

24 August 2017

### **Boart Longyear Recapitalisation: Prospectus lodged with ASIC**

Boart Longyear Limited (**ASX:BLY**) (**Boart Longyear** or the **Company**) is pleased to announce that it has today lodged with the Australian Securities and Investments Commission a prospectus for the proposed issue of ordinary warrants to Eligible Shareholders (the **Warrants Issue**). The Warrants Issue forms part of the Company's recapitalisation.

Eligible Shareholders will be issued 1.3841 Ordinary Warrants for each share they hold as at 7:00pm on 30 August 2017. No cash consideration is payable by Eligible Shareholders in respect of the issue of the Ordinary Warrants.

Effectively to be an Eligible Shareholder you must be a registered holder of Shares as at 7.00pm on 30 August 2017 and must also have a registered address in either Australia or New Zealand and not be acting for the account or benefit of a person in the United States (other than Ascribe) or in any other jurisdiction where the laws of that jurisdiction would preclude your participation.

**Eligible Shareholders do not need to do anything to be issued Ordinary Warrants.**

An indicative timetable for the recapitalisation, including the Warrants Issue, is set out below:

Indicative date	Milestone
24 August 2017	Prospectus for issue of Ordinary Warrants lodged with ASIC and ASX
30 August 2017	Record date for determining entitlements to Ordinary Warrants
31 August 2017	Chapter 15 recognition order of the Creditor's Schemes in the US entered
1 September 2017	Filing of Chapter 15 recognition order of the Creditor's Schemes in the US Implementation date for the Creditors' Schemes <ul style="list-style-type: none"> <li>Shares and 7% Warrants issued under the Creditors' Schemes and the Subscription Deed</li> </ul>
4 September 2017	Despatch Prospectus to Eligible Shareholders
13 September 2017	Ordinary Warrants issued to Eligible Shareholders

The above dates are indicative only and subject to change.

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# PROSPECTUS

For the issue of 1.3841 Ordinary Warrants to Eligible Shareholders for every Share held on the Record Date

**ELIGIBLE SHAREHOLDERS ARE NOT REQUIRED TO TAKE ANY ACTION IN RELATION TO THE ISSUE OF ORDINARY WARRANTS PURSUANT TO THIS PROSPECTUS**

## Important Information

This Prospectus under section 713 of the Corporations Act contains important information for you as a shareholder. It should be read in its entirety. If you have any questions as to its contents, please consult your stockbroker, accountant, solicitor or other professional financial adviser immediately.

## Table of Contents

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1.	Important Notice .....	1
2.	Letter from the Chairman .....	3
3.	Important Dates .....	4
4.	Overview .....	5
5.	Terms of the Ordinary Warrants .....	11
6.	Effect of the Warrants Issue .....	16
7.	Additional Information.....	19
8.	Definitions and Interpretation .....	27
9.	Ordinary Warrant Deed Poll .....	30
10.	Corporate Directory .....	31

# **1. Important Notice**

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## **Lodgement and listing**

This Prospectus is dated 24 August 2017 and was lodged with the Australian Securities & Investments Commission (**ASIC**) on that date. None of ASIC, ASX Limited (**ASX**) or their respective officers take responsibility for the contents of this Prospectus or the merits of the investment to which it relates. This Prospectus expires on the date which is 13 months after the date of this Prospectus and no Ordinary Warrants will be issued on the basis of this Prospectus after that date.

## **Not investment or financial product advice**

The information provided in this Prospectus is not investment or financial product advice (nor taxation, legal or accounting advice) and has been prepared without taking into account your particular investment objectives, financial situation or needs. It is important for Eligible Shareholders to carefully read the whole of this Prospectus and the information on the Company and the Recapitalisation which has been made publicly available. In particular, please refer to the NOM and other announcements available at [www.asx.com.au](http://www.asx.com.au). If you have any questions, you should contact your financial or other professional adviser for advice.

Risk factors relating to an investment in Shares have previously been disclosed by the Company to ASX. Some of the risk factors that specifically relate to the Ordinary Warrants are set out in Section 6 of this Prospectus. There may be other risks in addition to these that should be considered in light of your personal investment objectives, financial situation or needs.

## **No representations other than this Prospectus**

No person is authorised to give any information or to make any representation which is not contained in this Prospectus in connection with the Warrants Issue. You should rely only on information in this Prospectus. Any information or representation that is not in this Prospectus may not be relied on as having been authorised by the Company in connection with the Warrants Issue.

## **Restrictions on distribution**

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such offer or invitation. Distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on, and observe, any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

The Ordinary Warrants, and any shares to be issued upon the exercise thereof, will not be registered with the U.S. Securities and Exchange Commission under the U.S. Securities Act or the securities laws of any state of the United States and may not be resold, assigned, transferred, pledged, encumbered or otherwise disposed of in the U.S. or to a U.S. Person unless an exemption from registration is available, such as the exemptions contained in Rule 144 or Regulation S under the U.S. Securities Act. See Section 7.2 of this Prospectus for further details.

