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**AUSDRILL ANNOUNCES \$129.5 MILLION PLACEMENT PLUS  
\$20 MILLION SHARE PURCHASE PLAN**

Ausdrill Limited (ASX:ASL) (**Ausdrill**) today announces a capital raising to raise gross proceeds of up to \$149.5 million (**Capital Raising**), consisting of:

- a placement to institutional and sophisticated investors of 37.0 million fully paid ordinary shares (**Shares**) at \$3.50 per Share marketed chiefly into Australia, New Zealand, Hong Kong, Singapore, Malaysia, the United Kingdom, certain other European countries and the United Arab Emirates to raise \$129.5 million before costs (**Placement**); and
- a subsequent offer to existing eligible shareholders of up to approximately \$15,000 of Shares per eligible shareholder under a Share Purchase Plan (**SPP**) to raise up to a further \$20 million before costs. Shares offered under the SPP will be offered to eligible shareholders at the same price (\$3.50) as the Shares issued under the Placement.

Argonaut Securities Pty Ltd and J.P. Morgan Australia Limited will act as joint bookrunners and joint lead managers to the Placement. It is anticipated that firm commitments will be received in relation to the Placement before open of trade on Friday 8 April 2011. Ausdrill Shares will remain in trading halt pending announcement of the results of the Placement.

The issue price under the Placement and SPP represents a 7.7% discount to the adjusted volume weighted average price for the five day period up to and including 5 April 2011<sup>1</sup>.

Funds raised under the Capital Raising will be used as growth capital required to fund purchases of plant and equipment for projects commencing in the next 12 months or projects which have been tendered for. Funds may also be used to provide an equity contribution to the AUMS joint venture to fund expansion of its underground business, and to facilitate further acquisitions if opportunities arise.

<sup>1</sup> The volume weighted average price of Shares on ASX for the five day period up to and including 5 April 2011, after taking into account that the Shares issued under the Placement and SPP will not be entitled to receive Ausdrill's interim 5.5 cent dividend payable on 21 April 2011, was \$3.79.

Ausdrill's business has experienced strong growth in recent years and, assuming continued strength in the resources sector, Ausdrill anticipates a high level of tender activity in the next 12 months. As a result of the resources sector's increased levels of demand for new equipment, lead times for delivery of new equipment have increased. The Capital Raising will assist Ausdrill to capitalise on opportunities as they arise by, among other things, having equipment available (or on order) at the time of tender.

The Placement Shares and the SPP Shares will **not** be entitled to receive Ausdrill's interim 5.5 cent dividend payable on 21 April 2011. The ex-dividend date for that dividend is 6 April 2011 and the dividend record date is 12 April 2011.

Settlement of the Placement is scheduled for Friday, 15 April 2011 and the Placement Shares are expected to be allotted and issued the trading day after settlement (Monday 18 April 2011). The Placement Shares will rank equally with existing Shares on issue.

Participation in the SPP is optional and will be open to shareholders who were holders of Shares as at 5.00pm (Perth time) on the record date for the SPP, which was Tuesday 5 April 2011, and whose registered address is in Australia or New Zealand. Each eligible shareholder will be able to acquire up to 4,285 Shares under the SPP.

The SPP offer will open, and SPP offer documents will be despatched to eligible shareholders, on or about Wednesday 20 April 2011. The SPP is currently expected to close at 5.00pm (Perth time) on Wednesday 11 May 2011. The SPP Shares are anticipated to be tradeable on Thursday 19 May 2011 and will rank equally with existing Shares on issue. The SPP is not underwritten and will be capped at a total amount of \$20 million. An appropriate scale-back policy will be applied if valid applications exceed \$20 million.

The SPP is non-renounceable. This means that eligible Ausdrill shareholders who do not take up their entitlement to participate in the SPP will not be able to transfer or receive any value for those entitlements.

The Capital Raising will not require shareholder approval. However, Ausdrill may seek shareholder approval in the future to ratify the issue of Shares under the Placement so as to reinstate its capacity to issue Shares pursuant to the ASX Listing Rules.

Further details relating to the Capital Raising and an indicative timetable for the Capital Raising are set out in the Investor Presentation to be released together with this announcement. The Annexure to this announcement contains some risk factors in relation to an investment in Ausdrill.

