



Notice of Annual General Meeting & Explanatory Statement

Hughes Drilling Limited ACN 124 279 750

This Notice of Annual General Meeting and Explanatory Statement should be read in their entirety.
If shareholders are in doubt as to how they should vote, they should seek advice from their
accountant, solicitor or other professional adviser prior to voting.

2014 Annual General Meeting of Hughes Drilling Limited ACN 124 279 750

To be held at: Level 23, 123 Eagle Street, Brisbane, Queensland

To be held on: 7 November 2014

Commencing: 10:00am (Brisbane time)

Letter from the Directors

Dear Shareholders

We are pleased to invite you to the 2014 Annual General Meeting of the Company. The Directors consider that the transactions presented for Shareholder approval are in the best interests of Shareholders. Accordingly, all of the Directors entitled to make a recommendation in respect of a particular resolution recommend that you vote in favour of adopting that resolution.

With respect to the Annual General Meeting, this booklet contains the following:

- (a) The notice of meeting for the Annual General Meeting which contains information about the business to be conducted at the Annual General Meeting, including the Resolutions to be put to the Annual General Meeting (see Part B);
- (b) Information explaining the business to be conducted at the Annual General Meeting (see the Explanatory Statement at Part C); and
- (c) How to vote, or appoint a proxy to vote on the Resolutions to be passed at the Annual General Meeting (see Part B).

Please read the whole of the notice of this booklet carefully as it provides important information on the Annual General Meeting, items of business and the Resolutions that you, as a Shareholder, are being asked to vote on.

Should you wish to discuss any matter in this Notice of Annual General Meeting please do not hesitate to contact the Chief Executive Office, Mr Andrew Drake, or Company Secretary, Mr Paul Brenton, on 07 3807 8811.

By order of the Board

Dated: 7 October 2014



Robert (Bob) Hughes
Director
Hughes Drilling Limited

Part A – Glossary

\$	Australian Dollars.
2014 Annual Report	the Directors' Report, the Financial Report and the Auditor's Report of the Company in respect to the financial year ended 30 June 2014.
Annual General Meeting	the 2014 annual general meeting of Shareholders.
10% Placement Facility	has the meaning given in the Explanatory Statement for Resolution 4.
10% Placement Period	has the meaning given in the Explanatory Statement for Resolution 4.
ASIC	the Australian Securities & Investments Commission.
ASX	the Australian Securities Exchange operation by ASX Limited.
Board	the board of directors of the Company.
Brisbane time	Australian Eastern Standard Time in Brisbane.
Closely Related Party	(a) a spouse or child of the member; or (b) has the meaning given in section 9 of the Corporations Act.
Company	Hughes Drilling Limited ACN 124 279 750.
Constitution	the constitution of the Company.
Corporations Act	the <i>Corporations Act 2001</i> (Commonwealth) for the time being in force together with the regulations of the Corporations Act.
Directors	the directors of the Company.
Equity Securities	has the meaning given to that term in Listing Rule 19 and includes shares, options and convertible securities.
Explanatory Statement	the explanatory statement accompanying the Notice of Annual General Meeting and contained in Part C.
Glossary	the glossary contained in Part A to this booklet.
Key Management Personnel	has the definition given in the accounting standards as those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.
Listing Rules	the Listing Rules of the ASX.
Minimum Issue Price	has the meaning given in the Explanatory Statement for Resolution 4.
Notice of Annual General Meeting	the notice of the Annual General Meeting accompanying the Explanatory Statement for the Annual General Meeting and contained in Part B.
Part	a part of this booklet.
Proxy Form	the proxy form appended as Appendix A to this booklet.
Remuneration Report	the remuneration report for the Company for the year ended 30 June 2014, as disclosed in the Directors' Report which is set out in the 2014 Annual Report.
Resolution(s)	a resolution contained in the Notice of Annual General Meeting.
Shareholders	the holders of all shares issued in the Company.
Shares	all of the shares on issue in the share capital of the company and Share means any one of them.
VWAP	volume weighted average price.

Part B – Notice of Annual General Meeting

Time and place

Notice is hereby given that the Annual General Meeting of Hughes Drilling Limited ACN 124 279 750 (**Company**) will be held as follows:

Held at:	Level 23, 123 Eagle Street, Brisbane, Queensland
Commencing at	10:00am (Brisbane time) on 7 November 2014

Explanatory Statement

The Explanatory Statement which accompanies and forms part of this Notice of Annual General Meeting describes the matters to be considered at the Annual General Meeting.

