



Ausdrill Limited  
6-12 Uppsala Place  
Canning Vale WA 6155  
PO Box 1540  
Canning Vale WA 6970

T: 08 9311 5666  
F: 08 9311 5667  
[www.ausdrill.com.au](http://www.ausdrill.com.au)  
ABN: 95 009 211 474

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The Manager  
Company Announcements Office  
ASX Limited  
Level 4  
20 Bridge Street  
SYDNEY NSW 2000

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## MARKET ANNOUNCEMENT

### Acquisition of Hydrogeological Drilling Business

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Ausdrill Limited (**ASX: ASL**) has agreed to acquire 100% of the drilling business trading as Connector Drilling for consideration of approximately A\$30 million together with an earn-out of 50% of EBITDA from completion to 30 June 2011.

Completion is scheduled for late February 2011 following satisfaction of conditions precedent.

Connector Drilling was established in 1992 and is operated from premises in Bullsbrook, Western Australia. The business has developed into a specialised hydrogeological drilling contractor with the most modern fleet of rigs and ancillary equipment in Western Australia. It has established a reputation for leading the market in the area of engineered controls for the reduction of manual handling. The business operates in two areas being waterwell drilling and non-waterwell surface drilling.

#### **Waterwell Drilling**

Connector Drilling is currently regarded as the premier waterwell drilling contractor in Western Australia. Connector Drilling specialises in large diameter bores ( $\leq 24"$ ) and has a depth capacity exceeding 1,000 metres. Connector Drilling operates the only Dual Rotary ("DR") capable rigs with a fully automated pipe and casing handling system.

#### **Other Surface Drilling**

Other surface drilling in the mining sector involves the drilling and casing of surface/ventilation holes, sand and paste fill for underground mines. In addition, there are opportunities to provide gradient test wells and hot aquifer geothermal holes.

The business operates 7 rigs with a further new rig in transit and another on order. The business has over 50 employees and its key customers include: Rio Tinto, Fortescue Metals Group, Newmont and Newcrest.



Ausdrill anticipates that there will be a continued high demand for hydrogeological drilling and that Connector Drilling is well positioned to meet customer needs with rigs that incorporate the latest safety related technologies. Connector Drilling has planned for growth with a modernisation programme of its fleet and has recently commissioned two new DR capable rigs (including a Schramm T130XD), has a third new DR rig in transit, and a fourth rig on order due for completion in April.

The acquisition will be funded from the group's existing cash resources with the key items of plant being refinanced under conventional hire purchase/lease arrangements. The acquisition is expected to be earnings positive for Ausdrill.

"This acquisition is an important and strategic step for Ausdrill as it broadens our capabilities in the services offered to the resources industry" said Mr Ron Sayers.

For further information, please contact:

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

Mr José Martins  
General Manager-Corporate Finance and Investor Relations  
Ausdrill Limited  
Tel: +618-9311 5666