



the experience, expertise and equipment to get the job done



Investor Presentation

October 2014

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Company Overview



Company Overview

Hughes Drilling Limited

- Hughes Drilling Limited (Hughes) (ASX:HDX) listed on the Australia Stock Exchange through the reverse acquisition of Every Day Mine Services Ltd in December 2011.
- Hughes revenue since listing has grown 130% since acquisition from \$39.2m in FY12 to \$90.6m in FY14 through organic growth and strategic acquisitions
 - REICHdrill acquisition March 2013 – Manufacturer of world class drill rigs
 - JSW Australia acquisition October 2014 – specialist production drilling servicing WA Premier blue chip miners and Government
- Hughes now employees over 450 people based in Australia and USA
- ✓ Hughes operates a low hour fleet of +80 drill rigs in Australia across diversified commodities: coal, iron ore, gold, nickel, bauxite and water
- Hughes Drilling is one of Australia's premier drilling specialists, having built a 20 year reputation as being the leading drilling professionals, and manufacturing and using amongst the most powerful and reliable drill rig fleets in the industry

Financial

- Sales revenue has increased to \$90.6m in FY14 from \$49.8m in FY13
 - NPAT has increased to \$10.7m* in FY14 from \$10.4m in FY13 based on the core operations
- * Underlying NPAT from continuing operations

Operating

- Awarded significant new contracts with Mineral Resources, FMG, Water Corporation, Sirius Resources, Tier one Local Governments
- Awarded contract extensions with Ramelius Resources, BMA Poitrel, Jellinbah Resources, and Yarrabee Coal Company
- FY14 Record external sales profile for Reichdrill since 2009

Strategic

- Reichdrill increased distribution network by signing
 - Mincon – Sub equatorial Africa
 - Wagex Equipment – Canada
 - PT Powertrain Solutions – Indonesia
 - Midlantic Machinery covering Central Pennsylvania, Maryland and Northern Virginia
- Express Hydraulics opened Mackay facility in November 2013 servicing Premier Coal Miners with Rig rebuilds and ongoing maintenance
- Broadening exposure to oil and gas market
- Production Blast Hole Drilling contract award in WA in Iron Ore – more projects being tendered

Corporate Structure

Capital Structure

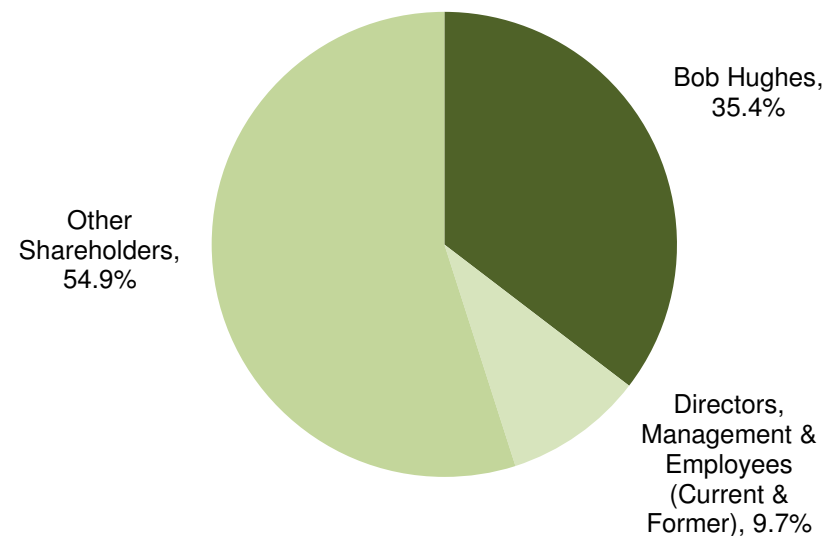
Australian Exchange Ticker: **ASX:HDX**

Share price ⁽¹⁾	13.0 cents
Shares on issue ⁽¹⁾	209.0m
Market capitalisation	\$27.2m
Debt ⁽²⁾	\$41.6m
Cash ⁽²⁾	(\$2.3m)
Enterprise value	\$66.5m

1) Share price as at 28 October 2014. There are 2,900,000 options on issue and no performance shares outstanding.

2) Approx. debt & cash balance as at 31 October 2014. Cash net of overdraft.

Register Composition



Drill Rigs

Hughes	52
JSW*	27
Combined	79

Employees

Hughes	214
JSW*	182
REICHdrill	65
Combined	461

Revenue

	FY14*
Hughes*	\$44.7m
JSW**	\$33.2m
REICHdrill	\$12.7m
Combined	~\$90.6m

* 21 Owned Rigs and ~6 subcontracted rigs

* Includes ~20 subcontracted employees

* Includes Express Hydraulics Aust

** Only 9 month revenue contribution from JSW in FY14

Highly Experienced Board

BOB HUGHES
Executive Chairman
(Executive Director)

Bob is the founder of the Hughes Drilling business and major shareholder of Hughes. Bob started his drilling career 37 years ago, providing drilling and blasting services for quarries and mining operations. He established Hughes Drilling Pty Limited in 1991, initially contracting to Leighton and has been the driving force in the Company's development.