## **Forward looking statements**

Certain statements in this Prospectus relate to the future. These forward looking statements are identified by words such as “may”, “could”, “believes”, “estimates”, “expects”, “intends” and other similar words that involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual results, performance or achievements of the Company to be materially different from future results, performance or achievements expressed or implied by such statements. Such forward looking statements are based on numerous assumptions regarding present and future business strategies and the environment in which the Company will operate in the future.

Certain important factors that could cause actual results, performance or achievements to differ materially from those in the forward looking statements include, among others, the risk factors described in this Prospectus in Section 6, and other unknown risks and uncertainties. Forward looking statements should, therefore, be construed in light of such risk factors and reliance should not be placed on forward looking statements. Unless otherwise indicated forward looking statements relate to the beliefs, expectations or intentions of the Company (and no other person) as at the date of this Prospectus.

### **Electronic Prospectus**

This Prospectus may be viewed online at [www.asx.com.au](http://www.asx.com.au). Persons who access the electronic version of this Prospectus should ensure they download and read the entire Prospectus.

### **Defined terms and glossary**

Certain abbreviations and other defined terms used throughout this Prospectus have defined meanings which are set out in Section 8.1 of this Prospectus.

## 2. Letter from the Chairman

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24 August 2017

Dear Shareholder,

On behalf of Boart Longyear Limited (**Boart Longyear** or the **Company**), I am pleased to provide you with this Prospectus for the issue of Ordinary Warrants to Eligible Shareholders (the **Warrants Issue**). The Warrants Issue was approved by shareholders at the Company's annual general meeting on 13 June 2017 (the **AGM**) as part of their approval of the recapitalisation proposal announced by the Company on 3 April 2017 (the **Recapitalisation**).

The terms and conditions of the Ordinary Warrants are summarised in Section 5 and are set out in full in Section 9 of this Prospectus. Eligible Shareholders will be issued 1.3841 Ordinary Warrants for each Share they hold as at 7:00pm on 30 August 2017. **No cash consideration is payable by Eligible Shareholders in respect of the issue of the Ordinary Warrants.**

The eligibility criteria for participation in the Warrants Issue are set out in full in Section 4.2. Effectively, you must be a registered holder of Shares as at 7:00pm on 30 August 2017 and must also have a registered address in either Australia or New Zealand. If you are a resident of the United States or another jurisdiction whose laws make your participation impracticable, you will not receive Ordinary Warrants.

Eligible Shareholders do not need to do anything to be issued Ordinary Warrants. The Ordinary Warrants will be issued on or about 13 September 2017. The Company will seek quotation of the Ordinary Warrants on ASX and, subject to quotation being granted, you will have the opportunity to trade the Ordinary Warrants on ASX.

You should read this entire Prospectus carefully, together with the information disclosed by the Company to ASX in compliance with its continuous disclosure obligations, including the Notice of Annual General Meeting and Explanatory Statement (**NOM**) dated 12 May 2017 and the Company's announcement of the amendment to the terms of the Creditors' Schemes on 9 August 2017.

**You do not have to take any action to be issued Ordinary Warrants.**

Yours sincerely,



**Marcus Randolph**  
**Chair**

### 3. Important Dates

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Prospectus lodged with ASIC and ASX Appendix 3B lodged with ASX	24 August 2017
Record Date for the Warrants Issue	30 August 2017
Implementation Date for the Creditors' Schemes	1 September 2017
Prospectus sent to Shareholders	4 September 2017
Issue Date for Ordinary Warrants Appendix 3B lodged with ASX	13 September 2017

The above dates are subject to change and are indicative only. The Company reserves the right to amend this indicative timetable, subject to the Corporations Act, the Listing Rules and the Ordinary Warrant Deed Poll.

## 4. Overview

### 4.1 Background

At the Company's annual general meeting held on 13 June 2017 (the **AGM**) Shareholders approved a number of resolutions relating to a recapitalisation proposal announced by Boart Longyear on 3 April 2017 (the **Recapitalisation**). Detailed information was provided about the Recapitalisation in the Notice of Annual General Meeting and Explanatory Statement (**NOM**) which was despatched to Shareholders on 12 May 2017.

On or about 24 July 2017, the Company entered into two new asset based credit facilities (collectively, the **New ABL Facilities**) as part of the Recapitalisation. These comprise:

- (a) a revolving credit facility of up to US\$50 million provided by PNC Bank, National Association (the **PNC ABL**); and
- (b) a term loan credit facility provided by (amongst others) affiliates of the Supporting Creditors for the amount equal to the lesser of: (i) US\$45 million or (ii) US\$75 million less the amount available to be drawn under the PNC ABL on the initial advance date (the **Backstop ABL**).

A summary of the key features of the New ABL Facilities is set out in the Company's announcement to ASX on 24 July 2017.

