



**BOART  
LONGYEAR™**

# **RETAIL ENTITLEMENT OFFER**

1-for-1 **accelerated** non-renounceable pro-rata  
Entitlement Offer of Boart Longyear ordinary shares  
(New Shares) at an offer price of A\$0.27 per New Share

Retail Entitlement Offer closes at 5.00pm (AEST) on  
Tuesday, 8 September 2009

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES OR TO U.S. PERSONS

This is an important document which is accompanied by a personalised Entitlement and  
Acceptance Form and both should be read in their entirety.

Please call your professional adviser or the Boart Longyear Shareholder Information Line  
if you have any questions.

For personal use only

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### NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES OR TO U.S. PERSONS.

This Retail Offer Booklet contains certain "forward looking statements". Forward looking statements should or can generally be identified by the use of forward looking words such as "anticipate", "believe", "expect", "project", "forecast", "estimate", "likely", "intend", "should", "will", "could", "may", "target", "plan" and other similar expressions within the meaning of securities laws of applicable jurisdictions. Indications of, and guidance or outlook on, future earnings, distributions or financial position or performance are also forward looking statements. The forward looking statements contained in this Retail Offer Booklet involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of Boart Longyear, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct.

Forward looking statements may also be based on estimates and assumptions which are subject to change. Actual results, performance or achievements may vary materially for many projections because events and actual circumstances frequently do not occur as forecast and these differences may be material. These statements may assume the success of Boart Longyear's business strategies. The success of any of these strategies is subject to uncertainties and contingencies beyond Boart Longyear's control, and no assurance can be given that any of the strategies will be effective or that the anticipated benefits from the strategies will be realised in the period for which the forward looking

statements may have been prepared or otherwise. Readers are cautioned not to place undue reliance on forward looking statements and Boart Longyear assumes no obligation to update or revise such information to reflect any change in expectations or assumptions. The inclusion of the forward looking statements in this Retail Offer Booklet should not be regarded as a representation, warranty or guarantee with respect to its accuracy or the accuracy of the underlying assumptions or that Boart Longyear will achieve, or is likely to achieve, any particular results.

This Retail Offer Booklet, and any accompanying ASX Offer announcements, and the Entitlement and Acceptance Form do not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to, or for the account or benefit of, any U.S. Person (as defined in Regulation S under the U.S. Securities Act of 1933, as amended (the **Securities Act**)) (**U.S. Person**). The New Shares offered in the Entitlement Offer have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. Persons absent registration or in a transaction exempt from, or not subject to, the registration requirements of the Securities Act.

**NOT FOR DISTRIBUTION OR  
RELEASE IN THE UNITED STATES  
OR TO U.S. PERSONS.**

Dear Shareholder,

On behalf of the Directors of Boart Longyear, I am pleased to invite you to participate in the entitlement offer described in this booklet. The offer is a fully underwritten 1-for-1 accelerated non-renounceable pro-rata entitlement offer of new Boart Longyear fully paid ordinary shares (**New Shares**) to raise approximately US\$341 million (A\$406 million<sup>1</sup>) (**Entitlement Offer**).

The Entitlement Offer is part of an overall recapitalisation proposal announced by Boart Longyear on 17 August 2009 to raise a total of approximately US\$635 million (A\$756 million<sup>1</sup>) before fees and expenses (**Offer**).

This Retail Offer Booklet relates to the retail component of the Entitlement Offer (**Retail Entitlement Offer**) which is expected to raise US\$157 million (A\$187 million<sup>1</sup>).

#### **Background to the Offer**

The global financial crisis over the last 12 months has created a challenging operating environment for the drilling services and products industry. This, combined with equity and debt funding constraints and lower commodity prices, resulted in decreased exploration activity in the mining sector leading to a significant fall in demand for our drilling services and products in late 2008 which continued into 2009.

In response to these developments, Boart Longyear has taken swift action to reduce its cost structure and improve cash generation. As a result, Boart Longyear's selling, general and administrative expenses for the first half of 2009 have been reduced by 39% from the first half of 2008. Boart Longyear has also rationalised manufacturing facilities and implemented numerous other cost reductions. Capital expenditure in 1H2009 has also been reduced by approximately 80% from the levels in 1H2008.

In addition to these initiatives, Boart Longyear has launched the Offer to reduce its net debt levels significantly and address its April 2010 debt maturity so as to create a more robust capital structure with no bank facilities repayable until 2012. The net proceeds of the Offer will be used to repay existing debt by approximately US\$585 million. This is expected to result in Boart Longyear having a pro-forma net debt position of about US\$166 million at 30 June 2009<sup>2</sup>.

The Board firmly believes that, following successful completion of the Offer, Boart Longyear will be in a strong position to take advantage of a recovery in the mining and drilling services cycle.

#### **The Offer**

Boart Longyear is seeking to raise approximately US\$635 million (A\$756 million<sup>1</sup>) of fully underwritten new capital through the Offer at an issue price of A\$0.27. The Offer will comprise three tranches:

- US\$341 million (A\$406 million<sup>1</sup>) Entitlement Offer;
- US\$101 million (A\$120 million<sup>1</sup>) unconditional share placement to professional and sophisticated investors (**Unconditional Placement**); and
- US\$193 million (A\$230 million<sup>1</sup>) conditional share placement to professional and sophisticated investors, subject to shareholder approval at an Extraordinary General Meeting of Shareholders (**EGM**) to be held on 24 September 2009 (**Conditional Placement**).

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.

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

If shareholders approve the Conditional Placement at the EGM, Boart Longyear also intends to offer all eligible shareholders to participate in a Share Purchase Plan (**SPP**).

It is expected that the documents relating to the EGM will be distributed to shareholders around the same time as the despatch of this Retail Offer Booklet on 25 August 2009.

As part of the Offer, Boart Longyear announced on 19 August 2009 that it had successfully completed the allocation of New Shares under the institutional component of the Offer. Approximately US\$184 million (A\$219 million<sup>1</sup>) was raised through the institutional component of the Entitlement Offer, US\$101 million (A\$120 million<sup>1</sup>) through the Unconditional Placement and, subject to shareholder approval, US\$193 million (A\$230 million<sup>1</sup>) through the Conditional Placement.

#### **Debt repayment**

Proceeds from the Offer will be used to reduce existing debt by repaying Boart Longyear's US\$585 million term loan facility maturing in April 2010. After repayment of this debt facility, near term refinancing risk will be removed with no debt maturing until April 2012.

Following completion of the Offer and debt repayment, Boart Longyear's financial leverage will be reduced significantly, with pro-forma net debt/LTM Adjusted EBITDA<sup>2</sup> reducing from 3.5 times to 0.8 times.

#### **Details of your Entitlement**

As an Eligible Retail Shareholder you are entitled to subscribe for 1 New Share for every 1 existing Boart Longyear ordinary share (**Share**) held on the Record Date (being 7.00pm (AEST) on Thursday, 20 August 2009) (**Entitlement**). The Issue Price of A\$0.27 per New Share under the Retail Entitlement Offer is the same price paid by Eligible Institutional Shareholders under the equity raising and represents a discount of 39% to Boart Longyear's closing share price on 14 August 2009 of A\$0.44, a discount of 32% to the 5-day volume weighted average price to 14 August 2009, and an 18% discount to the theoretical ex-rights price (**TERP**) of A\$0.329. Eligible Retail Shareholders may also apply for New Shares in excess of their Entitlements (**Additional New Shares**). Applications for Additional New Shares will be satisfied to the extent there is a shortfall in the Retail Entitlement Offer. Boart Longyear may scale-back applications for Additional New Shares in a manner as agreed by the Underwriters and Boart Longyear.

New Shares and Additional New Shares will be issued on a fully paid basis and will rank equally with existing Shares from the date of issue and will carry voting rights at the EGM to be held on 24 September 2009.

This Retail Offer Booklet contains a number of important documents including:

- "Key Dates" for the Offer;
- instructions on "How to Apply", setting out how to accept all or part of your Entitlement or apply for Additional New Shares in the Retail Entitlement Offer if you choose to do so;
- ASX Offer announcements, which include the Capital Raising Presentation;

<sup>1</sup> Assuming an exchange rate of A\$1.00 = US\$0.84.

<sup>2</sup> LTM Adjusted EBITDA is last 12 months Adjusted EBITDA and is defined as 2H2008 Adjusted EBITDA + 1H2009 Adjusted EBITDA.

- "Important Information"; and
- a personalised Entitlement and Acceptance Form which details your Entitlement, to be completed in accordance with the instructions provided on the form and the instructions in the "How to Apply" section of this Retail Offer Booklet.

The Retail Entitlement Offer closes at 5.00pm (AEST) on Tuesday, 8 September 2009.

To participate, you need to ensure that:

- you have made your payment (**Application Monies**) via BPAY® pursuant to the instructions that are set out on your personalised Entitlement and Acceptance Form and payment via BPAY® has been received by Boart Longyear by 5:00pm (AEST) on Tuesday, 8 September 2009;

OR

- your completed personalised Entitlement and Acceptance Form, together with payment of Application Monies is received by Boart Longyear by 5:00pm (AEST) on Tuesday, 8 September 2009.

Please refer to instructions in the "How to Apply" section of this Retail Offer Booklet for further information.

#### **Further information**

Further information on the Entitlement Offer and Boart Longyear's business is detailed in this Retail Offer Booklet. You should read the entirety of this Retail Offer Booklet carefully (in particular, "Risk Factors" outlined in the Capital Raising Presentation which contains a summary of key risks associated with an investment in Boart Longyear) before deciding whether to participate in the Entitlement Offer.

If you have any further questions about the Entitlement Offer, you should seek advice from your stockbroker or other professional adviser, or you can visit the Entitlement Offer website at [www.boartlongyear.com](http://www.boartlongyear.com) or call the Boart Longyear Shareholder Information Line on 1800 781 633 (within Australia) or +61 2 8280 7488 (outside Australia) between 8.30am and 5.30pm (AEST) Monday to Friday during the Retail Entitlement Offer period.

On behalf of the Directors, I thank you for your continued support of Boart Longyear and encourage you to carefully consider this investment opportunity.

Yours sincerely,



**Graham Bradley**  
Chairman

## KEY DATES FOR THE OFFER

<b>Event</b>	<b>Date</b>
Institutional Entitlement Offer, Unconditional Placement and Conditional Placement	17–18 August 2009
Record Date to determine right to participate in 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 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 Conditional Placement on a normal settlement basis	29 September 2009

Note: The above timetable is indicative only and subject to change. Boart Longyear reserves the right to amend any or all of these events, dates and times subject to the Corporations Act 2001 (Cth), the Australian Securities Exchange (**ASX**) Listing Rules and other applicable laws. In particular, Boart Longyear reserves the right to extend the closing date of the offers, to accept late applications either generally or in particular cases or to withdraw the offers without prior notice. The commencement of quotation of New Shares is subject to confirmation from ASX. All references in this Retail Offer Booklet to AEST are to Australian Eastern Standard Time (**AEST**).

### **Enquiries**

If you have any questions, please call the Boart Longyear Shareholder Information Line on 1800 781 633 (within Australia) or +61 2 8280 7488 (from outside Australia) at any time from 8.30am to 5.30pm (AEST) Monday to Friday during the Retail Entitlement Offer period, or consult your stockbroker, accountant or other independent professional adviser.

