



Boart Longyear Limited
ABN 49 123 052 728

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www.boartlongyear.com

ASX Release

Date: 17 August 2009

Boart Longyear Recapitalisation

Boart Longyear Limited (ASX: BLY) today announced a comprehensive recapitalisation, including a fully underwritten equity offer to raise US\$635 million (A\$756 million¹) (**Offer**). The initiatives will significantly improve Boart Longyear's financial flexibility with no material debt refinancing required for over two years. Following the Offer, pro-forma net debt as at 30 June 2009 is expected to be US\$166 million². The net proceeds of the Offer will be used to repay existing debt.

The Offer in summary

Boart Longyear intends to raise a total of approximately US\$635 million (A\$756 million¹) in new equity capital at an issue price of A\$0.27. The Offer will comprise three tranches:

- US\$341 million (A\$406 million¹) Entitlement Offer
 - The Entitlement Offer is a 1 for 1 accelerated non-renounceable pro-rata offer which includes an institutional component (**Institutional Entitlement Offer**) and a retail component (**Retail Entitlement Offer**)
- US\$101 million (A\$120 million¹) Institutional Placement (**Unconditional Placement**)
- US\$193 million (A\$230 million¹) Institutional Placement, conditional on shareholder approval at an EGM of shareholders to be held on 24 September 2009 (**Conditional Placement**).

If shareholders approve the Conditional Placement at the EGM, Boart Longyear intends to invite shareholders to participate in a Share Purchase Plan.

The Entitlement Offer, Unconditional Placement and Conditional Placement are fully underwritten by Goldman Sachs JBWere Pty Ltd, Macquarie Capital Advisers Limited, Merrill Lynch International (Australia) Limited and RBS Equity Capital Markets (Australia) Limited.

Debt repayment

Net proceeds from the Offer will be used to repay US\$585 million of Boart Longyear's existing bank term loan².

Following completion of the Offer and debt repayment, Boart Longyear's financial leverage will be reduced significantly, with pro-forma net debt / LTM Adjusted EBITDA³ reducing from 3.5 times to 0.8 times².

¹ Assuming an exchange rate of A\$1.00 = US\$0.84.

² Assumes that the Conditional Placement is approved by shareholders at the EGM expected to be held on 24 September 2009, and that all net underwritten Offer proceeds are received by Boart Longyear.

³ LTM Adjusted EBITDA is last twelve months Adjusted EBITDA and is defined as 2H2008 Adjusted EBITDA + 1H2009 Adjusted EBITDA.



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Interim results

For an overview of Boart Longyear's first half results as at 30 June 2009, please refer to the Half Year Results Presentation and Release dated 17 August 2009 which has been posted to the ASX.

Shareholder enquiries

Retail shareholders who have any queries about the Entitlement Offer should contact the Boart Longyear Shareholder Information Line on 1800 781 633 (local call cost within Australia) or on +61 2 8280 7488 (from outside Australia) Monday to Friday between 8.30 am and 5.30 pm or go to the Boart Longyear website at www.boartlongyear.com. Eligible Retail Shareholders will receive a Retail Offer Booklet including a personalised Entitlement and Acceptance Form in relation to the Entitlement Offer which will provide further details of how to participate.

The recapitalisation described in this announcement is also set out in the Capital Raising Presentation which Boart Longyear has filed with the ASX today. This presentation contains important information including risk factors and foreign selling restrictions with respect to the Offer.

For further information please contact:

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For personal use only



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IMPORTANT INFORMATION

This announcement does not constitute an offer to sell, or a solicitation of an offer to buy securities in the United States, or to any person that is, or is acting for the account or benefit of, any "U.S. person" (as defined in Regulation S under the U.S. Securities Act of 1933 (**U.S. Securities Act**) (**U.S. Person**)). The securities referred to herein have not been, and will not be, registered under the U.S. Securities Act and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. Persons unless the securities are registered under the U.S. Securities Act or an exemption from the registration requirements of the U.S. Securities Act is available.

The pro forma financial information included in this announcement does not purport to be in compliance with Article 11 of Regulation S-X of the rules and regulations of the U.S. Securities and Exchange Commission. Readers should also be aware that certain financial data included in this announcement are "non-GAAP financial measures" under Regulation G of the U.S. Securities Exchange Act of 1934, as amended. The disclosure of such non-GAAP financial measures in the manner included in this announcement would not be permissible in a registration statement under the Securities Act. Boart Longyear believes these non-GAAP financial measures provide useful information to users in measuring the financial performance and conditions of Boart Longyear. These non-GAAP financial measures do not have a standardised meaning prescribed by Australian Accounting Standards and, therefore, may not be comparable to similarly titled measures presented by other entities, nor should they be construed as an alternative to other financial measures determined in accordance with Australian Accounting Standards. Readers are cautioned, therefore not to place undue reliance on any non-GAAP financial measures and ratios included in this announcement.