The terms of the Creditors' Schemes and the Subscription Deed entered into with Centerbridge were subsequently amended as part of a settlement with First Pacific Advisors (**First Pacific**) as follows:

Component	Summary of amendments
<b>Secured Creditors' Scheme</b>  10% Secured Notes  and  TLA/TLB	<ul style="list-style-type: none"><li>• A premium will be payable at the maturity of the 10% Secured Notes as well as in certain circumstances if they are redeemed prior to maturity (such as in connection with certain asset sales under the terms of the indenture for the 10% Secured Notes). The amount of premium payable is determined at the redemption date, the maturity date, or the date of completion of an asset sale offer, as applicable. The amount of premium payable (expressed as a percentage of the principal redeemed or repaid, including PIK Interest) is set out in the Company's 9 August 2017 announcement to ASX of the terms of the settlement.</li><li>• Upon any acceleration of the maturity of the 10% Secured Notes following an Event of Default, the 10% Secured Notes will be repayable at par plus accrued but unpaid interest, but without the payment of any premium by the Company.</li><li>• If there is a Change of Control Event under the terms of the 10% Secured Notes, the Company will be required to make an offer to redeem the 10% Secured Notes at 101% of par plus accrued but unpaid interest, but without the payment of any premium by the Company.</li><li>• Holders of the 10% Secured Notes (including the Supporting Creditors and First Pacific) receive a total of 4% of the Company's post Recapitalisation issued share capital on a pro-</li></ul>



Component	Summary of amendments
	rata basis based on their holdings of 10% Secured Notes.
<b>Unsecured Creditors' Scheme</b>  7% Unsecured Notes	The number of Shares to be issued to Ares and Ascribe, as holders of the 7% Unsecured Notes, will each be reduced by an amount equal to 1% of the Company's post Recapitalisation issued share capital.
<b>Subscription Deed</b>	The number of Shares to be issued to Centerbridge is reduced by an amount equal to 2% of the Company's post Recapitalisation issued share capital.
<b>Other</b>	<ul style="list-style-type: none"> <li>• Company to reimburse First Pacific for fees and expenses incurred by it in connection with the Creditors' Schemes, up to US\$3 million.</li> <li>• First Pacific will provide or procure the provision by another holder of the 10% Secured Notes, of 50% of Ares' commitment under the Backstop ABL.</li> </ul>

In addition, the aggregate principal amount of the 10% Secured Notes was reinstated at US\$195 million, together with PIK interest accrued at 12% from 1 October 2016 through to the Implementation Date.

On 22 August 2017, the Supreme Court of New South Wales made orders approving the Creditors' Schemes (as amended). Implementation of the Creditors' Schemes is expected to occur on or about 1 September 2017 (the **Implementation Date**).

The Warrants Issue forms part of the broader Recapitalisation. Accordingly, on the Issue Date, Eligible Shareholders will be issued 1.3841 Ordinary Warrants for each Share they hold as at 7:00pm on the Record Date. No cash consideration is payable by Eligible Shareholders in respect of the issue of the Ordinary Warrants.

Shareholders who are eligible to participate in the Share Purchase Plan (**SPP**), which also forms part of the Recapitalisation, will also receive a Share Purchase Plan Offer Booklet. Any proceeds raised by the Company under the SPP will, together with the New ABL Facilities, be used to repay the Existing ABL Revolver.

## 4.2 Key features

Question	Answer
<b>Who is the issuer of the Ordinary Warrants and this Prospectus?</b>	Boart Longyear Limited (ACN 123 052 728) is the issuer of the Ordinary Warrants and this Prospectus.
<b>What is an Ordinary Warrant?</b>	Each Ordinary Warrant entitles the holder at any time until 5.00pm on the date which is the 7th anniversary of the issue date (the <b>Exercise Period</b> ) to

Question	Answer
	<p>subscribe for one (1) Share for the Exercise Price.</p> <p><b>The terms of the Ordinary Warrants are summarised in Section 5 and set out in full in Section 9.</b></p>
<b>Who will be issued Ordinary Warrants?</b>	<p>Each Eligible Shareholder will be issued 1.3841 Ordinary Warrants for every Ordinary Share held at 7:00pm on 30 August 2017 (the <b>Record Date</b>). Where an Eligible Shareholder's entitlement to Ordinary Warrants includes a fraction of an Ordinary Warrant, the number of Ordinary Warrants to be issued to that Eligible Shareholder will be rounded down to the nearest whole number of Ordinary Warrants.</p> <p>An Eligible Shareholder may not transfer its right to be issued an Ordinary Warrant to any other party.</p>
<b>Who is an Eligible Shareholder?</b>	<p>An Eligible Shareholder is a registered holder of Shares as at 7.00pm on 30 August 2017 (the <b>Record Date</b>) with a registered address in either Australia or New Zealand who is not in the United States and is not acting for the account or benefit of a person in the United States (other than Ascribe) and who is eligible under applicable securities laws to be issued Ordinary Warrants and who is not Centerbridge. As the laws of some countries prohibit or make it impracticable to issue Ordinary Warrants to Shareholders located in those countries, Shareholders who are not Eligible Shareholders will not be issued Ordinary Warrants</p>
<b>What if I am not an Eligible Shareholder?</b>	<p>If you are not an Eligible Shareholder you will not be issued Ordinary Warrants.</p>
<b>How many Ordinary Warrants will be issued?</b>	<p>The Company will issue up to 681,010,767 Ordinary Warrants under the Warrants Issue.</p> <p>The number of Ordinary Warrants issued will depend on the number of Eligible Shareholders on the Record Date and the impact of rounding.</p>
<b>Is any cash consideration payable upon issue of the Ordinary Warrants?</b>	<p>No cash consideration is payable by an Eligible Shareholder for the issue of the Ordinary Warrants. As a result, no funds will be raised by the Company unless and until the Ordinary Warrants are exercised in accordance with their terms.</p>
<b>Will the Ordinary Warrants be quoted?</b>	<p>The Company will apply for quotation of the Ordinary Warrants on ASX within seven days following the lodgement of this Prospectus with ASIC.</p> <p>If granted, holders will be able to offer to sell their Ordinary Warrants on ASX. However, there is no guarantee that holders will be able to sell their Ordinary Warrants or that they will receive a particular price.</p>