ANDREW DRAKE
Chief Executive Officer
(Executive Director)

Andrew joined Hughes Drilling in 2006 as General Manager and Chief Executive Officer. For the prior 17 years Andrew held managerial and business development roles with Dyno Nobel, the world's second largest explosives supplier.

BARRY O'CONNOR
Non-Executive Director

Barry has over 41 years experience in promoting and marketing premium mining, drilling and comparable products. Barry was previously Director and Head of Construction and Mining at Sullair Pty Ltd, an international manufacturer of industrial compressors, until 2007. Prior to joining Sullair, Barry headed the rotating equipment division of BTR Nylex.

JOHN SILVERTHORNE
Non-Executive Director

John was co-founder of NRW Holdings Ltd, a listed public company that had a market capitalisation in excess of \$1.0bn. John has 36 years of contract and civil mining management and drilling experience.

JEFF BRANSON
Chief Operations Officer - Drilling
(Executive Director)

Jeff is a Civil Engineer and co-founder and past Managing Director of Brandrill Limited, now part of Ausdrill, which was a 100 drill rig business with its primary focus being blast hole and on mine grade control drilling. Jeff has over 33 years of drilling and contract management experience.

GARY BELCHER
Non-Executive Director

Since retiring from a highly successful professional rugby league career, Gary 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.

PAUL BRENTON
Chief Financial Officer and Company Secretary

Paul is a CPA with 18 years experience in accounting, corporate finance and commerce. Paul previously held the position of Chief Financial Officer of a property development group before joining Hughes in 2010. Prior to this Paul started his career with PwC working across a range of business sectors including to clients based in mining, manufacturing and construction.

Review of Operations



Review of Operations

East Coast Contract Drilling (Hughes Drilling)

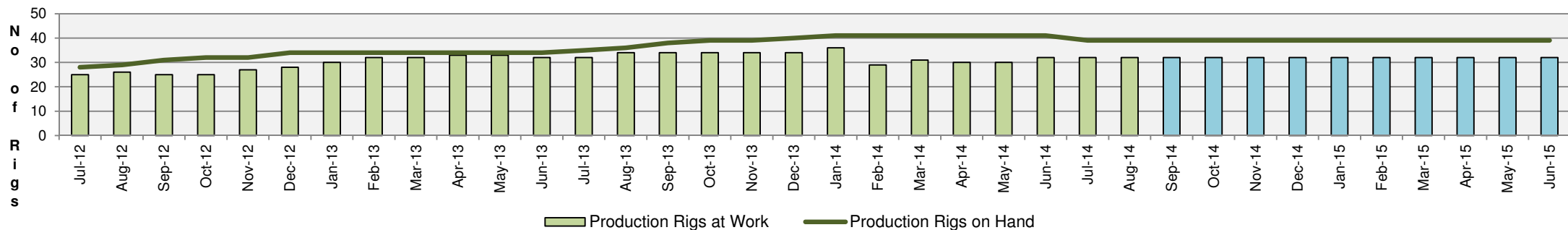
- Record revenue from East Coast Production Drilling for FY14 of \$42.7m up from FY13 \$40.6m, even though growth has softened in FY14 as expected.
- East Coast Production rig fleet has grown to 41 rigs (compared to 38 in FY13).
- Overall rig utilisation fluctuated between 70.7% and 94.1%, ending FY14 at 78% (32 from 41 rigs), a modestly lower level than historic norms reflecting some loss of efficiency arising from slower client decision making. Two C-700-D rigs were transferred to JSW Australia in July 2014 for the Mineral Resources Carina Iron Ore Production Drill & Blast contract, taking East Coast Rigs to 39.
- It is expected that the underlying EBITDA margins will be a little softer through FY15 in the 32.5% to 37.5% range.
- The strong demand for Hughes service offerings can be attributed to Hughes being able offer a “one stop shop” drilling service. Hughes can offer any combination of contract drilling and / or direct rig sale via REICHdrill, backed by a Rig Service Contract and Drill Consumables Contract via Express Hydraulics.
- Tendering for new contracts remains strong

Review of Operations

East Coast Contract Drilling (Hughes Drilling)

