contracts, mining services revenues are linked to the volume of materials moved or drilled or declines developed and not necessarily to the short-term price of the underlying commodity or short-term fluctuations in the profitability of the underlying mines. Mines in the production phase of their life cycle typically generate stable revenues because production volumes have historically been relatively stable, even during commodity downturns. A downturn in expenditure in the mining sector typically impacts existing production projects last, with areas such as exploration and infrastructure construction services typically cut first. Consequently, Ausdrill and Barminco have limited exposure to the exploration activities market which has been volatile as the level of activity is generally linked to market sentiment surrounding the outlook for commodity prices and also the ability of smaller junior mining companies to fund such activities from capital which is often raised in the equity markets.

Activity levels and results of operations are dependent on production levels at clients’ mines and mining remaining economic to continue production at current mines. Growth is dependent on mine operators seeking to expand production at existing mines or bring new mines into production. If the price of particular commodities falls below the level at which any client’s project is profitable, the owner may suspend or close the project, in which case the mining services contract would likely be terminated. While there may be significant variation among projects as to the commodity price at which a project ceases to be profitable, in the event of a significant fall in the price of the relevant commodity, several projects may close around the same time. Ausdrill is particularly exposed to commodity prices for gold, iron ore and lithium, while Barminco is particularly exposed to commodity prices for gold, nickel, zinc and tin. A significant economic downturn may also impair the ability of clients to pay for mining services and, thus, a portion of receivables could become uncollectible. Consequently, results of operations could fluctuate during an economic downturn.

# Key risks – Ausdrill and New Ausdrill risks (cont'd)

The achievement of production targets depends on many factors, many of which are outside of Ausdrill's and Barminco's control. These factors include, but are not limited to the ability to use the anticipated mining methods; the presence of pre-existing and/or defective drill holes; the accuracy of representations made by the mine-owner regarding the mine site; or the lack of ventilation and/or availability of power in the mine. If Ausdrill or Barminco is unable, whether due to factors within or beyond Ausdrill's control, to achieve the production targets set in their mining contracts, they could face the risk of liability for the damages suffered by the mine-owner or other contracting party, and their business, results of operations and financial position could be adversely and materially affected thereby.

**Contract termination / reduction in scope:** Ausdrill's and Barminco's revenues are subject to underlying contracts with varying terms. If obligations are not performed in accordance with the terms of the contract or the client's expectations, then there is a risk that the contract will be terminated. Any such performance issue may result in contract guarantees being relied upon by clients and could also adversely affect Ausdrill's or Barminco's reputation in the marketplace which could adversely impact their ability to secure new contracts.

There is a risk that contracts may be cancelled or may not be renewed if clients decide to reduce their levels of spending, potentially reducing Ausdrill's or Barminco's revenue. In the event of a contract termination, assets and resources used on that project may not be able to be redeployed to other projects on the same terms or at all and there may be downtime between demobilisation and redeployment. Any of these factors could materially adversely affect margins and results of operations.

Contract operations are vulnerable to the risk of interruption as a result of a variety of factors, which may be beyond Ausdrill's or Barminco's control, including the following: (i) accidents or unsafe conditions; (ii) equipment breakdowns; (iii) industrial relations issues; (iv) geological instability, including strong seismic activity, landslides, mudslides, rock falls, cave-ins, or conditions that threaten to result in such an event; (v) prolonged heavy rainfall or cyclone; (vi) scarcity of materials and equipment; and (vi) variations to reduce scope of works. Interruptions to existing operations or delays in commencing operations experienced by clients may result in lost revenue and, in some circumstances, result in Ausdrill or Barminco incurring additional costs, which may have a material adverse effect on their business, results of operations and financial condition.

**Competition and pricing:** The mining services industry is highly competitive and is subject to increasing competition which is fast-paced and fast-changing. Ausdrill and Barminco have a competitive advantage through experience and expertise gained through long-standing and successful relationships with clients in their business sectors. However, due to the intense competition faced, there is a risk that Ausdrill and Barminco may not compete as successfully in the future as they have in the past. Mining companies have recently been focused on cost reductions. This has resulted in an even more competitive environment which impacts pricing and revenue. Mining services contracts are generally awarded following a competitive tender process where price is one of the most important factors that a client will consider in evaluating tenders. Even for those projects that are not put out to tender, Ausdrill and Barminco still must negotiate the pricing of the contract with the client. In determining the price and other terms on which a tender or proposal will be submitted to a potential client, Ausdrill and Barminco undertake modelling of the contract pricing based on a series of assumptions made about a range of factors such as the type and amount of equipment to be deployed, length of contract, life of mine, location of mine, mine cost curve position, the utilisation rates, reliability and maintenance costs of equipment, mining consumables expenditure, the amount of labour required to support the project and labour productivity levels.

If any of the assumptions made during this modelling subsequently turn out to be materially incorrect, then Ausdrill or Barminco could be locked into a long-term contract with unfavourable economics that could adversely affect its margins and results of operations. There may be no right to renegotiate the contract with the client should the economics become unfavourable. In some cases clients will appoint Ausdrill or Barminco as "preferred contractor" pending award of a contract. However, being appointed as "preferred contractor" does not provide any assurance that a contract will ultimately be awarded, nor does it give any indication of the final scope of work to be undertaken if a contract is awarded.

**Performance of new contracts:** New contracts typically underperform during their ramp up phase compared to mature contracts and may even operate at a loss for a period of time. This is due to additional expenses associated with mobilising equipment and labour, training, and commitment of additional staff while operations are transitioning to Ausdrill or Barminco. Such operating issues are usually resolved within six months from the commencement of a new contract but can take longer depending on the mine plan and structure of the contract. When work commences under new contracts, a number of risks associated with the transition of mining operations from the owner or other mining services company to Ausdrill or Barminco can result in unexpected costs for a period of time. These risks include delays in the delivery of equipment to site due to manufacturer or logistical constraints, shortages of skilled labour during contract start-up and unanticipated issues with mine infrastructure and ground conditions.

# Key risks – Ausdrill and New Ausdrill risks (cont'd)

**Purchasing of equipment by clients:** Some of Ausdrill's and Barminco's mining services contracts give the client an option (exercisable on default or, in the case of some of Barminco's contracts, on termination for convenience) to purchase the equipment used to perform mining services at its operation, at an agreed market price. The price at which equipment can be purchased by a client in these circumstances varies according to the particular contract, but is often the greater of the equipment's market value or the written down value. Even if the purchase price is above market value for such equipment, this could have an adverse impact on Ausdrill's or Barminco's revenues and profits since there is a substantial lead time to obtain new equipment and this would also reduce Ausdrill's and Barminco's available fleet of unutilised equipment to service other existing or new clients.

**Scale of operations and mix of activities:** The scale of operations and the mix of activities undertaken during a period also impact results of operations, due to the differing margins on different business segments. The activity mix depends in part on client demand for existing services as well as the ability to offer new services that are developed or acquired.

**Currency fluctuations:** Ausdrill and Barminco denominate their consolidated financial statements in Australian dollars. Broadly speaking, Australian operations are Australian dollar denominated and African operations are U.S. dollar and Euro denominated. Revenue, profit, expenses, debt servicing requirements, assets and liabilities of Ausdrill and Barminco may be adversely exposed to fluctuations in the value of the Australian dollar versus other currencies because consolidated financial results are reported in Australian dollars. If Ausdrill or Barminco generate sales or earnings or have assets and liabilities in other currencies, the translation into Australian dollars for financial reporting purposes can result in a significant increase or decrease in the amount of those sales or earnings and net assets. Ausdrill does not generally hedge translated foreign currency exchange rate exposure. Barminco has hedged the currency risk in relation to its US dollar denominated notes to Australian dollars. Fluctuations in foreign currency exchange rates may also make period to period comparisons of results of operations difficult. As the operations in Africa grow, foreign exchange translation risk will change.

The African operations often bid on contracts in U.S. dollars but a portion may be paid in local currency and are therefore exposed to transaction risk. If the U.S. dollar strengthens against the local currency during the term of the contract, the revenue earned may be affected where rise and fall mechanisms in the contracts are not perfectly correlated. Where revenue is earned in a local currency, it is exposed to exchange rate risk from time of invoice to the time of converting the local currency back to U.S. dollars. In addition, capital equipment is purchased in various currencies. Ausdrill does not generally hedge its normal operating foreign exchange exposures. However, Ausdrill does sometimes hedge trade receivables that are generated where products are exported from Australia and those receivables are denominated in a currency that is foreign to functional currency.

Ausdrill may also hedge large capital expenditure items acquired in a foreign currency. In respect of other monetary assets and liabilities held in currencies other than Australian dollars, Ausdrill ensures that the net exposure is kept to an acceptable level by matching foreign denominated financial assets with financial liabilities and vice versa. Ausdrill does not engage in any speculative trading activities.

**Labour costs and availability:** Ausdrill's and Barminco's ability to remain productive, profitable and competitive and to effect their planned growth initiatives depend on their ability to attract and retain skilled labour. Mining services projects are often in remote locations and sometimes require employees to endure harsh conditions or to "fly-in, fly-out" from a city to a remote location. As a result, there can be shortages of labour that make it challenging to recruit employees with relevant industry and technical experience who are willing to relocate or endure such conditions. Tightening of the labour market in key regions due to a shortage of skilled labour, combined with a high industry turnover rate and growing number of competing employers for skilled labour, may inhibit the ability to hire and retain employees and may lead to exposure to increased labour costs in markets where the demand for labour is strong. A shortage of skilled labour could limit growth prospects or lead to a decline in productivity and an increase in training costs and could adversely affect safety records. Changes to labour laws, regulations and enforcement policies (including, for example, in relation to maximum hours of service rules such as the Ghanaian Minerals Commission employment regulations (8 hour rule)) may limit productivity and increase costs of labour. Each of these factors could materially adversely impact revenues and, if costs increase or productivity declines, operating margins.

