MACMAHON

10 July 2008

Dear Ausdrill Shareholder

Macmahon Extends Takeover Offer for Ausdrill

As you will be aware, today Macmahon announced that it has elected to extend its Takeover Offer for Ausdrill until 15 August 2008.

Macmahon is offering 1.45 Macmahon shares for each of your Ausdrill shares.

Macmahon has chosen to extend the offer in light of a number of factors which have complicated the decision making process for Ausdrill shareholders, including;

- Ausdrill's decision not to give its shareholders the benefit of an Independent Expert's report.

  It is common for the views of an independent expert to be considered in a takeover situation and we are surprised that Ausdrill has not done this for its shareholders. This would provide an objective, unbiased view on the Macmahon Offer.

- The failure of Ausdrill to publicly disclose the size of its order book.

  Ausdrill has refused to disclose publicly the size of its order book, the most important leading indicator of the prospects for a contracting company. We believe that this has hampered the ability of Ausdrill shareholders to assess the growth plans that Ausdrill has chosen to release since Macmahon announced its Offer.

  For your information, Macmahon's order book currently stands at more than $2 billion.

- The impact of the current share market volatility on the rating of Ausdrill shares on a standalone basis.

Since the Macmahon Offer was announced on 21 May, the S&P /ASX 300 index has declined by more than 14% to 7 July 2008. Macmahon understands that Ausdrill shareholders may be anxious about this and concerned about the future rating of Ausdrill shares on a standalone basis.

It is important to note that Ausdrill Managing Director, Ron Sayers, alone has accounted for approximately 40% of Ausdrill share purchases made during the period from 16 June to 3 July 2008 (being the date of Mr Sayers' last disclosed purchases). This brings into question the prospects for Ausdrill's share price in the absence of the Macmahon Offer and share purchases by Mr Sayers.

If the Offer lapses without Macmahon gaining acceptances of at least 50.1%, it is highly likely that Ausdrill's share price will fall heavily, potentially to below pre-Offer levels of approximately $1.95.

This is a very real concern for Ausdrill shareholders and Macmahon believes this is one of the reasons you should see our Offer as a very compelling opportunity.

Macmahon's Offer is also currently the **ONLY** proposal before you and the Ausdrill Board has failed to provide you with any alternatives.

We believe that the Macmahon Offer gives Ausdrill shareholders the chance to be part of a bigger group, with a more sustainable growth strategy, a lower risk profile and a superior track record of delivering shareholder returns.

The Offer is now due to close on 15 August 2008 unless extended. Macmahon urges you to consider all information sent to you and to **ACCEPT** the Offer as soon as possible.

Further details on the reasons why you should accept the Offer may be found in the Bidder's Statement and in Macmahon's response to the Target's Statement. For further information or assistance, please contact the Offer Information Line on 1300 726 037 or +61 3 9415 4345 for international callers.

Yours sincerely

RJ Carter

RJ Carter
Chairman

Macmahon Holdings Ltd ABN 93 007 634 406
Level 3 263 Adelaide Terrace Perth WA 6000 PO Box 198 Cannington WA 6987
Telephone: (08) 9365 1111 **Facsimile:** (08) 9365 1186 **Web:** www.macmahon.com.au
Email: info@macmahon.com.au