Defined terms

Defined terms used in this Notice of Annual General Meeting have the meanings given to them in the Glossary accompanying this Notice of Annual General Meeting at Part A.

ORDINARY BUSINESS

Agenda Item 1 - Financial statements and reports

To receive and consider the Company's 2014 Annual Report, which comprises the Directors' Report, the Auditor's Report and the Financial Report for the financial year ending 30 June 2014.

Agenda Item 2 - Resolutions

1. Resolution 1 : Adoption of Remuneration Report

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

"That, for the purposes of section 250R(2) of the Corporations Act, and for all other purposes, Shareholders adopt the Remuneration Report for the financial year ended 30 June 2014 as disclosed in the Directors' Report for the year ending 30 June 2014."

Please note that the vote on this resolution is advisory only, and does not bind the Directors or the Company.

Short Explanation: This Resolution is required as a result of section 250R(2) of the Corporations Act, which requires that a resolution that the Remuneration Report of the Company be adopted must be put to a vote. The vote on this resolution is advisory only and does not bind the Company.

Voting exclusion statement: In accordance with section 250R of the Corporations Act, a vote on this Resolution 1 must not be cast (in any capacity) by or on behalf of either of the following persons:

- a member of the Key Management Personnel whose remuneration details are included in the remuneration report; or
- a Closely Related Party of such member.

However, the above persons may cast a vote on Resolution 1 if:

- the person does so as a proxy; and
- the vote is not cast on behalf of a member of the Key Management Personnel whose remuneration details are included in the remuneration report of a Closely Related Party of such a member; and
- either:
 - the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on Resolution 1; or
 - the voter is the Chair of the Annual General Meeting and the appointment of the Chair as proxy does not specify the way the proxy is to vote on Resolution 1 and expressly authorises the Chair to vote as the proxy even if the Resolution 1 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel of the Company or, if the

Company is part of a consolidated entity, for the entity.

2. Resolution 2 : Election of Mr Gary Walter Belcher

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

"That Mr Gary Walter Belcher having been appointed as a Director of Hughes Drilling Limited under the Company's Constitution by resolution of the Board of Directors, being eligible and offering himself for election, be elected as a Director of the Company."

Short Explanation: This Resolution is required as a result of the Constitution and the Corporations Act which require that any Director appointed by the Directors holds office only until the next Annual General Meeting and is then eligible for re-election.

3. Resolution 3 : Re-election of Mr Jeffrey William Branson

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

"That Mr Jeffrey William Branson who retires as a Director of Hughes Drilling Limited by rotation in accordance with Listing Rule 14.4 and Rule 13.3 of the Constitution and, being eligible and offering himself for re-election, be re-elected as a Director of the Company."

Short Explanation: This Resolution is required as Listing Rule 14.4 and Rule 13.3 of the Constitution require that a Director of the Company must not hold office (without re-election) past the third annual general meeting following their appointment or 3 years, whichever is longer. There must be an election of Directors each year.

4. Resolution 4 : Approval of 10% placement facility

To consider and, if thought fit, pass the following resolution as a **special resolution**:

"That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, approval is given for the Company to issue Equity Securities of up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2, over a 12 month period from the date of the Annual General Meeting, at a price not less than that determined pursuant to Listing Rule 7.1A.3 and otherwise on the terms and conditions set out in the Explanatory Statement."

Short Explanation: This Resolution is required to authorise the Directors to issue a further 10% of its issued share capital under Listing Rule 7.1A during the 10% Placement Period in addition to and without using the Company's 15% placement capacity under Listing Rule 7.1.

Voting exclusion statement: The Company will disregard any votes cast on this Resolution 4 by a person (and any associates of such a person) who may participate in the issue of the Shares and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares, if this Resolution 4 is passed.

However, the Company need not disregard a vote if:

- it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Important note: The proposed allottees of any Equity Securities under the 10% Placement Facility are not as yet known or identified. In these circumstances (and in accordance with the note set out in Listing Rule 14.11.1 relating to Listing Rules 7.1 and 7.1A), for a person's vote to be excluded, it must be known that that person will participate in the proposed issue. Where it is not known who will participate in the proposed issue (as is the case in respect of this Resolution), Shareholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted and there is no reason to exclude their votes.

OTHER BUSINESS

To transact any other business which may be brought forward in accordance with the Company's Constitution.

VOTING & PROXIES

Eligibility to vote

For the purpose of determining a person's entitlement to vote at the Annual General Meeting, a person will be recognised as a member of the Company and the holder of Shares if that person is registered as a holder of those Shares at 10:00am (Brisbane time) time on the 5 November 2014 being the second business day prior to the date of the Annual General Meeting.