Website: [www.boartlongyear.com](http://www.boartlongyear.com)

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# HOW TO APPLY

## HOW TO APPLY

**NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES OR TO U.S. PERSONS OR ANY PERSONS ACTING FOR THE ACCOUNT OR BENEFIT OF U.S. PERSONS**

### 1. The Retail Entitlement Offer

Under the retail component of the accelerated non-renounceable pro-rata entitlement offer (**Retail Entitlement Offer**), Eligible Retail Shareholders (as defined in "Important Information") are being offered the opportunity to subscribe for 1 new Boart Longyear fully paid ordinary share (**New Share**) for every 1 Boart Longyear fully paid ordinary share (**Share**) held at 7.00pm (AEST) on Thursday, 20 August 2009 (**Record Date**), at the offer price of A\$0.27 per New Share (**Offer Price**) (**Entitlement**).

You should note that not all Boart Longyear shareholders as at Thursday, 20 August 2009 will be eligible to participate in the offer of New Shares. Please read "Important Information".

Eligible Retail Shareholders may also apply for New Shares in excess of their Entitlement (**Additional New Shares**). Boart Longyear reserves the right to allot any Additional New Shares if and to the extent that Boart Longyear and the Underwriters so determine, having regard to circumstances as at the time of the close of the Retail Entitlement Offer. Boart Longyear reserves its right to scale-back applications in a manner as agreed by the Underwriters and Boart Longyear. Therefore, your application for Additional New Shares may not be successful (wholly or partially). The decision of Boart Longyear on the number of Additional New Shares to be allocated to you will be final.

New Shares and Additional New Shares issued pursuant to the Retail Entitlement Offer will be fully paid, rank equally with existing Shares on issue and carry voting rights at the Extraordinary General Meeting to be held on Thursday, 24 September 2009.

The Retail Entitlement Offer is being made pursuant to provisions of the Corporations Act 2001 (Cth) (**Corporations Act**) which allow rights issues to be offered without a prospectus. As a result, it is important for Eligible Retail Shareholders to carefully read and understand the information on Boart Longyear and the Retail Entitlement Offer made publicly available, prior to accepting all or part of their Entitlement or applying for Additional New Shares. In particular, please refer to this Retail Offer Booklet, Boart Longyear's half year and annual reports and other announcements made available at [www.boartlongyear.com](http://www.boartlongyear.com) (including Boart Longyear's Annual Report for the financial year ending 31 December 2008 that was released to ASX on 9 April 2009).

Your Entitlement is set out on the accompanying personalised Entitlement and Acceptance Form and has been calculated as 1 New Share for every 1 Share you held as at 7.00pm (AEST) on Thursday, 20 August 2009. If you have more than one registered holding of Shares, you will be sent more than one personalised Entitlement and Acceptance Form and you will have separate Entitlements for each separate holding.

Note: The Entitlement stated on your personalised Entitlement and Acceptance Form may be in excess of the actual Entitlement you may be permitted to take up where, for example, you are holding Shares on behalf of a U.S. Person (see definition of Eligible Retail Shareholder in "Important Information").

### 2. Consider the Retail Entitlement Offer in light of your particular investment objectives and circumstances

Please consult with your stockbroker, accountant or other independent professional adviser if you have any queries or are uncertain about any aspect of the Retail Entitlement Offer. You should also refer to the "Risk Factors" section in the Capital Raising Presentation included in this Retail Offer Booklet.

### 3. Complete and return the accompanying Entitlement and Acceptance Form with your Application Monies or make a payment by BPAY®

If you are an Eligible Retail Shareholder, you may do any one of the following:

- take up all or part of your Entitlement;
- take up all of your Entitlement and also apply for Additional New Shares in excess of your Entitlement; or
- do nothing, in which case all of your Entitlement will lapse.

If you decide to take up all or part of your Entitlement, or apply for Additional New Shares, please complete and return the personalised Entitlement and Acceptance Form with the requisite Application Monies or pay your Application Monies via BPAY® by following the instructions set out on the personalised Entitlement and Acceptance Form.

Boart Longyear will treat you as applying for as many New Shares as your payment will pay for in full, subject to any scale-back it may determine to implement in a manner as agreed by the Underwriters and Boart Longyear in respect



of Additional New Shares. Amounts received by Boart Longyear in excess of your Entitlement (**Excess Amount**) may be treated as an application to apply for as many Additional New Shares as your Excess Amount will pay for in full. If you are paying by BPAY®, please make sure to use the specific Biller Code and unique Reference Number on your personalised Entitlement and Acceptance Form. If you receive more than one personalised Entitlement and Acceptance Form, please only use the Reference Number specific to the Entitlement on that Form. If you inadvertently use the same Reference Number for more than one of your Entitlements, you will be deemed to have applied only for Additional New Shares on the Entitlement to which that Reference Number applies.

If you take no action you will not be allocated New Shares and your Entitlement will lapse. Your Entitlement to participate in the Retail Entitlement Offer is non-renounceable and cannot be traded on ASX or any other exchange, nor can they be privately transferred. Shareholders who do not take up their Entitlements in full will not receive any payment or value for those Entitlements they do not take up.

If you take up and pay for all or part of your Entitlement or apply for Additional New Shares before the closing date of the Retail Entitlement Offer of 5.00pm (AEST) on Tuesday, 8 September 2009, you will be allotted your New Shares on Tuesday, 15 September 2009. You should note that if you apply for Additional New Shares then, subject to Boart Longyear's ability to scale-back your allocation of Additional New Shares (in whole or part) in a manner as agreed by the Underwriters and Boart Longyear, you will be issued these on Tuesday, 15 September 2009. Boart Longyear's decision on the number of Additional New Shares to be allocated to you will be final.

Boart Longyear also reserves the right (in a manner as agreed by the Underwriters and Boart Longyear) to reduce the number of New Shares allocated to Eligible Retail Shareholders, or persons claiming to be Eligible Retail Shareholders, if their claims prove to be overstated or if they or their nominees fail to provide information to substantiate their claims.

#### 4. Acceptance of the Retail Entitlement Offer

The method of acceptance of the Retail Entitlement Offer will depend on your method of payment being:

- by BPAY®; or
- by cheque, bank draft or money order.

By completing and returning your personalised Entitlement and Acceptance Form or making a payment by BPAY®, you will be deemed to have represented that you are an Eligible Retail Shareholder (as defined in "Important Information").

By completing and returning your personalised Entitlement and Acceptance Form or making a payment by BPAY®, you will also be deemed to have acknowledged, represented and warranted on behalf of each person on whose account you are acting that:

- (a) you are not in the United States or a U.S. Person and are not acting for the account or benefit of a U.S. Person;
- (b) you acknowledge that the New Shares have not been, and will not be, registered under the Securities Act or the securities laws of any state or other jurisdiction in the United States, or in any other jurisdiction outside Australia or New Zealand and accordingly, the New Shares may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any other applicable securities laws; and
- (c) you are not engaged in the business of distributing securities; and
- (d) you have not and will not send any materials relating to the Retail Entitlement Offer to any person in the United States or that is, or is acting for the account or benefit of, a U.S. Person.

#### Payment by BPAY®

For payment by BPAY®, please follow the instructions on the personalised Entitlement and Acceptance Form (which includes the Biller Code and your unique Reference Number). You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions.

Please note that should you choose to pay by BPAY®:

- you do not need to submit the personalised Entitlement and Acceptance Form but are taken to have made the declarations on that personalised Entitlement and Acceptance Form; and
- if you do not pay for your full Entitlement, you are deemed to have taken up your Entitlement in respect of such whole number of New Shares (and Additional New Shares, if any) which is covered in full by your Application Monies.

It is your responsibility to ensure that your BPAY® payment is received by the share registry by no later than 5.00pm (AEST) on Tuesday, 8 September 2009 (subject to variation). You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment and you should therefore take this into consideration when making payment.

Any Application Monies received for more than your final allocation of New Shares and Additional New Shares will be refunded (except for where the amount is less than A\$1.00, in which case it will be donated to a charity chosen by Boart Longyear). No interest will be paid on any Application Monies received or refunded.

**Payment by cheque, bank draft or money order**

For payment by cheque, bank draft or money order, you should complete your personalised Entitlement and Acceptance Form in accordance with the instructions set out on that form and return it accompanied by a cheque, bank draft or money order in Australian currency for the amount of the Application Monies, payable to “Boart Longyear Limited – Equity Offer Account” and crossed “Not Negotiable”.

Your cheque, bank draft or money order must be:

- for an amount equal to A\$0.27 multiplied by the number of New Shares (and Additional New Shares, if any) that you are applying for; and
- in Australian currency drawn on an Australian branch of a financial institution.

You should ensure that sufficient funds are held in the relevant account(s) to cover the Application Monies. If the amount of your cheque for Application Monies (or the amount for which the cheque clears in time for allocation) is insufficient to pay in full for the number of New Shares and Additional New

Shares you have applied for in your personalised Entitlement and Acceptance Form, you will be taken to have applied for such lower number of whole New Shares (and Additional New Shares, if any) as your cleared Application Monies will pay for (and taken to have specified that number of New Shares (and Additional New Shares, if any) on your personalised Entitlement and Acceptance Form). Alternatively, your application will not be accepted.

Any Application Monies received for more than your final allocation of New Shares and Additional New Shares will be refunded (except for where the amount is less than A\$1.00, in which case it will be donated to a charity chosen by Boart Longyear). No interest will be paid on any Application Monies received or refunded.

Cash payments will not be accepted. Receipts for payment will not be issued.

**5. Mail**

To participate in the Retail Entitlement Offer, your payment must be received no later than the close of the Retail Entitlement Offer, on 5.00pm (AEST) on Tuesday, 8 September 2009. Shareholders who make payment via cheque, bank draft or money order should mail their completed personalised Entitlement and Acceptance Form together with Application Monies using the reply paid or self-addressed envelope provided with this Retail Offer Booklet, or deliver to:

**By mail**

Boart Longyear Limited  
C/- Link Market Services Limited  
GPO Box 3560  
Sydney NSW 2001  
Australia

**By hand (please do not use this address for mailing purposes)**

Boart Longyear Limited  
C/- Link Market Services Limited  
Level 12  
680 George Street  
Sydney NSW 2000  
Australia

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# **ASX OFFER ANNOUNCEMENTS**



**BOART  
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## **CAPITAL RAISING**

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### ***Important Notice and Disclaimer***

- ❏ This presentation has been prepared by Boart Longyear Limited, ABN 49 123 052 728 (**Boart Longyear** or the **Company**). It contains general information about the Company's activities as at the date of the presentation. It is information given in summary form and does not purport to be complete. It should be read in conjunction with the Company's financial results for the six-months ended 30 June 2009 lodged with the Australian Securities Exchange (**ASX**) on 17 August 2009, as well as other periodic and continuous disclosure announcements to the ASX available at [www.asx.com.au](http://www.asx.com.au)
- ❏ This presentation, including the information contained in this disclaimer, is not a prospectus and does not form part of any offer, invitation or recommendation in respect of securities, or an offer, invitation or recommendation 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, a "U.S. person" (as defined in Regulation S under the United States Securities Act of 1933, as amended (**Securities Act**)) (**U.S. Person**), or in any other jurisdiction in which such an offer would be illegal. The securities referred to herein may not be offered or sold in the United States, or to or for the account or benefit of, any U.S. Person, unless the securities have been registered under the Securities Act or an exemption from the registration requirements under the Securities Act is available. The offer or sale of the securities referred to herein have not been and will not be registered under the Securities Act. The distribution of this presentation in other jurisdictions outside Australia may also be restricted by law and any such restrictions should be observed. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. In particular, this presentation may not be sent to any investors in the United States or to a U.S. Person (or to any person acting for the account or benefit of a U.S. Person).
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- ❏ You should also be aware that certain financial data included in this presentation are "non-GAAP financial measures" under Regulation G under the United States Securities Exchange Act of 1934, as amended, including "EBITDA" and "Adjusted EBITDA". The disclosure of such non-GAAP financial measures in the manner included in this presentation would not be permissible in a registration statement under the Securities Act. These non-GAAP financial measures do not have a standardised meaning prescribed by AIFRS 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 AIFRS. Although the Company believes these non-GAAP financial measures provide useful information to users in measuring the financial performance and condition of our business for the reasons set out below, you are cautioned not to place undue reliance on any non-GAAP financial measures and ratios included in this presentation.
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## Forward Looking Statements