**Industrial relations risks**: Industrial relations issues may be faced in connection with employees and the employees of suppliers, including strikes, work stoppages, work slowdowns, grievances, complaints and claims of unfair practices or other industrial activity. Any such activity could cause production delays, increased labour costs and adversely impact the ability to fulfil existing contracts or win new contracts. As a result, operating results may be materially adversely affected. Ausdrill's and Barminco's workforces are regulated by common law contract arrangements, awards, Enterprise Bargaining Agreements, and local national workforce legislation.

# Key risks – Ausdrill and New Ausdrill risks (cont'd)

**Dependence upon key personnel:** Ausdrill and Barminco depend substantially on their directors, senior management and key personnel to oversee day-to-day operations and the strategic management of their businesses. Loss of key personnel could have a detrimental impact on Ausdrill and Barminco if directors or employees cease their employment.

**Business risks in Africa:** Ausdrill's and Barminco's African operations are subject to business risks, including health risks such as the Ebola outbreak (2014), political instability, war or civil disturbance such as the Mali coup and the subsequent French military intervention (2012/2013), terrorism, abduction, expropriation, import and export restrictions, exchange controls, inflationary economies, currency risks, legal and taxation risks, risks related to the restrictions on repatriation of earnings or proceeds from liquidated assets of foreign subsidiaries, increasing requirements for local content and local participation, workforce instability, harsh environmental conditions and remote locations. New mining projects in Africa are increasingly occurring in countries where these risks are significant, which means an increasing portion of Ausdrill's and Barminco's business may be subject to these risks. Ultimately, these risks may cause Ausdrill and Barminco to cease doing business in certain high growth markets.

**New technology:** The introduction of new competing technologies by competitors, or the threat that they may do so, means Ausdrill and Barminco must stay current with technological trends in the mining industry in order to remain responsive to the technological expectations and needs of clients. The successful development and implementation of current technologies on a timely basis requires an understanding of clients' needs and the potential technological solutions for such needs, identification of emerging technological trends and prompt response to technological changes by competitors. Delays in completing the development and implementation of technological innovations could cause revenues to decline. If Ausdrill and Barminco fail to effectively address the changing demands of clients and to maintain their competitive advantage, their businesses, results of operations and financial condition could be materially adversely impacted.

**Insurance and uninsured Risks:** Ausdrill's and Barminco's operations are subject to many hazards inherent in the mining services industry, including blowouts, cratering, explosions, fires, loss of hole, damages or lost equipment and damage or loss from inclement weather or natural disasters. Any of these hazards could result in personal injury or death, damage to or destruction of equipment and facilities, suspension of operations, environmental damage and damage to the property of others. Additionally, warranty and indemnity provisions in mining services contracts could leave Ausdrill and Barminco exposed to the risk and liability associated with the services performed under such contracts. Protection for certain of these risks is sought through insurance and insurance coverage is maintained for employees, as well as professional indemnity, product liability, third party liability, and insurance against claims for certain property damage. Ausdrill and Barminco review their insurance requirements periodically. However, such insurance or any indemnification received from third parties may not adequately protect Ausdrill and Barminco against liability from all of the consequences of the hazards described above. The occurrence of an event not fully insured or indemnified against, or the failure of a third party or an insurer to meet its indemnification or insurance obligations, could result in substantial losses, which may adversely affect financial position and performance. In addition, insurance may not be available to cover any or all of these risks, or, even if available, may not be adequate. Insurance premiums or other costs may rise significantly in the future, so as to make such insurance prohibitively expensive or uneconomic. In future insurance renewals, Ausdrill and Barminco may choose to increase self-insurance retentions (and thus assume a greater degree of risk) in order to reduce costs associated with increased insurance premiums.

**Operational risk:** Ausdrill's and Barminco's operations may be subject to delays in obtaining equipment and supplies and the availability of transportation for the purpose of mobilising equipment, particularly where equipment or mines are located in remote areas with limited infrastructure support. In addition, Ausdrill's and Barminco's operations are subject to adverse weather conditions, natural disasters and mine accidents or unscheduled stoppages or closings. If operations are interrupted or suspended for a prolonged period as a result of any such events, revenues could be adversely affected.

**Interruption in supply:** Whenever new contracts are entered into, new capital equipment may need to be acquired if existing equipment is not available. Ausdrill and Barminco rely on preferred suppliers to source new equipment and related parts to perform under existing and new contracts. Any change in preferred supplier relationships may result in a shortage of equipment and parts which could constrict the ability to enter new contracts or fulfil existing contracts and adversely impact earnings and financial performance. To meet contractual obligations, Ausdrill and Barminco depend on the availability of critical pieces of equipment which will sometimes be put out of service unexpectedly as a result of failures, unplanned maintenance or otherwise. The nature of Ausdrill's and Barminco's operations requires the availability of equipment and spare parts, the supply of which can sometimes be insufficient to deal with production capacity and demand. An inability to secure an uninterrupted supply of all such necessary equipment at prices and times assumed within mine plans could, if supply disruptions persist, lead to an increase in costs and a slowdown in production and development.

# Key risks – Ausdrill and New Ausdrill risks (cont'd)

**Environment:** Environmental management and compliance is an important part of a number of the businesses of Ausdrill's and Barminco's clients. These clients' operations are subject to numerous laws, regulations and guidelines relating to the protection of the environment, including those governing the management, transportation and disposal of hazardous substances and other waste materials. These include laws relating to spills, releases, emissions and discharges of hazardous substances or other waste materials into the environment, requiring removal or remediation of pollutants or contaminants and imposing civil and criminal penalties for violations. Additionally, operations may be conducted in or near ecologically sensitive areas, such as wetlands, which are subject to special protective measures and which may lead to exposure to additional operating costs and liabilities for non-compliance with applicable laws. Onsite, Ausdrill and Barminco work together with their clients to ensure that their equipment and maintenance services operate in alignment with their onsite policies, management systems and procedures. Ausdrill's or Barminco's actions or failure to act may result in the client incurring environmental liability, regulatory penalties, or having licenses suspended, cancelled or subjected to additional conditions.

**Litigation:** Ausdrill and Barminco are exposed to the risk of actual or threatened litigation or legal disputes in the form of client claims, personal injury claims, employee claims, subcontractor claims and other litigation and disputes. If any claim was successfully pursued it may adversely impact the financial performance, financial position or cash flow of Ausdrill or Barminco. Ausdrill and Barminco are often required to provide contract guarantees which can be called as part of a legal dispute or given the normal unconditional nature of most guarantees for any other reason (although usually for breach or non-performance).

**Regulatory compliance and change of laws:** Ausdrill and Barminco must meet regulatory requirements which are subject to continual review including inspection by regulatory authorities. Failure to continuously comply with regulatory requirements, or failure to take satisfactory corrective action in response to adverse inspection, could result in enforcement actions and have adverse financial consequences. Ausdrill and Barminco are also subject to changes to laws and regulations in all jurisdictions in which they operate, which changes can have a significant effect on operations and compliance costs.

**Reputational risk:** The reputation of Ausdrill and Barminco and their services are important in attracting and retaining existing business and obtaining new business and key employees. Reputational damage could arise due to a number of circumstances, including errors or defects, inadequate services or unsatisfactory client outcomes. Negative publicity could adversely impact the reputation of Ausdrill or Barminco which may potentially result in a fall in the number of clients seeking the products and services of Ausdrill and Barminco.

**Safety management:** Ausdrill's and Barminco's ability to retain existing clients and attract new business is dependent on many factors including Ausdrill's ability to demonstrate that Ausdrill and Barminco can reliably and safely deliver services. Existing and potential clients consider the safety record of their service providers to be of high importance in their decision to award service contracts. Some of Ausdrill's and Barminco's activities are by their nature among the higher risk activities undertaken. If one or more accidents were to occur at an operating site, the affected client may terminate or cancel the relevant mining services contract and may be less likely to continue to use Ausdrill's or Barminco's services.

Since clients require reporting of safety metrics to them as part of the bidding process and because the majority of Ausdrill's and Barminco's clients are companies with high safety standards, a general deterioration in Ausdrill's or Barminco's safety record could have a material adverse impact on the ability to bid for new contracts and renew existing contracts. Ausdrill and Barminco could also be subject to liability for damages as a result of such accidents and could incur penalties or fines for violations of applicable safety laws and regulations. In addition, any safety incidents or a deterioration in Ausdrill's or Barminco's safety record could adversely impact its ability to attract and retain qualified employees.

**Margins and operating costs:** Cost overruns, unfavourable contract outcomes, serious or continued operational failures, disruption at key facilities, disruptions to communication systems or safety incidents have the potential to have an adverse financial impact on margins. Ausdrill and Barminco are also exposed to input costs through their operations, such as the cost of fuel and energy sources, equipment and personnel. To the extent that these costs cannot be passed on to customers in a timely manner, at full cost, or at all, financial performance could be adversely affected.

**Earnings guidance:** Ausdrill and Barminco have provided earnings guidance on the basis of assumptions and forecasts which may subsequently prove to be incorrect, resulting in different actual results. Earnings guidance is not a guarantee of future performance, and involves known and unknown risks, many of which are beyond the control of Ausdrill and Barminco. Key identified risks that may result in a failure to meet earnings guidance include the other risk factors summarised in this section, termination of key contracts, variability in cost and productivity assumptions, and inability to recover claims and variations from clients.

