

HALF YEAR TO 31 DECEMBER 2011 RESULTS PRESENTATION

23 February 2012

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- **Financial Performance**
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HALF YEAR HIGHLIGHTS AND RESULTS OVERVIEW



Financial Performance

- Attributable NPAT up 50.4% to A\$54.6 million
- Revenue from operations up 23.0% to A\$511.7 million
- EBITDA up 48.8% to A\$142.7 million
- EBIT up 53.1% to A\$86.7 million
- PBT up 57.1% to A\$78.6 million
- Basic EPS up 30.4% to 18.09 cents per share
- Half Year interim DPS up 18.2% to 6.5 cents per share
- Return on average capital invested¹ increased from 12.5% to 14.5%

1. Return on average capital = After tax EBIT/sum of average receivables, inventories, P,P&E, intangibles, associates less trade payables and current tax payable

Operational Performance

- Improved margins resulting from:
 - Increased contribution from Manufacturing
 - First full six month contribution from Connector Drilling
 - Improved performance from AUMS JV
 - Turnaround of Energy Drilling Australia
 - High equipment deployment (except for diamond drilling rigs)
- Tendering activity remains high, particularly in West Africa
- Expectation that contracts nearing end of term will be renewed in next quarter being: KCGM (Superpit), OZ Minerals (Prominent Hill), Ensham and FMG (Cloudbreak drill and blast)
- Group employees (including AUMS JV) increased to 5,054 from 3,802 in corresponding half

Strategic Performance

- Complete mining services strategy on track:
 - MinAnalytical to be fully operational by Q2, 2012
 - Connector Drilling fleet expanding from 10 to 15 by June 2012
 - Energy Drilling Australia fleet expanding from 1 to 3 with consideration of well servicing equipment
 - Entry into Australian underground mining sector under evaluation
 - Expansion of Australian manufacturing capacity being planned
- Acquired remaining 50% of EDA and remaining 10% of DT HiLoad
- Capacity increased with \$158 million investment in plant and equipment
- Net debt to equity at 28.2% as at 31 December 2011
- New A\$150 million term debt facility being negotiated

FINANCIAL PERFORMANCE

6 months to 31 December 2011



FINANCIAL PERFORMANCE

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A\$ million	6 months to Dec 10	6 months to Jun 11	6 months to Dec 11	% Change from previous corresponding period
Revenue	416.0	423.2	511.7	23.0%
EBITDA	95.9	99.5	142.7	48.8%
<i>EBITDA Margin ⁽¹⁾</i>	23.2%	23.6%	28.0%	480 bp
EBIT	56.6	56.3	86.7	53.1%
<i>EBIT Margin ⁽²⁾</i>	13.7%	13.4%	17.0%	330 bp
Profit attributable to Ausdrill	36.3	37.1	54.6	50.4%
<i>Net Profit Margin ⁽³⁾</i>	8.8%	8.8%	10.7%	190 bp
Return on Average Capital ⁽⁴⁾	12.5%	11.2%	14.5%	200 bp

- Revenue and reported profits are at record levels
- Profits and margins include start up costs on MinAnalytical, unrealised FX gains, AUMS JV contribution, gain on acquisition of EDA, amortisation of intangibles and tax adjustment