- ✦ This presentation includes "forward-looking statements" within the meaning of securities laws. These forward-looking statements can generally be identified by the use of forward-looking terminology such as "may", "will", "expect", "anticipate", "estimate", "continue", "plan", "intend", "believe", "continue", "objective", "outlook", "guidance", "should", "project", "foresee", "aim" or other similar words and include statements regarding certain plans, strategies and objectives of management and expected financial performance. Any forward-looking statements involve known and unknown risks, uncertainties and other factors including significant regulatory, business, competitive and economic uncertainties, risks and contingencies — many of which are outside the control of the Company and its officers, employees, agents or associates. Forward-looking statements may also be based on estimates and assumptions with respect to future business decisions, which are subject to change.
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- ✦ Financial information in this presentation relating to the Offer, the Share Purchase Plan and the pro-forma debt position of the Company assumes that shareholder approval for the Conditional Placement is obtained at the Extraordinary General Meeting (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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## Introduction

- ✦ Fully underwritten equity offering of approximately US\$635 million (A\$756 million<sup>1</sup>) (**Offer**)
- ✦ Net proceeds used to repay bank debt
- ✦ The Offer will be conducted via:
  - 1-for-1 accelerated non-renounceable pro-rata entitlement share offer (**Entitlement Offer**)
  - Unconditional share placement to professional and sophisticated investors (**Unconditional Placement**)
  - Conditional share placement to professional and sophisticated investors (**Conditional Placement**)
- ✦ If the Conditional Placement is approved by shareholders, the Company intends to offer a Share Purchase Plan (**SPP**) of up to A\$15,000 per shareholder
- ✦ The structure of the Offer will give existing shareholders and new shareholders the opportunity to participate
- ✦ Financial information in this presentation assumes that 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
- ✦ It is the intention of all non US-based directors to take-up their entitlements under the Entitlement Offer. The Entitlement Offer will not be US registered. For this reason and due to potential tax consequences, the Board has decided that US-based directors and employees will not participate in the Entitlement Offer

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

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## Capital Raising Overview

	# of Shares (in millions)	Offer price		Proceeds (in millions) <sup>1</sup>	
		A\$	A\$	A\$	US\$ <sup>2</sup>
Entitlement Offer	1,503	\$ 0.27	\$ 406	\$ 341	
Unconditional Placement	446	0.27	120	101	
Conditional Placement <sup>1</sup>	851	0.27	230	193	
<b>Total underwritten gross proceeds</b>	<b>2,800</b>		<b>\$ 756</b>	<b>\$ 635</b>	
Estimated Fees and Expenses			\$ 60	\$ 50	
<b>Total underwritten net proceeds</b>			<b>\$ 696</b>	<b>\$ 585</b>	

If the Conditional Placement is approved by shareholders, the Company intends to offer a SPP of up to A\$15,000 per shareholder

— Assuming a 20-30% participation rate by shareholders, the Company expects the SPP may raise approximately US\$50-\$75m<sup>3</sup>

**All net proceeds to be used to reduce the existing amount of net debt**

1. 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.
2. Assuming exchange rate of A\$1.00 = US\$0.84.
3. SPP offer price will be the lower of the Offer price under the share placements or Boart Longyear's volume weighted average price (VWAP) over the last 5 trading days before and including the day on which the SPP closes. The SPP is not underwritten.

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## Offer Summary

- Boart Longyear to raise approximately US\$635 million (A\$756 million<sup>1</sup>) of fully underwritten new equity (Offer)
  - US\$341 million (A\$406 million<sup>1</sup>) Entitlement Offer
    - Approximately US\$170 million (A\$203 million<sup>1</sup>) institutional component (**Institutional Entitlement Offer**)
    - Approximately US\$170 million (A\$203 million<sup>1</sup>) retail component (**Retail Entitlement Offer**). Eligible retail shareholders may apply for new shares in excess of their entitlement. Applications for excess new shares will be satisfied to the extent there is a shortfall in the Retail Entitlement Offer. Allocations for excess new shares will be determined in the manner as agreed by the underwriters and the Company and applications for excess new shares may be subject to scale-back
  - US\$101 million (A\$120 million<sup>1</sup>) Unconditional Placement
  - US\$193 million (A\$230 million<sup>1</sup>) Conditional Placement
- If the Conditional Placement is approved by shareholders, the Company intends to offer a SPP of up to A\$15,000 per shareholder
- 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
- The Offer price (A\$0.27) represents a 39% discount to last close on 14 August 2009 and a 18% discount to the Theoretical Ex-Rights Price (TERP)<sup>2</sup>
- The Institutional Entitlement Offer launched today (see detailed timetable on slide 12)
- Settlement of the Conditional Placement is subject to shareholder approval by ordinary resolution at the EGM scheduled for 24 September 2009. Institutional investors who are eligible to participate in the Conditional Placement will be ineligible to vote on this resolution
- The SPP is subject to the Conditional Placement being approved by shareholders at the EGM. If the Conditional Placement is not approved, the proposed SPP will not proceed. The SPP is not underwritten

1. Assuming exchange rate of A\$1.00 = US\$0.84.
2. 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 to be issued under the Unconditional Placement and the Conditional Placement.

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## Sources and Uses

Sources:	US\$m <sup>1</sup>	Uses:	US\$m
Entitlement Offer	341	Repay existing Term Loan A	585
Unconditional Placement	101	Estimated fees & expenses	50
Conditional Placement <sup>2</sup>	193		
<b>Total</b>	<b>635</b>	<b>Total</b>	<b>635</b>

Any additional proceeds raised via the SPP will be used to further reduce net debt<sup>3</sup>

1. Assuming exchange rate of A\$1.00 = US\$0.84.
2. 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.
3. If the Conditional Placement is approved by shareholders, the Company intends to offer a SPP of up to A\$15,000 per shareholder. Assuming a 20-30% participation rate by shareholders, the Company expects the SPP may raise approximately US\$0-\$75m. The SPP is not underwritten.

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## Pro Forma Debt Position

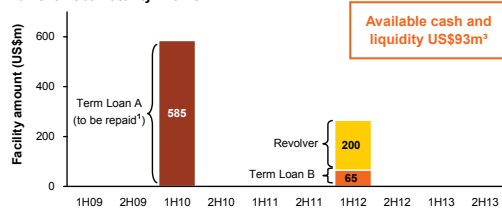
- Existing Term Loan A to be fully repaid on or before April 2010 maturity, assuming shareholder approval of the Conditional Placement<sup>1</sup>

- Existing Term Loan B and Revolver remain in place
- Maturity of April 2012

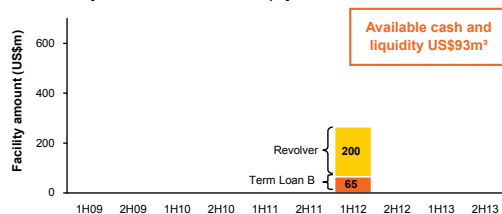
- 30 June 2009 pro forma net debt<sup>2</sup> position reduced by 78% to US\$166m, assuming shareholder approval of the Conditional Placement<sup>1</sup>

- Available cash and liquidity of US\$93m as at 30 June 2009

Current Debt Maturity Profile



Debt Maturity Profile Post Offer and Repayment of Term Loan A



1. 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.
2. Net debt consists of loans and borrowings offset by cash and cash equivalents as at 30 June 2009.
3. As at 30 June 2009

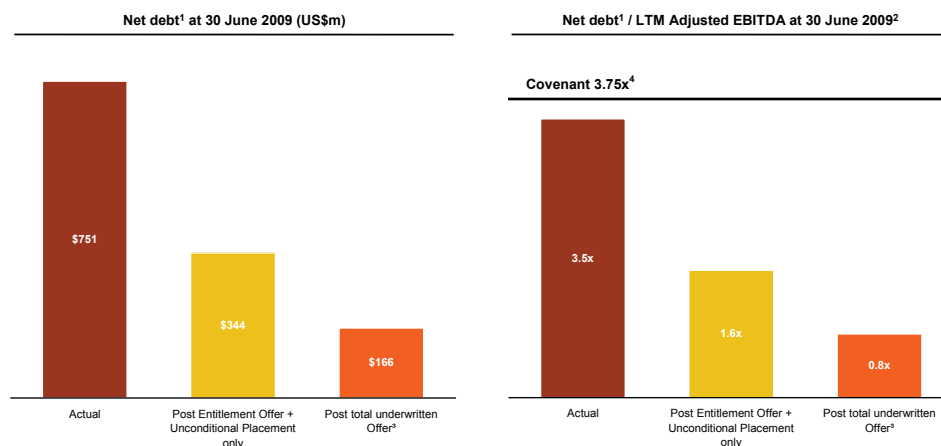
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## Pro Forma Debt Metrics



1. Net debt consists of loans and borrowings offset by cash and cash equivalents as at 30 June 2009.
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.
4. Calculations of net debt / LTM Adjusted EBITDA for the purposes of covenant testing includes a number of other adjustments to EBITDA that are not reflected in the above.