# Key risks – Ausdrill and New Ausdrill risks (cont'd)

**Level of indebtedness:** Ausdrill and Barminco have a significant amount of indebtedness. After the repayment of Ausdrill's Senior Unsecured Notes due November 2019 ("Ausdrill Notes") which are currently intended to be repaid shortly after completion of the Transaction (using the proceeds of the Entitlement Offer), it is anticipated that New Ausdrill's leverage will be lower than Ausdrill's existing leverage as at the date of this Presentation. New Ausdrill is also likely to have capacity to take on further debt if required (subject to limitations under Ausdrill's and Barminco's existing financing facilities and notes). While Ausdrill considers that the level of debt is appropriate given the nature and size of New Ausdrill's operations, a high level of debt could result in a significant portion of New Ausdrill's cash flows being dedicated to debt service payments instead of other purposes, thereby reducing the amount of cash flows available for working capital, capital expenditures, acquisitions and other general corporate purposes. High debt levels could also increase Ausdrill's vulnerability to general adverse economic and industry conditions and expose Ausdrill to the risk of increased interest rates as certain of Ausdrill's borrowings are at variable rates of interest. New Ausdrill's ability to make scheduled payments on or refinance its debt obligations will depend on its financial condition and operating performance, which are subject to prevailing economic and competitive conditions and to certain financial, business, legislative, regulatory and other factors beyond New Ausdrill's control. The terms of Ausdrill's financing facilities and Barminco's Senior Secured Notes due May 2022 ("Barminco Notes") will restrict New Ausdrill's current and future operations through restrictive covenants that impose significant operating and financial restrictions. These include restrictions on relevant group members' ability to incur additional indebtedness, pay dividends, make other distributions, sell assets, enter into transactions with affiliates, or alter their business. In addition, the facilities and notes will require New Ausdrill to maintain specified financial ratios and satisfy other financial condition tests, some of which can be affected by events beyond New Ausdrill's control. A breach of the covenants or restrictions could result in an event of default under the applicable indebtedness, which could allow a creditor to accelerate the related debt and may result in the acceleration of any other debt to which a cross-acceleration or cross-default provision applies. Also, some of the cash that appears on New Ausdrill's balance sheet may need to be retained within certain group members and may not be available for use in all of New Ausdrill's business or to meet its debt obligations.

**Future financing requirements:** Ausdrill and Barminco may require further financing support in the future to support additional capital expenditure or to meet future objectives. Despite their capital raising track record, there is no certainty that they will be successful in obtaining the financing required as and when needed, on favourable terms or at all. Failure to obtain future financing on a timely basis may compromise their ability to commence new contracts, perform existing contracts or may prevent them from achieving other objectives.

**Anti-corruption laws:** Ausdrill and Barminco operate in a number of countries, including some countries that rank poorly in published indices of perceived public corruption. In these and other countries, Ausdrill's and Barminco's operations may be subject to anti-corruption laws (including laws in Australia relating to corruption and U.S. and other foreign laws), which generally prohibit companies or their agents and employees from providing anything of value to a foreign official for the purposes of influencing any act or decision of these individuals in their official capacity to help obtain or retain business, direct business to any person or corporate entity, or obtain any unfair advantage. Ausdrill's and Barminco's activities in these countries create the risk of unauthorised payments or offers of payments by one of their employees, agents or distributors that could be in violation of applicable anti-corruption laws, even though these parties are not always subject to Ausdrill's or Barminco's control. As Ausdrill and Barminco continue to evaluate existing and new anti-corruption laws, regulations and local laws, Ausdrill and Barminco may cease conducting business in certain high risk countries where these types of payments may often be required to operate. This could significantly affect Ausdrill's and Barminco's revenue if mining clients continue to pursue new exploration projects in areas where Ausdrill and Barminco decide not to conduct business.

**Tax:** Ausdrill and Barminco provide services in a number of countries. Therefore, they are subject to tax regimes of many different countries and are subject to risks of changes in taxes, or interpretation or enforcement. Certain of these countries have tax regimes in which the rules may not be clear, may not be consistently applied and may be subject to sudden change.

This is especially true with regard to international transfer pricing. Ausdrill's and Barminco's earnings could be reduced by the uncertain and changing nature of tax in these foreign locations. In addition, given the number of jurisdictions in which they operate, the tax positions Ausdrill and Barminco have taken or tax attributes of their contracts could be challenged and this could have a material adverse impact on their business, financial condition and results of operations.

**Information technology systems:** Ausdrill and Barminco rely on computer, information, and communications technology and related systems in order to properly operate the administrative and operational aspects of their business. If they are unable to regularly deploy software and hardware, effectively upgrade their systems and network infrastructure, and take other steps to maintain or improve the efficiency and efficacy of their systems, then the operation of such systems could be interrupted or result in the loss or corruption of data. In addition, Ausdrill's and Barminco's computer systems are subject to the risks of unauthorised access, computer hackers, computer viruses, malicious code, organised cyber-attacks and other security problems and system disruptions, including possible unauthorised access to clients' proprietary or classified information. Any of these events could damage Ausdrill's and Barminco's reputation and have a material adverse effect on their business, results of operations and financial condition.

# Key risks – Barminco and acquisition risks

As noted above, as Ausdrill and Barminco operate in the same industry, and are joint venture partners in AUMS, many of the key risks that apply to Ausdrill apply equally to Barminco and these overlapping risks are described above. Set out below are some additional key risks which are associated with Barminco's business (but do not currently apply to Ausdrill) and with the acquisition of Barminco.

**Operations in Egypt and India:** Barminco currently has operations in Egypt and India (in addition to AUMS' operations in Ghana, Mali, Burkina Faso and Tanzania). Countries in Africa in particular have experienced political instability and humanitarian crises in the past. Disruptions may occur in the future, and losses caused by these disruptions may occur that will not be covered by insurance. For example, in Egypt (in 2011) Barminco demobilised expatriate staff at the Sukari gold project for 14 days as a precautionary measure due to the civil unrest, although Barminco's operations in Egypt were not otherwise affected.

Barminco takes out political risk insurance when operating overseas whenever it is available. Barminco has political risk insurance in Egypt. These insurance policies typically cover the expropriation, deprivation or forced abandonment of the plant and equipment, and loss due to riot, terrorism or war.

Even in countries where Barminco has political risk insurance, there can be no assurance that such insurance will cover all relevant contingencies or will adequately compensate Barminco for losses Barminco may suffer as a result of operating in these foreign countries, nor can there be any assurance that such insurance will continue to be available in the future on a cost-effective basis or at all. Risk assessments may also categorise threats as serious enough to require resort to public security forces, such as national police or military units on a near-permanent basis. In the event that the continued operation in some countries compromises Barminco's security or business principles, Barminco may withdraw from these countries on a temporary or permanent basis. This could have a material adverse impact on Barminco's business, financial condition and results of operations.

**Exchange rate risks:** In addition to the exchange rate risks outlined above, Barminco is exposed to exchange rate risks in Egypt and India. At Barminco's Egyptian operations, its revenue and certain of its costs are Australian dollar denominated, however costs related to its local workforce in Egypt and other locally incurred costs are denominated in Egyptian pounds, U.S. dollars and Euros. At Barminco's Indian operations, a percentage of its revenue and certain costs are Australian dollar denominated, however costs related to its local workforce in India and other locally incurred costs are denominated in Indian Rupees. In addition, Egypt and India have regulations that may restrict Barminco's ability to send cash out of the country. As a result, cash in Egypt and India may not be available to meet obligations incurred in other countries.

**Hedging risks:** Barminco hedges some of its foreign exchange and interest rate risks. While such activities may provide downside risk protection for Barminco, it is also possible that such activities may limit its upside benefit potential or give rise to potential losses. No assurances can be given as to the effectiveness of Barminco's hedging arrangements and policies. These hedging arrangements may give rise to additional risk, including additional market risk and risk of default by counterparties to derivative transactions. Barminco does not engage in any speculative trading activities.

**Due diligence and reliance on information:** Ausdrill undertook a due diligence process in respect of Barminco, which relied in part on the review of financial and other information provided by the vendors of Barminco. Despite making reasonable efforts, Ausdrill has not been able to verify the accuracy, reliability or completeness of all the information which was provided to it against independent data. Similarly, Ausdrill has prepared (and made assumptions in the preparation of) the financial information relating to Barminco (on a stand-alone basis and also to Ausdrill post-acquisition of Barminco) included in this Presentation from financial and other information provided by the vendors of Barminco. Ausdrill is unable to verify the accuracy or completeness of all of this information. If any of the data or information provided to and relied upon by Ausdrill in its due diligence process and its preparation of this Presentation proves to be incomplete, incorrect, inaccurate or misleading, there is a risk that the actual financial position and performance of Barminco and New Ausdrill may be materially different to the financial position and performance expected by Ausdrill and reflected in this Presentation. Investors should also note that there is no assurance that the due diligence conducted was conclusive and that all material issues and risks in respect of the acquisition of Barminco have been identified and avoided or managed appropriately. Therefore, there is a risk that unforeseen issues and risks may arise, which may also have a material impact on Ausdrill. This could materially adversely affect the operations or financial performance or position of Ausdrill. The information reviewed by Ausdrill includes forward looking information. While Ausdrill has been able to review some of the underlying source data and assumptions for the forward looking information relating to Barminco, forward looking information is inherently unreliable and based on assumptions that may change in the future.

**Conditions precedent:** Completion of the Transaction is conditional on a number of conditions being met, including various Ausdrill shareholder approvals, no material adverse change in the underlying Barminco business or the underlying Ausdrill business, satisfactory change of control consents from material Barminco clients and other counterparties and any regulatory approvals (if any) being obtained. If any of these conditions are not obtained, there is a risk that the Acquisition will not complete. In some circumstances, failure to complete could trigger a break fee of $5,000,000 payable by Ausdrill.

# Key risks – Barminco and acquisition risks (cont'd)

**Financial capacity and recourse to vendors and warranty and indemnity insurance:** Ausdrill has purchased warranty and indemnity insurance for the Transaction. If the Transaction completes and if a warranty or other claim is made under the share sale agreement, to the extent that warranty and indemnity insurance does not cover the particular claim, Ausdrill will (in most cases) not be able to bring a claim against the vendors for breach of that warranty. An inability to recover amounts claimed could materially adversely affect Ausdrill's financial position.

