

**Stock Exchange Announcement**

**4 June 2009**

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**MARKET UPDATE**

**BRANDRILL ANNOUNCES DEFERRAL OF SECOND HALF REVENUES  
AND REDUCED FULL YEAR PROFIT**

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Drilling services company, Brandrill Limited, today announced that a series of recent deferrals in major projects has negatively impacted its revenue and profit outlook for the period January to June 2009.

Brandrill announced on 27<sup>th</sup> February 2009, Profit after Tax for the first half ending December 2008 was \$4.0 million with revenues of \$108.9 million. At that time, the Company signalled that drilling revenues were expected to decline by 25-30% and that sales of the DT Hi Load truck bodies would also be impacted by the global slowdown in equipment purchases. Accordingly, actions were taken to reduce overheads and focus on cash generation and debt reduction. However, revenues have recently been more negatively affected than expected.

The decline in drilling revenues has been in line with expectations for the first four months of this half, but it was anticipated that revenues would improve significantly at the end of the period. The Company expected to be awarded the drilling component of several major projects and for these to commence in May and June, with accelerated ramp up improving both revenues and profitability. However, the drilling components of these projects have now suffered significant delays or deferrals. In addition, no new coal work has been secured, further reducing expected revenues for the half year. Exploration revenues have recovered but not as quickly as expected and some rates have been reduced by competitive pressures. DT Hi Load sales have been at the low level expected.

Planned reductions in overheads have been achieved but have not been sufficient to offset the profit impact of this revenue deferral and hence the Company expects to incur a loss for the January to June 2009 half, but maintain profitability for the full year. The extent of the loss for the half is subject to final results for May and June, settlement of claims and other adjustments. The outlook for the first half of 2010 has benefited from the deferral of revenues and income scheduled for this current period and the Company will be trading profitably going forward. There are clear signs of improvement in commodity markets and in the demand for the full range of the Company's services and products.

As an indication of the strengthening market, Brandrill has received a letter of award for the drill and blast civil work for CP Mining's project at Cape Preston, which is subject to contract documentation. Drills have already mobilised to site. It is anticipated that this project will proceed through the first half of next financial year.

The Company will provide further market updates on the final outlook for FY2009 as trading results come to hand, and on the improving outlook for trading in FY2010.

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