Question	Answer
<b>What do Eligible Shareholders need to do to be issued Ordinary Warrants?</b>	<p>Eligible Shareholders do not need to do anything to be issued Ordinary Warrants.</p> <p>If you are an Eligible Shareholder, you will be sent a holding statement with the number of Ordinary Warrants issued to you as soon as is practicable after the Ordinary Warrants are issued. It is the responsibility of Shareholders to determine their allocation prior to trading in the Ordinary Warrants. Shareholders who sell any Ordinary Warrants before they receive their holding statements will do so at their own risk.</p>
<b>What happens if the Company re-domiciles?</b>	<p>If the Company re-domiciles and holders of Shares receive Substitute Property, the Company is required to ensure that holders of Ordinary Warrants have the right (but not the obligation) to Substitute Property (in place of a Share) on exercise of those Ordinary Warrants, at the Exercise Price immediately prior to such re-domiciliation.</p>
<b>What are the tax implications for Eligible Shareholders of the Warrant Issue?</b>	<p>The exercise or sale of an Ordinary Warrant may have taxation consequences, depending on your particular circumstances. The Directors do not consider that it is appropriate to give Eligible Shareholders advice regarding the taxation consequences of being issued with Ordinary Warrants under this Prospectus as it is not possible to provide a comprehensive summary of the possible taxation positions of all Eligible Shareholders. The Company and its advisers and officers do not accept any responsibility or liability for any taxation consequences in respect of the Warrants Issue. You should consult your own professional tax adviser in connection with the taxation implications for you of the Warrants Issue and the exercise of those Ordinary Warrants.</p>

### 4.3 Risks

There are a number of risks, of a general and specific nature, which may affect the future operating and financial performance of the Company, its investment returns and the value of Shares. Many of the circumstances giving rise to these risks are beyond the control of the Company and have previously been disclosed by the Company to ASX in accordance with its continuous disclosure obligations.

Some of the risk factors that specifically relate to the Ordinary Warrants are set out below. You should note that the risks in this section are not exhaustive. There may be other risks of which the Company is not presently aware or that may arise in the future.

Risk	Description
<b>Exercise Price</b>	<p>No guarantee can be given that the price of Shares will be greater than the Exercise Price at any time during the Exercise Period. Accordingly, there is a risk that the Ordinary Warrants will be out of the money during the Exercise Period, which would affect the value of the Ordinary Warrants.</p>

Risk	Description
<b>Shares acquired on exercise of Ordinary Warrants</b>	<p>There are general risks associated with an investment in the share market. Such risks may affect the value of the Shares. The value of Shares issued on the exercise of Ordinary Warrants may rise above or fall below the Exercise Price, depending on the financial position and operating performance of Boart Longyear. There is no guarantee that such Shares will trade at or above the Exercise Price. Investors should note that the past performance of the Shares on ASX provides no guidance as to its future securities price performance. Further, broader market factors affecting the price of 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.</p>
<b>Dilution</b>	<p>If you do not exercise the Ordinary Warrants, because either you sell those Ordinary Warrants on market (if admitted to quotation) or your Ordinary Warrants expire without being exercised, and other investors exercise the Ordinary Warrants, your shareholding will be diluted.</p>
<b>Liquidity and Indebtedness</b>	<p>The Company has incurred higher fees and one-off expenses in connection with the Recapitalisation, including as a result of the various challenges to the Recapitalisation (see Section 6.3). This, in combination with market and operational risks, means that even after completion of the Recapitalisation, there is a risk that Company's liquidity position could be insufficient to sustain operations, particularly during the first half of FY2018. In such circumstances the Company may have to identify additional sources of liquidity to meet its requirements.</p> <p>In addition, while the Recapitalisation involves a reduction of US\$196 million in principal of the Company's 7% Unsecured Notes, the Company will remain heavily leveraged after implementation of the Recapitalisation. While interest on all of the Company's debt facilities (other than the PNC ABL) may be payable in kind until December 2018, interest on the 10% Secured Notes is payable in cash thereafter. At that point, absent a refinancing, the Company may be required to dedicate a significant portion of its cash flow from operations to fund the payment of interest, reducing the availability of cash flow to fund working capital, capital expenditures, development activity, acquisitions and other general corporate purposes.</p>
<b>Markets</b>	<p>The Company's operating results, financial condition and ability to achieve shareholder returns are directly linked to underlying market demand for drilling services and drilling products. Such demand depends in significant part upon the level of mineral exploration, production and development activities conducted by mining companies, particularly with respect to gold, copper and other base metals. Mineral exploration, production and development activities are uncertain and could remain at depressed levels, decline even further or not recover as expected, resulting in adverse effects on the Company's operating results, liquidity and financial condition.</p>

