



McGrathNicol

ASX ANNOUNCEMENT

14 October 2016

Hughes Drilling Limited (ASX: HDX)

Update on the Voluntary Administration

As previously advised, on 22 September 2016 Jason Preston, Shaun Fraser and Jamie Harris, all Partners of McGrathNicol were appointed Joint and Several Voluntary Administrators ("Administrators") of Hughes Drilling Limited and each of its controlled entities by a resolution of directors, with the exception of its US subsidiary, Reichdrill Inc. (together, the "Hughes Drilling Group").

Following the appointment, the Administrators entered into a funding arrangement with the group's secured creditor to obtain a short term overdraft facility to enable the businesses operated by the Hughes Drilling Group to meet immediate cash flow needs. Orders were made in the Federal Court of Australia (Sydney District Registry) on 26 September 2016 pursuant to s 447A of the Corporations Act 2001 (Cth) in relation to the proposed loan facility.

The Administrators have continued to operate all business units while undertaking an urgent sale campaign.

Extension to the convening period for the second meeting of creditors

At the conclusion of the initial expressions of interest period, a number of non-binding offers were received, and several parties are now proceeding through a period of further due diligence. This due diligence process is expected to require between two to three weeks to complete, in order to ensure bidders receive sufficient information to make a binding offer.

The Administrators intend to make an application to the Federal Court of Australia (Sydney District Registry) as soon as possible for orders extending the convening period for the second meeting of creditors by six weeks (to 2 December 2016), in order to maximise the prospects of a sale or Deed of Company Arrangement for some or all of the business of the Hughes Drilling Group being achieved.

Contact details and further information

Information will continue to be uploaded to the McGrathNicol website (www.mcgrathnicol.com) and the Hughes Drilling Group website (www.hughesdrilling.com.au).

For all further enquires please contact:

Creditor enquiries:

Link Market Services

Creditor Hotline

Ph: 1300 365 798

E: hughesdrilling@linkmarketservices.com.au

Media enquiries:

Nick Owens

Sefiani Communications Group

0421 977 062

E: nowens@sefiani.com.au