

11 July, 2016

Hughes Drilling Limited (ASX:HDX) – Market Update

Hughes Drilling Limited (ASX:HDX or Company) provides the following market update:

Continuing discussions with senior financier and ATO

The Company advises that it remains in discussions with its senior financier (Bank). The Bank continues to maintain its lending facilities and is working with the Company to restructure these facilities.

The Company's growth and performance over the past few years coupled with its forward projections has facilitated the need to implement more flexible funding arrangements. The Bank is working with the Company and its advisors with the view to implementing a number of short term initiatives to assist the Company with its capital requirements.

The Company, through its advisors, will consider arrangements and funding structures that support the current business operations and provide facilities that support the Company's anticipated consolidation and growth profiles.

The Company continues its communication with creditors and the ATO.

At this time both of these matters are incomplete.

New Water Drilling Contracts for JSW

Hughes Drilling's Western Australian division JSW has been awarded new water well drilling contracts for the West Australian Water Corporation for the drilling of new production water bores at Laverton in the North Eastern Goldfields region and also at Capel in WA's South West. These new water bores are being completed to increase domestic water supply and will utilise two of JSW's specialist water well drill rigs.

The Company has completed a number of contracts for the Western Australia Water Corporation and is pleased to continue this working relationship with WA's primary water supplier.

JSW has also been awarded a Water Well drilling contract for the Main Roads Department of Western Australia. The contract involves drilling production water bores at various locations in the Pilbara region of WA for road maintenance and construction purposes.

Board changes

Mr John Silverthorne - resignation

Mr John Silverthorne has advised the Company that he has decided to step down from the Board of Hughes Drilling and as a non-executive director of the Company effective 6 July 2016. The Board thanks Mr Silverthorne for his commitment and services to Hughes Drilling and the Board wishes him well with his future endeavours.

Voluntary Suspension

Given continuing negotiations with the Company's senior financier, the Company has requested a continuation of its voluntary suspension from the ASX for a further period of 14 days to ensure that the market is able to trade on a fully informed basis.

A further update will be provided to shareholders before the commencement of trade on Monday 25 July, 2016.

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