This announcement may contain certain forward-looking statements. The words "anticipate", "believe", "expect", "project", "estimate", "likely", "intend", "should", "could", "may", "target", "plan" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Boart Longyear, and its officers, employees, agents or associate, which may cause actual results to differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements. Readers are cautioned not to place undue reliance on forward-looking statements. Subject to any continuing obligations under applicable law or any relevant ASX listing rules, Boart Longyear disclaims any obligation or undertaking to provide any updates or revisions to any forward-looking statements in this announcement to reflect any change in expectations in relation to any forward-looking statements or any change in events, conditions or circumstances on which any such statement is based.



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Appendix A: Key Offer Dates

Key dates

Institutional Entitlement Offer, Unconditional Placement and Conditional Placement	17 - 18 August 2009
Record Date to determine right to participate in the Entitlement Offer	7.00pm (AEST) 20 August 2009
Retail Entitlement Offer opens	21 August 2009
Settlement of Institutional Entitlement Offer and Unconditional Placement	28 August 2009
Allotment and trading of New Shares issued under Institutional Entitlement Offer and Unconditional Placement	31 August 2009
Retail Entitlement Offer closes (Closing Date)	5.00pm (AEST) 8 September 2009
Allotment of New Shares issued under the Retail Entitlement Offer	15 September 2009
EGM to vote on Conditional Placement	24 September 2009
Settlement of Conditional Placement (if approved)	28 September 2009
Expected date for trading of New Shares issued under the Conditional Placement on a normal settlement basis	29 September 2009

The above timetables are indicative only. References to time and date are references to Australian Eastern Standard Time (**AEST**). Boart Longyear reserves the right to amend any or all of these events, dates and times subject to the Corporations Act, the ASX Listing Rules and other applicable laws. In particular, Boart Longyear reserves the right to extend the closing dates for the offers, to accept late applications either generally or, in particular cases, to withdraw the offers without prior notice. The commencement of quotation of the New Shares is subject to confirmation from ASX.



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Appendix B: Further detail on the Offer

Under the Entitlement Offer, eligible shareholders are invited to subscribe for 1 New Share for every 1 existing Boart Longyear ordinary share held at the Record Date. The offer price for the New Shares to be issued under the Entitlement Offer, Unconditional Placement and Conditional Placement is A\$0.27 per new share; an 18% discount to the theoretical ex-rights price⁴.

The Record Date for the Entitlement Offer will be 7.00pm (AEST) on Thursday, 20 August 2009. The Institutional Entitlement Offer, which is expected to raise approximately US\$170 million (A\$203 million¹), and the Unconditional Placement and Conditional Placement will be conducted during 17-18 August 2009. Boart Longyear will remain in a trading halt until completion of the Institutional Entitlement Offer, the Unconditional Placement and the Conditional Placement and is expected to recommence trading on 19 August 2009.

The Retail Entitlement Offer, which is expected to raise approximately US\$170 million (A\$203 million¹), will open on Friday, 21 August 2009 and close at 5.00pm (AEST) on 8 September 2009. Eligible Retail Shareholders may apply for New Shares in excess of their Entitlement subject to availability and scale-back in a manner as agreed by the Underwriters and Boart Longyear. The Retail Entitlement Offer is not being extended to any shareholder outside Australia or New Zealand.

Eligible Retail Shareholders will receive a Retail Offer Booklet including a personalised Entitlement and Acceptance Form in relation to the Entitlement Offer which will provide further details of how to participate.

The Entitlement Offer is non-renounceable. Entitlements cannot be traded on the ASX nor otherwise transferred. This means that Boart Longyear shareholders who do not take up their entitlement to participate in the Entitlement Offer will not receive any value for those entitlements and their equity interest in Boart Longyear will be diluted. Shareholders who are not eligible to receive Entitlements will not receive any value in respect of Entitlements they would have received had they been eligible.

Shareholder approval of the Conditional Placement will be sought at an extraordinary general meeting expected to be held on 24 September 2009.

Stock Lending and other transactions

Boart Longyear has been granted a waiver by ASX so that, in determining Entitlements for the Equity Entitlement Offer, it may ignore any changes in shareholdings that occur after the trading halt preceding the announcement of the Offer (other than registrations of transactions that were effected through ITS before commencement of the trading halt).

Accordingly, a person who is a registered Boart Longyear shareholder at the Record Date as a result of a dealing after the announcement of the trading halt preceding the announcement of the Offer (other than the registration of a transaction effected through ITS before that announcement) may not be entitled to receive an Entitlement under the Offer.

In the event that a shareholder has existing shares out on loan at the Record Date, the borrower will be regarded as the shareholder for the purposes of determining the Entitlement (provided that those borrowed shares have not been on-sold).

⁴ Theoretical ex-rights price is the theoretical price at which Boart Longyear shares should trade immediately after the ex-date for the Entitlement Offer and includes the New Shares issued under the Unconditional Placement and the Conditional Placement.