Client	Mine	Region	Core/Coal Type	Number of Rigs	Contract Expiry
Anglo American Metallurgical Coal	Foxleigh	Bowen Basin, Qld	PCI, thermal	2	Jan-16
TBA	TBA	Bowen Basin, QLD	PCI, thermal	5	TBA
Anglo Coal (Callide Management)	Callide	Bowen Basin, Qld	PCI, thermal	3	Dec-14
BHP Billiton Mitsubishi Alliance	Poitrel	Bowen Basin, Qld	HCC / SHCC	2	Aug-16
Downer EDI	Boggabri	Gunnedah Basin, NSW	Export thermal	6	Nov-16
Peabody	Millennium	Bowen Basin, Qld	PCI, coking, thermal	3	Mar-15
Jellinbah Mining	Jellinbah	Bowen Basin, Qld	PCI, SSCC	4	Apr-18
Leighton	Sonoma	Bowen Basin, Qld	HCC, export thermal	6	TBA
Yancoal	Yarrabee	Bowen Basin, Qld	PCI, export thermal	1	Dec-17
HD1 - Total Operational Production Rigs under Contract				32	

East Coast Contract Drilling - Rig Utilisation



Review of Operations

West Coast Contract Drilling (JSW Australia)

The acquisition of JSW was effective from 1 October 2013. The primary strategic objectives for the acquisition of JSW were to own a drilling business that provided Hughes with access to on-mine blast hole opportunities in Western Australia, that the business be profitable and that it could possibly absorb the existing delineation operations of Hughes.

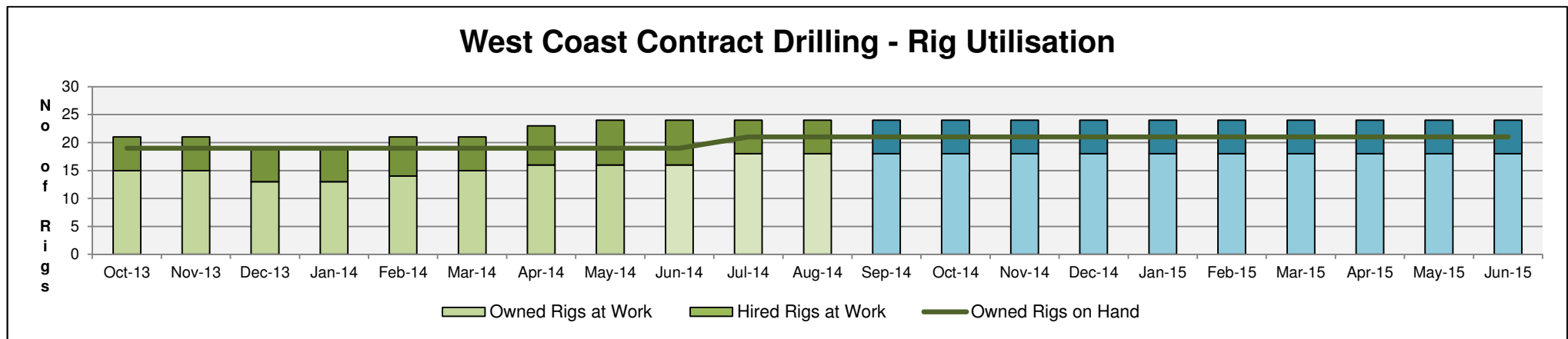
- After a slower than expected start up on a number of large awarded on mine site production contracts, the West Coast Drilling Operations have finished FY14 with 18 of 21 owned rigs contracted, plus an additional 6 specialist rigs on dry hire to service existing work commitments.
- JSW secured Hughes' first Iron Ore Production Drill and Blast contract in June 2014, with drilling commencing in July 2014.
- JSW is profitable, and has a very strong order book for FY15.
- JSW continues to win major long term contracts:
 - Two on-mine Grade Control drilling contracts for FMG at their Christmas Creek and Solomon operations
 - JSW's first contract with the Water Corporation of Western Australia, for a reinjection bore at their Beenyup Waste Water Treatment facilities
 - Water boring services at Sirius Resources Nova/Bollinger
 - A new sample drilling contract for FMG at Christmas Creek
 - Another blast hole drilling contract for BHPB
 - A major Geothermal Bore for City of Canning
 - Extended a three year old on-mine Grade Control drilling contract in Gold Mining for a further two years
- JSW has made a number of introductions to WA Miners and Contractors for Hughes Drilling Group's unique "one stop shop" drilling service offerings, including REICHdrill direct rig sales, backed by a Rig Service Contract and Drill Consumables Contract via Express Hydraulics.

