



12 July 2012

Ms Kerrie Papamihail
Assistant Manager, Listings (Perth)
ASX Limited
Level 8 Exchange Plaza
2 The Esplanade
Perth WA 6000

By fax: 9221 2020

Dear Ms Papamihail

Appendix 3Z – Final Director's Interest Notice for Mr M Hills

I refer to your letter dated 10 July 2012.

Our responses to your questions are set out below:

Q1: Please explain why the Appendix 3Z was lodged late?

A1: The Appendix 3Z was lodged late due to an administrative oversight.

Ausdrill has in place procedures which are usually followed upon the resignation of a Director, including following up with the Director in respect of the Appendix 3Z. In this case, that step in the usual procedure was inadvertently missed. As soon as this administrative oversight was discovered, Ausdrill immediately obtained the relevant information from Mr Hills and then lodged the Appendix 3Z.

Q2: What arrangements does the Company have in place with its directors to ensure that it is able to meet its disclosure obligations under listing rule 3.19A?

A2: All Ausdrill Directors are parties to an agreement with Ausdrill substantially in the form of Attachment 1 to ASX Guidance Note 22, which (among other things) requires Directors to notify Ausdrill of details regarding their holdings as soon as possible (and in any event within five business days) after the date of ceasing to be a director. All new Directors of Ausdrill are asked to sign a copy of the agreement at their time of appointment.

In addition, the Joint Company Secretaries regularly liaise with Directors regarding their holdings.



Q3: If the current arrangements are inadequate or not being enforced, what additional steps does the Company intend to take to ensure compliance with listing rule 3.19B?

A3: The Company has in place the procedures suggested by ASX Guidance Note 22 and does not believe that the current arrangements are inadequate.

In particular, we note that the last Appendix 3Z lodged (in respect of Mr J Askew on 9 June 2011) was lodged in the required timeframe under listing rule 3.19A. Appendices 3Y lodged on 2 December 2011 and 18 May 2011 and the Appendix 3X lodged on 5 April 2011 were also lodged within the required timeframes.

To minimise the chance of further administrative oversights, the Company will circulate to relevant corporate secretarial staff members a checklist setting out the procedures to be followed upon the resignation of a director.

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

Yours sincerely

**Domenic Santini
Company Secretary
AUSDRILL LIMITED**



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10 July 2012

Mr Domenic Santini
Company Secretary
Ausdrill Limited
6-12 Uppsala Place
Canning Vale WA 6155

By email: domenics@ausdrill.com.au

Dear Domenic

Ausdrill Limited (the "Company")

We refer to the following:

1. The Company's announcement lodged with ASX Ltd ("ASX") on 5 July 2012 regarding a final director's interest for Mr Mason Gordon Hills ("Appendix 3Z").
2. Listing rule 3.19A which requires an entity to tell ASX the following:
 - 3.19A.1 The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) at the following times.
 - On the date that the entity is admitted to the official list.
 - On the date that a director is appointed.The entity must complete an Appendix 3X and give it to ASX no more than 5 business days after the entity's admission or a director's appointment.
 - 3.19A.2 A change to a notifiable interest of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust). The entity must complete an Appendix 3Y and give it to ASX no more than 5 business days after the change occurs.
 - 3.19A.3 The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) at the date that the director ceases to be a director. The entity must complete an Appendix 3Z and give it to ASX no more than 5 business days after the director ceases to be a director.
3. Listing rule 3.19B which states as follows.

An entity must make such arrangements as are necessary with a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) to ensure that the director discloses to the entity all the information required by the entity to give ASX completed Appendices 3X, 3Y and 3Z within the time period allowed by listing rule 3.19.A. The entity must enforce the arrangements with the director.

4. The Companies Update dated 27 June 2008, reminding listed entities of their obligation to notify ASX within 5 business days of the notifiable interests in securities held by each director and outlining the action that ASX would take in relation to breaches of listings rules 3.19A and 3.19B.

It appears that the Appendix 3Z notifying the final interest of Mr Hills should have been lodged with ASX by 22 June 2011. Consequently, the Company may be in breach of listing rules 3.19A and/or 3.19B.

Please note that ASX is required to record details of breaches of the listing rules by listed companies for its reporting requirements.

ASX reminds the Company of its contract with ASX to comply with the listing rules. In the circumstances ASX considers that it is appropriate that the Company make necessary arrangements to ensure there is not a reoccurrence of a breach of the listing rules.

Having regard to listing rules 3.19A and 3.19B and Guidance Note 22: "Director Disclosure of Interests and Transactions in Securities - Obligations of Listed Entities", we ask that you answer each of the following questions.

1. Please explain why the Appendix 3Z was lodged late.
2. What arrangements does the Company have in place with its directors to ensure that it is able to meet its disclosure obligations under listing rule 3.19A?
3. If the current arrangements are inadequate or not being enforced, what additional steps does the Company intend to take to ensure compliance with listing rule 3.19B?

Your response should be sent to me by facsimile on facsimile number (08) 9221 2020. It should not be sent to the Company Announcements Office.

A response is requested as soon as possible and, in any event, not later than half an hour before the start of trading at 5:00 pm WST on Friday 13 July 2012.

Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a form suitable for release and must separately address each of the questions asked. If you have any queries or concerns, please contact me immediately.

Yours sincerely

Kerrie Papamihail
Assistant Manager, Listings (Perth)