Voting on a show of hands

On a show of hands, each member present in person or by proxy (or, in the case of a body corporate, by a representative) at the Annual General Meeting shall have one vote.

Voting on a poll

On a poll, every member present in person or by attorney or by proxy (or, in the case of a body corporate, by a representative) shall have one vote for each fully paid Share and a fraction of a vote for each partly paid share. The fraction will be equivalent to the proportion which the amount paid (not credited) is of the total amount paid and payable (excluding amounts credited). Amounts paid in advance of a call are ignored when calculating the proportion.

Voting restrictions

The voting restrictions are as set out in each of the Resolutions to be approved at the Annual General Meeting.

Proxies

- (a) a member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of the member;
- (b) a member entitled to attend and vote at the Annual General Meeting is entitled to appoint no more than two proxies;
- (c) an instrument appointing a proxy must be in the form of the Proxy Form attached to this Notice of Annual General Meeting at Appendix C;
- (d) where a member appoints two proxies to vote at the Annual General Meeting and the authority of one is not conditional on the other failing to attend or vote, each proxy must be appointed to represent a specified proportion of the member's voting rights. If a member appoints two proxies, and the appointment does not specify the proportion of the member's voting rights each proxy may exercise, each proxy may exercise one-half of the voting rights. On a show of hands, neither proxy may vote and on a poll, each proxy may only exercise the voting rights the proxy represents;
- (e) a proxy need not be a member of the Company;
- (f) a proxy form may specify the manner in which the proxy is to vote in respect of a particular Resolution and, where a proxy form so provides, the proxy is not entitled to vote on the Resolution except as specified in the proxy form;
- (g) a proxy has the authority to vote on the member's behalf as he or she thinks fit, on any motion to adjourn the Annual General Meeting, or any other procedural motion, unless the member gives a direction to the contrary;
- (h) for an instrument of proxy deposited or received at the registered office of the Company in which the name of the proxy or the name of the office of the proxy in a proxy form is not filled in, the proxy of that member is the chairperson of the Annual General Meeting;

- (i) the chairperson of the Annual General Meeting may require any person purporting to act as a proxy to establish to the satisfaction of the chairperson that the person has been validly appointed as a proxy and is the person named in the instrument of appointment, failing which the person may be excluded from attending or voting at the meeting;
- (j) the authority of a proxy to speak and vote for a member at the Annual General Meeting is suspended while the member is present at the meeting; and
- (k) to be valid, a proxy form must be signed by the member or the member's attorney or, if the member is a corporation, executed in accordance with the corporation's constitution and the Corporations Act (and may be signed on behalf of the corporation by its attorney).

Where do I send my Proxy Form?

Proxy Forms and authorities may be sent to the Company's Share Register by post, personal delivery or fax:

- *By post* – Computershare Investor Services Pty Limited, GPO Box 242 Melbourne VIC 3000
- *By personal delivery* – Computershare Investor Services Pty Limited, Level 4, 60 Carrington Street, Sydney NSW 2000
- *By fax* – 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia)

What if a proxy is appointed under a power of attorney?

If the Proxy Form is signed under a power of attorney on behalf of a Shareholder, then the attorney must make sure that either the original power of attorney, or a certified copy, is sent with the Proxy Form unless the power of attorney has already been sighted by Company.

What is the due date for appointing a proxy?

To be valid, the Form and the power of attorney or other authority (if any) under which it is signed (or an attested copy of it) must be received by not later than 48 hours prior to the Annual General Meeting, i.e. 10:00am (Brisbane time) on 5 November 2014.

DATED THIS 7th DAY OF OCTOBER 2014

BY ORDER OF THE BOARD



**Robert (Bob) Hughes
Director
Hughes Drilling Limited**

Part C – Explanatory Statement

This Explanatory Statement forms part of the notice convening the Annual General Meeting of Shareholders of Hughes Drilling Limited (**Company**) to be held at Level 23, 123 Eagle Street, Brisbane, Queensland, commencing at 10:00am (Brisbane time) on 7 November 2014.

This Explanatory Statement is to be read in conjunction with the Notice of Annual General Meeting.

Purpose

The purpose of this Explanatory Statement is to provide information which the Directors believe is material to Shareholders in deciding whether or not to pass the Resolutions to be put forward in the Annual General Meeting.