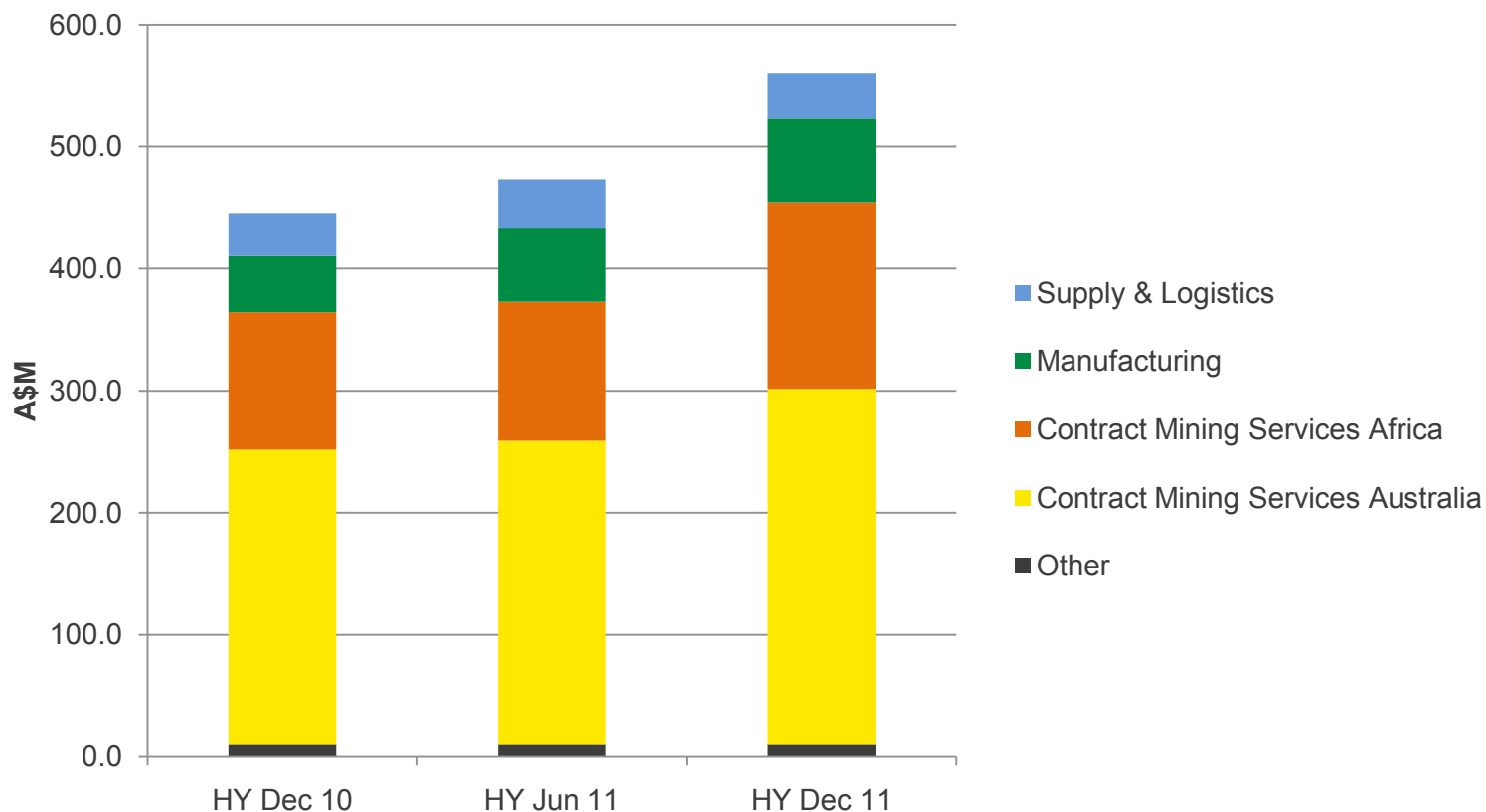
1) EBITDA Margin = Profit from continuing operations plus depreciation and amortisation expense plus net finance costs as a % of revenue excluding interest received

2) EBIT Margin = Profit from continuing operations plus net finance costs as a % of revenue excluding interest received

