AUSDRILL

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16 November 2007

Company Announcements Office
Australian Stock Exchange Limited
Level 4
20 Bridge Street
Sydney NSW 2000

Dear Sir,

Attached is a copy of the Chairman's address to be delivered to shareholders of Ausdrill Limited at the Annual General Meeting of the Company to be held today.

Yours faithfully

DOMENIC SANTINI
Company Secretary

Address to Shareholders

A presentation to the 14th Annual General Meeting of Ausdrill Limited by the Chairman, Mr. T E O'Connor

Highlights

The year under review has been another very successful year for the Ausdrill Group. The Annual Report highlights the major financial results for the year. These include:

- Revenue up 15% to $365.6m
- EBITDA up 33% to $71.1m
- After tax profit up 44% to $27.5m
- Dividends up 50% to 9 cents per share

Obviously the buoyant conditions in the resources industry have contributed to these very good results, but also substantially result from the management initiatives over the last few years.

Takeover Approaches

As has been reported, we received tentative approaches from parties interested in looking at a takeover of the Company. None of these approaches resulted in a firm offer and there are no current approaches.

Capital Raising

As you will have seen, the company is raising $95m before expenses through a placement and an underwritten Share Purchase Plan. This raising will require some shareholder approvals and a meeting will be convened on the 10th December for that purpose.

The Capital Raising has generated strong interest from the investment community and is significantly oversubscribed.

The additional funds will:

- Fund further growth of our operations both in Australia and Africa
- Provide working capital for this growth
- Maintain our conservative gearing ratio which will permit us to quickly exploit opportunities which may arise in the future.

In particular, the company proposes to move into the contract mining business in Australia. We now have some 14 years of experience in contract mining in Africa. We have no doubt that we have the skills to develop that business in Australia and have engaged an experienced manager to head up the division.

In making the decision to move to contract mining we had two alternatives: either to purchase an existing business or build a business from scratch. We chose the latter path as we did not believe it was in the interests of shareholders to pay the inflated goodwill that vendors are seeking in the current environment. Unlike most of its peers, Ausdrill carries no goodwill on its Balance Sheet.

Obviously, building a business from scratch takes time, particularly in circumstances where mining equipment and plant is in short supply and manufacturers are having difficulty keeping up with demand.

We have managed to purchase at auction an initial fleet consisting of 20 x 100 tonne dump trucks, 3 x 120 tonne excavators, 1 x 180 tonne excavator and associated plant. This fleet is in good condition and should arrive in this State in the next few weeks. Supply chains are being established for critical components, spares and consumables and we are well positioned for an early start-up of the fleet. We are in discussion with a number of parties about work for the fleet and are confident that we should secure contracts in the near future.

The development of this mining division means that we can now provide to our clients a full service ranging from exploration drilling through to open-pit mining, allowing us to develop relationships with clients at an early stage in their project development.

In addition to this contract mining business we have agreed, subject to documentation, to enter into a 50-50 joint venture with Barminco to carry out underground mining in West Africa and have already tendered for work. We are confident that the combination of our African experience and infrastructure along with Barminco's underground experience will make this a very successful venture.

Further, the Drill & Blast Division of the company has expanded its footprint further into civil work. To this end we have opened a facility in Karratha to service the anticipated demand arising from the significant developments in both the oil & gas and iron ore mining industries in the North West.

The ongoing investment in our existing fleet remains an important part of our strategy going forward and we will continue to plan ahead with our fleet expansion and upgrade programs. For example, currently we have 4 new diamond drills awaiting to be delivered this financial year, 15 smaller production drills and an additional 8 x 100 tonne dump trucks for West Africa.

One division on which I would like to specifically comment on is the Manufacturing Division – Drilling Tools Australia Pty Ltd. This Division has been significantly expanded with the purchase of 2 new computerised robotic lathes delivered earlier this calendar year. This Division operates as a separate profit centre and gives us the capacity to produce drill consumable and spare parts in-house. While our focus is on internal sales there is also a significant opportunity for external sales. In this context we are delighted to announce that Drilling Tools Australia Pty Ltd has been awarded a contract for the supply of drilling consumables to the Newmont mine at Boddington.

The significant initiatives I have outlined above will take time to impact on the Company's performance, however going forward we see the current buoyant conditions continuing for at least the next 3-5 years. Whilst our new initiatives may reduce earnings per share in the short term, they will be significantly earnings accretive in the 2009 financial year and beyond.

At the recent road show our advisors projected a $30m profit for the Company this year. Barring anything unforeseen happening we are comfortable with this projection.

Directors

Mr Gary Connell, who has been a Director for 8 years, has indicated that he intends to resign following the AGM to pursue other interests. I would like to thank Mr Connell for his contribution to the Company and wish him well for the future.

Staff

I would like to publicly thank our Managing director, Ron Sayers, and all the staff at the Company for their efforts during the year.

The Company is operating in an extremely competitive labour market and is not immune to, the difficulties which ensue as a result such as labour shortages and cost pressures. Nonetheless we have a core of talented and committed people and have in place a number of initiatives such as training of apprentices, section 457 tradesmen and staff retention schemes that will assist us in achieving our future growth targets.

T E O'CONNOR
CHAIRMAN