**Integration risk:** Whilst Ausdrill does not foresee any issues in integrating Barminco into New Ausdrill (given the similarities in approach and culture and in light of the good working relationships developed through the AUMS joint venture), the integration of a business of the size of Barminco carries risk, including potential delays or additional costs in implementing necessary changes, difficulties or unexpected costs in integrating systems or operations and costs relating to alignment of pay rates or retention of key staff. While synergies were not a key driver of the Transaction, there is a risk that any actual synergies able to be realised as part of the Transaction may be less than expected or delayed.

**Historical liabilities:** Following the acquisition of Barminco, New Ausdrill will become directly or indirectly liable for any liabilities that Barminco has incurred in the past, including liabilities which were not identified during Ausdrill's due diligence or which are greater than expected, for which insurance may not be adequate or available, and for which Ausdrill may not have post-completion recourse under the share sale agreement. These could include liabilities relating to contractual claims, environmental claims, breaches or contamination, current or future litigation, tax liabilities or audits, regulatory actions, occupational health and safety claims and other liabilities. Such liabilities may adversely affect the financial performance or position of New Ausdrill post-acquisition.

**Acquisition accounting:** Ausdrill is required to undertake an assessment of the fair value of the tangible and intangible assets acquired as well as the actual and contingent liabilities of Barminco at the date of acquisition. Accounting Standards provide twelve months from completion for this assessment to be finalised. The outcome of this assessment could give rise to different values being applied than those used in the pro-forma financial information contained in this Presentation. Such an outcome will impact the values of assets and liabilities reported in the consolidated balance sheet by New Ausdrill. There will also be differences in the depreciation and amortisation charges recognised in the consolidated profit or loss account which may impact reported profit before tax and net profit after tax.

**Key risks – equity raising and general risks**

**Market price of the New Shares:** The market price of Ausdrill Shares may fluctuate over time as a result of a number of factors including the financial performance and prospects of Ausdrill, prevailing market conditions, general investor sentiment in those markets, inflation, interest rates, commodity prices and the liquidity and volume of shares being bought or sold at any point in time. It should be noted that there can be no guarantee that there will be an active or liquid market in shares traded on ASX and there is no guarantee that the New Shares will trade at or above the issue price. It should also be noted that the historic share price performance of Ausdrill Shares does not necessarily provide any guidance as to the future share price performance.

**Underwriting risk:** Ausdrill has entered into an underwriting agreement pursuant to which Deutsche Bank AG and UBS AG ("**Underwriters**") have agreed to fully underwrite the Entitlement Offer, subject to the terms and conditions of the underwriting agreement ("**Underwriting Agreement**"). The Underwriters' obligations to underwrite the Entitlement Offer are conditional upon certain customary matters, including (but not limited to) Ausdrill delivering certain certificates, due diligence documentation, opinions and shortfall certificates, and despatching to its shareholders the notice of meeting seeking shareholder approvals required in connection with the Transaction. Further, if certain events occur, some of which are beyond the control of Ausdrill (and some of which having regard to the materiality of the relevant event), the Underwriters may terminate the Underwriting Agreement. These events include:

- the agreement for the Transaction is terminated, amended in a material respect without the Underwriters' consent, becomes void or voidable or is materially breached;
- ASX approval for the official quotation of the New Shares is refused, modified or withdrawn;
- Ausdrill ceases to be admitted to the official list of ASX or its shares are delisted or suspended from quotation;

# Key risks – Equity raising and general risks

- Ausdrill or a material subsidiary of Ausdrill is or becomes insolvent;
- Ausdrill withdraws all or any part of the Equity Raising;
- a director of Ausdrill is charged with an indictable offence, disqualified from managing a corporation under the Corporations Act 2001 (Cth) or a Governmental Agency commences, or announces an intention to commence, any public action against an Ausdrill group member or any of its directors (in that capacity);
- the documentation for the Equity Raising (or any due diligence documentation prepared in connection with the Equity Raising and supplied to the Underwriters) does not comply with the Corporations Act or a material matter required to be included is omitted from the documentation;
- ASIC makes an application for an order, or commences an investigation or hearing, in relation to the Entitlement Offer or the offer documents and such application, investigation or hearing becomes public or is not withdrawn within two business days after it is made or commenced;
- ASIC or any other government agency makes an order or determination which prevents or is likely to prevent Ausdrill from proceeding with the Entitlement Offer in accordance with the timetable.
- an event specified in the timetable for the Entitlement Offer is delayed without the prior consent of the Underwriters;
- an adverse change occurs in respect of the assets, liabilities, financial position or performance of an Ausdrill group member;
- there is a change in the Ausdrill board or certain specified senior management personnel of Ausdrill;
- a representation, warranty, undertaking or obligation contained in the Underwriting Agreement on the part of Ausdrill is breached, becomes not true or correct or is not performed;
- the Underwriting Agreement is breached by Ausdrill;
- a statement in a certificate provided by Ausdrill for the purposes of the Underwriting Agreement is misleading, inaccurate or untrue or incorrect;
- Ausdrill reduces, reorganises or otherwise alters or restructures its capital structure (excluding the repayment of any financing instruments of Ausdrill or Barminco);
- there is an outbreak or major escalation of hostilities or a significant terrorist act is perpetrated involving any of Australia, the United Kingdom or the United States or a national emergency is declared by any of those countries;
- there is a general moratorium on commercial banking activities in Australia, the United Kingdom or the United States.
- trading in all securities quoted or listed on ASX, New York Stock Exchange or London Stock Exchange is suspended or limited in a material respect of a day (or a substantial part of a day) on which that exchange is open for trading; and
- there is an adverse change or disruption to the political or economic conditions or financial markets of Australia, the United Kingdom or the United States or the international financial markets or any change or development involving a prospective adverse change in a national or international political, financial or economic conditions.

Termination of the Underwriting Agreement may have an adverse impact on the amount of proceeds raised under the Offer and Ausdrill's ability to fund the early repayment of the Ausdrill Notes. The Transaction is not conditional on the Entitlement Offer or on the Underwriting Agreement remaining in place (so the Transaction could proceed even though the Entitlement Offer does not raise the funds Ausdrill is proposing to raise, in which case New Ausdrill will be more highly geared than anticipated and Ausdrill may need to undertake a further equity fundraising to reduce debt levels to a level the Board is comfortable with.

**Risk of dilution:** Investors who do not participate in the Entitlement Offer, or do not take up all of their entitlement under the Entitlement Offer, will have their percentage security holding in Ausdrill diluted by not participating to the full extent in the Entitlement Offer. Investors may also have their investment diluted by those who take up additional Ausdrill Shares pursuant to the Retail Oversubscription facility or by future capital raisings by Ausdrill. Ausdrill may issue new shares to finance future acquisitions or pay down debt which may, under certain circumstances, dilute the value of an investor's interest. Ausdrill will only raise equity if it believes that the benefit to investors of conducting the capital raising is greater than the short-term detriment caused by the potential dilution associated with a capital raising.

**Accounting standards:** Australian accounting standards are set by the Australian Accounting Standards Board (AASB) and are outside Ausdrill's control. Changes to accounting standards issued by AASB could materially adversely affect the reported financial performance and position reported in Ausdrill's financial statements.

**Economic risk:** General economic conditions may negatively affect Ausdrill's performance and the performance of Ausdrill's shares. Any protracted slow-down in economic conditions or factors such as movements in inflation or interest rates and industrial disruption may have a negative impact on Ausdrill's costs and revenue.

# Key risks – Equity raising and general risks (cont'd)

**Interest rate risk:** Changes in interest rates will affect borrowings which bear interest at floating rates to the extent Ausdrill and Barminco have not hedged against this interest rate risk. An increase in interest rates will affect the costs of servicing these borrowings, which may adversely impact Ausdrill's and Barminco's business, financial condition and financial performance.

**Market risks:** The price at which Ausdrill Shares trade on the ASX may be determined by a range of factors including movements in local and international equity and bond markets, general investor sentiment in those markets, inflation, interest rates, general economic conditions and outlook and changes in the supply of, and demand for, mining service securities. The market for Ausdrill Shares may also be affected by a wide variety of events and factors, including variations in Ausdrill's operating results, movements in commodity prices, recommendations by securities analysts, inclusion in market indices and the operating and trading price performance of other listed mining service entities that investors consider to be comparable to Ausdrill. Some of these factors could affect Ausdrill's share price regardless of Ausdrill's underlying operating performance.

**Taxation risks:** Changes to the rate of taxes imposed on Ausdrill (including in overseas jurisdictions in which Ausdrill operates now or in the future) or tax legislation generally may affect Ausdrill and its Shareholders. In addition, an interpretation of tax laws by the Australian Taxation Office or a foreign taxing entity that differs to Ausdrill's interpretation may lead to an increase in Ausdrill's tax liabilities and a reduction in Shareholder returns. Personal tax liabilities are the responsibility of each individual investor. Ausdrill is not responsible for tax or tax penalties incurred by investors.

**Other risks:** There may be other risks other than those set out above. Other risks not specifically referred to above may be materially adverse to Ausdrill and its shares in the future.

# International selling restrictions

This document does not constitute an offer of entitlements ("Entitlements") and offer of New Shares of Ausdrill in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the entitlements and New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

**Canada (British Columbia, Ontario and Quebec provinces):** This document constitutes an offering of New Shares only in the Provinces of British Columbia, Ontario and Quebec (the "Provinces") and to those persons to whom they may be lawfully distributed in the Provinces, and only by persons permitted to sell such New Shares. This document is not, and under no circumstances is to be construed as, an advertisement or a public offering of securities in the Provinces. This document may only be distributed in the Provinces to persons that are "accredited investors" within the meaning of NI 45-106 - Prospectus Exemptions, of the Canadian Securities Administrators.