3) Net Profit Margin = Profit from continuing operations as a % of revenue

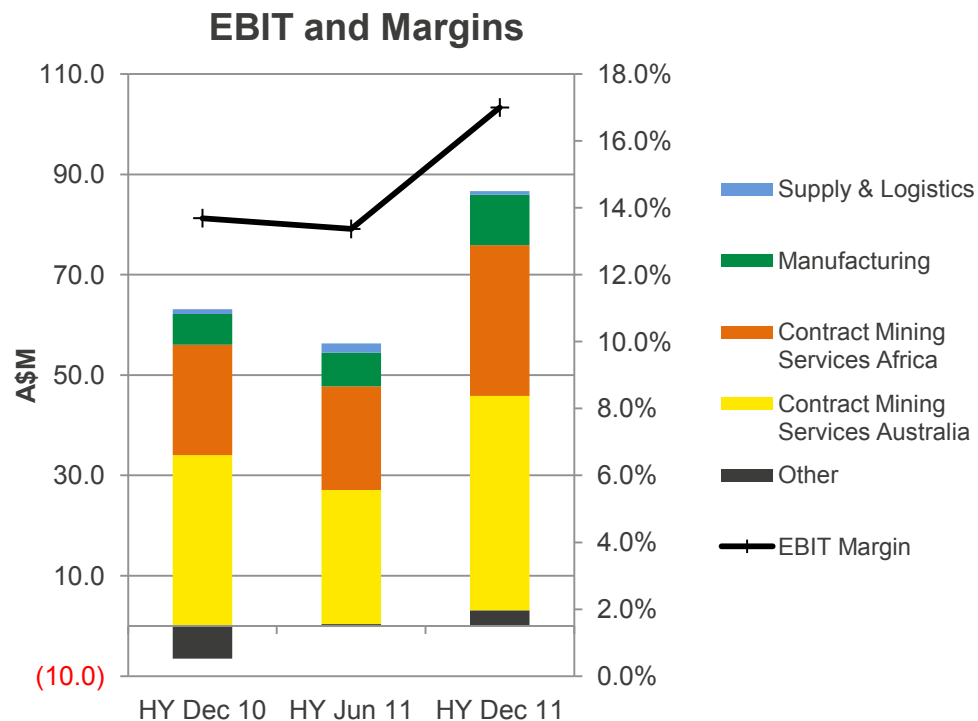
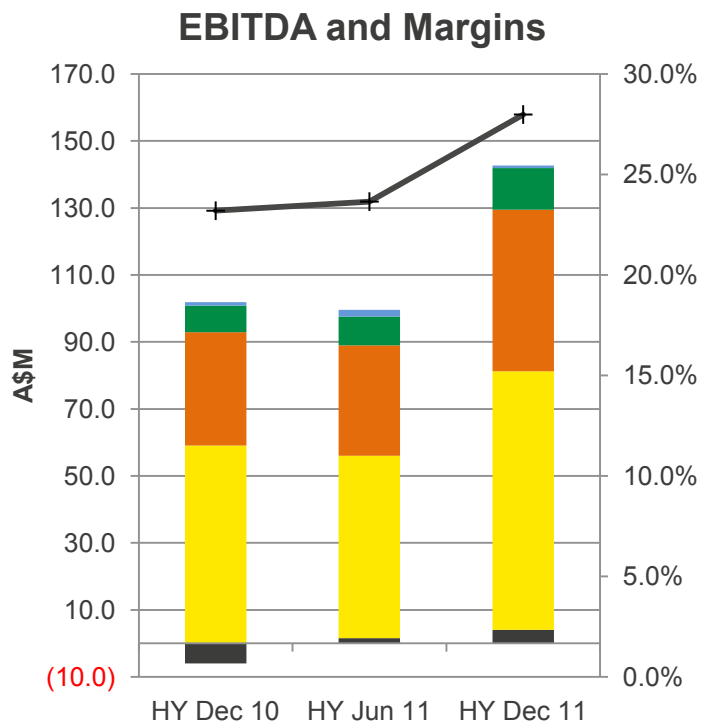
4) Return on average capital = After tax EBIT/sum of average receivables, inventories, P,P&E, intangibles, associates less trade payables and current tax payable

Sales Revenue Composition (pre eliminations)



- Revenue at record levels and increased in all segments

Segment Earnings and Margins

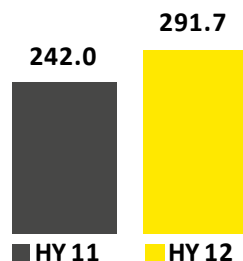


- EBITDA margin includes new business start up costs, unrealised FX gains/losses and AUMS contribution
- EBIT margin also includes amortisation of intangibles

