



DRILLTORQUE

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Australian Stock Exchange
Market Announcements

BY ELECTRONIC LODGEMENT

Drill Torque Limited (ASX – DTQ) revises full year guidance

Please find attached Drill Torque Earnings Guidance announcement for immediate release to the market

Yours Faithfully



Robert Witty
Company Secretary

Drill Torque Limited

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DRILLTORQUE

DRILL TORQUE ASX ANNOUNCEMENT

DRILL TORQUE EARNINGS GUIDANCE – WEATHER AFFECTS FORECASTS, ORDER BOOK STRONG

The ongoing abnormal weather conditions in Northern Queensland in particular and also throughout the rest of Queensland have been affecting the Drill Torque Group (DTQ) revenues and profitability for some months. However, the recent bout of cyclonic weather conditions, especially in Townsville, has made it now virtually impossible for DTQ to deliver on its prospectus forecasts.

Up until the end of December 2011 and in fact towards the middle of February 2012 management was still projecting that subject to better climatic conditions DTQ would trend towards the financial projections as outlined in the prospectus. Unfortunately, a combination of continuous inclement weather, delays in the delivery of three Schramm drilling rigs and the new DE880 rig and ongoing increases in HR costs, maintenance costs and rising costs on drilling consumables have finally taken their toll on the business.

Your management and Board of Directors have continued to monitor the situation closely but this last round of abnormal weather has meant that we have run out of time in terms of meeting projected forecasts. At all times management has provisioned for the normal wet season slow-down but recent climatic events have been way beyond the norm. While it is extremely difficult to project with accuracy in the current climatic conditions it is our view that revenues could be off by some 25-30% and EBITDA by some 45-50% compared with prospectus forecasts.

As at today's date due to the wet weather we have only 13 drill rigs working out of a total of some 34 rigs. However, we are hoping to have 1 of the new Schramms and the new DE880 rig in work by mid May 2012 which is well behind our original expectations. Subject to no further extreme weather conditions, we are expecting to have some 26 rigs in full production by 1 June 2012. We must stress that ongoing weather forecasts are somewhat bearish and while we have made allowances for this in our forward projections we are mindful of the damage that can be caused by these abnormal climatic conditions.

Offsetting these short term issues regarding weather and prospectus forecasts are the positive medium to longer term prospects for DTQ with the buoyant industry conditions and demand likely to continue for some years ahead.

In answer to a number of queries from shareholders, suppliers and clients, we are pleased to advise that the new headquarters of the group in Townsville has come through the recent "mini tornado" without any major damage and is fully operational. There were no reported incidents or injuries with our employees as a result of the recent cyclonic conditions and we wish to thank all parties who contacted the company expressing concern. On the order book front we are pleased to report that the level of activity with mining companies now wanting to commence and ramp up their drilling programs over the next 3 to 12 months has been considerable. We are confident that the strength of our ongoing order book will deliver strong results for the Drill Torque Group.

Drill Torque continues to be one of the largest contract drilling companies based in Queensland, owning a large, modern fleet of 34 drill rigs that is capable of drilling in the minerals and energy sectors. DTQ is strategically located in Townsville and Cloncurry in order to service key resource producing areas across Australia.

For further information please contact:

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