Review of Operations

West Coast Contract Drilling (JSW Australia)

Client	Mine	Region	Commodity	No of Rigs	Contract Expiry
BHP Billiton	Boddington	South Western Australia	Bauxite (Blast Hole Drilling on Mine)	5	Feb-16
BHP Billiton	Mt Keith	Northern Goldfields	Nickel (Blast Hole and GC Drilling on Mine)	3	Feb-16
BHP Billiton	Worsley Refinery	South Western Australia	Bauxite (Blast Hole Drilling)	1	Jun-15
Local WA Government	Various	South Western Australia	Water Services	3	Mar-15
FMG	Solomon Mine - Newman	Pilbara	Iron Ore (Grade Control on Mine)	5	Nov-16
FMG	Christmas Creek - Tom Price	Pilbara	Iron Ore (Grade Control on Mine)	3	Sep-16
Mineral Resources	Carina	Yilgarn	Iron Ore (Blast Hole Drilling on Mine))	3	Jul-16
Mt Magnet Gold NL	Mt Magnet	Midwest	Gold (Grade Control on Mine)	1	Aug-16
Sirius Resources	Nova / Bollinger	Goldfields	Nickel (Water Services on Mine)	2	Jun-15
City of Canning	Shelly	Perth Metropolitan	Water Services	1	Mar-15
Total Operational Rigs				27	

Note: The above list includes an average of 6-8 hired / sub contracted rigs and excludes rigs in for routine maintenance plus 2 rigs available for work, and 2 C-700D. Total Fleet up to 30 rigs.



Review of Operations

REICHdrill Inc

- REICHdrill has now been part of the Hughes Group for 15 months, and during this time, Hughes has been focusing on:
 - Re-engaging with previous and existing customers
 - Attracting new customers from existing and new territories
 - Appointing new distributors that will push and support the product
 - Mincon covering Sub Equatorial Africa
 - Wajax Equipment covering all Canadian Provinces
 - P.T. Powertrain Solutions covering Indonesia
 - Midlantic Machinery covering Central Pennsylvania, Maryland and Northern Virginia
- These new distributors are working closely with REICHdrill and are committed to promoting the REICHdrill rigs in the new territories.
- In addition to these new distributors and new territories increasing its global footprint through other direct sales and marketing.
- REICHdrill produced 18 rigs in FY14, 3 for Hughes and 15 for external customers a record output since 2009
 - The 15 external sales were a mix of rigs, average US\$550k per rig
 - 5 x T-690/T-650
 - 6 x C-550
 - 4 x C-450

Review of Operations

REICHdrill Inc

C-700-D Blast Hole Drill Rig



**Our Drills have Traveled
from Pennsylvania to
All Over the World...**

**Not bad, Considering
Top Speed is 3mph!**

REICHdrill
MADE IN USA
QUALITY DRILLING EQUIPMENT
A DIVISION OF HUGHES DRILLING, LTD.

Reich Drill has been named this year's North Central Pennsylvania winner of the 2014 Governor's Award for Exporting.

We are truly honored to receive this award and it is much appreciated by everyone in our company.

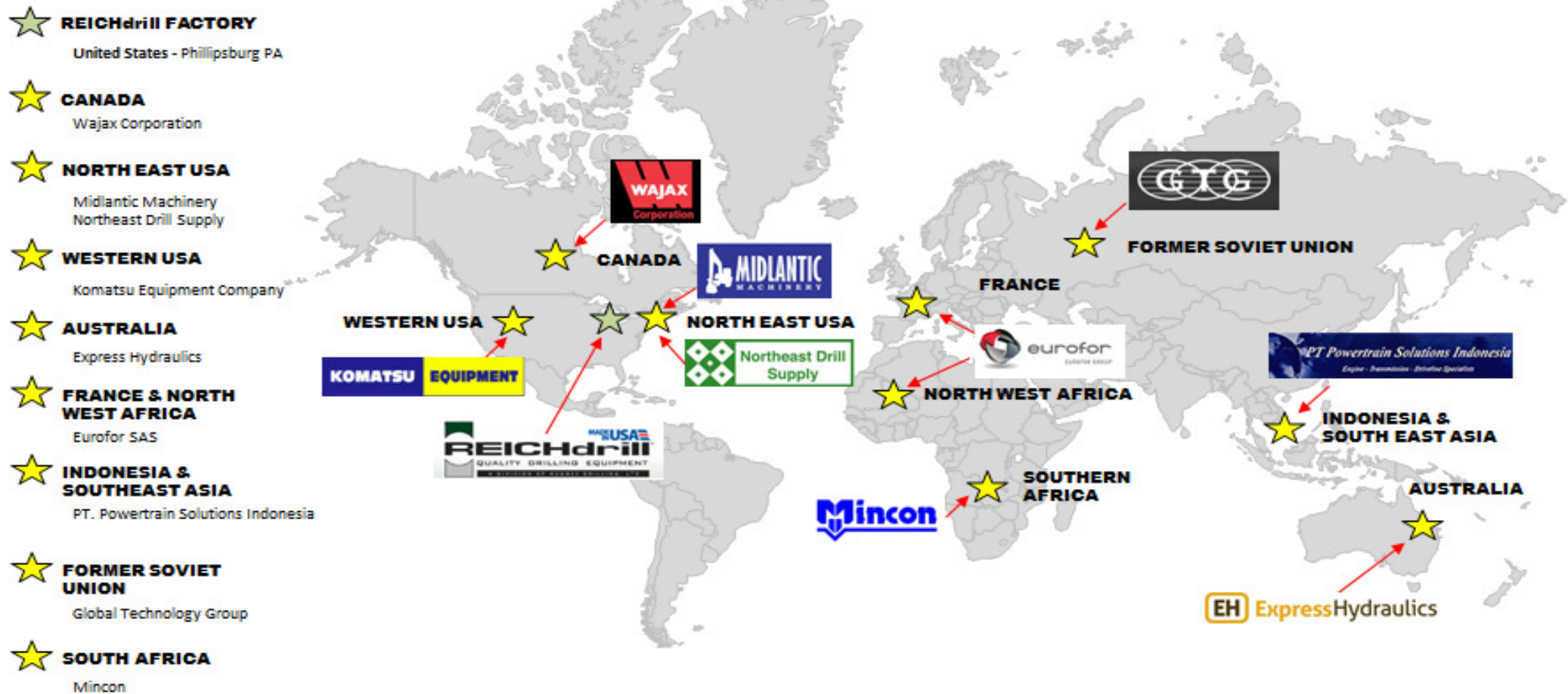
99 Troy Hawk Run Hwy, Philipsburg, PA 16866 • (814) 342-5500 • www.reichdrill.com