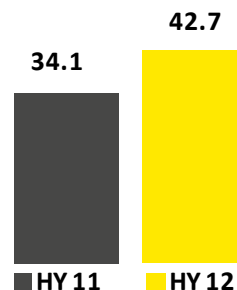
CONTRACT MINING SERVICES

AUSTRALIA

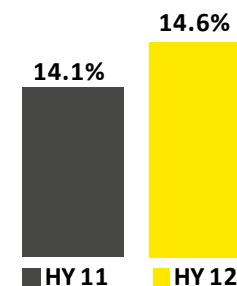
Sales Revenue (A\$m)



EBIT (A\$m)



EBIT Margin

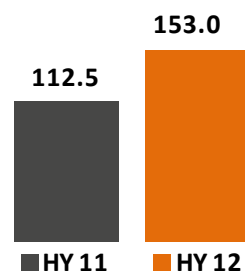


- Revenues increased with general growth in mining sector
- Ausdrill Mining Services showing full deployment of hire fleet
- Energy Drilling Australia now wholly owned
- Connector Drilling made its first full six month contribution
- MinAnalytical to be fully operational in Q2 of 2012
- Reported margins include effects of start-up costs (MinAnalytical), amortisation of intangibles

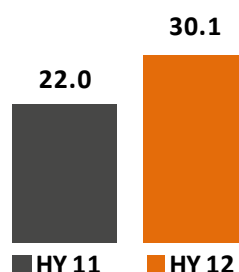
CONTRACT MINING SERVICES

AFRICA

Sales Revenue (A\$m)



EBIT (A\$m)



EBIT Margin



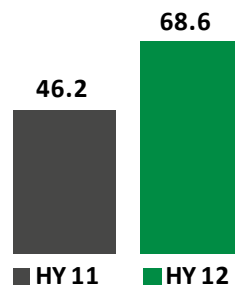
- Revenues higher from increased level of activity
- Exploration fleet at full capacity, other than diamond rigs in Zambia
- African Underground Mining Services (50% owned) contributed net profit of \$6.4 million (HY11: \$2.5 million)
- Stronger A\$ has impacted on reported earnings – if translated at HY11 rates then HY12 revenues and NPAT would be higher by A\$16.6 million and A\$2.6 million respectively

PERFORMANCE BY SEGMENT

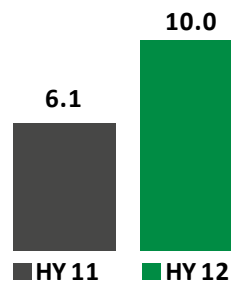
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MANUFACTURING

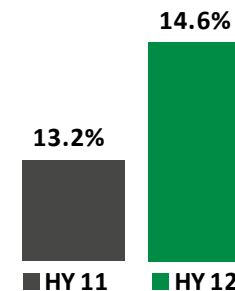
Sales Revenue (A\$m)



EBIT (A\$m)



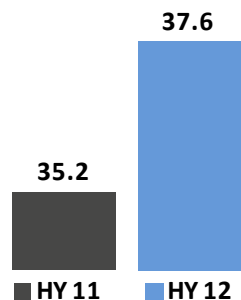
EBIT Margin



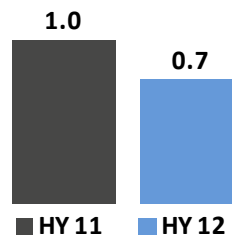
- All businesses comprising:
 - Drilling Tools Australia;
 - Drill Rigs Australia;
 - Remet Engineers; and
 - DT HiLoadhave recorded improved sales and profits
- External sales make up almost half of segment sales

SUPPLY AND LOGISTICS

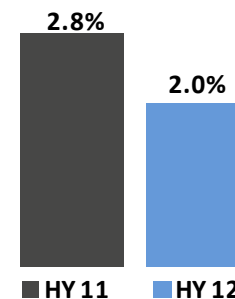
Sales Revenue (A\$m)



EBIT (A\$m)



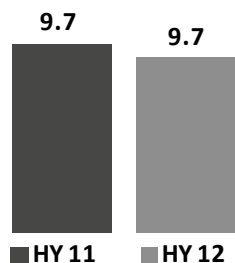
EBIT Margin



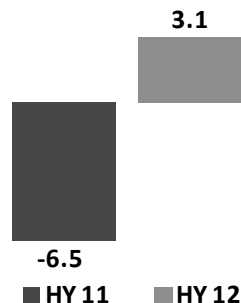
- Increased level of activity offset by increased bad debt provisions in the period
- External sales amounted to A\$14.1 million