Risk	Description
<b>Operational</b>	<p>The majority of the Company's drilling contracts are either short-term or may be cancelled upon short notice by its customers, and the Company's products backlog also is subject to cancellation. Further, the Company has implemented significant initiatives to achieve cost savings, productivity improvements and efficiencies in its operations. Future operating results and the Company's financial condition and competitiveness depend on its ability to sustain previously implemented reductions and realise additional savings and improvements from ongoing and future productivity and efficiency initiatives. The Company may not be able to achieve expected cost savings and operational improvements in anticipated amounts or within expected time periods, and, if achieved, may not be able to sustain them.</p>
<b>Re-domiciliation</b>	<p>As previously announced to ASX, the Company has agreed to take all requisite steps to re-domicile its business to the United States, the United Kingdom or Canada (or another jurisdiction agreed to by the Supporting Creditors) as soon as practicable after implementation of the Recapitalisation and in any case on or before 15 April 2018, unless the Company and the Supporting Creditors jointly determine in their reasonable discretion that the re-domiciliation would not be in the best interests of the Company.</p> <p>A re-domiciliation could adversely impact the Company's listing on ASX by reducing the liquidity of Shares on ASX and/or the Company's ability to meet the ASX spread requirements. If you exercise your Ordinary Warrants and the Company delists from ASX, you will not be able to trade your Shares on ASX. Similarly, if the Company undertakes a re-domiciliation and delists from ASX prior to the exercise of your Ordinary Warrants, rather than being issued with Shares listed on ASX, you may be issued with securities in a successor entity, which may or may not be tradeable (or easily tradeable) on a securities exchange.</p>

## 5. Terms of the Ordinary Warrants

### 5.1 Rights and Liabilities Attaching to Ordinary Warrants

The terms and conditions of the Ordinary Warrants are set out in the Ordinary Warrant Deed Poll which is included in Section 9. You should read the Ordinary Warrant Deed Poll in full. A summary of some of the key rights attaching to the Ordinary Warrants is set out below.

Outline	
<b>Subscription right</b>	Each Ordinary Warrant confers on the holder the right (but not the obligation) to subscribe for one (1) Share, subject to adjustment (set out below).
<b>Exercise Period</b>	A holder may exercise an Ordinary Warrant at any time during the Exercise Period. The Exercise Period is from the date of issue of the Ordinary Warrants until 5.00pm on 13 September 2024 (the <b>Expiry Date</b> ). Any Ordinary Warrants not exercised by then will automatically lapse.
<b>Exercise Price</b>	<p>The Exercise Price is the Australian dollar equivalent of the US dollar amount calculated in accordance with the following formula:</p> $EP = \frac{TEV - ND}{N}$ <p>Where:</p> <p>EP is the Exercise Price</p> <p>TEV is \$1 billion</p> <p>ND is net debt of the BLY Group on the Implementation Date</p> <p>N is the number of Shares on the Implementation Date after the issue of Shares under the Unsecured Creditors' Scheme and the Subscription Deed</p> <p>The Exercise Price is expected to be in the range of A\$0.020-0.021 per Ordinary Warrant<sup>1</sup>, subject to final debt and cash figures on the Implementation Date. The Exercise Price of the Ordinary Warrants will be calculated in Australian dollars based on the prevailing exchange rate on the Implementation Date. The Company will announce the Exercise Price to ASX on or shortly after the Implementation Date.</p>
<b>Method of exercise</b>	<p>Ordinary Warrants can be exercised at any time during the Exercise Period by the holder completing and returning an Exercise Notice and paying the full amount of the Exercise Price. The Exercise Notice and payment of the Exercise Price should be provided to the Company via the Share Registrar.</p> <p>The Exercise Price is payable by cheque drawn on an Australian financial institution to 'BLY – Ordinary Warrants' and crossed "Non Negotiable" to:</p>

<sup>1</sup> Based on an exchange rate of 1.263 as of 22 August 2017 and assumes cash at the Implementation Date of between US\$25-\$30 million.