Governor's IMPACT AWARDS 2014 WINNER

T-650-W Legend 4 Water Well Drill Rig



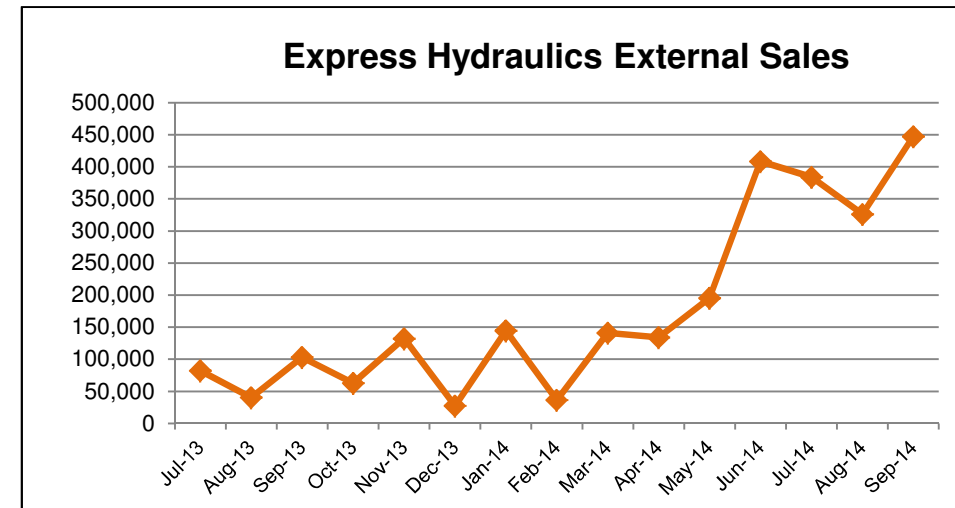
Global Distributors – REICHdrill Rigs



Review of Operations

Express Hydraulics

- Express Hydraulics continues to expand through a focused business strategy to offer mine owners, not just the option of a contract driller, but the option to owner-operate REICHdrill rigs with the back-up of Express Hydraulics' full rig service support agreement
- Express Hydraulics has also expanded its footprint on the eastern seaboard to meet growing customer needs. In addition to its existing operations:
 - Yatala – main inventory store, CNC operations, heavy fit out, hydraulic and overhaul capabilities
 - Hunter Valley – NSW operational base which holds fast moving inventory for Hughes and customer operations
- Express Hydraulics has opened a new facility in Mackay. This facility also holds fast moving inventory for Hughes and customer operations. The facility offers customers:
 - Spare Parts and Consumables
 - Rig rebuilding and servicing capabilities
 - All mining ancillary equipment rebuilding and servicing capabilities
 - All hydraulic rebuilding and servicing needs
- The establishment of the new Mackay facility further demonstrates Hughes' and Express Hydraulics' commitment to customer and local mining communities.
- The new Mackay facility is responsible for the increased turnover through the 4th quarter of FY14. These services are for Australia's Premier Coal Miners.



