



Boart Longyear Limited
ABN 49 123 052 728

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www.boartlongyear.com

ASX Release

Date: 19 August 2009

Boart Longyear Recapitalisation

Successful completion of institutional equity raising

Boart Longyear Limited (**Boart Longyear**) today announced that it has successfully completed the allocation of new shares under the entitlement offer and placement to institutions as part of the capital raising announced on 17 August 2009 (**Offer**). The institutional component of the entitlement offer (**Institutional Entitlement Offer**) was strongly supported by both existing institutional shareholders (who took up 98% of entitlements in the Institutional Entitlement Offer) and other eligible institutions.

A total of US\$478 million (A\$569 million¹) has been committed by institutional investors, comprising the following fully underwritten components:

- US\$184 million (A\$219 million¹) Institutional Entitlement Offer
- US\$101 million (A\$120 million¹) unconditional share placement (**Unconditional Placement**)
- US\$193 million (A\$230 million¹) conditional share placement (**Conditional Placement**)

Settlement of the Conditional Placement is subject to shareholder approval at the EGM expected to be held on 24 September 2009.

The retail component of the entitlement offer (**Retail Entitlement Offer**), which is also fully underwritten, is expected to raise US\$157 million (A\$187 million¹) taking the total size of the Offer to US\$635 million (A\$756 million¹).

Following completion of the Offer and debt repayment, Boart Longyear's financial leverage will be reduced significantly, with pro-forma net debt / LTM Adjusted EBITDA² reducing from 3.5 times to 0.8 times³.

Commencement of the Retail Entitlement Offer

The Retail Entitlement Offer will open on Friday, 21 August 2009 and is expected to close at 5.00pm (AEST) on Tuesday, 8 September 2009. The terms of the Retail Entitlement Offer are the same as the terms under the Institutional Entitlement Offer with Eligible Retail Shareholders having the opportunity to subscribe for 1 New Share for every 1 existing ordinary share in Boart Longyear held at 7.00pm (AEST) on Thursday, 20 August 2009 (**Record Date**), at the offer price of A\$0.27 per New Share.

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

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

³ Assuming shareholder approval for the Conditional Placement is obtained at the EGM expected to be held on 24 September 2009, and that all net underwritten Offer proceeds are received by Boart Longyear.

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Eligible Retail Shareholders may apply for their entitlement plus New Shares in excess of their entitlement (**Additional New Shares**). Applications for Additional New Shares will be satisfied to the extent there is a shortfall in the Retail Entitlement Offer. Allocations will be determined in a manner as agreed by the Underwriters and Boart Longyear. Boart Longyear also reserves the right to scale-back applications in a manner as agreed by the Underwriters and Boart Longyear.

In addition, Boart Longyear intends to offer a Share Purchase Plan to eligible shareholders if Boart Longyear shareholders approve the Conditional Placement at the EGM expected to be held on Thursday, 24 September 2009.

Eligible Retail Shareholders wishing to participate in the Retail Entitlement Offer will need to have regard to the Retail Offer Booklet and personalised Entitlement and Acceptance Form which is expected to be mailed to each Eligible Retail Shareholder on Tuesday, 25 August 2009.

Retail shareholders will be sent details of the Retail Entitlement Offer shortly. Retail shareholders with questions about the Retail Entitlement Offer should contact the Boart Longyear Shareholder Information Line on 1800 781 633 (within Australia) or on +61 2 8280 7488 (outside Australia) between 8.30am and 5.30pm (AEST) Monday to Friday or go to the Boart Longyear website at www.boartlongyear.com.

For further information please contact:

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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 (the **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 is based on unaudited information. It also contains certain forward-looking statements. The words "anticipate", "believe", "expect", "project", "estimate", "likely", "intend", "should", "could", "may", "target", "plan" and other similar

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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

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 dates 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.