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## Investment Highlights

Near term refinancing risk removed	<ul style="list-style-type: none"> <li>✓ Near-term debt refinancing addressed</li> <li>✓ Next significant debt maturity in April 2012</li> <li>✓ Recapitalisation provides increased covenant headroom</li> </ul>
Improving outlook	<ul style="list-style-type: none"> <li>✓ Current commodity prices (gold, copper and iron ore), if maintained, support increased activity</li> <li>✓ Recent capital raisings and debt refinancing by junior and mid-tier miners encouraging</li> <li>✓ Drill rig utilisation has stabilised, remaining steady to improving through third quarter</li> </ul>
Well positioned for expected exploration recovery	<ul style="list-style-type: none"> <li>✓ Significantly reduced operating and overhead cost structure</li> <li>✓ Sufficient rig and manufacturing capacity to support expected growth</li> </ul>

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## Investment Highlights (cont'd)

<b>Global market leader</b>	<ul style="list-style-type: none"> <li>✓ Largest exploration driller with leading positions in key segments and a diversified, blue chip client base</li> <li>✓ Diversified geographic and end-market exposure               <ul style="list-style-type: none"> <li>- Operating in over 40 countries providing products and services to customers located in over 100 countries</li> <li>- Gold, copper and iron ore comprise approximately 55% of 1H09 Drilling Services revenue</li> </ul> </li> <li>✓ Boart Longyear is the only <b>integrated</b> drilling services and products provider</li> </ul>
<b>Broad range of growth opportunities</b>	<ul style="list-style-type: none"> <li>✓ Significant and growing exposure to non-mineral-resource end-markets               <ul style="list-style-type: none"> <li>- Environmental and infrastructure</li> <li>- Alternative energy (oil sands, coal bed methane and geothermal)</li> </ul> </li> <li>✓ Extensive technology pipeline of drilling products to bring to market</li> </ul>

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## Timetable for the Offer

Event	Date
Commence trading halt. Institutional Entitlement Offer, Unconditional Placement and the Conditional Placement open	Monday, 17 August 2009
Institutional Entitlement Offer, Unconditional Placement and the Conditional Placement closes	Tuesday, 18 August 2009
Boart Longyear shares recommence trading	Wednesday, 19 August 2009
Record Date to determine right to participate in the Entitlement Offer	Thursday, 20 August 2009
Retail Entitlement Offer opens	Friday, 21 August 2009
Mailing of Entitlement and Acceptance Form, Retail Offer Booklet to Eligible Retail Shareholders and EGM Notice	Tuesday, 25 August 2009
Settlement of the Institutional Entitlement Offer and Unconditional Placement	Friday, 28 August 2009
Issue of New Shares under the Institutional Entitlement Offer and Unconditional Placement, and normal trading of those shares expected to commence on ASX	Monday, 31 August 2009
Retail Entitlement Offer closes	Tuesday, 8 September 2009
Settlement of the Retail Entitlement Offer	Monday, 14 September 2009
Expected date of EGM to vote on Conditional Placement	Thursday, 24 September 2009
Settlement of the Conditional Placement (if approved)	Monday, 28 September 2009

Note: The timetable is subject to change at Boart Longyear's absolute discretion. References to time and date are Australian Eastern Standard Time (AEST). Boart Longyear reserves the right to withdraw or vary the timetable without notice. In particular, Boart Longyear reserves the right to extend the closing date of the Retail Entitlement Offer, or to withdraw the Retail Entitlement Offer or the Conditional Placement without prior notice. The commencement of quotation of New Shares is subject to confirmation from ASX.

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## APPENDIX

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### Overview of Existing Bank Facilities<sup>1</sup>

(US\$ in millions)			
Amount	Revolver	\$200	
	Term Loan A	\$585	To be repaid with proceeds of Offer <sup>2</sup>
	Term Loan B	\$65	
Maturity	Revolver	April 2012	
	Term Loan A	April 2010	To be repaid with proceeds of Offer <sup>2</sup>
	Term Loan B	April 2012	
Pricing <sup>3</sup>	Revolver	U.S. LIBOR+0.65%	
	Term Loan A	U.S. LIBOR+0.55%	
	Term Loan B	U.S. LIBOR+0.65%	
Key Financial Covenants	Max. Net Debt to EBITDA Ratio	3.75x	
	Min. EBITDA to Interest Ratio	3.00x	

1. As of 30 June 2009.

2. 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.

3. Subject to grid-based pricing based on leverage.

## Risk Factors

There are a number of factors, both specific to Boart Longyear, and of a general nature, which may affect the future results of operation, financial performance and business of Boart Longyear, its investment returns, the value of its ordinary fully paid shares (**Shares**) and its funding requirements. Many of the circumstances giving rise to these risks are beyond the control of Boart Longyear. This section describes certain specific areas that are believed to be the key risks associated with an investment in Boart Longyear. Each of the risks described below could, if they eventuate, have a material adverse effect on Boart Longyear's business, results of operation and financial performance.

You should note that the risks in this section are not exhaustive of the risks faced by a potential investor in Boart Longyear. Additional risks that Boart Longyear is unaware of, or that it currently considers to be immaterial, may also become important factors that adversely affect Boart Longyear's business, results of operation and financial performance. You should consider carefully the risks described in this section, as well as other information in this presentation, and consult your financial or other professional adviser before deciding whether to make an investment decision.

### Risks relating to the shareholder approval and SPP

There is a risk that proceeds will not be received for the US\$193 million Conditional Placement if shareholder approval for the Conditional Placement is not obtained at the meeting of Boart Longyear shareholders expected to be held on Thursday 24 September 2009. In addition, if shareholder approval is not obtained the proposed SPP will not proceed.

Certain financial information in this presentation assumes that proceeds from the Conditional Placement and the SPP are received by Boart Longyear. Further certain qualitative assessments by Boart Longyear in this presentation also assume these proceeds are received by Boart Longyear including statements relating to the bank financial covenants levels and reduction in refinancing risk. There can be no assurances that the requisite shareholder resolution will be passed to ensure that the proceeds of the Conditional Placement and SPP will be received by Boart Longyear.

In the event that the Conditional Placement or SPP do not settle for any reason, Boart Longyear would have more net debt (see slide 9), including amounts due in April 2010. Boart Longyear has secured a commitment, subject to raising at least US\$275 million in equity, from its lenders to amend the terms of its existing credit facilities. The amendments include an extension of the maturity of all the debt to April 2012, increased pricing, the grant of a security interest in certain assets and modification of certain covenants. If Boart Longyear does not enter into definitive amendment agreements under this commitment by 15 September 2009 or such later date as agreed with the banking syndicate, then it would need to secure other sources of financing or seek an extension from its banks in order to meet its obligations in April 2010. There is no guarantee that Boart Longyear will be able to secure such extensions or secure alternative financing on commercially acceptable terms or at all. Such circumstances may negatively impact the value of Shares.

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## Risk Factors

### Risks specific to Boart Longyear and the drilling industry

#### Boart Longyear operates in industries which are cyclical

Boart Longyear's operational and financial performance is sensitive to both the level of economic activity and the level of contract drilling activity within the industries and countries in which it currently operates. The level of activity in some of these industries and countries is cyclical and sensitive to a number of factors, such as gross domestic product, interest rates, input cost inflation, foreign currency exchange rates, tax rates and commodity prices (all of which are outside Boart Longyear's control). Boart Longyear is not able to predict the timing, extent and duration of the economic cycles in the global markets in which it operates. Any significant extended downturn in the drilling services and products industry, may have a negative impact on Boart Longyear's revenues, profits and financial position.

The timing of the destocking of customers drilling consumables inventories in the Products industry has been assumed to be completed by year end 2009. Any delay in the timing of the recovery may have a negative impact on Boart Longyear's revenues, profits and financial position.

#### Global economic downturn and exposure to the level of economic activity

Drilling services and product divisions are linked to economic activity which is, at present, experiencing a range of adverse effects. A protracted global recession in economic activity would continue to have a material impact on the demand for drilling services and products. A protracted global recession in economic activity and any further deterioration in economic conditions generally may decrease the demand for Boart Longyear's drilling products and services in each of its key industry sectors and geographies and may result in an adverse effect on its future financial performance and condition.

The current downturn in the economy, sparked by uncertainty in credit markets and deteriorating consumer confidence, has reduced the demand for drilling services and products. This has had, and continues to have, a negative effect on Boart Longyear's business, financial performance and results of operation. No prediction can be made regarding the nature, timing, extent and duration of the downturn to the global economy. If global macroeconomic conditions, in particular the economic outlook for the United States, were to deteriorate further, the outlook of drilling services and product providers may worsen.

Boart Longyear has announced that it has taken a number of decisive actions to reduce its manufacturing capacity, to re-size its headcount, to lower business overheads and to reduce operating costs and capital expenditure in response to the market downturn. However, these initiatives may not prove effective or sufficient to address the current impact on Boart Longyear of the downturn in the drilling services and products industry.

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Capital Raising Presentation dated 17 August 2009 continued

## **Risk Factors**

### **Availability of ongoing credit as required**

Developments in global financial markets have negatively impacted the level of liquidity available in the global credit markets. This has resulted in an increase in the cost of funding and in some cases a reduction in the availability of some funding sources throughout global markets, including Australia. Boart Longyear's continued ability to effectively implement its business plan over time may depend, in part, on its ability to raise additional funds for future growth opportunities and to repay debt maturities as they fall due. Absent the availability of credit on acceptable terms, Boart Longyear may be required to make further funding calls on existing equity holders or seek new shareholders via dilutive issues to existing equity holders.

### **Breach of debt covenants**

Boart Longyear has various covenants in relation to its banking facilities. Factors such as increases in base rates, increased borrowings and weak operational performance could lead to Boart Longyear breaching its debt covenants. In certain circumstances, lenders may require that such banking facilities be repaid immediately. Under such a scenario, there is no guarantee that Boart Longyear will be able to secure alternative financing on commercially acceptable terms or at all. Boart Longyear's funding costs are directly linked to its credit worthiness and an increase in the cost of borrowing may arise if its credit status were to deteriorate.

### **Customers' access to funding**

Conditions in the credit and equity markets have decreased the ability of mining companies, particularly smaller "junior" companies to fund their exploration operations. Consequently, this has adversely impacted their spending on drilling services, which has had a material adverse effect on Boart Longyear's financial performance and position. Although the access to funding has improved over the last few months for mining companies, a deterioration of conditions in the credit and equity markets generally and the ability of Boart Longyear's clients to raise capital, may lead to deferral or cancellation of some projects and, consequently, decrease the demand for Boart Longyear's drilling products and services.

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## **Risk Factors**

### **Mineral commodities price cycles**

Over time, demand for drilling products and services depends on the level of mineral exploration and development activities conducted by mining companies. Due to both a fall of commodities prices from historically high levels in the recent past and lack of available funding for mining companies as a result of the global financial crisis, mining expenditure has declined significantly, which has had an adverse effect on Boart Longyear's financial performance and position. There is a risk that a significant, sustained fall in commodities prices could substantially reduce future mining expenditure particularly in relation to exploration, leading to a decline in returns to Boart Longyear, which may have a material adverse effect on its financial performance and position.

At times of decreased demand for drilling services, smaller competitors may be able to better compete on price, due to their lower overhead costs, and gain market share from Boart Longyear. Management's view is that, in practice, this is not occurring. In fact, Boart Longyear has seen smaller competitors face cash flow problems and have difficulty maintaining their equipment and retaining employees. This has provided Boart Longyear with a competitive advantage in the current environment. Boart Longyear has sought to reduce this risk by reducing its proportion of fixed expenditure; however this may not be sufficient to overcome this overall risk.

### **Reduction in non-mining expenditure**

Non-mining expenditure includes environmental and infrastructure and energy drilling. Most of these markets are generally driven by governmental regulation and spending. Government spending is subject to a significant level of administrative discretion. This could result in fluctuating revenues based on changes in government policy, administration and legislation. As a result, revenues and earnings generated from these markets tend to reflect growth in gross domestic product rather than being correlated with the commodities price cycle. A downturn in general economic conditions or productivity of the economy may reduce Boart Longyear's income earned from the environmental and infrastructure and energy markets.

### **Customer contracts**

The majority of Boart Longyear's customer contracts are generally short term in nature and may be subject to cancellation by the customer upon short notice with limited or no damages payable to Boart Longyear. There is a risk that contracts may not be renewed, may be renewed on less favourable terms or may be cancelled, potentially impacting the financial performance and condition of Boart Longyear.

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## Risk Factors

### Competition

Boart Longyear may lose business to its competitors if it is unable to demonstrate technical competence, competitive pricing and reliable performance to its customers. Boart Longyear faces significant competition and a large part of the drilling services business is dependent upon obtaining work through a competitive bidding process. In the drilling services business Boart Longyear competes with several large drilling companies and many smaller firms on a local or regional level. Competition may place downward pressure on contract prices and profit margins.