The Directors recommend Shareholders read the Notice of Annual General Meeting and this Explanatory Statement in full before making any decisions relating to the Resolutions contained in the Notice of Annual General Meeting.

Defined terms

Defined terms used in this Explanatory Statement have the meanings given to them in the Glossary accompanying this Explanatory Statement at Part A.

1. Agenda Item 1 – Financial statements and reports

The 2014 Annual Report for the year ending 30 June 2014 which includes the Directors' Reports, the Auditor's Report and the Financial Report (which includes the financial statements and directors' declaration) were despatched to Shareholders and released to the ASX on 29 September 2014.

In accordance with section 317 of the Corporations Act, the Directors lay the 2014 Annual Report before the Shareholders for discussion.

No voting is required for this item.

2. Agenda Item 2 – Resolutions

2.1 Resolution 1 : Adoption of Remuneration Report

General

The Remuneration Report of the Company for the financial year ending 30 June 2014 is set out in the Directors' Report on pages 17 to 24 of the Company's Annual Report.

The Remuneration Report sets out the Company's remuneration arrangements for the executive and non-executive Directors and executive employees of the Company.

The Corporations Act at section 250R(2) requires that a resolution that the Remuneration Report of the Company be adopted must be put to a vote (**Remuneration Report Resolution**).

A reasonable opportunity will be given for the discussion of the Remuneration Report at the meeting.

Voting consequences

In accordance with the Corporations Act, the vote on this Resolution is advisory only and does not bind the Company.

However, Part 2G.2, division 9 of the Corporations Act provides that if at least 25% of the votes cast on this Resolution are voted against the adoption of the Remuneration Report at the Annual General Meeting, then:

- (a) if comments are made on the Remuneration Report at the Annual General Meeting, the Company's Remuneration Report for the next financial year will be required to include an explanation of the Board's proposed action in response or, if no action is proposed, the Board's reason for this; and
- (b) if at the next Annual General Meeting, at least 25% of the votes cast on the resolution for adoption of the Remuneration Report are against such adoption, the Company will be required to put to Shareholders a resolution proposing that a general meeting be called to consider the election of Directors of the Company (**Spill Resolution**). If a Spill Resolution is passed, all of the Directors, other than the managing director, will cease to hold office at the subsequent general meeting, unless re-elected at that meeting.

Voting exclusion and Directors' recommendations

As set out in the notes to Resolution 1, a voting exclusion statement applies with respect to the voting on this Resolution by certain persons connected to the Company.

Shareholders should be aware that any undirected proxies given to the Chairman will be cast by the Chairman and counted in favour of the Resolutions the subject of this Meeting, including this Resolution 1, subject to compliance with the Corporations Act.

The Directors unanimously recommend that Shareholders vote in favour of adopting the Remuneration Report.

2.2 Resolution 2 : Election of Mr Gary Walter Belcher

General

The Constitution and the Corporations Act require that any Director appointed by the Directors holds office only until the next Annual General Meeting and is then eligible for re-election.

Mr Gary Walter Belcher was appointed as a Director of the Company on 11 August 2014 by resolution of the Board of Directors and being eligible, has offered himself for re-election as a Director.

Since retiring from a highly successful professional rugby league career, Mr Gary Walter Belcher has forged a respectable reputation in Sales and Marketing. His background covers a broad spectrum of industries including telecommunications, media, corporate marketing, public relations and consulting. Mr Belcher was also the Operations Manager for the FOGS (Former Origin Greats).

Directors' recommendations

The Board (with Mr Gary Walter Belcher abstaining) recommends that shareholders vote in favour of Resolution 2.

The Chairman of the meeting intends to vote undirected proxies in favour of Resolution 2.

2.3 Resolution 3 – Re-election of Mr Jeffrey William Branson

General

Pursuant to both Listing Rule 14.4 and Rule 13.3 of the Constitution, a Director of the Company must not hold office (without re-election) past the third annual general meeting following their appointment or 3 years, whichever is longer. There must be an election of Directors each year.

Given all of the current directors have been elected or re-elected within the past 3 years, the Board have made a decision that given there must be an election of Directors each year, that Mr Jeffrey William Branson will retire and seek re-election at the 2014 Annual General Meeting.

As such Mr Jeffrey William Branson retires in accordance with Rule 13.3 of the Constitution, and being eligible, offers himself for re-election as a Director.

The resume of Mr Jeffrey William Branson is as follows:

Mr Branson has significant drilling and management experience leading Australian companies. Mr Branson is a Civil Engineer and Co Founder of Brandrill Limited, now part of Ausdrill, which was a 100 drill rig business with its primary focus being blast hole and resource definition drilling. Mr Branson has over 32 years drilling and contract management experience.