No securities commission or similar authority in the Provinces has reviewed or in any way passed upon this document, the merits of the New Shares or the offering of New Shares and any representation to the contrary is an offence.

No prospectus has been, or will be, filed in the Provinces with respect to the offering of New Shares or the resale of such New Shares. Any person in the Provinces lawfully participating in the offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and receipted by the securities regulator in the applicable Province. Furthermore, any resale of the New Shares in the Provinces must be made in accordance with applicable Canadian securities laws which may require resales to be made in accordance with exemptions from dealer registration and prospectus requirements. These resale restrictions may in some circumstances apply to resales of the New Shares outside Canada and, as a result, Canadian purchasers should seek legal advice prior to any resale of the New Shares.

Ausdrill as well as its directors and officers may be located outside Canada and, as a result, it may not be possible for purchasers to effect service of process within Canada upon Ausdrill or its directors or officers. All or a substantial portion of the assets of Ausdrill and such persons may be located outside Canada and, as a result, it may not be possible to satisfy a judgement against Ausdrill or such persons in Canada or to enforce a judgement obtained in Canadian courts against Ausdrill or such persons outside Canada.

Any financial information contained in this document has been prepared in accordance with Australian Accounting Standards and also comply with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board. Unless stated otherwise, all dollar amounts contained in this document are in Australian dollars.

**Statutory rights of action for damages and rescission:** Securities legislation in certain of the Provinces may provide purchasers with, in addition to any other rights they may have at law, rights of rescission or to damages, or both, when an offering memorandum that is delivered to purchasers contains a misrepresentation. These rights and remedies must be exercised within prescribed time limits and are subject to the defenses contained in applicable securities legislation. Prospective purchasers should refer to the applicable provisions of the securities legislation of their respective Province for the particulars of these rights or consult with a legal adviser.

The following is a summary of the statutory rights of rescission or to damages, or both, available to purchasers in Ontario. In Ontario, every purchaser of the New Shares purchased pursuant to this document (other than (a) a "Canadian financial institution" or a "Schedule III bank" (each as defined in NI 45-106), (b) the Business Development Bank of Canada or (c) a subsidiary of any person referred to in (a) or (b) above, if the person owns all the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of that subsidiary) shall have a statutory right of action for damages and/or rescission against Ausdrill if this document or any amendment thereto contains a misrepresentation. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against Ausdrill. This right of action for rescission or damages is in addition to and without derogation from any other right the purchaser may have at law. In particular, Section 130.1 of the Securities Act (Ontario) provides that, if this document contains a misrepresentation, a purchaser who purchases the New Shares during the period of distribution shall be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase and has a right of action for damages or, alternatively, may elect to exercise a right of rescission against Ausdrill, provided that (a) Ausdrill will not be liable if it proves that the purchaser purchased the New Shares with knowledge of the misrepresentation ; (b) in an action for damages, Ausdrill is not liable for all or any portion of the damages that Ausdrill proves does not represent the depreciation in value of the New Shares as a result of the misrepresentation relied upon; and (c) in no case shall the amount recoverable exceed the price at which the New Shares were offered.

Section 138 of the Securities Act (Ontario) provides that no action shall be commenced to enforce these rights more than (a) in the case of any action for rescission, 180 days after the date of the transaction that gave rise to the cause of action or (b) in the case of any action, other than an action for rescission, the earlier of (i) 180 days after the purchaser first had knowledge of the fact giving rise to the cause of action or (ii) three years after the date of the transaction that gave rise to the cause of action. These rights are in addition to and not in derogation from any other right the purchaser may have.

# International selling restrictions (cont'd)

**Certain Canadian income tax considerations:** Prospective purchasers of the New Shares should consult their own tax adviser with respect to any taxes payable in connection with the transaction, holding or disposition of the New Shares as any discussion of taxation related matters in this document is not a comprehensive description and there are a number of substantive Canadian tax compliance requirements for investors in the Provinces.

**Language of documents in Canada:** Upon receipt of this document, each investor in Canada hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the New Shares (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.

**European Economic Area – Belgium, Denmark, Germany, Luxembourg, Netherlands and Spain:** This document has been prepared on the basis that all offers of Entitlements and New Shares will be made pursuant to an exemption under the Directive 2003/71/EC ("Prospectus Directive"), as amended and implemented in Member States of the European Economic Area (each, a "Relevant Member State"), from the requirement to publish a prospectus for offers of securities.

An offer to the public of Entitlements and New Shares has not been made, and may not be made, in a Relevant Member State except pursuant to one of the following exemptions under the Prospectus Directive as implemented in the Relevant Member State:

- to any legal entity that is authorized or regulated to operate in the financial markets or whose main business is to invest in financial instruments;
- to any legal entity that satisfies two of the following three criteria: (i) balance sheet total of at least €20,000,000;(ii) annual net turnover of at least €40,000,000 and (iii) own funds of at least €2,000,000 (as shown on its last annual unconsolidated or consolidated financial statements);
- to any person or entity who has requested to be treated as a professional client in accordance with the EU Markets in Financial Instruments Directive (Directive 2004/39/EC. MiFID); or
- to any person or entity who is recognised as an eligible counterparty in accordance with Article 24 of the MiFID

**France:** This document is not being distributed in the context of a public offering of financial securities (offre au public de titres financiers) in France within the meaning of Artic le L.411-1of the French Monetary and Financial Code (Code monetaire et financier) and Articles 211-1et seq. of the General Regulation of the French Autorite des marches financiers ("AMF"). The Entitlements and the New Shares have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France.

This document and any other offering material relating to the Entitlements and the New Shares have not been, and will not be, submitted to the AMF for approval in France and, accordingly, may not be distributed (directly or indirectly) to the public in France. Such offers, sales and distributions have been and shall only be made in France to qualified investors (invest issuers qualifies) acting for their own account, as defined in and in accordance with Articles L.411-2-11-2, D.411-1, L.533-16, L.533-20, D.533-11,D.533-13, D.744-1, D.754-1and D.764-1 of the French Monetary and Financial Code and any implementing regulation.

Pursuant to Article 211-3 of the General Regulation of the AMF, investors in France are informed that the Entitlements and the New Shares cannot be distributed (directly or indirectly) to the public by the investors otherwise than in accordance with Articles L.411-1, L.411-2, L.412-1 and L.621-8 to L.621-8-3 of the French Monetary and Financial Code.

**Hong Kong:** Warning: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

# International selling restrictions (cont'd)

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

**Ireland:** The information in this document does not constitute a prospectus under any Irish laws or regulations and this document has not been filed with or approved by any Irish regulatory authority as the information has not been prepared in the context of a public offering of securities in Ireland within the meaning of the Irish Prospectus (Directive 2003/71/EC) Regulations 2005, as amended (the "Prospectus Regulations"). The New Shares have not been offered or sold, and will not be offered, sold or delivered directly or indirectly in Ireland by way of a public offering, except to "qualified investors" as defined in Regulation 2(1) of the Prospectus Regulations.

**Italy:** The offering of the Entitlements and the New Shares in the Republic of Italy has not been authorized by the Italian Securities and Exchange Commission (CommissioneNazionaleper le Societàe la Borsa, "CONSOB") pursuant to the Italian securities legislation and, accordingly, no offering material relating to these securities may be distributed in Italy and these securities may not be offered or sold in Italy in a public offer within the meaning of Article 1.1(t) of Legislative Decree No. 58 of 24 February 1998, as amended ("Decree No. 58"), other than:

- to qualified investors ("Qualified Investors"), as defined in Article 100 of Decree No. 58 by reference to Article 34-ter of CONSOB Regulation no. 11971 of 14 May 1999, as amended ("Regulation No. 1197l"); and
- in other circumstances that are exempt from the rules on public offer pursuant to Article 100 of Decree No. 58 and Article 34-ter of Regulation No. 11971.

Any offer, sale or delivery of Entitlements and New Shares or distribution of any offer document relating to the New Shares in Italy (excluding placements where a Qualified Investor solicits an offer from the issuer) under the paragraphs above must be:

- made by investment firms, banks or financial intermediaries permitted to conduct such activities in Italy in accordance with Legislative Decree No. 385 of 1 September 1993 (as amended), Decree No. 58, CONSOB Regulation No. 16190 of 29 October 2007 (as amended) and any other applicable laws;
- in compliance with Article 129 of the Italian Banking Act and the implementing guidelines of the Bank of Italy, as amended, pursuant to which the Bank of Italy may request information on the offering or issue of securities in Italy; and
- in compliance with all relevant Italian securities, tax and exchange controls and any other applicable laws.

Investors should also note that, in any subsequent distribution of Entitlements or New Shares in Italy, Article 100-bis of Decree No. 58 may require compliance with the law relating to public offers of securities. Furthermore, when such securities are placed solely with Qualified Investors and are then systematically resold on the secondary market at any time in the 12 months following such placing, purchasers of such securities who are acting outside of the course of their business or profession may in certain circumstances be entitled to declare such purchase void and, in addition, to claim damages from any authorised person at whose premises such securities were purchased, unless an exemption under Decree No. 58 applies

**Japan:** The Entitlements and the New Shares have not been and will not be registered under Article 4, paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948), as amended (the "FIEL") pursuant to an exemption from the registration requirements applicable to a private placement of securities to Qualified Institutional Investors (as defined in and in accordance with Article 2, paragraph 3 of the FIEL and the regulations promulgated thereunder). Accordingly, the Entitlements and the New Shares may not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan other than Qualified Institutional Investors. Any Qualified Institutional Investor who acquires Entitlements or New Shares may not resell them to any person in Japan that is not a Qualified Institutional Investor, and acquisition by any such person of Entitlements or New Shares is conditional upon the execution of an agreement to that effect.