ALL OTHER

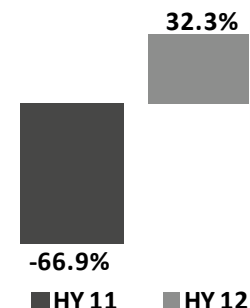
Sales Revenue (A\$m)



EBIT (A\$m)



EBIT Margin



- Comprises Diamond Communications, Properties and Corporate overheads
- Diamond Communications reported improved result from operations in western half of Australia. NBN opportunity yet to materialise
- EBIT includes unrealised FX gains in this segment of A\$2.5 million and the accounting gain on acquisition of EDA

FINANCIAL PERFORMANCE

CONTRACT MINING SERVICES

AFRICAN UNDERGROUND MINING SERVICES

- Ausdrill share of African Underground Mining Services on a pro-forma basis

A\$000's	6 months to Dec 10	6 months to Jun 11	6 months to Dec 11
Revenue	27,939	33,712	51,465
EBITDA	6,125	9,446	13,664
<i>EBITDA Margin</i>	21.9%	28%	26.6%
EBIT	3,531	5,828	8,640
<i>EBIT Margin</i>	12.6%	17.3%	16.8%
Profit before tax	2,880	5,496	7,617
Net profit after tax	2,538	5,162	6,411

- Revenues and profits rising as AUMS increases activity levels
- Currently focussed in Ghana and Mali
- The reported segment results for Contract Mining Services - Africa only includes the equity accounted share of profits of African Underground Mining Services (50% owned)

Balance Sheet

A\$ million	6 months to Dec 11
Cash and cash equivalents	81.3
Receivables	197.3
Inventories	167.2
Property, plant and equipment	657.3
Intangibles	33.9
Other Assets	40.1
Total Assets	1,177.1
Payables	148.7
Borrowings	278.0
Provisions	10.0
Other Liabilities	43.3
Total Liabilities	480.0
Shareholder Equity	697.1

Note: Columns may not add due to rounding

- At 31 December 2011 the Group had net debt of A\$196.7 million
- NTA per share increased to A\$2.19 per share

Cashflow

A\$ million	6 months to Dec 11
Operating cash flows after interest and tax	68.3
Debt repayments	(50.0)
Capital expenditure	(104.0)
Proceeds from asset disposals	1.0
Share issue proceeds	0.9
Proceeds from secured borrowings	50.6
Purchase of business	0.1
Loan to Associates	(7.6)
Other movements	(1.7)
Cash flow before shareholder return	(42.4)
Dividends	(16.6)
Net Cash Flow	(59.0)

Working Capital Changes since June 2011	A\$m
Receivables	17.6
Inventories	28.3
Payables	(6.1)
Net Increase	39.8

Note: Columns may not add due to rounding

- Operating cash generated during period impacted by increase in working capital as revenue grows
- Higher level of capex to cater for actual and expected increase in activity
- Excludes capex under Hire Purchase agreements of A\$50.4 million

Capital Expenditure

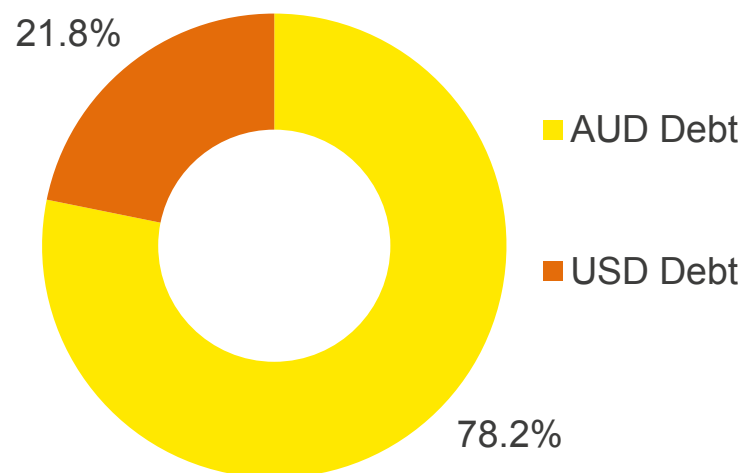
A\$ million		6 months to Dec 11
Australia	▪ Drill & Blast, Exploration, Connector, EDA	55.6
	▪ Mining Services (Equipment Hire)	15.6
		71.2
Africa	▪ Ghana	72.7
	▪ Mali	0.4
	▪ Tanzania	1.9
	▪ Zambia	0.2
	▪ Burkina Faso	2.8
		78.0
Manufacturing		6.7
Supply & Logistics		0.1
Other		2.4
TOTAL		158.4