The threat of increased competition in the drilling services or products markets may adversely affect Boart Longyear's current market share and plans for future growth. The fragmented nature of Boart Longyear's markets provides opportunities for competitors to consolidate, which may reduce the scale advantage that Boart Longyear currently enjoys. Additionally, the capital cost to acquire drilling rigs is relatively low, enabling existing competitors to expand and new competitors to enter the market. This exposes Boart Longyear to the risk of reduced market share and scope for geographic growth as well as lower price and margins from its existing business.

### Substitution of Boart Longyear's products

Continued product improvement by competitors may result in the Boart Longyear's customers using substitutes in place of some of Boart Longyear's products. Boart Longyear may not always be able to match its competitors in both functionality and price. General technological development in the industry may render some of Boart Longyear's products obsolete or subject to significant pricing pressure as customers move to the use of substitute products and technologies.

### Consolidation of customers and suppliers

Consolidation in the industries of Boart Longyear's customers or suppliers may reduce Boart Longyear's bargaining power with those customers or suppliers and lead to Boart Longyear transacting at less advantageous financial terms with those customers or suppliers.

### Instability in certain countries

Boart Longyear operates in more than 40 different countries. Some of these countries have experienced political and or economic instability in the past and may be subject to risks beyond Boart Longyear's control, such as war or civil disturbance, political, social and economic instability, corruption, nationalisation, expropriation without fair compensation or cancellation of contract rights, significant changes in government policies, breakdown of the rule of law and regulations and new tariffs, taxes and other trade barriers. If these or other such adverse events occur in such countries, there is a risk that Boart Longyear's foreign operations or repatriation of revenues could be impaired or assets or employees adversely affected.

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## Risk Factors

### Reliance on key personnel

The operating and financial performance of Boart Longyear is dependent on its ability to retain key personnel (including directors and senior management). Boart Longyear's continued ability to compete effectively depends on the capacity of Boart Longyear to retain and motivate these existing employees as well as attract new employees. The loss of key personnel could cause material disruption to Boart Longyear's activities and operations in the short to medium term. There can be no assurance that there will not be a detrimental impact on operations and performance if a number of these key people were to cease their employment.

### Supplier relationships and rig deliveries

Boart Longyear relies on key supplier relationships to significantly reduce the backlog time for drill rigs and coring tools. Any change in key supplier relationships may adversely affect the earnings and financial performance of Boart Longyear.

A significant delay in delivery or time lag between delivery and despatch to the field or a failure to deliver the additional rigs, may have a material adverse effect on Boart Longyear's financial position and operating performance. The delay or inability of suppliers to supply key manufacturing inputs such as steel may delay manufacturing of products and rigs that may adversely affect Boart Longyear's operational and financial performance.

Management's view is that this is not a significant risk. Boart Longyear is the primary rig supplier to Boart Longyear. Boart Longyear believes risks to its supply chain have been evaluated and are minimal. Particularly within the 2009 - 2010 period, Boart Longyear does not believe this is a risk as rig deliveries are expected to be minimal.

### Operational risks and liability

Risks associated with drilling include, in the case of employees, personal injury and loss of life and, in the case of Boart Longyear, damage and destruction to property and equipment, release of hazardous substances to the environment and interruption or suspension of drill site operations due to unsafe drill operations. The occurrence of any of these events may have an adverse effect on Boart Longyear, including financial loss, key personnel loss, legal proceedings and damage to Boart Longyear's reputation. In particular, Boart Longyear's customers are placing an increasing focus on occupational health and safety and a deterioration in Boart Longyear's safety record may result in the loss of customers.

Additionally, warranty and indemnity provisions in Boart Longyear's drilling services contracts leave Boart Longyear exposed to substantially all of the risk and liability associated with the services performed under such contracts. While Boart Longyear maintains insurance to cover losses and claims arising out of the performance of its drilling services, such insurance may not prevent a material adverse effect on the financial position and operating performance of Boart Longyear by such losses or claims.

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**Capital Raising Presentation dated 17 August 2009 continued**

## ***Risk Factors***

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### **Regulatory**

The drilling industry is highly regulated by environmental, health and safety regulations which could have a material impact on the functioning, financial stability and future earnings potential of Boart Longyear.

In particular, Boart Longyear's business is subject to environmental laws and regulations in many jurisdictions in which it operates that require specific operating licences and impose various requirements and standards, including regulations under both Commonwealth and state legislation in Australia. These laws and regulations provide for penalties and other liabilities for the violation of such laws, regulations and remedial actions. Boart Longyear incurs costs to comply with these environmental laws and regulations and violation of them, or changes to such laws and regulations, including changes to operating licence conditions, could result in penalties and other liabilities and could have a significant adverse impact on Boart Longyear's operations and financial position.

With heightened government and public sensitivity to environmental stability, environmental regulators are increasing the regulatory requirements, oversight and scrutiny in which potential projects and licences are evaluated. This could lead to delays and increased costs associated with Boart Longyear's operations and projects. Additionally, environmental laws and regulations may become more stringent in the future, and Boart Longyear may incur greater costs in complying with the increased regulation, which could have an adverse effect on its operating results and financial performance.

Sanctions for non-compliance with environmental, and health and safety laws and regulations may include monetary fines, suspension of operations or other penalties. These laws sometimes apply retroactively. In addition, a party can be liable for environmental damage without regard to that party's negligence or fault. Therefore, Boart Longyear could have liability for the conduct of others or for acts that were in compliance with all applicable laws at the time it performed them.

Further, legislation and regulations affect Boart Longyear's mineral exploration customers and influence their decision whether to conduct mineral exploration and development.

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## ***Risk Factors***

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### **Business interruptions**

Significant business interruption as a result of natural disasters, unstable weather conditions, unstable service sites, regulatory intervention, delays in necessary approvals and permits or product input supply bottlenecks may reduce Boart Longyear's ability to complete drilling services contracts and manufacture products resulting in performance delays, increased costs and loss of revenue.

### **General economic conditions**

The operating and financial performance of Boart Longyear is influenced by a variety of general economic and business conditions, including inflation, interest rates and exchange rates, access to debt and capital markets, and government fiscal, monetary and regulatory policies. A prolonged deterioration in general economic conditions, including an increase in interest rates or a decrease in consumer and business demand, could be expected to have a material adverse effect on the financial performance, financial position, cash flows, distributions, growth prospects and share price of Boart Longyear.

### **Taxation**

The relative proportion of total profit that Boart Longyear earns in each offshore jurisdiction in which it operates may change. This may result in a change in Boart Longyear's effective tax rate.

Boart Longyear operates in more than 40 different countries, as a result, it may be subject to tax disputes and investigations in the ordinary course of business which may have a material adverse effect on its financial position.

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## **Risk Factors**

### **Adverse foreign exchange movements**

A significant proportion of Boart Longyear's revenue is denominated in currencies other than the US dollar and Boart Longyear subsidiaries undertake certain transactions denominated in currencies other than their functional currency. Boart Longyear's activities expose it to the financial risks of changes in foreign exchange rates. The currency of countries in which Boart Longyear operates may be subject to fluctuation, which may negatively impact Boart Longyear's reported financial performance.

### **Interest rate risk**

Boart Longyear's bank facilities are floating rate debt instruments and are exposed to movements in market interest rates, in particular US LIBOR. Boart Longyear's interest expense and payments are therefore subject to the risk of rising interest rates. It is possible that the cost of hedging may increase and that Boart Longyear may have some interest payments which are unhedged, which may result in an adverse impact on its financial performance and position.

Subject to completion of the Offer, Boart Longyear's current bank facilities will be due for refinancing in April 2012. At that time, market interest rates and spreads may differ from the current levels and, as a result, Boart Longyear may be required to pay greater spreads than will apply to its current bank facilities.

### **Risk of asset impairment**

Under A-IFRS, Boart Longyear is required to review the carrying value of its non-financial assets, other than inventory and deferred tax assets, annually or whenever there is an indication of impairment. If there is any indication of impairment, then the assets recoverable amount is estimated. Changes in assumptions underlying the recoverable amount of certain assets of Boart Longyear as a result of deteriorating market conditions or increasing cost of capital could result in an impairment of such assets, which may have a material adverse effect on Boart Longyear's financial performance and position.

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## **Risk Factors**

### **Risk of litigation**

Boart Longyear is subject to the usual business risk that disputes or litigation may arise from time to time in the course of its business activities. Litigation risks relating to Boart Longyear include, but are not limited to, contractual claims, employee claims and regulatory disputes. There is a risk that material or costly disputes could arise which may adversely affect the financial performance and position of Boart Longyear.

### **Inability to implement further cost reductions**

In response to the soft market conditions over recent months, Boart Longyear has implemented significant cost reductions across the organisation, which partially offset the impact of lower revenues. Although Boart Longyear continues to identify cost saving opportunities with the objective to further reduce Boart Longyear's cost base, there is no guarantee that Boart Longyear will be successful in implementing all of these opportunities.

### **Risk related to increasing input costs**

Boart Longyear may face increased input costs such as the costs of labour or the costs of fuel and energy sources and steel. To the extent that these costs cannot be passed through to customers in a timely manner, or at all, Boart Longyear's financial performance and position could be adversely affected.

### **Risk related to bad debts (counterparty credit risk)**

Credit risk is the risk of financial loss to Boart Longyear if a customer or counterparty to a contract fails to meet its contractual obligations, and arises principally from Boart Longyear's receivables from customers.

Boart Longyear's credit risk on trade and other receivables arises principally from the creditworthiness of individual customers. The financial failure of a major customer or a number of significant customers, resulting in the failure of one or more of those customers to settle amounts owing to Boart Longyear may have a material adverse effect on Boart Longyear's future financial performance and position.

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Capital Raising Presentation dated 17 August 2009 continued

## **Risk Factors**

### **Inability to identify and execute acquisitions**

Boart Longyear may elect to expand its product or service offerings through organic growth initiatives or strategic acquisitions. However, there can be no assurance that it will be able to identify suitable candidates for acquisition at acceptable prices, obtain adequate funding to proceed, or successfully execute acquisitions and integration of these targets. In addition, Boart Longyear's future acquisitions may subject it to unanticipated risks or liabilities, or disrupt its operations and divert management's attention from day to day activities.

### **Insolvency risk**

Boart Longyear has debt facilities and credit obligations in place. There is a risk that Boart Longyear may be unable to make repayments or interest payments on those facilities. Such an event would constitute an event of default and could result in actions taken by creditors in relation to Boart Longyear and its operations.

### **Product risk**

The provision of products and services by Boart Longyear carries with it a risk of liability for losses arising from the provision of defective products or services, environmental damage, personal injury or property damage and indirect or consequential losses suffered by third parties. Boart Longyear's insurance and contractual arrangements may not adequately protect it against such liabilities and any loss falling outside the scope of insurance may adversely affect Boart Longyear's financial performance and/or financial position.

### **Industrial risk (including disputes, stoppages and accidents affecting operations)**

Boart Longyear and its clients are exposed to a range of operational risks relating to both current and future operations. Such operational risks include loss or damage to operating assets and equipment, equipment failures or breakdowns, human error, accidents, information system failures, external services failure, industrial action or disputes, inclement weather (including cyclones) and natural disasters. While Boart Longyear endeavours to take appropriate action to mitigate these operational risks and insure against them, Boart Longyear cannot control the risks its clients are exposed to, nor can it completely remove all possible risks relating to its own business. A disruption in the operations of Boart Longyear or its clients may have an adverse impact on the financial performance and/or financial position of Boart Longyear.

