

25 OCTOBER 2018

Market Announcements Office
Australian Securities Exchange Limited
Level 4
20 Bridge Street
Sydney NSW 2000

Dear Sir,

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

Yours faithfully



STRATI GREGORIADIS
Company Secretary
AUSDRILL LIMITED

**BRINGING MORE
TO MINING**

2018 ANNUAL GENERAL MEETING

Address to shareholders

Chairman: *Ian Cochrane*

Ladies and Gentlemen

It is a pleasure to be addressing you at my first AGM as Chairman of Ausdrill. The past 12 months have represented a significant year for the Company – we reported a strong earnings result with a 96 per cent increase in our net profit, achieved further improvements in our leading safety record, and announced a transformative acquisition of leading underground miner Barminto, which is of course subject to shareholder approval today. In addition, we ensured a smooth transition with the retirement of Ron Sayers, the sell down of his shareholding in the Company, and the appointment of a highly credentialed new Managing Director in Mark Norwell, as well as undertaking a board renewal strategy.

I would like to expand on a few of these events in my address today. I will then invite Mark to introduce himself to shareholders to give us an insight as to his intentions and the expected outlook for Ausdrill after commencing in the role just over a month ago.

Highlights for the year

The 2018 financial year was a busy one for the Company, with Ausdrill mobilising and ramping up at five new sites – Mako in Senegal, Boungou in Burkina Faso, Yanfolila in Mali, Subika in Ghana (through the AUMS joint venture), and Wodgina in Australia. We have accordingly committed large capital and working capital expenditures to these projects and grown our workforce to deliver on the work. In total, Ausdrill secured more than \$500 million of new work and contract extensions during the year.

Importantly, the operational growth translated into a strong year financially. As I noted earlier, we reported significant earnings growth in FY18, with reported net profit after tax of \$61.1 million. A key factor in this result was the growth in revenue, up 16.4 per cent over FY17 to \$887.3 million. This was driven by work on the new projects I mentioned in Burkina Faso, Mali, and Senegal. The earnings growth, coupled with an improved balance sheet position, meant the Company was able to return total dividends for FY18 of 7.0 cents per share to shareholders, up from 4.0 cents per share in FY17.

The operational and financial success of the business is a credit to the leadership and focus of our executive team and the commitment and dedication of the entire Ausdrill family.

In addition to these achievements, Ausdrill has remained at the forefront of industry developments with ongoing innovation and technology investments throughout the year. This included acquiring a strategic stake in HiSeis, a business that is focused on resource definition. We also invested in Chrysos, a company that is focused on rapid mineral ore assessment. The Chrysos technology has the potential to be a game-changer for the industry and Ausdrill is excited to be part of this journey.

As noted at last year's AGM, a part of our strategy over recent years has been to dispose of non-core businesses. This continued in FY18, with Ausdrill selling Diamond Communications to Power Lines Plus. Ausdrill owned this business for 19 years and is pleased to see it find a home more aligned with its business model.

People and safety

As always, our highest priority is to ensure all our people return home safely at the end of their shift. With a number of new projects starting during the year, we ended FY18 with 5,278 employees across 10 countries, up from 4,582 employees 12 months prior.

I am very pleased to be able to report that the Group's safety performance improved during the year. Our continued engagement and commitment to the well-being of Ausdrill's employees resulted in a 25 per cent reduction in the number of recordable injuries, and a 41 per cent reduction in the Total Recordable Injury Frequency Rate, which are record low levels.

Furthermore, I am proud that Ausdrill has continued to support the communities in which we operate. This is consistent with our values, commitment to shareholders and our social contract – to build our business along with sustainable communities.

Challenges

There were, of course, some challenges in the year. For example, as demand for mining services has increased, competition for high-quality labour and lead times for equipment have tightened. To address this, we have reviewed our remuneration and benefits practices to ensure we remain market competitive so that we can retain and attract quality staff. As a Company, we have significant equipment maintenance and rebuild capabilities that allow us to maintain our existing fleet. Additionally, due to our size and replacement capital cycle, we constantly de-risk equipment lead time factors by rationalising idle equipment, rebuilding existing gear, and placing forward orders to secure build slots. We will continue to monitor equipment lead times but at this stage will not commit to growth capital until we secure new work.

Meanwhile, Ausdrill demobilised at three projects during the year, being Siguiri in Guinea, and Ravensthorpe and Prominent Hill in Australia. These serve as a reminder that the Company operates in a cyclical and competitive environment and must continue to maintain its customer focus to secure new work to remain successful into the future.

Barmingo Acquisition

Following financial year end, on 15 August 2018 we announced that Ausdrill had agreed to acquire 100 per cent of Barmingo, a leading provider of underground hard-rock contract mining in Australia and Africa. This acquisition, if approved by shareholders, will transform Ausdrill into the second largest mining services company in Australia, diversify and broaden our service offering, and is financially compelling.

We know the Barmingo business well. Both Ausdrill and Barmingo have roots in the Goldfields of Western Australia and have been in a 50/50 joint venture in Africa since 2007, which you would know as African Underground Mining Services or AUMS.

To ensure we had confidence in the Barmingo business, an independent Board sub-committee was appointed to oversee a thorough due diligence process, including examining existing contracts (most of which have been rolled over several times), as well as Barmingo's equipment, operational performance, people and pipeline.

The sub-committee also negotiated the terms of the transaction. It has been structured as a predominately scrip deal, with 150.7 million Ausdrill shares to be issued and \$25.4 million in cash to be paid as consideration to Barmingo's vendors.