Directors' recommendations

The Board (with Mr Jeffrey William Branson abstaining) recommends that shareholders vote in favour of Resolution 3.

The Chairman of the meeting intends to vote undirected proxies in favour of Resolution 3.

2.4 Resolution 4 – Approval of 10% placement facility

Purpose of resolution

The purpose of Resolution 4 is to authorise the Directors to issue a further 10% of its issued share capital under Listing Rule 7.1A during the 10% Placement Period in addition to and without using the Company's 15% placement capacity under Listing Rule 7.1.

This effectively gives Directors a 25% placement capacity less that part of its placement capacity not available under Listing Rule 7.1.

General information

Listing Rule 7.1A enables "eligible entities" to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after the Annual General Meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An "eligible entity" for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less.

The Company is an eligible entity.

The Company is seeking shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility.

The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Paragraph (a)(iii) below).

As disclosed in the Company's 2014 Annual Report, the Company continues actively seeking to acquire new assets and other investments. The Company may use the 10% Placement Facility to acquire new assets or investments.

Description of Listing Rule 7.1A

(a) General

(i) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an annual general meeting. Hence, at least 75% of votes cast by Shareholders present and eligible to vote at the Annual General Meeting must be in favour of Resolution 4 for it to be passed.

(ii) Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

The Company, as at the date of the Notice of Annual General Meeting, has on issue one class of Equity Securities, namely Shares.

(iii) Formula for calculating 10% Placement Facility

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

(A x D) – E

A *is the number of shares on issue 12 months before the date of issue or agreement:*

- *plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;*
- *plus the number of partly paid shares that became fully paid in the 12 months;*
- *plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval;*
- *less the number of fully paid shares cancelled in the 12 months.*

Note that A is has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D *is 10%*

E *is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.*

(iv) Minimum Issue Price

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 ASX trading days immediately before:

- the date on which the price at which the Equity Securities are to be issued is agreed; or

- if the Equity Securities are not issued within 5 Trading Days of the date in the paragraph above, the date on which the Equity Securities are issued.

(v) 10% Placement Period

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

- the date that is 12 months after the date of the annual general meeting at which the approval is obtained; or
- the date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

or such longer period if allowed by the ASX (**10% Placement Period**).

(b) **Listing Rule 7.1 and Listing Rule 7.1A**

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

At the date of this Notice of Annual General Meeting, the Company has on issue 208,670,249 Shares and therefore has a capacity to issue:

- 31,300,537 Equity Securities under Listing Rule 7.1; and
- subject to Shareholder approval being sought under Resolution 4, 20,867,024 Equity Securities under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities, or the agreement date, in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section (a)(iii) (above)).

Specific information required by Listing Rule 7.3A

Pursuant to and in accordance with Listing Rule 7.3A, the below information is provided in relation to the approval of the 10% Placement Facility:

(a) **Minimum Issue Price**

The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 ASX trading days immediately before:

- the date on which the price at which the Equity Securities are to be issued is agreed; or
- if the Equity Securities are not issued within 5 ASX trading days of the date in the paragraph above, the date on which the Equity Securities are issued.

(Minimum Issue Price).

(b) **Risk of economic and voting dilution**

If Resolution 4 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table.

There is a risk that:

- the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Annual General Meeting; and
- the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of consideration for the acquisition of a new asset,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The below table shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of this Notice of Annual General Meeting.

The table also shows:

- two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- two examples of where the issue price of ordinary securities has decreased by 50% and increased by 50% as against the current market price.

Shares on issue (Variable 'A' in Listing Rule 7.1A.2)		Dilution		
		\$0.08 50% decrease in Current Issue Price	\$0.16 Current Issue Price	\$0.24 50% increase in Current Issue Price
Current Variable A 208,670,249 Shares	10% Voting Dilution	20,867,024 Shares	20,867,024 Shares	20,867,024 Shares
	Funds raised	\$1,669,361	\$3,338,723	\$5,008,085
50% increase in current Variable A 313,005,375 Shares	10% Voting Dilution	31,300,537 Shares	31,300,537 Shares	31,300,537 Shares
	Funds raised	\$2,504,042	\$5,008,085	\$7,512,128
100% increase in current Variable A 417,340,498 Shares	10% Voting Dilution	41,734,049 Shares	41,734,049 Shares	41,734,049 Shares
	Funds raised	\$3,338,723	\$6,677,447	\$10,016,171

The table has been prepared on the following assumptions:

- The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
- No options are exercised into Shares before the date of the issue of the Equity Securities.