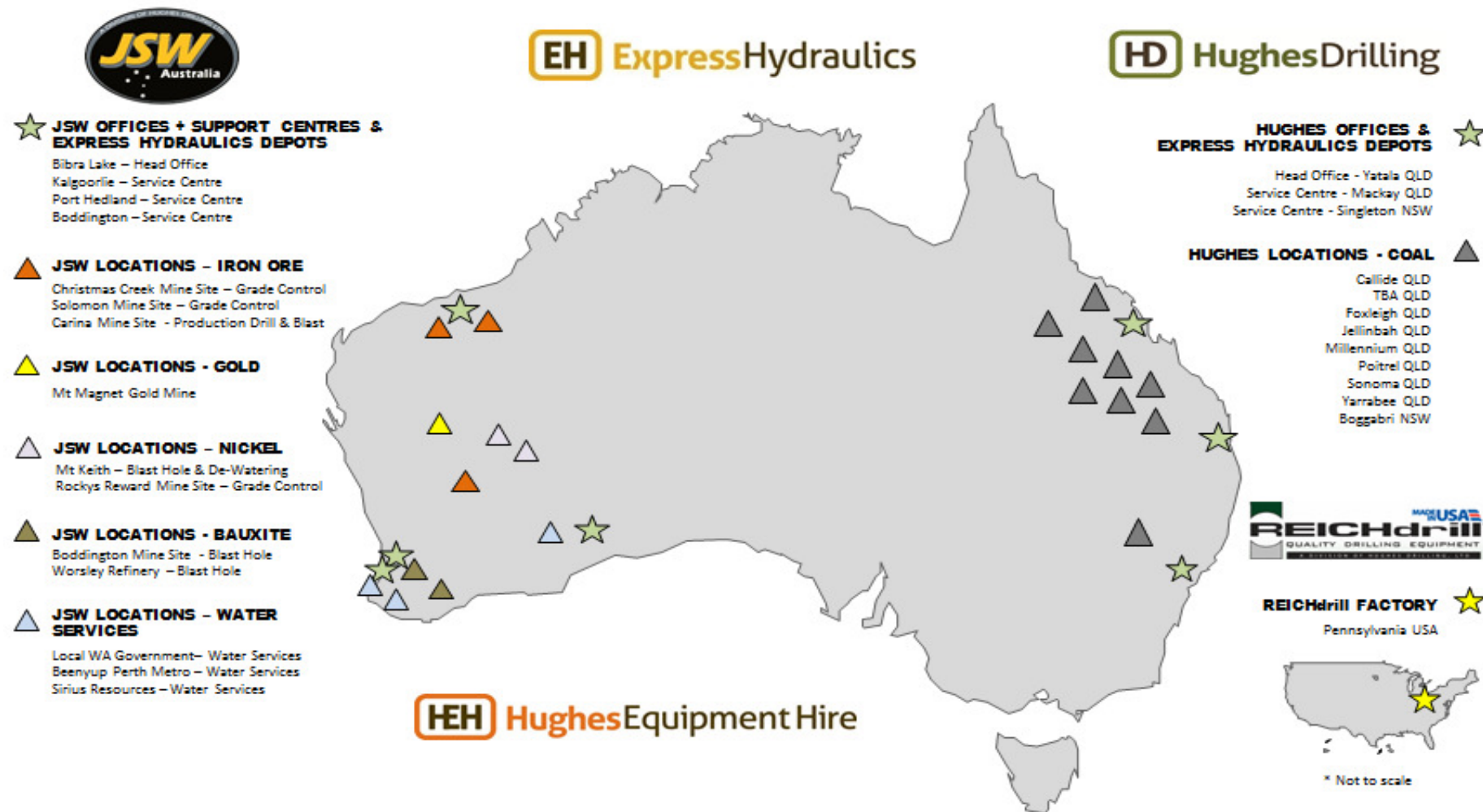
Review of Operations

Hughes Equipment Hire

- Driven by client demand, the Hughes Group is now offering, Sullivan Palatek compressors for hire.
- The hire fleet comprises of all new Sullivan Palatek compressors
- The compressors have been funded via the Westpac Hire Purchase facility
- The Hughes Group secured its first long term hire agreement with a Blue Chip Mine Operator in September 2014, with 9 units now on fire for an initial 12 month term
- The Hughes Group also has had a number compressors on short term hire since September 2014