At completion of the transaction, Barminco's vendors will own approximately 22.1 per cent of the enlarged Ausdrill, with associated escrow arrangements in place.

Importantly, these terms mean the acquisition is expected to be materially earnings per share accretive for Ausdrill shareholders, with underlying pro forma FY18 earnings indicating EPS(A) accretion of over 28 per cent (excluding synergies). The transaction will also add financial strength across a range of metrics, including resulting in Ausdrill being a higher margin business with an improved return on average capital employed.

With our existing knowledge of the Barminco business, thorough due diligence performed, and terms of the deal, I speak for the entire Board when I say that we believe this is a compelling transaction for Ausdrill shareholders. An Independent Expert declared the transaction to be fair and reasonable, and we, the Board, unanimously recommend that shareholders vote in favour of the acquisition.

Board renewal

As I mentioned earlier, the Board implemented a board renewal strategy which was aimed at providing shareholders with a balanced representation, harnessing diversity, and skillsets with a long-term future focus.

I'd like to firstly acknowledge the contributions from our long-standing Chairman, Terry O'Connor, and the Company's founder and Managing Director, Ron Sayers, who both retired in the year. On behalf of the Board I would like to thank them both for their service and leadership. The Company hosted a farewell party for Ron at the end of August 2018. I'd also like to thank former non-executive directors Mark Connelly and Don Argent for their contributions.

Ausdrill appointed two new non-executive directors, Robert Cole and Alexandra Atkins, to the Board, and I would like to welcome them here today. Their combined wealth of knowledge and experience strengthens the Board and provides a diverse and comprehensive skill set to support Ausdrill in its strategy to grow and diversify the business, and to be more technology and innovation focused. In addition to these Board appointments, we have a very strong and committed executive team in place which will enable the Company to capitalise on the next phase of growth.

Lastly, I would like to welcome Mark Norwell to Ausdrill. In June, after an extensive international search, the Board appointed Mark as the Company's new Managing Director. Mark is a highly experienced mining services executive and was, until recently, the Executive General Manager of Strategy & Growth at Thiess, and a member of Thiess's executive leadership team. Over a 20-year career in the mining services sector, he has held senior roles with Leighton Contractors and HWE Mining. Mark commenced in the role at Ausdrill on 17 September 2018.

Looking forward

Ausdrill is in a very good position to capitalise on opportunities to deliver on its long-term strategy of being a tier one global mining services provider. Based on the level of work currently in hand and expected contract renewals, we are targeting 20-30 per cent underlying profit growth in FY19, before taking into account the proposed acquisition of Barminco. Very importantly, we have outstanding, long-term relationships with major mining companies, many of whom have been Ausdrill customers for decades.

We continue to focus on ensuring the safety of our people while delivering value to all our customers. Subject to your approval, another key focus area will be the delivery of a smooth integration of the Barmenco acquisition into our fold while maintaining a prudent and robust balance sheet.

We can, therefore, look forward to another good year and would like to thank our customers, suppliers, shareholders and employees for their ongoing role in the Company's success.

I will now hand over to Mark to say a few words.

Ian Cochrane
Chairman
Ausdrill Limited

2018 ANNUAL GENERAL MEETING

Address to Shareholders

Managing Director: Mark Norwell

Thank you, Ian.

Ladies and Gentlemen, it is a pleasure to be speaking to you at my first AGM as Managing Director of Ausdrill. I wanted to take this opportunity to introduce myself to shareholders by sharing my early impressions of the business and outlining my priorities.

Since starting just over a month ago I have been very impressed with the quality of the business, our people, and our projects. Clearly, Ausdrill is in a strong position today. The business has successfully navigated the mining downturn and delivered strong EPS growth over the last two financial years. Importantly, as Ian said, for a second year running we met the earnings forecasts we promised to the market. This is a testament to the strength of the business and the people within it. Personally, I am humbled by the opportunity to join Ausdrill and look forward to making your company even more successful in the future.

My first priority has been to ensure I have a strong understanding of the business on the ground. Pleasingly, I have already had the opportunity to visit several of our projects, meet many of our people, introduce myself to major investors and meet some of our customers. In speaking with our customers and employees the feedback has been overwhelmingly positive. Due to the scale of our operations I have not been able to visit all our sites and offices yet but will be travelling to the remainder in the near term.

Meanwhile, the Barmenco acquisition presents a major transformative opportunity for Ausdrill. The combined businesses will broaden Ausdrill's service offering and establish us as the clear number two mining services company in Australia, providing a strong platform for future growth. Although I had not commenced as MD when the transaction was announced, the strategic and financial rationale is compelling and the transaction has my full support. I am excited about what this acquisition means for Ausdrill and, subject to shareholder approval, a key priority of mine will be to maximise value by effectively integrating Barmenco into the Group and ensuring ongoing delivery to our current and future customers.

In addition to this, the executive team and I are working to finalise the strategy for the new Ausdrill group, with a focus on:

- the safety of our people;
- client relationships and ensuring project delivery;
- the Barmenco acquisition integration and maximising value of New Ausdrill, that's assuming it is approved today;
- further strengthening our balance sheet by reviewing working capital, asset rationalisation and business discipline;
- the development of strong organisational leadership and culture; and

- growth through M&A and organic expansion in new geographies, commodities and services to generate sustainable shareholder returns.

Essentially, our strategy is simple – we want to deliver world class and value adding mining solutions to our customers in markets where Ausdrill has a competitive advantage. By doing so, we will be in the best position for Ausdrill to deliver further future growth and value for our shareholders.

Thank you.

Mark Norwell
Managing Director
Ausdrill Limited

***** ENDS *****