- The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting.
- The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
- The issue of Equity Securities under the 10% Placement Facility consists only of Shares.
- The current issue price is \$0.16 being the closing price of the Shares on ASX on 29 September 2014, being the date the Notice of Annual General Meeting was lodged with the ASX.

(c) **Expiry of approval**

The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 4 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities or Listing Rule 11.2 (disposal of main undertaking).

(d) **Purpose of new issues**

The Company may seek to issue the Equity Securities for the following purposes:

- non-cash consideration for the acquisition of the new assets and other investments. In such circumstances the number of Equity Securities issued for non-cash consideration must be made based on an independent valuation and the Minimum Issue Price detailed in Listing Rule 7.1A.3. The Company must also provide the valuation of the non-cash consideration for release to the market as required by Listing Rule 7.1A.3; or
- cash consideration. In such circumstances, the Company intends to use the funds raised towards an analysis of the Company's current assets and business and the acquisition of new assets or other investments (including expense associated with such acquisition).

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities. In the event Resolution 4 is approved, when the Company issues Equity Securities pursuant to the 10% Placement Facility, it will give to the ASX:

- a list of allottees of the Equity Securities and the number of Equity Securities allotted to each (not for release to the market), in accordance with Listing Rule 7.1A.4; and
- the information required by Listing Rule 3.10.5A for release to the market.

(e) **Allocation policy**

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
- the effect of the issue of the Equity Securities on the control of the Company;
- the financial situation and solvency of the Company; and
- advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice of Annual General Meeting but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

If the Company is successful in acquiring new assets or investments, it may be that the allottees under the 10% Placement Facility will be the vendors of the new assets or investments.

(f) **Detail of new issues under Listing Rule 7.1A for previous year**

Given the Company previously obtained Shareholder approval under Listing Rule 7.1A at the 2013 annual general meeting, the Company provides the following additional information:

Overview	Detail
The total number of equity securities issued in the 12 months preceding the date of the Annual General Meeting:	Nil
The percentage the total number of equity securities detailed above represent of the total number of equity securities on issue in the 12 months preceding the date of the Annual General Meeting:	Not applicable as no shares have been issued in the 12 months preceding the Annual General Meeting.

(g) **Voting exclusion statement**

A voting exclusion statement is included in the Notice of Annual General Meeting. At the date of the Notice of Annual General Meeting, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice of Annual General Meeting.

Directors' recommendations

The Directors of the Company believe that Resolution 4 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution.

The Chairman of the meeting intends to vote undirected proxies in favour of Resolution 4.

3. Further information

If you have any queries in respect to any of the matters set out in this booklet, please contact the Company Secretary, Mr Paul Brenton on (07) 3807 8811.

APPENDIX A – PROXY FORM

Hughes Drilling Limited 124 279 750 (Company)

Lodge your vote:**By Mail:**Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 AustraliaAlternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555For intermediary Online subscribers only
(custodians) www.intermediaryonline.com**For all enquiries call:**(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

Proxy Form

 **For your vote to be effective it must be received by 10.00 am (Brisbane time) Wednesday, 5 November 2014****How to Vote on Items of Business**

All your securities will be voted in accordance with your directions.

Appointment of Proxy**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.**A proxy need not be a securityholder of the Company.****Signing Instructions****Individual:** Where the holding is in one name, the securityholder must sign.**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.**Attending the Meeting**Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form →

View your securityholder information, 24 hours a day, 7 days a week:

www.investorcentre.com**Review your securityholding****Update your securityholding****Your secure access information is:****SRN/HIN:****PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

☐

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

Proxy Form

Please mark ☒ to indicate your directions

STEP 1

Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of Hughes Drilling Limited hereby appoint

☐

the Chairman
of the Meeting **OR**



PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Hughes Drilling Limited to be held at Level 23, 123 Eagle Street, Brisbane, Queensland on Friday, 7 November 2014 at 10.00 am (Brisbane time) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Item 1 (except where I/we have indicated a different voting intention below) even though Item 1 is connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Item 1 by marking the appropriate box in step 2 below.

STEP 2

Items of Business



PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Election of Mr Gary Walter Belcher	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Re-election of Mr Jeffrey William Branson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Approval of 10% placement facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN

Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact
Name

Contact
Daytime
Telephone

_____ / ____ / ____

Date