**Korea**: Ausdrill is not making any representation with respect to the eligibility of any recipients of this document to acquire the Entitlements or the New Shares under the laws of Korea, including, without limitation, the Foreign Exchange Transaction Act and regulations thereunder. These securities have not been, and will not be, registered under the Financial Investment Services and Capital Markets Act of Korea ("FSCMA") and therefore may not be offered or sold (directly or indirectly) in Korea or to any resident of Korea or to any persons for re-offering or resale in Korea or to any resident of Korea (as defined under the Foreign Exchange Transaction Act of Korea and its enforcement decree), except as permitted under the applicable laws and regulations of Korea.

Accordingly, the Entitlements and the New Shares may not be offered or sold in Korea other than to "accredited investors" (as defined in the FSCMA).

# International selling restrictions (cont'd)

**Malaysia:** No approval from, or recognition by, the Securities Commission of Malaysia ("Commission") has been applied for or will be obtained in relation to any offer or sale, invitation for subscription or purchase of the New Shares under the Malaysian Capital Markets and Services Act 2007 ("CMSA"). As such, the New Shares may be offered only to persons specified in paragraph 10 of Schedule 5 of the CMSA and through a holder of Capital Markets Services Licence who carries on the business of dealing in securities ("Accredited Investors"). No prospectus or other offering material or in connection with the offer or sale, invitation for subscription or purchase of the New Shares has been or will be registered with the Commission as a prospectus under the CMSA. Neither will a copy of this document will be deposited with the Commission under Section 229(4) and 230(4) of the CMSA for the purpose of the offer or sale, invitation for subscription or purchase of the New Shares in Malaysia. Accordingly, this document may not be circulated or distributed in Malaysia. Any reproduction or distribution of this document in Malaysia, in whole or in part, or the disclosure of its contents in Malaysia, without the issuer's prior written consent, is prohibited.

**New Zealand:** This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMC Act").

The New Shares are not being offered to the public within New Zealand other than to existing shareholders of Ausdrill with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the FMC Act and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

Other than in the Entitlement Offer, the New Shares may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

**Norway:** This document has not been approved by, or registered with, any Norwegian securities regulator under the Norwegian Securities Trading Act of 29 June 2007. Accordingly, this document shall not be deemed to constitute an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act of 2007.

The New Shares may not be offered or sold, directly or indirectly, in Norway except to "professional clients" (as defined in Norwegian Securities Regulation of 29 June 2007 no. 876 and including non-professional clients having met the criteria for being deemed to be professional and for which an investment firm has waived the protection as non- professional in accordance with the procedures in this regulation).

**Singapore:** This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act. Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of Ausdrill's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

**Notification under Section 309B(1)(c) of the SFA** - In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 (the **CMP Regulations 2018**), Ausdrill has determined the classification of the entitlements and the New Shares as prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

# International selling restrictions (cont’d)

**Sweden:** This document has not been, and will not be, registered with or approved by Finansinspektionen (the Swedish Financial Supervisory Authority). Accordingly, this document may not be made available, nor may the Entitlements or the New Shares be offered for sale in Sweden, other than under circumstances that are deemed not to require a prospectus under the Swedish Financial Instruments Trading Act (1991:980) (Sw. lag (1991:980) om handel med finansiella instrument). Any offering of Entitlements or New Shares in Sweden is limited to persons who are “qualified investors” (as defined in the Financial Instruments Trading Act). Only such investors may receive this document and they may not distribute it or the information contained in it to any other person.

**Switzerland:** The New Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under the listing rules of any stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the New Shares may be publicly distributed or otherwise made publicly available in Switzerland.

The New Shares will only be offered to regulated financial intermediaries such as banks, securities dealers, insurance institutions and fund management companies as well as institutional investors with professional treasury operations. This document is personal to the recipient and not for general circulation in Switzerland.

Neither this document nor any other offering or marketing material relating to the New Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of New Shares will not be supervised by, the Swiss Financial Market Supervisory Authority.

**United Arab Emirates – Excluding the Dubai International Financial Centre:** Neither this document nor any securities relating to it have been approved, disapproved or passed on in any way by the Emirates Securities and Commodities Authority (“ESCA”) or any other governmental authority in the United Arab Emirates. Ausdrill has not received authorisation or licensing from the ESCA or any other governmental authority in the United Arab Emirates to market or sell the Entitlements or the New Shares within the United Arab Emirates. This document does not constitute, and may not be used for the purpose of, an offer of securities in the United Arab Emirates (excluding the Dubai International Financial Centre). No services relating to the Entitlements or the New Shares, including the receipt of applications, may be rendered within the United Arab Emirates (excluding the Dubai International Financial Centre).

**United Kingdom:** Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (“FSMA”)) has been published or is intended to be published in respect of the New Shares.

This document is issued on a confidential basis to “qualified investors” (within the meaning of section 86(7) of the FSMA) in the United Kingdom, and the New Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of the FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to Ausdrill.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (“FPO”), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together “relevant persons”). The investments to which this document relates are available only to, and any offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

**United States:** This document may not be released or distributed in the United States.

This document does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States or any other jurisdiction in which an offer would be illegal. Neither the New Shares nor the Entitlements have been, or will be, registered under U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States.

Accordingly, neither the New Shares nor the Entitlements may be offered or sold, directly or indirectly, to persons in the United States, unless they have been registered under the U.S. Securities Act (which Ausdrill has no intention or obligation to do or procure), or are offered and sold in a transaction except from, or not subject to, the registration requirements of the U.S. Securities Act and any other applicable securities laws, of any state or other jurisdiction of the United States.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# 7 Additional information

## *7.1 Eligibility of Retail Shareholders*

The Retail Entitlement Offer is being offered to all Eligible Retail Shareholders only.

**Eligible Retail Shareholders** are Shareholders who:

(a) are registered as holders of Existing Shares as at 7.00 pm (Sydney time) on the Record Date;

(b) have a registered address on Ausdrill's share register in Australia or New Zealand;

(c) are not in the United States and are not a person (including nominees or custodians) acting for the account or benefit of a person in the United States;

(d) were not invited to participate in the Institutional Entitlement Offer and were not treated as an Ineligible Institutional Shareholder under the Institutional Entitlement Offer; and

(e) are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

Retail shareholders who do not satisfy the above criteria are Ineligible Retail Shareholders.

By returning a completed personalised Entitlement and Acceptance Form or making a payment by either BPay® or cheque, bank draft or money order, you will be taken to have represented and warranted that you satisfy each of the criteria listed above to be an Eligible Retail Shareholder. Nominees, trustees or custodians are therefore advised to seek independent professional advice as to how to proceed.

Ausdrill has determined that it is unreasonable to extend the Retail Entitlement Offer to Ineligible Retail Shareholders because of the small number of such Shareholders, the number and value of Shares that they hold and the cost of complying with the applicable regulations in jurisdictions outside Australia and New Zealand.

## *7.2 Ranking of New Shares*

The New Shares issued under the Retail Entitlement Offer will be fully paid and rank equally with Existing Shares.

## *7.3 Allotment*

Ausdrill has applied for quotation of the New Shares on ASX in accordance with ASX Listing Rule requirements. If ASX does not grant quotation of the New Shares, Ausdrill will repay all Application Monies (without interest).

Trading of New Shares will, subject to ASX approval, occur shortly after allotment. It is expected that allotment of the New Shares under the Retail Entitlement Offer will take place on Wednesday, 12 September 2018. Application Monies will be held by Ausdrill on trust for Applicants until the New Shares are allotted. No interest will be paid on Application Monies.

Subject to approval being granted, it is expected that the New Shares allotted under the Retail Entitlement Offer will commence trading on a normal basis on Thursday, 13 September 2018.

It is the responsibility of Applicants to determine the number of New Shares allotted and issued to them prior to trading in the New Shares. The sale by an Applicant of New Shares prior to receiving their holding statement is at the Applicant's own risk.

### 7.4 Reconciliation

The Equity Raising is a complex process and in some instances investors may believe they own more Shares than they actually do or are otherwise entitled to more New Shares than initially offered to them. These matters may result in a need for reconciliation. If reconciliation is required, it is possible that Ausdrill may need to issue a small quantity of additional New Shares to ensure all Eligible Shareholders receive their full Entitlement. The price at which these additional New Shares would be issued, if required, is the Offer Price.

Ausdrill also reserves the right to reduce the number of New Shares allocated to Eligible Shareholders or persons claiming to be Eligible Shareholders, if their Entitlement claims prove to be overstated, if they or their nominees fail to provide information requested to substantiate their Entitlement claims, or if they are not Eligible Shareholders.

### 7.5 Underwriting

The Equity Raising is fully underwritten by the Underwriters, subject to the terms of an agreement between Ausdrill and the Underwriters under which it has been agreed that the Underwriters will act as joint lead managers, bookrunners and underwriters in respect of the Equity Raising (**Underwriting Agreement**).

The obligations of the Underwriters are subject to the satisfaction of certain conditions precedent documented in the Underwriting Agreement including (but not limited to) Ausdrill delivering certain certificates, due diligence documentation, opinions and shortfall certificates, and dispatching to its Shareholders the notice of meeting seeking Shareholder approvals required in connection with the Acquisition.

Furthermore, in accordance with the Underwriting Agreement, as is customary with these types of underwriting arrangements:

(a) Ausdrill has (subject to certain exclusions and limitations) agreed to indemnify the Underwriters, their affiliates and their respective officers, directors, partners, contractors, agents, advisers and representatives against losses incurred in respect of the Equity Raising; and

(b) Ausdrill and the Underwriters have given certain representations, warranties and undertakings in connection with (among other things) the conduct of the Equity Raising.

The Underwriters may terminate the Underwriting Agreement and be released from their obligations on the occurrence of certain events (in some cases, subject to the materiality of the relevant event), including (but not limited to) where:

(a) The agreement for the Acquisition is terminated, amended in a material respect without the Underwriters' consent, becomes void or voidable or is materially breached.

