



30 March 2010

The Manager
Company Announcements Office
ASX Limited
Level 4
20 Bridge Street
Sydney NSW 2000

Dear Sir/Madam

LETTER SENT TO AUSDRILL SHAREHOLDERS

Please find attached a letter sent to Ausdrill Limited shareholders today.

Yours sincerely

Domenic Santini
Company Secretary

Ausdrill Limited

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ABN: 95 009 211 474

30 March 2010

Dear Shareholder

INFORMATION FOR SHAREHOLDERS PRO-RATA NON-RENOUNCEABLE ENTITLEMENT ISSUE

As you may be aware, Ausdrill Limited (ASX:ASL) (**Company**) will shortly be offering to eligible shareholders an opportunity to acquire more shares in the Company pursuant to a fully underwritten pro-rata non-renounceable entitlement issue to shareholders of fully paid ordinary shares (**Shares**) on the basis of one (1) Share for every ten (10) Shares held at 5.00pm Perth time on Thursday 8 April 2010, at an issue price of \$2.00 per Share, to raise approximately \$41.75 million before costs (**Entitlement Issue**). In addition, the Company has received irrevocable offers from institutional and sophisticated investors to raise a further \$61.92 million before costs at the same price of \$2.00 per Share (**Placement**). The total amount raised under the Entitlement Issue and Placement will be \$103.67 million before costs.

The Entitlement Issue will be made pursuant to an offer document (**Offer Document**) and if you are eligible and wish to participate in the Entitlement Issue, you will need to complete the Entitlement and Acceptance Form that will accompany that Offer Document.

A copy of the Offer Document will be lodged with ASX on or before 14 April 2010 and will be available on the ASX website (www.asx.com.au) and the Company's website (www.ausdrill.com.au) on that date. The Offer Document will be despatched to eligible shareholders holding shares as at the record date of 5.00pm Perth time on Thursday 8 April 2010.

Pursuant to the Listing Rules of the ASX Limited (**Listing Rules**), the Company is required to provide you with certain information before proceeding with the Entitlement Issue. This letter contains all the information required by Appendix 3B of the Listing Rules.

1. A maximum of 20,876,559 Shares will be issued pursuant to the Entitlements Issue (assuming no options are exercised before the record date and ignoring the effect of rounding).
2. The Shares will rank equally in all respects from the date of allotment with the existing class of quoted Shares.
3. The issue price of the Shares will be \$2.00 each.

4. The Company will apply for quotation of the Shares issued pursuant to the Entitlement Issue on the official list of the ASX.
5. The funds raised by the Entitlement Issue will, together with the funds raised under the Placement, be used to provide working capital and for capital expenditure to fund the growth of the Company's business following the acquisition of Brandrill, and the expected growth of the Company going forward.
6. It is anticipated the securities will be entered into uncertificated holdings on or before 7 May 2010.
7. The total number and class of all securities quoted on ASX (including the maximum number of Shares to be issued under the Entitlement Issue (assuming no options are exercised before the record date and ignoring the effect of rounding) is as follows:

Class	Number
Existing ordinary shares	208,765,592
Entitlement Issue	20,876,559
TOTAL	229,642,151

8. The following are the securities of the Company not quoted on ASX:

Class	Number
Employee Options (exercisable at exercise prices of between \$1.30 and \$1.45, with expiry dates ranging from 12 November 2013 to 30 June 2014)	5,400,000

9. All Shares issued pursuant to the Entitlement Issue will have the same dividend entitlements as existing Shares.
10. No shareholder approval for the Entitlements Issue is required.
11. The Entitlements Issue is non-renounceable. This means that shareholders who do not take up their entitlement to participate in the Entitlement Issue will not be able to transfer or receive any value for those entitlements, and their equity interest in the Company will be diluted.
12. The Shares in the Entitlement Issue will be offered on the basis of one (1) Share for every ten (10) Shares held by the shareholder at 5.00pm Perth time on Thursday 8 April 2010.

13. The offer under the Entitlement Issue relates to fully paid ordinary shares in the capital of the Company.
14. The record date to determine entitlements is 5.00pm Perth time on Thursday 8 April 2010.
15. Where fractions arise in the calculation of entitlements, the number of Shares will be rounded up to the nearest whole number of Shares.
16. Only shareholders with registered addresses in Australia and New Zealand will be eligible to participate in the Entitlement Issue.

In compliance with Listing Rule 7.7.1 of the Listing Rules, the Company has decided that it is unreasonable to make the offer to shareholders with registered addresses outside Australia and New Zealand having regard to each of the following:

- the number of security holders registered outside of Australia and New Zealand;
 - the number and value of the securities that would have been offered to security holders outside of Australia and New Zealand; and
 - the cost of complying with the legal requirements and requirements of regulatory authorities in the overseas jurisdictions.
17. The closing date for receipt of acceptances is 5.00 pm Perth time on 29 April 2010.
 18. The Entitlement Issue is fully underwritten by Argonaut Capital Limited and Patersons Securities Limited. The Company will pay the Underwriters total fees of 4% of the aggregate funds raised under the Entitlement Issue.
 19. There is no broker to the Entitlement Issue.
 20. Brokers will receive no handling fees for acceptances lodged by them on behalf of security holders.
 21. The Offer Document for the Entitlement Issue and the accompanying Entitlement and Acceptance Form will be despatched to eligible shareholders by no later than 14 April 2010.
 22. Existing option holders may participate in the Entitlement Issue upon exercise of their options (if they are entitled to exercise their options at this time). The Company sent a notice to option holders on



29 March 2010 to notify option holders of their right to participate in the Entitlement Issue upon exercise of their options.

23. The latest date for despatch of certificates or entry of the securities into your security holdings is 7 May 2010.

The above information was provided to the ASX on 29 March 2010.

If you have any queries regarding your entitlement or participation in the upcoming Entitlement Issue, please contact Mr Domenic Santini, Company Secretary, on +61 8 9311 5666.

Yours sincerely

Domenic Santini
Company Secretary