Geographic & Commodity Diversification



Client Diversification



Financial Overview



Business Activities Review

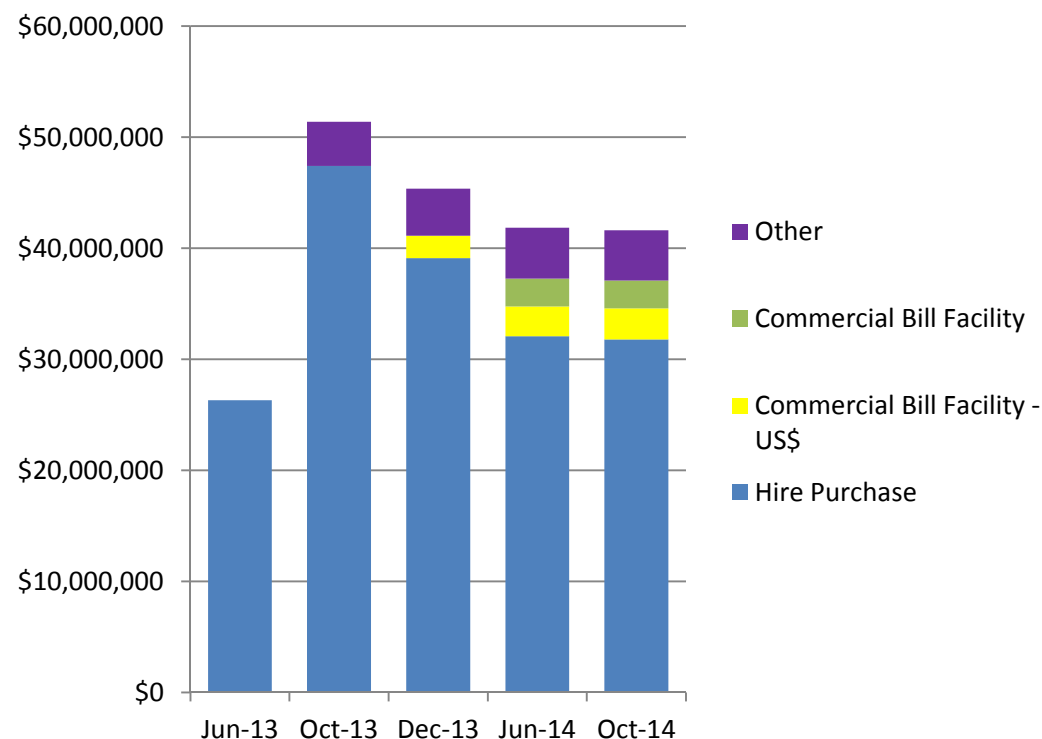
Blast hole production operations	<ul style="list-style-type: none"> Revenue and profitability maintained by focusing on delivering high utilisation of rigs to our clients and managing costs, by putting in place long term pricing agreements with key customers and suppliers. Coal Fleet Rig growth rate has been moderated to match market outlook. Opportunities to grow in Iron Ore and other commodities. Debt reduction profile is expected to continue through FY15.
REICHdrill	<ul style="list-style-type: none"> FY14 contribution was from a very high percentage of sales to third parties – mostly new customers which leads to ongoing spare part sales FY15 order book overwhelmingly comprises sales to third parties Global distribution network re-development well advanced and generating sales
Express Hydraulics	<ul style="list-style-type: none"> Continues to expand through a focused business strategy to offer mine owners not just the option of a contract driller, but the option to owner-operate REICHdrill rigs with the back-up of Express Hydraulics' full rig service support agreements. The Mackay facility continues to grow month on month, building its presence as the premier rig refurbishment facility in QLD Australia focused agency and distribution activities ongoing, with an increased focus on the CSG market
JSW Australia	<ul style="list-style-type: none"> FY14 contribution of 9 months Continues to be the preferred specialist driller in WA Blue chip client base FY15 order book very strong
Delineation / Exploration operations	<ul style="list-style-type: none"> Virtually no revenue generated from the delineation assets These drill rig assets have been impaired in FY14 to the value of ~\$2.0m Hughes/JSW will continue to market the assets for contracting work, but will be driven by achieving an acceptable margin JSW has identified and is consuming significant inventory and support assets for use in their WA operations

Debt Management

Hughes' has maintained its continued focus on debt reduction and has seen a significant reduction in overall debt since the acquisition of JSW Aust in October 2013.

