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COMPLETION OF BARMINCO ACQUISITION AND BUSINESS UPDATE

Diversified mining services company Ausdrill Limited (ASX:ASL) (“**Ausdrill**”) is pleased to announce that all of the conditions required to complete the acquisition of leading underground hard-rock mining contractor Barmenco have now been satisfied and that completion of the acquisition has occurred.

With the Barmenco acquisition now complete, Ausdrill has transformed into the second largest mining services company in Australia, by revenue, and the leading ASX-listed pure-play mining services company.

Ausdrill Managing Director Mark Norwell said the acquisition was a logical fit, transforming Ausdrill into a lower capital intensity and higher return business that provided strong growth opportunities for the Company’s shareholders and employees.

“Barmenco is a complementary business to Ausdrill, with a leading market position in underground hard rock mining that establishes the Company as a more diverse group with a broader service offering sought by our customers,” Mr Norwell said.

“Not only is it a strategically and financially compelling deal, there is a good cultural fit with the two businesses having worked together in Africa through our African Underground Mining Services (AUMS) joint venture for over a decade now.

“Importantly, both companies are expecting earnings growth in FY19 and by bringing the businesses together, our future growth opportunities are enhanced globally.

“A key focus of mine is to maximise value by effectively integrating Barmenco into the Ausdrill group whilst ensuring that ongoing project delivery to our current and future customers remains the top priority.”

As per the terms of the acquisition announced on 15 August 2018, Ausdrill has acquired all of the equity and equity-like instruments in Barmenco in exchange for 150.7 million fully paid ordinary ex-dividend Ausdrill shares and \$25.4 million in cash – equivalent to an equity acquisition price of \$271.5 million and an enterprise value of \$697.0 million¹. Having been issued the Ausdrill shares, the Barmenco vendors now own approximately 22.1 per cent of the enlarged Ausdrill, held by a range of entities.

¹ See Acquisition of Barmenco and Equity Raising Investor Presentation released to ASX on 15 August 2018 for further detail.

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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)². In addition, as announced on 10 September 2018, Ausdrill successfully completed the final stage of the Company's \$250 million equity raising, facilitating the future repayment of the Ausdrill Notes to maintain prudent leverage across the group.

The consideration shares issued are escrowed until the release of Ausdrill's FY19 results in late August 2019. The escrow will cease to apply with respect to one-third of the shares if certain share price conditions are met (see ASX announcement of 15 August 2018).

Meanwhile, integration planning is well progressed, with an organisational structure designed for business performance and growth to be implemented in November, post transaction, under new Ausdrill Managing Director Mark Norwell, who commenced on 17 September 2018. This includes new functions to enhance capability of a performance and technology-driven growth business. Support services in regional hubs will be centralised to support the global business, delivering approximately \$5 million in run-rate cost synergies from duplicated overheads, procurement and other initiatives.

Business Update

Ausdrill is pleased to advise that both Barmenco and Ausdrill have delivered strong first quarter performance in line with internal expectations. Since announcing the acquisition of Barmenco on 15 August 2018, there has been a period of significant activity in respect of major contracts across the expanded group. In particular:

- Barmenco secured the following contract extensions:
 - Five-year \$700 million extension at Sunrise Dam by AngloGold Ashanti
 - Two four-year contracts at the Agnew gold mine by Gold Fields, worth collectively \$335 million
 - Four-year \$240 million extension at the Independence Group Nova nickel-copper-cobalt operation
- AUMS, in joint venture with Rocksure, has been awarded a US\$375 million five-year underground mining services contract at AngloGold Ashanti's Obuasi project in Ghana. In addition, it has commenced the Siou project for Semafo.
- Ausdrill today advises that its wholly owned subsidiary African Mining Services (AMS) has been informed by Perseus Mining Limited that AMS has not been successful in tendering for an extension to its contract at the Edikan Gold Mine in Ghana and it is currently anticipated that AMS will cease works at Edikan at the end of the current calendar year.

Ausdrill reiterates its previous FY19 earnings guidance of 20-30 per cent underlying profit growth in FY19 on a standalone basis, before taking into account the acquisition of Barmenco but allowing for the cessation of the Edikan contract. Furthermore, Ausdrill confirms that it remains on target to meet the analyst consensus FY19 reported underlying NPAT of \$98 million for the consolidated Group, inclusive of the Barmenco earnings from the date of Completion and allowing for the cessation of the Edikan contract.

² See Acquisition of Barmenco and Equity Raising Investor Presentation released to ASX on 15 August 2018 for further detail.

Financing Update

Ausdrill is pleased to announce that it has successfully upsized its revolving credit facility from A\$200 million to A\$300 million.

The incremental bilateral facilities have similar terms and conditions to Ausdrill's existing syndicated revolving facility and the maturities have been aligned to minimise cost. Drawdown under the A\$100 million incremental facilities is subject to satisfaction of conditions precedent customary for facilities of this nature. Caterpillar Finance, an existing syndicate lender, has continued to show strong support for the business and has increased its funding lines and we are delighted to welcome Deutsche Bank and Goldman Sachs into our lender group.

The new facilities carry an interest margin lower than the existing syndicated facility demonstrating Ausdrill's improved credit profile and the strong and continued support shown to Ausdrill by the credit markets. The upsizing of the borrowing facility will ensure Ausdrill retains a prudent level of undrawn liquidity. At present all of these facilities are undrawn.

Ausdrill's Managing Director, Mark Norwell, said: "This additional funding reflects the strong support for the Barmenco acquisition and the significantly enhanced credit profile of the Group.

"The Ausdrill Group is now transformed and well positioned to grow into existing and new markets."

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, India and the United Kingdom. Ausdrill is a leader in open-cut and underground contract mining, diamond drilling, grade control, drill & blast, exploration, mineral analysis, procurement and logistics. The Ausdrill Group employs over 7,000 staff worldwide.

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