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## **Risk Factors**

### **Risks related to an investment in New Shares**

#### **Equity market risks**

There are general risks associated with an investment in the share market. Such risks may affect the value of the Shares. The value of New Shares may rise above or fall below their issue price, depending on the financial position and operating performance of Boart Longyear. There is no guarantee that the New Shares will trade at or above the issue price. Investors should note that the past performance of the Shares on ASX provide no guidance as to its future securities price performance. Further, broader market factors affecting the price of New Shares are unpredictable and may be unrelated or disproportionate to the financial or operating performance of Boart Longyear. Such factors may include the economic conditions in Australia and overseas, investor sentiment in the local and international stock markets, consumer sentiment, changes in fiscal, monetary, regulatory and other governmental policies, global political and economic stability, interest and inflation rates and foreign exchange rates.

#### **Future payment of dividends**

On 26 February 2009, Boart Longyear announced that it will not pay out a final dividend with respect to the financial year ended 31 December 2008. Any future dividend levels will be determined by the board of Boart Longyear having regard to its operating results and financial position. There is no guarantee that any dividend will be paid by Boart Longyear or, if paid, that they will be paid at previous levels.

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## ***Underwriting Agreement***

Boart Longyear has entered into an underwriting agreement with Goldman Sachs JBWere Pty Ltd, Macquarie Capital Advisers Limited, RBS Equity Capital Markets (Australia) Limited and Merrill Lynch International (Australia) Limited (**Underwriters**) who have agreed to underwrite the Offer on the terms and conditions set out in the underwriting agreement. The obligations of the Underwriters are subject to the satisfaction of certain conditions precedent documented in the underwriting agreement.

Furthermore, in accordance with the underwriting agreement, as is customary with these types of underwriting arrangements:

- Boart Longyear has (subject to certain limitations) agreed to indemnify the Underwriters, their related bodies corporate, their affiliates and their directors, officers and employees against losses in connection with the Offer.
- Boart Longyear and the Underwriters have given certain representations, warranties and undertakings in connection with (among other things) the conduct of the Offer.

The Underwriters may terminate the underwriting agreement and be released from their obligations on the happening of any of a range of events, including if:

- at close of trading on any day from 17 August 2009 to and including the Institutional Entitlement Offer closing date (expected to be 18 August 2009) the S&P/ASX 200 index falls 10% or more from the level of the index at the close of trading on 14 August 2009 (the **Reference Level**); at close of trading on any day from and including the Institutional Entitlement Offer closing date to the Conditional Placement settlement date (expected to be 28 September 2009) the S&P/ASX 200 index falls 15% or more from the Reference Level and remains there for at least 2 business days or until the end of the business day before the Retail Entitlement Offer settlement date (expected to be 14 September 2009) or until the end of the business day before the Conditional Placement settlement date (expected to be 27 September 2009).
- there is any adverse change in the financial position, earnings or performance or prospects of Boart Longyear from those respectively disclosed in the documents issued or published by, or on behalf of Boart Longyear in respect of the Offer and the SPP or in public information (**Offer Documents**);
- there is a breach by Boart Longyear of debt covenants under material financing arrangements which have a material adverse effect on Boart Longyear or certain events of default occurring under Boart Longyear's financing arrangements;
- a change in the management or board of directors of Boart Longyear occurs;
- any of the Offer Documents in relation to the Offer are misleading or deceptive in a material respect (including by omission); or
- In relation to the obligation to underwrite the Conditional Placement, Boart Longyear does not obtain shareholder approval for the Conditional Placement by 29 September 2009.

The Underwriters will receive a financial benefit as a result of their engagement as Underwriters to the Offer by Boart Longyear.

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## ***Optionholders and LTIP Participants***

Existing optionholders:

- will not be entitled to participate in the Entitlement Offer as they are not currently entitled to exercise their existing options
- will have the terms of the existing options varied as permitted by the ASX Listing Rules

Participants in the Company's Long Term Incentive Plan:

- will not be entitled to participate in the Entitlement Offer as rights have not vested
- will have the terms of the awards varied (including the number of shares which may vest) to reflect the terms of the Entitlement Offer



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## Foreign Selling Restrictions

### European Economic Area (Belgium, Germany, Luxembourg, Netherlands and Spain)

-  The information in this document has been prepared on the basis that all offers of New Shares will be made pursuant to an exemption under the Directive 2003/71/EC (**Prospectus Directive**), as implemented in Member States of the European Economic Area (**EEA**), from the requirement to produce a prospectus for offers of securities.
-  In relation to each Member State of the European Economic Area that has implemented the Prospectus Directive (each, a **Relevant Member State**) an offer to the public of any New Shares has not been made and may not be made in that Relevant Member State except that an offer to the public in that Relevant Member State of any New Shares may be made under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

  - to legal entities that are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
  - to any legal entity that has two or more of (i) an average of at least 250 employees during the last financial year; (ii) a total balance sheet of more than €43,000,000 and (iii) an annual net turnover of more than €50,000,000;
  - to fewer than 100 natural or legal persons (other than qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive) subject to obtaining the prior consent of the Company or any underwriter for any such offer; or
  - in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of New Shares shall result in a requirement for the publication by the Company of a prospectus pursuant to Article 3 of the Prospectus Directive.



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## Foreign Selling Restrictions

### Denmark

-  The information in this document does not constitute a prospectus under any Danish laws or regulations and this document has not been filed with or approved by the Danish Financial Supervisory Authority or any other Danish regulatory authority as the information has not been prepared in the context of a public offering of securities in Denmark within the meaning of the Danish Securities Trading Act or any Executive Orders issued in connection thereto.
-  The New Shares have not been offered or sold and will not be offered, sold or delivered directly or indirectly in Denmark by way of a public offering, except to (i) qualified investors as defined in Section 2 of the Executive Order No. 1232 of 22 October 2007 on Prospectuses for Securities Admitted for Listing or Trade on a Regulated Market or (ii) less than 100 individuals or legal entities, who are not qualified investors or otherwise in circumstances which will not result in the offer of the New Shares being subject to the Danish Prospectus requirements of preparing and filing a prospectus pursuant to Chapter 6 of the Danish Securities Trading Act No. 360 of 6 May 2009 and Executive Order No. 1232 of 22 October 2007 on Prospectuses for Securities Admitted for Listing or Trade on a Regulated Market.

### France

-  This document is not being distributed in the context of a public offering of financial securities (offre au public de titres financiers) in France within the meaning of Article L. 411-1 of the French Monetary and Financial Code (Code monétaire et financier) and Articles 211-1 et seq. of the General Regulation of the French Autorité des marchés financiers (**AMF**). The New Shares have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France.
-  This document and any other offering material relating to the New Shares have not been, and will not be, submitted to the AMF for approval in France and, accordingly, may not be distributed or caused to be distributed, directly or indirectly, to the public in France.
-  Such offers, sales and distributions have been and shall only be made in France to (i) qualified investors (investisseurs qualifiés) acting for their own account, as defined in and in accordance with Articles L.411-2-II-2° and D.411-1 to D.411-3, D.734-1, D.744-1, D.754-1 and D.764-1 of the French Monetary and Financial Code and any implementing regulation and/or (ii) a restricted number of non-qualified investors (cercle restreint d'investisseurs) acting for their own account, as defined in and in accordance with Articles L.411-2-II-2° and D.411-4, D.734-1, D.744-1, D.754-1 and D.764-1 of the French Monetary and Financial Code and any implementing regulation.
-  Pursuant to Article 211-3 of the General Regulation of the AMF, investors in France are informed that the New Shares cannot be distributed (directly or indirectly) to the public by the investors otherwise than in accordance with Articles L. 411-1, L. 411-2, L. 412-1 and L. 621-8 to L. 621-8-3 of the French Monetary and Financial Code.

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## Foreign Selling Restrictions

### Hong Kong

- ⚠** WARNING: This document has not been, and will not be, registered as a prospectus under the Companies Ordinance (Cap. 32) of Hong Kong (the **Companies Ordinance**), nor has it been authorised by the Securities and Futures Commission (**SFC**) in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the **SFO**). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong by means of any document, other than:
- to "professional investors" (as defined in the SFO and any rules made under that ordinance); or
  - in other circumstances which do not result in this document being a "prospectus" (as defined in the Companies Ordinance) or which do not constitute an offer to the public within the meaning of that ordinance.
- ⚠** No advertisement, invitation or document relating to the New Shares has been or will be issued, has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted New Shares may sell, or offer to sell, such shares in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such shares.
- ⚠** The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

### Ireland

- ⚠** The information in this document does not constitute a prospectus under any Irish laws or regulations and this document has not been filed with or approved by the Irish Financial Services Regulatory Authority or any other Irish regulatory authority as the information has not been prepared in the context of a public offering of securities in Ireland within the meaning of the Irish Prospectus (Directive 2003/71/EC) Regulations 2005 (the **Prospectus Regulations**). The New Shares have not been offered or sold, and will not be offered, sold or delivered directly or indirectly in Ireland by way of a public offering, except to (i) qualified investors as defined in Regulation 2(l) of the Prospectus Regulations and (ii) fewer than 100 natural or legal persons who are not qualified investors.

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## Foreign Selling Restrictions

### Italy

- ⚠** The offering of the New Shares in the Republic of Italy has not been authorised by the Italian Securities and Exchange Commission (Commissione Nazionale per le Società e la Borsa, **CONSOB**) pursuant to the Italian securities legislation and, accordingly, no offering material relating to the New Shares may be distributed in Italy and the New Shares may not be offered or sold in Italy in a public offer within the meaning of Article 1.1(t) of Legislative Decree No. 58 of 24 February 1998 (**Decree No. 58**), other than:
- to Italian qualified investors, as defined in Article 100 of Decree No. 58 by reference to Article 34-ter of CONSOB Regulation no. 11971 of 14 May 1999 (**Regulation no. 11971**) as amended (**Qualified Investors**); and
  - in other circumstances that are exempt from the rules on public offer pursuant to Article 100 of Decree No. 58 and Article 34-ter of Regulation No. 11971 as amended.
- ⚠** Any offer, sale or delivery of the New Shares or distribution of any offer document relating to them in Italy (excluding placements where a Qualified Investor solicits an offer from the issuer) under the paragraphs above must be:
- made by investment firms, banks or financial intermediaries permitted to conduct such activities in Italy in accordance with Legislative Decree No. 385 of 1 September 1993, as amended (**Decree No. 385**), Decree No. 58, CONSOB Regulation No. 16190 of 29 October 2007 and any other applicable laws and regulations; and
  - in compliance with all relevant Italian securities, tax and exchange controls and any other applicable laws and regulations.
- ⚠** Any subsequent distribution of the New Shares in Italy must be made in compliance with the public offer and prospectus requirement rules provided under Decree No. 58 and the Regulation No. 11971 as amended, unless an exception from those rules applies. Failure to comply with such rules may result in the sale of such securities being declared null and void and in the liability of the entity transferring the securities for any damages suffered by the investors.