- Net capex spend in 6 months to 31 December 2011 of A\$158 million (incl HP's of A\$50.4m)
- Depreciation of A\$53.4 million
- Balance of FY2012 capex dependant on new work
- Relationships with key suppliers and programmed orders on certain items assists in coping with lengthening delivery times on major capital equipment

Note: Columns may not add due to rounding

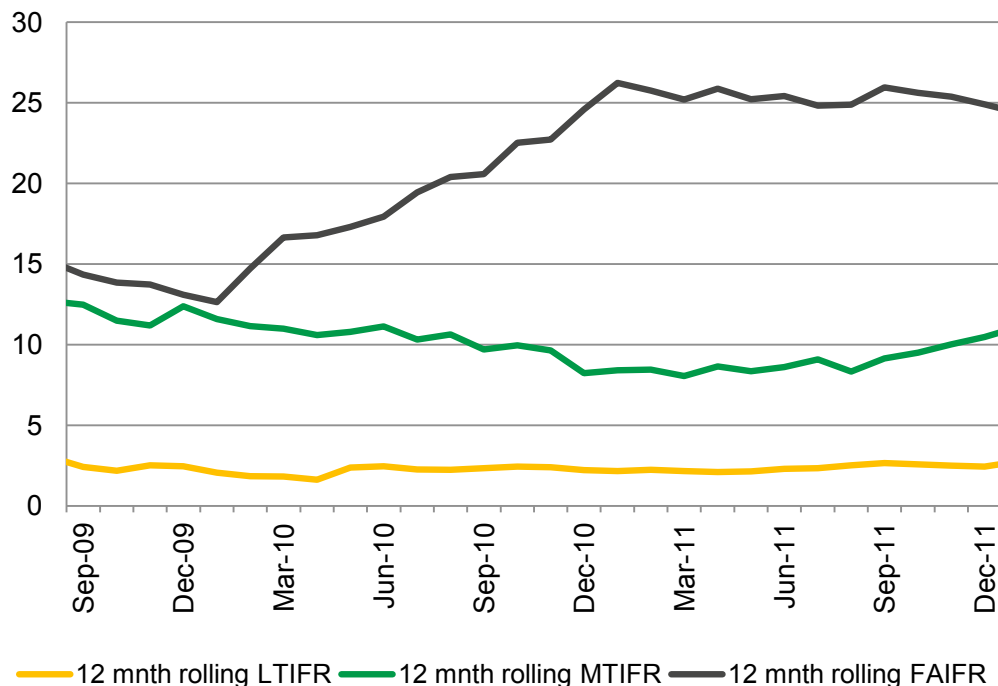
Group Debt Position

- At 31 December 2011 the Group had gross debt of A\$278.0 million, net debt of A\$196.7 million
- USD debt naturally hedged
- Net Debt to Equity is 28.2%
- No off balance sheet debt – no operating leases are used for P&E
- AUMS JV is separately funded and is not included on balance sheet as it is equity accounted
- Net Interest Cover 10.7 times
- New general purpose A\$150 million term debt facility being negotiated with domestic bank