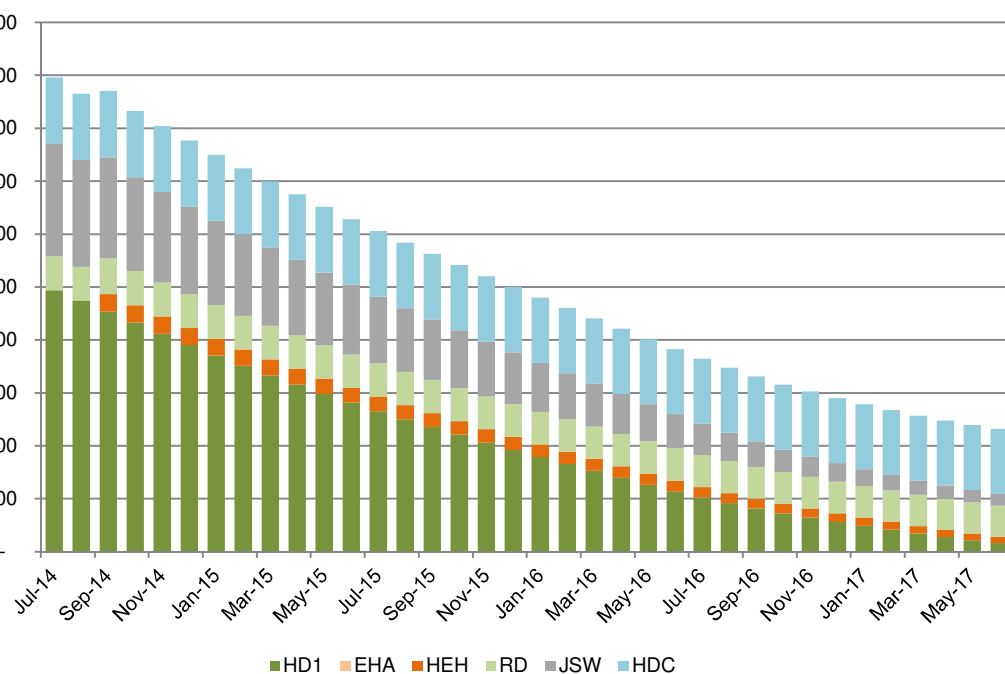
- Hire Purchase finance has decreased from \$47.4m at October 2013 to \$31.8m at 31 October 2014, the reduction has been partially offset by the HP funding of the compressors.
- A new Commercial Bill Facility – US\$ is the REICHdrill US\$2.5m facility used to fund the rig builds.
- A new Commercial Bill Facility was used to refinance the \$2.5m convertible note that was issued to JSW Australia pre-acquisition
- The “Other” is the Silverthorne Loan, assumed via the JSW Aust acquisition.

**Composition of Drawn Down Finance
(Revolving Facilities Only)**



Debt Management

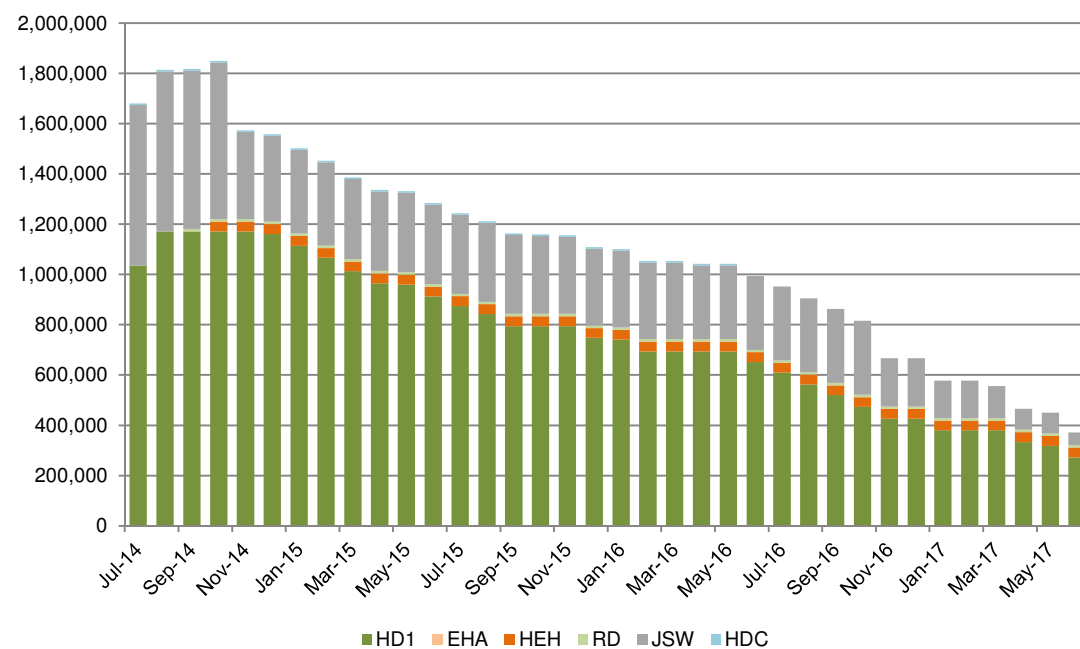
Hughes Group Debt Position



The Debt Graph above includes

- Hire Purchase
- Commercial Bill
- USD Commercial Bill
- Other

Hughes Group Equipment Finance Repayment Summary



THANK YOU