## **General disclosure about Ausdrill's businesses**

As is ordinarily the case for Ausdrill at any particular time, Ausdrill and its subsidiaries currently have a number of quotations and tenders outstanding and/or are negotiating a number of contracts. Several of these potential contracts may, if awarded, be material. There is no guarantee that some or all of the tenders will ultimately be awarded to Ausdrill or its subsidiaries.

Ausdrill also regularly examines new acquisition opportunities which may relate to existing businesses or to new areas of operation for Ausdrill. This may lead to changes in the source of Ausdrill's earnings and variability in earnings over time. From time to time, Ausdrill receives unsolicited approaches from interested buyers for assets or businesses operated by Ausdrill or to make investments in Ausdrill. These approaches are evaluated on their merits. Other than as otherwise disclosed on ASX, there are no discussions presently being undertaken in relation to acquisitions, divestments or investments in Ausdrill that are sufficiently advanced or sufficiently material to Ausdrill's earnings that Ausdrill considers warrant disclosure at this time.

For further information about Ausdrill or the Capital Raising, please contact:

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## **Annexure – Key risks in relation to Ausdrill**

This section discusses some of the key risks associated with an investment in shares in Ausdrill. A number of risks and uncertainties, which are both specific to Ausdrill and of a more general nature, may adversely affect the operating and financial performance or position of Ausdrill, in turn affecting the value of Ausdrill shares and the value of an investment in Ausdrill.

The risks and uncertainties described below are not an exhaustive list of the risks facing Ausdrill in connection with the Capital Raising or associated with an investment in Ausdrill. Additional risks and uncertainties may also become important factors that adversely affect Ausdrill's operating and financial performance or position.

This announcement is not financial product advice and has been prepared without taking into account your investment objectives or personal circumstances.

Before investing in Ausdrill shares, you should consider whether an investment is suitable for you. Potential investors should consider publicly available information on Ausdrill (such as that available on the websites of Ausdrill and ASX), carefully consider their personal circumstances and consult their stockbroker, solicitor, accountant or other professional adviser before making an investment decision.

### **Ausdrill specific risks**

#### **1. Industry cycle**

Ausdrill operates predominantly in the mining sector. Any variance in the level of activity in this sector will be influenced by factors that may have an adverse effect on operating results and are beyond the control of Ausdrill including metal prices, supply and demand, exchange rates, competitiveness of Australian mining operations, policies of mine owners, including their decisions to undertake their own mining operations or outsource these functions, and availability and cost of key resources including people, equipment and critical consumables.

#### **2. Increased or new competition**

Ausdrill faces competition in its businesses. To the extent that there are new entrants or changes in strategy by existing competitors or mine owners Ausdrill may lose market share with consequent adverse effects upon operating and financial performance.

#### **3. Foreign exchange**

Ausdrill's revenue, operating and other business expenditure is determined principally in Australian dollars, US dollars, South African rand (ZAR) and CFA Francs. Fluctuations in the exchange rate between the Australian dollar and the other operating currencies will result in foreign exchange gains and losses which may impact on Ausdrill's financial performance. With a large mining services business in Africa that is effectively denominated in US dollars, changes in foreign currency exchange rates may affect the book value of Ausdrill's assets and revenues and may increase or decrease its liabilities and costs.

#### **4. Interest rates**

Ausdrill has fixed interest rates on all equipment funding and variable interest rates on working capital funding. Funds on deposit with banks earn interest at variable rates, which may increase or decrease.

#### **5. Environmental risks**

Extensive national environmental laws and regulations in Australia affect the operations of Ausdrill. The laws and regulations set various standards that regulate certain aspects of health and environmental quality, provide penalties or other remedies for any violation of standards and, in certain circumstances, impose obligations to undertake remedial action in current locations where operations are conducted. There is a risk that significant damages or penalties might be imposed on Ausdrill group companies, including for certain

discharges into the environment, effects on employees, sub-contractors or customers, or as clean up costs.

**6. Indexation under customer contracts**

A portion of Ausdrill's revenue is dependent on the level of indexation under its long-term contracts, which is linked to increases in prices of labour, materials and overheads. In nearly all contracts, the indexation is based on publicly available indices for wage levels, and consumable prices. There may be a difference between the increase in Ausdrill's costs and the movement in the publicly available indices that may result in Ausdrill not being adequately compensated for costs increases.

**7. Shortage of skilled employees**

Ausdrill's continued growth is reliant on its ability to attract and retain skilled employees. There is a shortage of skilled employees in the resources sector generally, and particularly in Australia where unemployment rates are currently low. Ausdrill's growth may be constrained if it is unable to source appropriate personnel on appropriate terms.