SAFETY AND PEOPLE



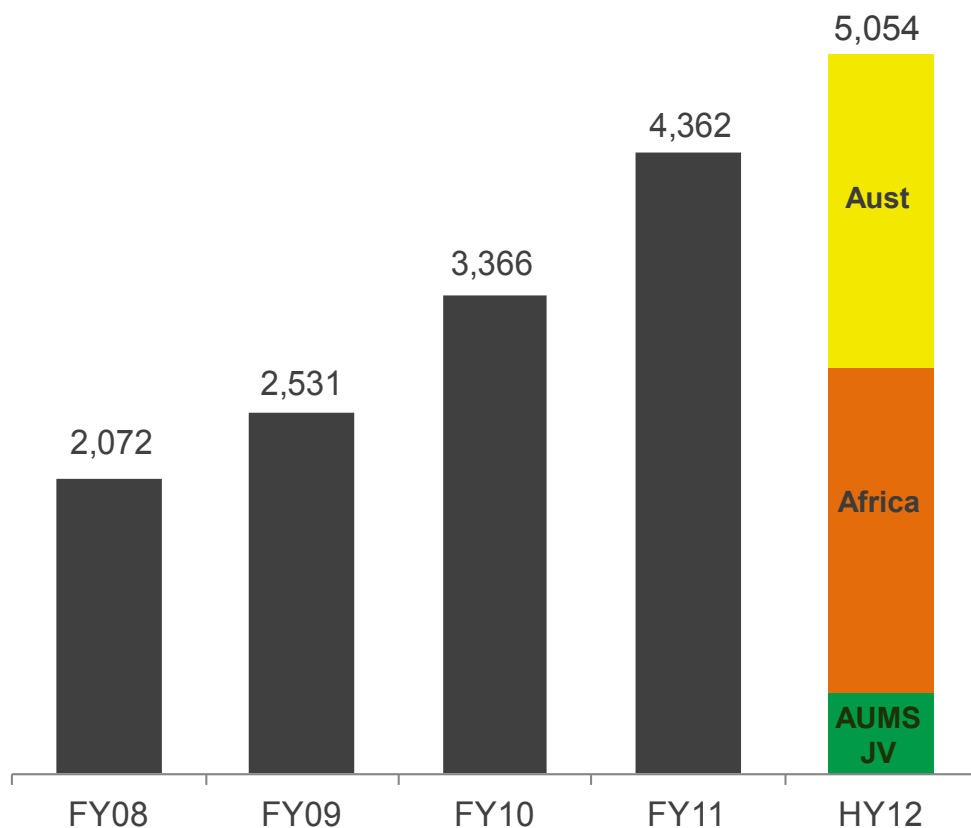


LTIFR: Lost Time Injury
 MTIFR: Medical Treatment Injury
 TRIFR: Total Recordable Injuries (sum of LTI's and MTI's)

■ Current Projects

- Rollout of Event Management System
- Rollout of Risk Framework
- Frontline Leadership training programme continuing
- Development of training package for Drilling Training
- Quality based document management centre being rolled out

■ Fatality in Ghana during mining operations



- Employee numbers continued to increase on previous years as a result of ongoing opportunities in Australia and Africa
- At 31 December 2011 the number of employees within the Group, including jointly owned entities, increased to 5,054 – an increase of 15.9% on the full year to June 2011 and 32.9% on the half year to December 2010
- Skilled labour shortage remains a key issue

OUTLOOK



POSITIVES

- Mining sector activity remains strong
- Target of A\$1 billion in revenue for FY12 based on current level of work
- Second half of FY2012 to be similar to first half
- Key contracts in Australia expected to be renewed next half
- Outlook beyond FY12 remains robust

NEGATIVES

- Sourcing of skilled personnel remains an issue
- Environment remains competitive and new equipment supply still experiencing delays
- High Australian dollar impacts on African earnings

OUTSIDE OF OUR CONTROL

- Gold and iron ore prices remain strong, world economies still mixed and subject to uncertainty
- Effect and impact of further movements in exchange rates from the regions in which we operate

OPPORTUNITIES

- Tender activity remains high with opportunities both in Africa and Australia
- AUMS is presenting good growth opportunities in the West African region
- Good opportunity for further M&A activity as the industry looks for further consolidation
- Opportunity to increase participation in coal seam gas drilling through Energy Drilling Australia
- Add to Connector drilling with dewatering services
- Establish underground contract mining business in Australia
- Expand manufacturing capability in Australia and range of product