(b) ASX approval for the official quotation of the New Shares is refused, modified or withdrawn.

(c) Ausdrill ceases to be admitted to the official list of ASX or its Shares are delisted or suspended from quotation.

(d) Ausdrill or a material subsidiary of Ausdrill is or becomes insolvent.

(e) Ausdrill withdraws all or any part of the Equity Raising.

(f) A director of Ausdrill is charged with an indictable offence, disqualified from managing a corporation under the Corporations Act or a Governmental Agency commences, or announces an intention to commence, any public action against an Ausdrill group member or any of its directors (in that capacity).

(g) The documentation for the Equity Raising (or any due diligence documentation prepared in connection with the Equity Raising and supplied to the Underwriters) does not comply with the Corporations Act or a material matter required to be included is omitted from the documentation.

(h) ASIC makes an application for an order, or commences an investigation or hearing, in relation to the Equity Raising or the offer documents and such application, investigation or hearing becomes public or is not withdrawn within two business days after it is made or commenced;

(i) ASIC or any other government agency makes an order or determination which prevents or is likely to prevent Ausdrill from proceeding with the Equity Raising in accordance with the timetable.

(j) An event specified in the timetable for the Equity Raising is delayed without the prior consent of the Underwriters.

(k) An adverse change occurs in respect of the assets, liabilities, financial position or performance of an Ausdrill group member.

(l) There is a change in the Ausdrill Board or certain specified senior management personnel of Ausdrill.

(m) A representation, warranty, undertaking or obligation contained in the Underwriting Agreement on the part of Ausdrill is breached, becomes not true or correct or is not performed.

(n) The Underwriting Agreement is breached by Ausdrill.

(o) A statement in a certificate provided by Ausdrill for the purposes of the Underwriting Agreement is misleading, inaccurate or untrue or incorrect.

(p) Ausdrill reduces, reorganises or otherwise alters or restructures its capital structure (excluding the repayment of any financing instruments of Ausdrill or Barminco).

(q) There is an outbreak or major escalation of hostilities or a significant terrorist act is perpetrated involving any of Australia, the United Kingdom or the United States or a national emergency is declared by any of those countries.

(r) There is a general moratorium on commercial banking activities in Australia, the United Kingdom or the United States.

(s) Trading in all securities quoted or listed on ASX, New York Stock Exchange or London Stock Exchange is suspended or limited in a material respect of a day (or a substantial part of a day) on which that exchange is open for trading.

(t) There is an adverse change or disruption to the political or economic conditions or financial markets of Australia, the United Kingdom or the United States or the international financial markets or any change or development involving a prospective adverse change in a national or international political, financial or economic conditions.

Under the Underwriting Agreement each of the Underwriters will be paid its respective proportion of:

(a) an underwriting fee of 1.75%; and

(b) a selling fee of 0.25%,

of the gross proceeds raised under each of the Institutional Entitlement Offer and the Retail Entitlement Offer.

In addition, Deutsche Bank AG will be entitled to a management fee of 1.00% of the gross proceeds raised under each of the Institutional Entitlement Offer and the Retail Entitlement Offer.

Neither of the Underwriters nor any of their related bodies corporate and affiliates, nor any of their directors, officers, partners, employees, representatives or agents have authorised or caused the issue of this Retail Entitlement Offer Booklet and they do not take any responsibility for this Retail Entitlement Offer Booklet or any action taken by you on the basis of such information. To the maximum extent permitted by law, the Underwriters and each of their respective related bodies corporate and affiliates and each of their respective directors, officers, partners, employees, representatives or agents exclude and disclaim all liability for any expenses, losses, damages or costs incurred by you as a result of your participation in the Equity Raising and this Retail Entitlement Offer Booklet being inaccurate or incomplete in any way for any reason, whether by negligence or otherwise. None of the Underwriters nor any of their respective related bodies corporate and affiliates nor respective directors, officers, partners, employees, representatives or agents make any recommendations as to whether you or your related parties should participate in the Equity Raising nor do they make any representations or warranties to you concerning the Equity Raising, or any such information and you represent, warrant and agree that you have not relied on any statements made by either Underwriter or any of their respective related bodies corporate and affiliates or any of their respective directors, officers, partners, employees, representatives or agents in relation to the New Shares or the Equity Raising generally.

## *7.6 Continuous Disclosure*

Ausdrill is a "disclosing entity" under the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and ASX Listing Rules, including the preparation of annual reports and half yearly reports.

Ausdrill is required to notify ASX of information about specific events and matters as they arise for the purposes of ASX making that information available to the stock markets conducted by ASX. In particular, Ausdrill has an obligation under the ASX Listing Rules (subject to certain exceptions) to notify ASX immediately of any information of which it is or becomes aware which a reasonable person would expect to have a material effect on the price or value of Ausdrill shares. That information is available to the public from ASX.

## *7.7 No cooling off rights*

Cooling off rights do not apply to an investment in New Shares. You cannot withdraw your application once it has been accepted.

## *7.8 Not investment advice*

This Retail Entitlement Offer Booklet is not a prospectus under the Corporations Act and has not been lodged with ASIC. It is also not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. Ausdrill is not licensed to provide financial product advice in respect of the New Shares. The information contained in this Retail Entitlement Offer Booklet does not purport to contain all the information that you may require to evaluate a possible application for New Shares, nor does it purport to contain all the information which would be required in a prospectus prepared in accordance with the requirements of the Corporations Act. It should be read in conjunction with Ausdrill's other periodic statements and continuous disclosure announcements lodged with ASX.

## 8 Australian taxation considerations

### *8.1 General*

Set out below is a general guide to the Australian income tax, GST and stamp duty implications of the Retail Entitlement Offer for Eligible Retail Shareholders. The guide applies only to Eligible Retail Shareholders:

(a) who are Australian tax resident individuals, companies or complying superannuation entities;

(b) that hold their New Shares or additional New Shares acquired under the Retail Oversubscription Facility on capital account (and not as trading stock);

(c) who did not acquire their Shares through an employee share scheme; and

(d) are not subject to the taxation of financial arrangement regime in relation to their Shares.

The guide does not take account of the individual circumstances of particular Eligible Retail Shareholders and does not constitute tax advice. It does not purport to be a complete analysis of the potential Australian tax consequences of the Retail Entitlement Offer and is intended as a general guide to the Australian tax implications. Eligible Retail Shareholders should seek advice from an appropriate professional advisor in relation to the Australian tax implications of the Retail Entitlement Offer based on their own individual circumstances. Neither Ausdrill, nor any of its officers, employees or advisors, accept any responsibility or liability in respect of the taxation consequences associated with the Retail Entitlement Offer.

The comments below are based on the Australian tax law as it applies as at the date of the Retail Entitlement Offer Booklet. Other than as expressly discussed, the comments do not take into account or anticipate changes in Australian tax law or future judicial interpretations of law after this time. The comments do not address any tax issues which may arise in any country other than Australia.

### *8.2 Issue of Entitlement*

The issue of the Entitlement to holders of Existing Shares will not in itself result in any amount being included in the assessable income of an Eligible Retail Shareholder.

### *8.3 Exercise of Entitlement and applying for additional New Shares*

An Eligible Retail Shareholder will not derive any assessable income, or make any capital gain or capital loss at the time of exercising their Entitlement under the Retail Entitlement Offer or acquiring additional New Shares under the Retail Oversubscription Facility.

For CGT purposes, New Shares will be taken to have been acquired on the day that an Eligible Retail Shareholder exercises their Entitlement and additional New Shares will be taken to have been acquired on the date the additional New Shares were issued to the Eligible Retail Shareholder. The cost base of each New Share and additional New Share will include the Offer Price payable for each New Share and additional New Share respectively plus certain incidental costs the Eligible Retail Shareholder incurs in acquiring the New Shares and additional New Shares.

### 8.4 *Lapse of Entitlement*

As an Eligible Retail Shareholder will not pay for or receive any consideration for any Entitlement that is not taken up and lapses, there should be no tax implications for an Eligible Retail Shareholder in these circumstances.

### 8.5 *Taxation in respect of dividends on New Shares*

Subject to satisfying the holding period rule (requiring shares to be held at risk for at least 45 days after acquisition), where necessary, any future dividends or other like distributions made in respect of New Shares or additional New Shares will be subject to the same income taxation treatment as dividends or other like distributions made on Existing Shares held in the same circumstances. No withholding should be required from any dividend or other like distribution if you have provided your tax file number or Australian Business Number to Ausdrill.

### 8.6 *Disposal of New Shares or additional New Shares*

The disposal of New Shares or additional New Shares will constitute a disposal of an asset for CGT purposes.

On disposal of New Shares or additional New Shares, an Eligible Retail Shareholder will make a capital gain if the capital proceeds received on disposal exceed the cost base of the New Shares or additional New Shares. An Eligible Retail Shareholder will make a capital loss if the capital proceeds are less than the reduced cost base of the New Shares or additional New Shares.

Eligible Retail Shareholders that are individuals (other than certain temporary residents), trustees or complying superannuation entities and that have held their New Shares or additional New Shares for 12 months or more are generally entitled to apply the applicable CGT discount percentage to reduce the capital gain (after offsetting capital losses). The CGT discount percentage is 50% for Australian resident individuals and trustees, and 33.33% for complying superannuation entities.

For the purpose of determining whether the New Shares have been held for 12 months or more, Eligible Retail Shareholders will be taken to have acquired them when they exercise their Entitlement under the Retail Entitlement Offer. Additional New Shares will be taken to have been acquired when the additional New Shares were issued under the Retail Oversubscription Facility.

Eligible Retail Shareholders that make a capital loss on disposal of New Shares or additional New Shares can only use that loss to offset other capital gains i.e. the capital loss cannot be offset against taxable income on revenue account. However, if the capital loss cannot be used in a particular income year it can be carried forward to use in future income years, subject, in the case of a corporate or trustee Eligible Retail Shareholder, to certain loss utilisation tests which may need to be satisfied.