Outline	
	<p><b>Mailing Address</b></p> <p>Boart Longyear Limited c/ - Link Market Services Limited Locked Bag A14 Sydney South NSW 1235 Australia</p> <p><b>Hand Delivery</b></p> <p>Link Market Services Limited Level 12, 680 George Street Sydney NSW 2000 Australia</p> <p>or</p> <p>1A Homebush Bay Drive, Rhodes, NSW 2138 Australia</p> <p>An Exercise Notice accompanies this Prospectus as Attachment 1 to the Ordinary Warrant Deed Poll. Holders of Ordinary Warrants can also obtain an Exercise Notice by contacting the Share Registrar.</p> <p>Holders of Ordinary Warrants must make the representations, acknowledgements and agreements in the Exercise Notice and should indicate on the Exercise Notice the number of Ordinary Warrants they wish to exercise, which must be a multiple of 1,000 Ordinary Warrants or all Ordinary Warrants held by that holder. The minimum number of Ordinary Warrants that can be exercised each time is the lower of 1,000 Ordinary Warrants or all the Ordinary Warrants held by that holder.</p>
<b>Dividend and other participation rights</b>	<p>Ordinary Warrants will not confer any rights to dividends or participation in any new issues of Shares until they are exercised. Shares issued on exercise of Ordinary Warrants will rank equally with the other issued Shares then on issue. Shares issued upon the exercise of Ordinary Warrants will only participate in a future dividend or other shareholder actions if such Shares have been issued on or prior to the applicable record date for determining entitlements.</p>
<b>Adjustments</b>	<p>The terms of the Ordinary Warrants will be adjusted in the certain circumstances, including the following:</p> <ul style="list-style-type: none"> <li>(a) <b>(pro-rata issues)</b> the Exercise Price will be reduced in accordance with Listing Rule 6.22.2 in respect of pro rata issues (other than bonus issues);</li> <li>(b) <b>(bonus issues)</b> the number of Shares over which Ordinary Warrants will be exercisable will be increased by the number of Shares the holder would have received if the Ordinary Warrant had been exercised before the record date of the bonus issue;</li> <li>(c) <b>(reorganisation of capital)</b> the rights of the holder of the Ordinary Warrant (and the Exercise Price) will be changed to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital;</li> <li>(d) <b>(dividend)</b> if during the Exercise Period the Company ceases to be admitted to the official list of ASX or is no longer prohibited from effectuating the adjustments, the number of Shares over which Ordinary Warrants will be exercisable will be increased and the Exercise Price will be decreased for the payment of a dividend or other distribution; and</li> <li>(e) <b>(change in capital)</b> on a change in capital, the rights of the holder of an</li> </ul>

Outline	
	<p>Ordinary Warrant will be changed to reflect what the holder would have received if the Ordinary Warrant had been exercised prior to the record date for that change in capital.</p> <p>In addition, if during the Exercise Period the Company ceases to be listed on ASX or is no longer prohibited from adjusting the Exercise Price or the number of Shares the subject of the Ordinary Warrants in the event of a dividend or distribution, the number of Shares over which Ordinary Warrants will be exercisable will be increased and the Exercise Price will be decreased for the payment of a dividend or other distribution.</p>
<b>Change of control</b>	<p>On a change of control transaction (which includes a sale of all or substantially all of the assets of the Company but excludes a public stock merger), the Company will cancel the Ordinary Warrants and pay the holder the warrant value (determined in accordance with a Black-Scholes model set out in Exhibit A to the Ordinary Warrant Deed Poll) in cash.</p> <p>Where the change of control transaction is a public stock merger, the Company shall procure that the acquirer or successor entity shall assume the obligations of the Company and the Ordinary Warrant will become exercisable into the public stock except where the market capitalisation is less than \$500 million where the Ordinary Warrant will be cancelled and the holder will be paid the warrant value in cash unless it elects for the Ordinary Warrant to remain on foot and become exercisable over the public stock.</p>
<b>Re-domiciliation</b>	<p>If the Company re-domiciles (refer to Section 4.3) and holders of Shares receive securities and assets in respect of those Shares (the <b>Substitute Property</b>), the Company is required to ensure that holders of Ordinary Warrants have the right (but not the obligation) to Substitute Property (in place of a Share) on exercise of those Ordinary Warrants, at the Exercise Price immediately prior to such re-domiciliation.</p>

## 5.2 Rights and Liabilities Attaching to the Shares on Exercise of the Ordinary Warrants

As set out in Section 5.1, holders of Ordinary Warrants will receive Shares on the exercise of Ordinary Warrants prior to any re-domiciliation. The rights and liabilities attaching to Shares will be governed by the Constitution, the Corporations Act and the Listing Rules.

A copy of the Constitution is available at <http://www.boartlongyear.com/wp-content/uploads/Constitution-of-Boart-Longyear-Limited1.pdf>.

The following is a summary of some of the key rights of the holders of Shares. The summary is not exhaustive and does not constitute a definitive statement of all rights and liabilities of holders of Shares.