APPENDICES

- Profit & Loss
- Balance Sheet
- Cashflow

PROFIT & LOSS

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A\$ million	HY DEC 10	HY JUN 11	HY DEC 11	% change from previous corresponding period
Sales Revenue	413.4	421.2	509.9	23.0%
Interest Income	2.5	2.0	1.9	
Materials	(139.1)	(144.7)	(162.8)	
Labour	(139.3)	(144.0)	(166.6)	
Rental and hire	(13.1)	(13.1)	(12.7)	
Depreciation & Amortisation Expense	(39.3)	(43.2)	(56.0)	
Finance Costs	(9.1)	(8.9)	(10.0)	
Share of Associates Profits/(losses)	0.6	3.0	6.4	
Other items	(26.6)	(22.8)	(31.5)	
Profit Before Tax	50.0	49.5	78.6	
EBITDA	95.9	99.5	142.7	48.8%
<i>EBITDA Margin</i>	23.2%	23.6%	28.0%	
EBIT	56.6	56.3	86.7	53.1%
<i>EBIT Margin</i>	13.7%	13.4%	17.0%	
Profit attributable to Ausdrill	36.3	37.1	54.6	50.4%
<i>Net Profit Margin</i>	8.8%	8.8%	10.7%	

Note: Columns may not add due to rounding

BALANCE SHEET

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A\$ million	HY DEC 10	FY JUN 11	HY DEC 11
Cash and cash equivalents	67.6	140.7	81.3
Current Receivables	142.8	170.7	188.3
Inventories	108.1	139.0	167.2
Property, plant and equipment	466.3	542.8	657.3
Intangibles	34.1	34.7	33.9
Other Assets	23.6	41.8	49.1
Total Assets	842.5	1,069.7	1,177.1
Payables	116.9	142.6	148.7
Borrowings	191.5	223.6	278.0
Provisions	6.8	8.0	10.0
Other Liabilities	21.8	40.6	43.3
Total Liabilities	337.0	414.8	480.0
Shareholder Equity	505.5	654.9	697.1
Net Debt	123.9	82.9	196.7

Note: Columns may not add due to rounding

CASHFLOW

31

A\$ million	HY DEC 10	HY JUN 11	HY DEC 11
Receipts from customers (inclusive of GST)	420.8	421.2	530.0
Payments to suppliers and employees (inclusive of GST)	(341.0)	(364.9)	(432.3)
	79.8	56.3	97.7
Interest received	2.5	2.0	1.9
Interest and other costs of finance paid	(8.8)	(8.4)	(9.5)
Income taxes paid	(7.0)	(3.3)	(22.2)
Other	2.8	1.5	0.4
Net cash inflow from operating activities	69.4	48.0	68.3
Payment for purchase of business	0.0	(28.2)	0.1
Payments for property, plant and equipment	(69.6)	(53.4)	(104.0)
Proceeds from sale of property, plant and equipment	2.3	6.5	1.0
Loans to related parties	0.0	0.6	(7.5)
Payment for purchase of equity instruments	(6.7)	(6.3)	0.0
Other	0.0	0.2	(1.8)
Net cash (outflow) from investing activities	(74.0)	(80.6)	(112.2)
Proceeds from issues of shares and other equity securities	0.5	129.1	0.9
Proceeds from borrowings	0.0	32.0	50.6
Repayment of borrowings	(18.5)	(11.8)	(17.7)
Repayment of hire purchase and lease liabilities	(36.9)	(30.3)	(32.3)
Dividends paid to company's shareholders	(14.3)	(13.0)	(16.6)
Net cash (outflow) inflow from financing activities	(69.3)	106.0	(15.1)
Net (decrease) increase in cash and cash equivalents	(73.9)	73.4	(59.0)
Cash and cash equivalents at the beginning of the period	144.4	0.0	140.7
Effects of exchange rate changes on cash and cash equivalents	(2.9)	(0.3)	(0.4)
Cash and cash equivalents at end of period	67.6	73.1	81.3

Note: Columns may not add due to rounding

Excludes capital expenditure financed under hire purchase

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TO MINING**