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Capital Raising Presentation dated 17 August 2009 continued

## Foreign Selling Restrictions

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-  This document has not been approved by, or registered with, any Norwegian securities regulator pursuant to the Norwegian Securities Trading Act of 29 June 2007. Accordingly, this document shall not be deemed to constitute an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act of 2007.
-  The New Shares may not be offered or sold, directly or indirectly, in Norway except:
  - to "professional investors" (as defined in the Norwegian Securities Regulation of 29 June 2007 no. 876);
  - any natural person who is registered as a professional investor with the Oslo Stock Exchange (No. Oslo Børs) and who fulfils two or more of the following: (i) any natural person with an average execution of at least ten transactions in securities of significant volume per quarter for the last four quarters; (ii) any natural person with a portfolio of securities with a market value of at least €500,000; and (iii) any natural person who works, or has worked for at least one year, within the financial markets in a position which presuppose knowledge of investing in securities;
  - to fewer than 100 natural or legal persons (other than "professional investors"); or
  - in any other circumstances provided that no such offer of New Shares shall result in a requirement for the registration, or the publication by the Company or the underwriter, of a prospectus pursuant to the Norwegian Securities Trading Act of 29 June 2007.

### Switzerland

-  The New Shares may not be publicly offered, sold, advertised, distributed or re-distributed, directly or indirectly, in or from Switzerland, and no solicitation for investments in the New Shares may be communicated, distributed or otherwise made available in Switzerland in any way that could constitute a public offering within the meaning of articles 652a and 1156 of the Swiss Code of Obligations (CO). New Shares may only be offered to qualified investors such as banks, securities dealers, insurance institutions and fund management companies as well as institutional investors with professional treasury operations in circumstances such that there is no public offering.
-  This document does not constitute a public offering prospectus within the meaning of articles 652a and 1156 CO and may not comply with the information standards required thereunder. The Company has not applied for a listing of the New Shares on the SIX Swiss Exchange or any other regulated securities market in Switzerland and, consequently, the information presented in this document does not necessarily comply with the information standards set out in the listing rules of the SIX Swiss Exchange. This document is personal to the recipient only and not for general circulation in Switzerland.




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-  This document has been given to you on the basis that you are (i) an existing holder of the Company's shares; (ii) an "institutional investor" (as defined under the SFA); or (iii) a "relevant person" (as defined under section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.
-  The offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to on-sale restrictions in Singapore and comply accordingly.

### Sweden

-  This document has not been, and will not be, registered with or approved by Finansinspektionen (the Swedish Financial Supervisory Authority). Accordingly, this document may not be made available, nor may the New Shares be offered for sale in Sweden, other than under circumstances that are deemed not to require a prospectus under the Swedish Financial Instruments Trading Act (1991:980) (Sw. lag (1991:980) om handel med finansiella instrument). Any offering of New Shares in Sweden is limited to persons who are "qualified investors" (as defined in the Financial Instruments Trading Act). Only such investors may receive this document and they may not distribute it or the information contained in it to any other person.

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## Foreign Selling Restrictions

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- 1 The securities referred to herein may not be offered or sold in the United States, or to or for the account or benefit of, any U.S. Person, unless the securities have been registered under the Securities Act or an exemption from the registration requirements under the Securities Act is available. The offer or sale of the securities referred to herein have not been and will not be registered under the Securities Act.
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### United Arab Emirates

- 1 Neither this document nor the New Shares have been approved, disapproved or passed on in any way by the Central Bank of the United Arab Emirates or any other governmental authority in the United Arab Emirates, nor has the Company received authorisation or licensing from the Central Bank of the United Arab Emirates or any other governmental authority in the United Arab Emirates to market or sell such securities within the United Arab Emirates. This document does not constitute and may not be used for the purpose of an offer or invitation. No services relating to the New Shares, including the receipt of applications and/or the allotment or redemption of such securities, may be rendered within the United Arab Emirates by the Company.
- 1 No offer or invitation to subscribe for shares or sale of New Shares is valid or permitted in, or to any persons in or from, the Dubai International Financial Centre.

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## Foreign Selling Restrictions

### United Kingdom

- 1 Neither the information in this document nor any other document relating to the offer has been delivered for approval to the Financial Services Authority in the United Kingdom and no prospectus (within the meaning of section 85 of Financial Services and Markets Act 2000, as amended (**FSMA**)) has been published or is intended to be published in respect of the New Shares. This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86 of the FSMA). This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.
- 1 Any invitation or inducement to engage in investment activity (within the meaning of s. 21 FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which s.21(1) FSMA does not apply to the Company.
- 1 In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 or (ii) to whom it may be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

### Other Jurisdictions

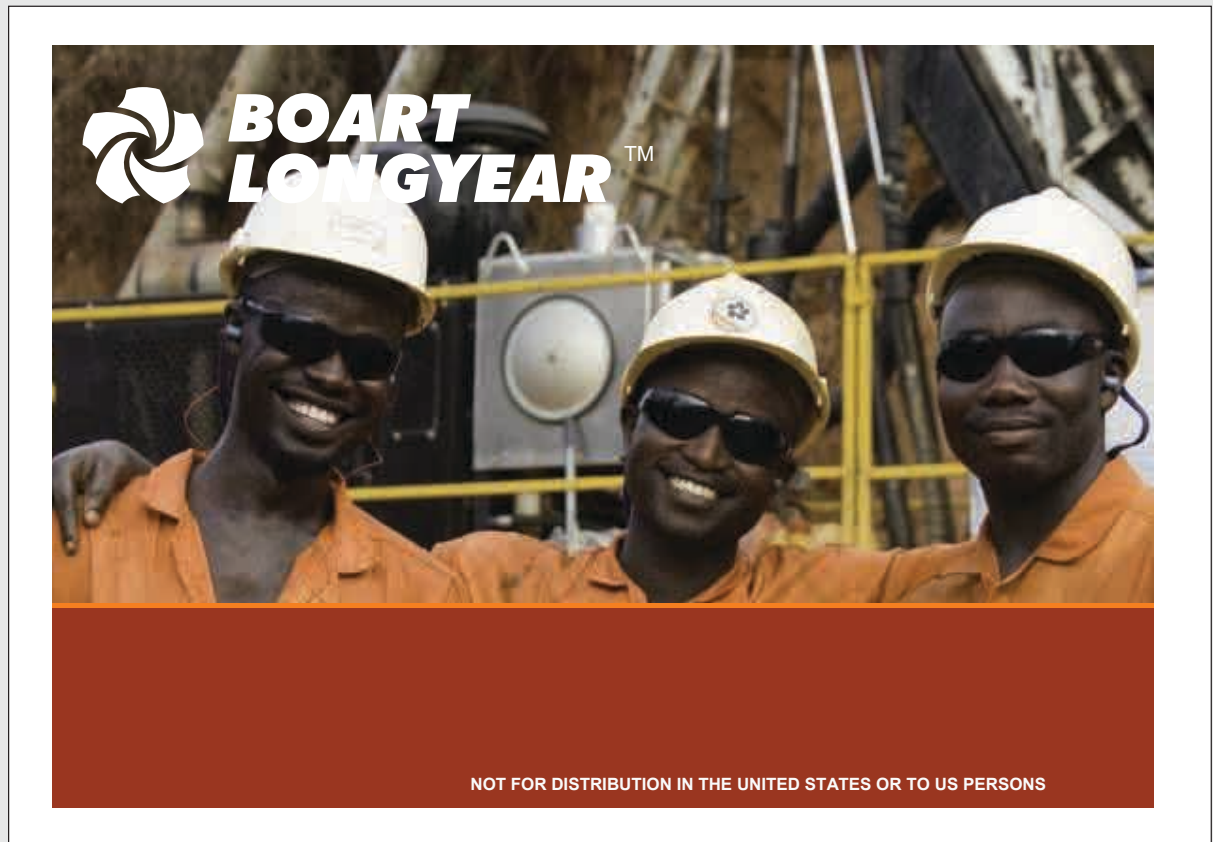
- 1 The New Shares may not be offered or sold in any other jurisdiction, except to persons to whom such offer, sale or distribution is permitted under applicable law.

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Capital Raising Presentation dated 17 August 2009 continued



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Offer Launch Announcement dated 17 August 2009

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Boart Longyear Limited  
ABN 49 123 052 728

919-929 Marion Road, Mitchell Park  
South Australia 5043, Australia  
Tel: +61 8 8375 8375 • Fax: +61 8 8377 0534

[www.boartlongyear.com](http://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 million<sup>1</sup>) (**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 million<sup>2</sup>. 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 million<sup>1</sup>) in new equity capital at an issue price of A\$0.27. The Offer will comprise three tranches:

- US\$341 million (A\$406 million<sup>1</sup>) 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 million<sup>1</sup>) Institutional Placement (**Unconditional Placement**)
- US\$193 million (A\$230 million<sup>1</sup>) 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 loan<sup>2</sup>.

Following completion of the Offer and debt repayment, Boart Longyear's financial leverage will be reduced significantly, with pro-forma net debt / LTM Adjusted EBITDA<sup>3</sup> reducing from 3.5 times to 0.8 times<sup>2</sup>.

<sup>1</sup> Assuming an exchange rate of A\$1.00 = US\$0.84.

<sup>2</sup> 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.

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

**Offer Launch Announcement dated 17 August 2009 continued**

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**Boart Longyear Limited**  
**ABN 49 123 052 728**

919-929 Marion Road, Mitchell Park  
South Australia 5043, Australia  
Tel: +61 8 8375 8375 • Fax: +61 8 8377 0534

[www.boartlongyear.com](http://www.boartlongyear.com)

**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](http://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:

John Heskett  
Vice President, Investor Relations  
ph: +61 8 8375 8300

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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.

**Offer Launch Announcement dated 17 August 2009 continued**

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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 price<sup>4</sup>.

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 million<sup>1</sup>), 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 million<sup>1</sup>), 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).

<sup>4</sup> 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.

**Institutional Offer Completion Announcement dated 19 August 2009**

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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 million<sup>1</sup>) has been committed by institutional investors, comprising the following fully underwritten components:

- US\$184 million (A\$219 million<sup>1</sup>) Institutional Entitlement Offer
- US\$101 million (A\$120 million<sup>1</sup>) unconditional share placement (**Unconditional Placement**)
- US\$193 million (A\$230 million<sup>1</sup>) 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 million<sup>1</sup>) taking the total size of the Offer to US\$635 million (A\$756 million<sup>1</sup>).

Following completion of the Offer and debt repayment, Boart Longyear's financial leverage will be reduced significantly, with pro-forma net debt / LTM Adjusted EBITDA<sup>2</sup> reducing from 3.5 times to 0.8 times<sup>3</sup>.

#### **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.

<sup>1</sup> Assuming an exchange rate of A\$1.00 = US\$0.84.

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

<sup>3</sup> 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](http://www.boartlongyear.com).

For further information please contact:

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Vice President, Investor Relations  
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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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**Institutional Offer Completion Announcement dated 19 August 2009 continued**

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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.

For personal use only

# ***IMPORTANT INFORMATION***



This Retail Offer Booklet (including the ASX announcements) and enclosed personalised Entitlement and Acceptance Form (**Information**) have been prepared by Boart Longyear Limited ABN 49 123 052 728 (**Boart Longyear**). This Retail Offer Booklet is dated Friday, 21 August 2009 (other than the Capital Raising Presentation and the Offer Launch Announcement published on the ASX website on Monday, 17 August 2009 and the Institutional Offer Completion Announcement published on the ASX website on Wednesday, 19 August 2009).

No party other than Boart Longyear has authorised or caused the issue of this Information, or takes any responsibility for, or makes, any statements, representations or undertakings in this Information.