Outline	
<b>Voting</b>	Subject to any rights or restrictions for the time being attached to any class or classes of Shares, every Shareholder present in person or by proxy at a general meeting of the Company has one vote on a show of hands and one vote per Share held on a poll.
<b>Meetings and notices</b>	Each Shareholder is entitled to receive notice of and to attend and vote at general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, the Corporations Act or the Listing Rules.
<b>Transfers</b>	<p>Subject to the Constitution, the Corporations Act, the ASX Settlement Rules and the Listing Rules, a Shareholder may transfer all or any Shares by:</p> <ul style="list-style-type: none"> <li>(a) a written transfer in the usual or common form or in any form the directors of the Company may prescribe or in a particular case accept, properly stamped (if necessary) and delivered to the Company;</li> <li>(b) a proper ASX Settlement and Transfer Corporation Pty Ltd transfer, which is to be in the form required or permitted by the Corporations Act or the ASX Settlement Rules; or</li> <li>(c) any other electronic system established or recognised by the ASX Listing Rules in which the Company participates in accordance with the rules of that system.</li> </ul>
<b>Variation of rights</b>	Under the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of shareholders, vary or abrogate the rights attaching to Shares. If at any time the share capital is divided into different classes of shares unless the terms of issue of the Shares of a class state otherwise, the rights attached to any class may be varied or abrogated with the sanction of a special resolution passed at a meeting of shareholders, together with the consent in writing of the holders of three quarters of the issued shares of that class, or a special resolution passed at a separate meeting of the holders of the shares of that class.
<b>Alteration of the Constitution</b>	The Constitution can only be amended by a special resolution passed by at least 75% of the total number of votes cast by Shareholders voting in person, by proxy, by attorney or in the case of corporate Shareholders, by corporate representative.

### 5.3 Prohibition on Exceeding 20% Voting Power Threshold

While the Company remains domiciled in Australia, you must have regard to and comply with the takeovers prohibition in section 606 of the Corporations Act (that is, the 20% voting power threshold), when exercising Ordinary Warrants issued pursuant to this Prospectus.

The Company expressly disclaims any responsibility for ensuring that you do not breach section 606 as a result of the exercise of the Ordinary Warrants.

If you may be at risk of breaching section 606 as a result of the exercise of Ordinary Warrants, you have the following choices available to you:

- (a) sell your Ordinary Warrants, either on market (if the Ordinary Warrants are admitted to official quotation) or off market;
- (b) sell some or all of your Shares prior to exercising any Ordinary Warrants held by you;  
or
- (c) rely on another exemption from the takeovers prohibition in section 611 (such as the 3% creep exemption).

If you may be at risk of exceeding the 20% voting power threshold in section 606 or increasing your voting power from a position above 20% as a result of the acquisition of Shares following exercise of Ordinary Warrants, you should seek professional advice before exercising the Ordinary Warrants.

## 6. Effect of the Warrants Issue

### 6.1 Recapitalisation

The Warrants Issue forms part of the broader Recapitalisation announced by the Company to ASX on 3 April 2017. The impact of the Warrants Issue should therefore be considered in the context of the Recapitalisation. A summary of some of the specific impacts of the Warrants Issue on the Company is set out below. This summary should however be considered in light of the disclosures in the Notice of Meeting and the Company's other disclosures to ASX, including the Company's half year accounts released to ASX on 24 August 2017.

### 6.2 Effect on the capital structure of the Company

The following table summarises the Company's equity capital structure as at the date of this Prospectus and on implementation of the Recapitalisation, including following the Warrants Issue:

Security	As at the date of this Prospectus	On implementation of the Recapitalisation
Shares	956,514,860	24,600,662,700
Convertible Preference Shares	434,001,968	0
Options	52,734,050	52,734,050
Ordinary Warrants	0	Up to 681,010,767
7% Warrants	0	1,958,757,219

**Assumptions:** Assumes no participation in the Share Purchase Plan.

### 6.3 Effect on the financial position of the Company

The Ordinary Warrants are being issued to Eligible Shareholders for no cash consideration. As a result, no funds will be raised by the Warrants Issue. The Warrants Issue itself therefore is not expected to have a material impact on the Company's financial position. However, the Warrants Issue is being undertaken as part of the Recapitalisation, under which (amongst other things) the Company expects to incur one-off fees and expenses of approximately US\$45 to US\$50 million. This amount, which represents an increase to the amount of one-off fees and expenses disclosed in the NOM (primarily due to third party legal challenges to the Recapitalisation, the reimbursement by the Company of First Pacific's costs as part of a settlement of some of those challenges, and the extended length of time required to implement the Recapitalisation), will reduce the amount of cash on the Company's balance sheet immediately post implementation of the Recapitalisation.

The following table summarises sources and uses under the Recapitalisation:

Sources	US\$m
New ABL Facilities (1)	75.0
Issue of Shares under the Unsecured Creditors' Scheme (4)	205.6
Cash From Balance Sheet (5)	0.3
<b>Total Sources</b>	<b>\$280.9</b>

Uses	US\$m
Existing ABL Revolver (1)	40.0
Delayed Draw Term Loan (1) (3)	20.3
Second-Out ABL (6)	15.0
Issue of Shares under the Unsecured Creditors' Scheme (4)	205.6
<b>Total Uses</b>	<b>\$280.9</b>

The following table summarises the pro-forma capitalisation of the Company, showing the impact of the Recapitalisation on the Company's total debt:

