



Ausdrill Limited
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ABN: 95 009 211 474

5 July 2010

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

Dear Sir/Madam

LETTER TO OPTION HOLDERS

Please find attached a letter sent today to Ausdrill Limited Employee Share Option Plan holders.

Yours faithfully
Ausdrill Ltd

Domenic Santini
Company Secretary



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Dear option holder

ADJUSTMENT OF OPTION EXERCISE PRICE FOLLOWING ENTITLEMENT ISSUE

I refer to my letter dated 29 March 2010 under which I notified you that Ausdrill Limited ABN 95 009 211 474 (**Company**) would be undertaking a fully underwritten pro-rata non-renounceable entitlement issue of fully paid ordinary shares (as announced to ASX on 29 March 2010) (**Entitlement Offer**).

As you may be aware, the Entitlement Offer closed on 29 April 2010 and shares were issued under the offer on 7 May 2010 (with the shortfall issued to or at the direction of the underwriters on 11 May 2010).

Rule 3.9 of the Ausdrill Limited Employee Share Option Plan Rules (which Rules set out the terms of your options) contains a mechanism under which the exercise price for each of your options is to be adjusted when there is a pro-rata offer of the Company's shares at a discount to the market price of those shares. The mechanism is based on the formula in ASX Listing Rule 6.22.2.

The Entitlement Offer was conducted at a slight discount to the market price of the Company's shares over the five trading days before the Entitlement Offer "ex" date. Accordingly, the exercise price for each tranche of options has been adjusted in accordance with Rule 3.9 as follows:

Old exercise price before adjustment for Entitlement Offer	New adjusted exercise price following Entitlement Offer
\$1.30	\$1.2914
\$1.35	\$1.3414
\$1.45	\$1.4414

In accordance with the ASX Listing Rules, at the time when an option is exercised, it may be necessary to round up or round down any fraction of a cent remaining after aggregating the exercise price of each of the options exercised by the holder.

If you wish to discuss any of the above matters, please contact me.

Yours sincerely

Domenic Santini
Company Secretary