**This Information is important and requires your immediate attention.**

You should read this Information carefully and in its entirety before deciding whether to invest in New Shares and Additional New Shares (if any). In particular, you should consider the risk factors outlined in the "Risk Factors" section of the Capital Raising Presentation dated Monday, 17 August 2009 (a copy of which is included in this Retail Offer Booklet) that could affect the operating and financial performance of Boart Longyear or the value of an investment in Boart Longyear.

You should consult your stockbroker, accountant or other independent professional adviser to evaluate whether or not to participate in the Retail Entitlement Offer.

Boart Longyear has applied for the grant by ASX of official quotation of the New Shares.

### 1. Eligible Retail Shareholders

This Information contains an offer of New Shares to Eligible Retail Shareholders in Australia or New Zealand and has been prepared in accordance with section 708AA of the Corporations Act as notionally modified by Australian Securities and Investments Commission (**ASIC**) Class Order 08/35.

Eligible Retail Shareholders are those holders of Shares who:

- are registered as a holder of Shares as at 7.00pm (AEST) on Thursday, 20 August 2009 (**Record Date**)<sup>1</sup>;
- as at the Record Date, have a registered address in Australia or New Zealand or, if an institutional investor, a jurisdiction to which the Institutional Entitlement Offer is extended;
- are not in the United States or a U.S. Person or acting for the account or benefit of a U.S. Person;
- are not an eligible institutional shareholder who was successfully invited to participate in the Institutional Entitlement Offer (as determined by the Underwriters);
- are not an ineligible institutional shareholder or ineligible retail shareholder; and
- are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer without any requirement for a prospectus or offer document to be lodged or registered.

By returning a completed personalised Entitlement and Acceptance Form or making a payment by BPAY®, you will be taken to have represented and warranted that you satisfy each of the criteria listed above. Eligible Retail Shareholders who are nominees, trustees or custodians are therefore advised to seek independent professional advice as to how to proceed.

<sup>1</sup> Pursuant to a waiver from the ASX and for the purposes of determining entitlements under the Entitlement Offer, Boart Longyear will disregard transactions in Shares after implementation of the trading halt in Boart Longyear shares on 17 August 2009, except for settlement of on-market transactions that occurred prior to the implementation of the trading halt.

## **2. Additional New Shares**

Boart Longyear reserves the right to allot any Additional New Shares if and to the extent that Boart Longyear so determines, in a manner as agreed by the Underwriters and Boart Longyear, having regard to circumstances as at the time of the close of the Retail Entitlement Offer. Boart Longyear reserves its right to scale-back to applications in a manner as agreed by the Underwriters and Boart Longyear. Therefore, your application for Additional New Shares may not be successful (wholly or partially). The decision of Boart Longyear on the number of Additional New Shares to be allocated to you will be final.

## **3. No cooling off rights**

Cooling off rights do not apply to an investment in New Shares or Additional New Shares. You cannot withdraw your application once it has been accepted.

## **4. No Entitlements trading**

Entitlements are non-renounceable and cannot be traded on ASX or any other exchange, nor can they be privately transferred.

## **5. Not investment advice**

This Information is not a prospectus under the Corporations Act and has not been lodged with ASIC. It is also not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. Boart Longyear is not licensed to provide financial product advice in respect of the New Shares or Additional New Shares. This Information does not purport to contain all the information that you may require to evaluate a possible application for New Shares or Additional New Shares.

Before deciding whether to apply for New Shares or Additional New Shares, you should consider whether they are a suitable investment for you in light of your own investment objectives and financial circumstances and having regard to the merits or risks involved. If, after reading the Information, you have any questions about the Retail Entitlement Offer, you should contact your stockbroker, accountant or other independent professional adviser.

## **6. Taxation**

Set out below is a summary of the Australian tax implications of the Retail Entitlement Offer for Eligible Retail Shareholders who are residents of Australia for tax purposes and who hold their Shares as capital assets.

The summary below does not necessarily apply to Eligible Retail Shareholders who hold their Shares as assets used in carrying on a business or who may carry on the business of share trading, banking or investment.

The summary below does not necessarily apply to Eligible Retail Shareholders whose Shares are held through an employee share plan or whose Shares are held as revenue assets or trading stock.

The summary below also does not take account of any individual circumstances of any particular Eligible Retail Shareholder. Eligible Retail Shareholders should seek specific advice applicable to their own particular circumstances from their own financial or tax advisers.

The summary below is based on the law in effect as at the date of this Information.

### **Issue of Entitlements**

Subject to the qualifications noted above, the issue of the Entitlements will not itself result in any amount being included in the assessable income of an Eligible Retail Shareholder.

### **Exercise of Entitlements**

Eligible Retail Shareholders who exercise their Entitlements and subscribe for New Shares and, if agreed by the Underwriters and Boart Longyear, Additional New Shares will acquire those Shares with a cost base for capital gains tax (**CGT**) purposes equal to the Offer Price payable by them for those Shares plus any non-deductible incidental costs they incur in acquiring them, but will not make any capital gain or loss, or assessable income, from exercising the Entitlements or subscribing for the New Shares or Additional New Shares.

**New Shares**

Eligible Retail Shareholders who exercise their Entitlements will acquire New Shares and, if agreed by the Underwriters and Boart Longyear, Additional New Shares (as applicable). Any future dividends or other distributions made in respect of those New Shares and Additional New Shares will be subject to the same taxation treatment as dividends or other distributions made on Shares held in the same circumstances.

On any future disposal of New Shares and Additional New Shares, Eligible Retail Shareholders may make a capital gain or capital loss, depending on whether the capital proceeds of that disposal are more than the cost base or less than the reduced cost base of the New Shares and Additional New Shares. The cost base of those Shares is described above.

New Shares will be treated for the purposes of the CGT discount as having been acquired when the Eligible Retail Shareholder exercised the Entitlement to subscribe for them. Additional New Shares will be treated for the purposes of the CGT discount as having been acquired when Boart Longyear issues or allots those Additional New Shares. Accordingly, in order to benefit from the CGT discount in respect of a disposal of those Shares, they must have been held for at least 12 months after those dates before the disposal occurs.

**Other Australian taxes**

No Australian Goods and Services Tax (GST) or stamp duty is payable in respect of the grant or exercise of the Entitlements or the acquisition of New Shares and Additional New Shares.

**8. Information availability**

Eligible Retail Shareholders in Australia and New Zealand can obtain a copy of this Information during the period of the Retail Entitlement Offer on the Boart Longyear website at [www.boartlongyear.com](http://www.boartlongyear.com) or by calling the Boart Longyear Shareholder Information Line on the numbers listed in the Corporate Directory in this Retail Offer Booklet. Persons who access the electronic version of this Information should ensure that they download and read the entire Information. The electronic version of this Information on the Boart Longyear website will not include a personalised Entitlement and Acceptance Form.

A replacement Entitlement and Acceptance Form can be requested by calling the Boart Longyear Shareholder Information Line on 1800 781 633 (local call cost within Australia), or +61 2 8280 7488 (outside Australia) at any time from 8.30am to 5.30pm (AEST) Monday to Friday during the Retail Entitlement Offer period.

*Neither this Information nor the accompanying personalised Entitlement and Acceptance Form may be distributed to, or relied upon by, persons in the United States or that are, or are acting on behalf of or for the account or benefit of, a U.S. Person, or otherwise distributed in the United States.*

**9. Future performance and forward looking statements**

Neither Boart Longyear nor any other person warrants or guarantees the future performance of the New Shares, Additional New Shares or any return on any investment made pursuant to this Information. Forward looking statements, opinions and estimates provided in this Information are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions.

Any forward looking statements including projections, guidance on future revenues, earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. They are subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of Boart Longyear and the Board, which could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by any forward looking statements in this Information.

**10. Past performance**

Investors should note that the past share price performance of Boart Longyear provides no guidance as to future share price performance.

**11. Governing law**

This Information, the Retail Entitlement Offer and the contracts formed on acceptance of Retail Entitlement Offers pursuant to the personalised Entitlement and Acceptance Forms are governed by the laws applicable in New South Wales, Australia. Each applicant for New Shares submits to the non-exclusive jurisdiction of the courts of New South Wales, Australia.

**12. Foreign jurisdictions**

This Information has been prepared to comply with the requirements of the securities laws of Australia and New Zealand.

The New Shares being offered under this Information are also being offered to Eligible Retail Shareholders with registered addresses in New Zealand in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand). This Information is not an investment statement or prospectus under New Zealand law, and may not contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

This Information does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the Retail Entitlement Offer, the Entitlements or the New Shares (or Additional New Shares), or otherwise permit the public offering of the New Shares (or Additional New Securities), in any jurisdiction other than Australia and New Zealand.

The distribution of this Information (including an electronic copy) outside Australia and New Zealand may be restricted by law. If you come into possession of this Information, you should observe such restrictions and should seek your own advice on such restrictions.

Any non-compliance with these restrictions may contravene applicable securities laws.

The Entitlements and the New Shares (and Additional New Shares) have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States. The Entitlements may not be taken up by persons in the United States or by persons who are, or are acting for the account or benefit of, a U.S. Person, and the New Shares may not be offered, sold or resold in the United States or to, or for the account or benefit of,

a U.S. Person, except in a transaction exempt from, or not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws. Accordingly, the New Shares may constitute restricted securities under the Securities Act and, for so long as the New Shares remain restricted securities, the New Shares may not be deposited in any unrestricted American Depositary Receipt facility with respect to the securities of Boart Longyear.

**13. Financial data**

All dollar values in this Retail Offer Booklet are in Australian dollars (A\$) or United States dollars (US\$) as noted. The pro-forma historical financial information included in this Retail Offer Booklet does not purport to be in compliance with Article 11 of Regulation S-X of the rules and regulations of the US Securities and Exchange Commission. Where applicable, the AUD:USD exchange rate assumed is A\$1.00 = US\$0.84.

**14. Underwriting**

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. A summary of the underwriting agreement is contained on slide 27 of the Capital Raising Presentation made on 17 August 2009, included in this Retail Offer Booklet.

**15. Optionholders and LTIP participants**

A summary of the impact of the Entitlement Offer on existing optionholders and participants in the Boart Longyear Long Term Incentive Plan is contained on slide 28 of the Capital Raising Presentation made on 17 August 2009 included in this Retail Offer Booklet.

**16. Disclaimer of representations**

No person is authorised to give any information, or to make any representation, in connection with the Retail Entitlement Offer that is not contained in this Information.

Any information or representation that is not in this Information may not be relied on as having been authorised by Boart Longyear, or its related bodies corporate, in connection with the Retail Entitlement Offer. Except as required by law, and only to the extent so required, none of Boart Longyear, or any other person, warrants or guarantees the future performance of Boart Longyear or any return on any investment made pursuant to this Information.

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**Company Secretary**

Fabrizio Rasetti

**Registered Office**

919–929 Marion Road

Mitchell Park

Adelaide SA 5043

Australia

**Share Registry**

Link Market Services Limited

Level 12, 680 George Street

Sydney NSW 2000

Australia

Australia: 1800 781 633

International: +61 2 8280 7488

Fax: +61 2 9287 0303

Email: [registrars@linkmarketservices.com.au](mailto:registrars@linkmarketservices.com.au)

Website: [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

**Website**

Corporate information and the Boart Longyear Annual Report can be found via Boart Longyear's website at [www.boartlongyear.com](http://www.boartlongyear.com).

**Boart Longyear Shareholder Information Line**

Australia 1800 781 633

International +61 2 8280 7488

Open 8.30am to 5.30pm (AEST) Monday to Friday during the Retail Entitlement Offer period.

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