If you sell your New Shares or additional New Shares off market, you may be required by the purchaser to declare that you are an Australian tax resident or that the shares are not indirect Australian real property interests, to prevent withholding from the proceeds. Shares will be indirect Australian real property interests where you have held a non-portfolio interest in Ausdrill for at least 12 months in the 24 months preceding the sale and more than half of the underlying assets of Ausdrill are represented by Australian real property (including mining rights).

## 8.7 GST

The taking up of the New Shares and additional New Shares will be classified as a “financial supply” for Australian GST purposes. Accordingly, Australian GST will not be payable in respect of amounts paid for the acquisition of the New Shares or additional New Shares. There may be a restriction on the entitlement of GST registered Eligible Retail Shareholders to claim an input tax credit for any GST incurred on costs associated with the acquisition of New Shares or additional New Shares acquired under the Retail Oversubscription Facility.

## 8.8 Stamp duty

Stamp duty will not be payable by an Eligible Shareholder in respect of the taking up and any subsequent transfer of New Shares or additional New Shares.

## 9 Glossary

In this Retail Entitlement Offer Booklet, the following terms have the following meanings:

| Term | Definition |
| --- | --- |
| $ or A$ or AUD or dollars | Australian dollars (unless otherwise specified) |
| Acquisition | the proposed acquisition of Barminco described in Section 3.1 |
| Administration Agents | each Underwriter and/or its U.S. broker dealer affiliates who are acting as an administration agent in connection with the U.S. Private Placement |
| Applicant | an Eligible Retail Shareholder who has submitted a valid Application |
| Application | an application to subscribe for New Shares under the Retail Entitlement Offer |
| Application Monies | monies received from applicants in respect of their Applications |
| ASIC | Australian Securities and Investments Commission |
| ASX | ASX Limited (ABN 98 008 624 691) or the financial products market operated by that entity known as the Australian Securities Exchange |
| ASX Announcement | the announcement released to ASX on Wednesday, 15 August 2018 in connection with the Acquisition and the Equity Raising, a copy of which is set out in Section 6 |
| Approved U.S. Investors | a limited number of investors listed in Schedule 3 of the Underwriting Agreement that are not Shareholders as at the Record Date and at the date of the Underwriting Agreement that are located in the United States and that are either “qualified institutional buyers” (as defined in Rule 144A under the U.S. Securities Act) or Eligible U.S. Fund Managers, and in each case whose participation in the U.S. Private Placement Ausdrill and the Administration Agents have expressly approved |
| Approved U.S. Shareholders | those Shareholders (including those persons on whose account or for whose benefit such Shareholders are acting, as applicable) as at the Record Date and as of the date of the Underwriting Agreement that are located in the United States and that are either “qualified institutional buyers” (as defined in Rule 144A under the U.S. Securities Act) or Eligible U.S. Fund Managers, and in each case whose participation in the U.S. Private Placement Ausdrill and the Administration Agents have expressly approved |
| AUMS | The joint venture companies African Underground Mining |

| Term | Definition |
|---|---|
| | Services Limited, African Underground Mining Services Mali, African Underground Mining Services Burkina Faso SARL and African Underground Mining Services Tanzania |
| Ausdrill | Ausdrill Limited ABN 95 009 211 474 |
| Barminco | Barminco Holdings Pty Limited ABN 85 126 398 276 |
| CGT | capital gains tax |
| Corporations Act | *Corporations Act 2001* (Cth) |
| Eligible Institutional Shareholder | a person who:<br>(a) was identified as an Institutional Shareholder by Ausdrill;<br>(b) is not in the United States unless it is an Approved U.S. Shareholder;<br>(c) is eligible under all applicable securities laws to receive an Offer under the Institutional Entitlement Offer; and<br>(d) who has successfully received an offer under the Institutional Entitlement Offer |
| Eligible Retail Shareholder | is defined in Section 7.1 |
| Eligible Shareholder | a person who is an Eligible Institutional Shareholder or an Eligible Retail Shareholder |
| Eligible U.S. Fund Manager | a dealer or other professional fiduciary organised or incorporated in the United States that is acting for an account (other than an estate or trust) held for the benefit or account of persons that are not “U.S. persons” (as defined in Regulation S under the U.S. Securities Act) for which it has and is exercising investment discretion within the meaning of Rule 902(k)(2)(i) of Regulation S under the U.S. Securities Act |
| Entitlement | the entitlement to subscribe for 1 New Share for every 2.13 Existing Shares held on the Record Date by Eligible Shareholders |
| Entitlement and Acceptance Form | the Entitlement and Acceptance Form accompanying this Retail Entitlement Offer Booklet upon which an Application can be made |
| Equity Raising | the Institutional Entitlement Offer and the Retail Entitlement Offer |
| Excess Amount | is defined in Section 5.6 |
| Existing Share | a Share on issue before the Record Date |

| Term | Definition |
|---|---|
| GST | Australian Goods and Services Tax (currently 10%) |
| Ineligible Institutional Shareholder | an Institutional Shareholder who is not an Eligible Institutional Shareholder |
| Ineligible Retail Shareholder | a Shareholder who is neither an Institutional Shareholder nor an Eligible Retail Shareholder |
| Institutional Entitlement Offer | the accelerated non-renounceable pro-rata entitlement offer to Eligible Institutional Shareholders |
| Institutional Investor | a person:<br>(a) in Australia, to whom an offer of securities in a company may be made in Australia without a disclosure document (as defined in the Corporations Act) on the basis that such a person is an "exempt investor" as defined section 9A(5) of the Corporations Act (as inserted by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84); or<br>(b) in selected jurisdictions outside Australia to whom an offer of New Shares may be made without registration, lodgement of a formal disclosure document or other formal filing in accordance with the laws of that foreign jurisdiction (except to the extent to which Ausdrill, at its absolute discretion, is willing to comply with such requirements)<br>*provided that*, if such person is in the United States, such person is only an Institutional Investor if that person is an Approved U.S. Investor or an Approved U.S. Shareholder |
| Institutional Shareholder | a Shareholder on the Record Date who is an Institutional Investor |
| Investor Presentation | the presentation released to ASX on Wednesday, 15 August 2018 in connection with the Acquisition and the Equity Raising, a copy of which is set out in Section 6 |
| New Shares | the Shares to be allotted and issued under the Equity Raising, including (as the context requires) the shortfall from the Equity Raising issued under the Retail Oversubscription Facility or to the Underwriters or sub-underwriters |
| Offer Price | $1.47 per New Share |
| Record Date | the time and date for determining which Shareholders are entitled to an Entitlement under the Equity Raising, being 7.00pm (Sydney time) on Friday, 17 August 2018 |
| Retail Closing Date | 5.00pm (Sydney time) on Wednesday, 5 September 2018. |

| Term | Definition |
| --- | --- |
| | This is the final date that Eligible Retail Shareholders can take up some or all of their Entitlement |
| Retail Entitlement Offer | the non-renounceable pro-rata offer to Eligible Retail Shareholders to subscribe for 1 New Share for every 2.13 Existing Shares of which the Shareholder is the registered holder on the Record Date, at the Offer Price pursuant to this Retail Entitlement Offer Booklet |
| Retail Entitlement Offer Booklet | this booklet dated Friday, 17 August 2018, including the ASX Announcement and Investor Presentation set out in Section 6 |
| Retail Entitlement Offer Period | the period commencing on the opening date of the Retail Entitlement Offer, as specified in the "Key Dates for the Entitlement Offer" in Section 1, and ending on the Retail Closing Date |
| Retail Oversubscription Facility | the facility described in Section 5.6 under which Eligible Retail Shareholders may apply for additional New Shares in excess of their Entitlement |
| Section | a section of this Retail Entitlement Offer Booklet |
| Share | a fully paid ordinary Ausdrill share |
| Shareholder | the registered holder of an Existing Share |
| Share Registry | Computershare Investor Services Pty Limited (ACN 078 279 277) or any other person appointed as registry by Ausdrill from time to time |
| U.S. or United States | has the meaning given to that term in Rule 902(l) under the U.S. Securities Act |
| U.S. Private Placement | The offer and sale of New Shares in the United States by Ausdrill to Approved U.S. Investors and Approved U.S. Shareholders in the manner contemplated by the Underwriting Agreement and pursuant to an exemption from the registration requirements of the U.S. Securities Act available under Section 4(a)(2) thereof or in a transaction not subject to such registration requirements in reliance on Regulation S thereunder |
| U.S. Securities Act | *U.S. Securities Act of 1933* |
| Underwriters | Deutsche Bank AG, Sydney Branch and UBS AG, Australia Branch, the joint lead managers, bookrunners and underwriters of the Equity Raising |
| Underwriting Agreement | the underwriting agreement dated 15 August 2018 between Ausdrill and the Underwriters, as described in Section 7.5 |

## 10 Corporate directory

**Ausdrill**

Ausdrill Limited

6-12 Uppsala Place

CANNING VALE WA 6000

**Ausdrill Shareholder Information Line**

1300 367 027 (within Australia) or

+61 (3) 9415 4000 (outside Australia)

Open 8.30am to 5.00pm (Sydney time) Monday to Friday during the Retail Entitlement Offer Period

**Share Registry**

Computershare Investor Services Pty Ltd

GPO Box 505

MELBOURNE VIC 3001

**Underwriters and joint lead managers**

Deutsche Bank AG, Sydney Branch

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SYDNEY NSW 2000

UBS AG, Australia Branch

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2 Chifley Square

SYDNEY NSW 2000

**Financial Advisor**

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Grant Samuel

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1 Farrer Place

SYDNEY NSW 2000

**Legal Advisor**

Johnson Winter & Slattery

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PERTH WA 6000