**8. Reliance on key personnel**

The responsibility of overseeing day-to-day operations and the strategic management of Ausdrill is concentrated amongst a small number of key employees. While it is not currently anticipated, one or any number of these key employees may cease employment with Ausdrill. The loss of any such key employees could have the potential to have a detrimental impact on Ausdrill until the skills that are lost are adequately replaced.

**9. Occupational health and safety**

Ausdrill manages, with its clients, certain risks associated with the occupational health and safety of its employees. Ausdrill takes out insurance to cover these risks in certain parameters, however it is possible for injuries and/or incidents to occur which may result in expenses in excess of the amount insured or provided for with a resultant impact on Ausdrill's earnings.

**10. Reliance on key customers**

Ausdrill's businesses rely on a number of long-term contracts and business relationships. If any of the key customers reduces production or terminates the relationship, this may have an adverse effect on the financial performance and/or financial position of Ausdrill.

**11. Equipment**

Ausdrill is dependent on access to new and used mining and drilling equipment and related parts. If Ausdrill is unable to source suitable equipment and parts, or is unable to procure equipment and parts within the required lead times, its ability to perform existing contracts or commence new contracts may be adversely affected.

**12. Sovereign risk**

Ausdrill and its clients operate in various countries. There is a risk that the actions of a government, or other unforeseen events, in any of these countries may adversely affect Ausdrill's operational flexibility or profitability.

**13. Industrial disputes**

Industrial disputes may arise from claims for higher wages and/or better working conditions in the industry in which Ausdrill operates. This could disrupt operations and impact on earnings.

**14. Risks associated with future growth initiatives**

Ausdrill intends to grow both organically and through new investment opportunities. There are always risks that the benefits, synergies or efficiencies expected from such

investments or growth opportunities may take longer than expected to be achieved or may not be achieved at all. Any investments pursued could, for a variety of reasons, have a material adverse effect. Growth also brings substantial demands on management.

**15. Litigation risk**

Exposure to litigation brought by third parties such as customers, regulators, employees or business associates could negatively impact on Ausdrill's financial performance through increased costs, payments for damages and damage to reputation.

**16. Insurance**

There may be circumstances where Ausdrill's insurance will not cover, or will not be adequate to cover, the consequences of adverse events arising from operations, or where Ausdrill may become liable for pollution or other operational hazards against which they cannot insure or may have elected not to have insured or keep insured on account of high premium costs or otherwise. In that event Ausdrill could incur significant costs that would have a material adverse effect on its financial position.

**17. Future financing requirements**

At some point in time, Ausdrill may require further financing to support capital expenditure or to meet future objectives. There is no assurance that Ausdrill will be successful in obtaining the financing required as and when needed, on favourable terms. Despite Ausdrill's capital raising track record, volatile markets may make it difficult or impossible for Ausdrill to obtain debt financing or equity financing on favourable terms or at all. Failure to obtain additional financing on a timely basis may compromise Ausdrill's ability to perform existing contracts or commence new contracts or may prevent Ausdrill from achieving other objectives.

**General risks**

**18. Economic conditions**

Adverse changes in economic conditions such as interest rates, exchange rates, inflation, government policy, international economic conditions and employment rates (amongst others) are outside Ausdrill's control and have the potential to have an adverse impact on Ausdrill and its operations.

**19. Stock market fluctuations**

There are risks associated with any investment in a company listed on the ASX. The value of Ausdrill Shares may rise above or below the current price depending on the financial and operating performance of Ausdrill and external factors over which Ausdrill and its Directors have no control. These external factors include economic conditions in Australia and overseas, changing investor sentiment in the local and international stock markets, changes in domestic or international fiscal, monetary, regulatory and other government policies and developments and general conditions in the markets in which Ausdrill operates or proposes to operate and which may impact on the future value and pricing of shares.

**20. Regulatory risks**

Ausdrill is exposed to changes in the regulatory conditions under which it operates. Such regulatory changes can include, for example, changes in taxation laws and policies, accounting standards, environmental laws and regulations, employment laws and regulations, and laws and regulations relating to occupational health and safety.

**21. Weather and climate conditions**

The current and future operations of Ausdrill may be affected by limitations on activities due to seasonal and unexpected weather patterns, heavy rain, floods and other weather and climate conditions.