US\$m	1 April 2017 Pre- Recapitalisation	Adjustments for Recapitalisation	1 April 2017 Post- Recapitalisation
Existing ABL Revolver (1)	40.0	(40.0)	-
Second-Out ABL (6)	15.0	(15.0)	-
Delayed Draw Term Loan (1) (3)	20.3	(20.3)	-
New ABL Facilities (1)	-	75.0	75.0
Term Loan A (2) (3)	113.5	(0.6)	112.9
Term Loan B (2) (3)	137.2	(0.7)	136.5
10% Secured Notes (4) (7)	204.8	1.9	206.7
7% Unsecured Notes (4)	293.9	(205.6)	88.3
<b>Total Debt</b>	<b>\$824.7</b>	<b>(\$205.3)</b>	<b>\$619.4</b>

(1) Represents commitment amounts for illustrative purposes

(2) Net of Australian withholding tax

(3) Includes accrued / accreted PIK interest

(4) Includes accrued interest

(5) Shown for illustrative purposes to repay accrued interest on the Delayed Draw Loan

(6) The Company entered into the Second-Out ABL in conjunction with executing the RSA; the commitment amount is shown on April 1, 2017 for illustrative purposes only

(7) Includes the impact of the PIK interest on the 10% Secured Notes being amended from 10% to 12% from 1 October 2016 through to the Implementation Date, under the terms of the settlement

In addition, the amount of the Company's issued share capital immediately following implementation of the Recapitalisation will depend on the amount (if any) the Company raises under the Share Purchase

Plan. For example, if the Company raises the maximum amount under the Share Purchase Plan, being \$9 million, the Company will have an additional approximately 450,000,000 Shares on issue and will have an additional amount of \$9 million in cash.

## 7. Additional Information

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### 7.1 Reporting and Disclosure Obligations

This is a Prospectus for the offer of options to acquire continuously quoted securities (within the meaning of the Corporations Act). Accordingly, this Prospectus does not contain the same level of disclosure as an initial public offering prospectus.

The Company is a "disclosing entity" for the purposes of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Broadly, these obligations require the Company to:

- (a) prepare and lodge with ASIC both yearly and half yearly financial statements accompanied by a directors' statement and report and an audit or review report; and
- (b) immediately notify ASX of any information concerning the Company of which it is, or becomes, aware and which a reasonable person would expect to have a material effect on the price or value of securities in the Company, subject to certain limited exceptions related mainly to confidential information.

Copies of documents lodged at ASIC in relation to the Company may be obtained from or inspected at an office of ASIC. Copies of documents lodged with ASX in relation to the Company may be downloaded from ASX. Shareholders and potential investors should consider the information in this Prospectus together with all other information disclosed by the Company to ASX, in particular, the documentation disclosed by the Company in relation to the Recapitalisation.

The Company will provide a copy of the following documents free of charge to any person who requests them:

- the annual financial report for the year ended 31 December 2016 being the annual financial report most recently lodged with ASIC;
- any half-year financial report lodged with ASIC by the Company after the lodgement of the most recently lodged annual financial report and before the lodgement of the copy of the Prospectus with ASIC; and
- any continuous disclosure notices given by the Company to ASX after the lodgement of the annual financial report referred to above and before the lodgement of this Prospectus with ASIC, being the following documents:

Date	Description of announcement
26 April 2017	2016 Appendix 4G
26 April 2017	Corporate Governance Statement
2 May 2017	Extension of Date for Annual General Meeting
5 May 2017	Recapitalisation - First court hearing
10 May 2017	Trading Halt
10 May 2017	Court Approves Convening Meeting of Creditors
12 May 2017	Notice of Meeting and Explanatory Statements
12 May 2017	Proxy Form

Date	Description of announcement
15 May 2017	First Quarter 2017 Results
16 May 2017	Recapitalisation Update & ASX Waivers
24 May 2017	Recapitalisation Update - Court of Appeal
29 May 2017	Recapitalisation - Court of Appeal - Appeal Unsuccessful
30 May 2017	Creditors Approve Recapitalisation
31 May 2017	Withdrawal of Director Candidate & Amendment of Resolutions
2 June 2017	Boart Longyear Recapitalisation - Board update
8 June 2017	BLY Recapitalisation - Filing of Injunction Application
9 June 2017	Trading Halt
9 June 2017	Amended - Trading Halt
13 June 2017	Recapitalisation Application for injunction dismissed
13 June 2017	2017 AGM Presentation Slides
13 June 2017	Results of 2017 Annual General Meeting
14 June 2017	Appendix 3B - NED Share Issue 7 June 2017
14 June 2017	Change of Director's Interest Notice - Bret Clayton
14 June 2017	Change of Director's Interest Notice - Peter Day
14 June 2017	Change of Director's Interest Notice - Jeff Long
14 June 2017	Change of Director's Interest Notice - Gretchen McClain
14 June 2017	Change of Director's Interest Notice - Rex McLennan
14 June 2017	Change of Director's Interest Notice - Deborah OToole
14 June 2017	Change of Director's Interest Notice - Marcus Randolph
26 June 2017	Recapitalisation – Application to Appeal
3 July 2017	Recapitalisation Implementation Update
17 July 2017	Recapitalisation Implementation Update
24 July 2017	Recapitalisation – New ABL Facilities & ASX Waivers

Date	Description of announcement
27 July 2017	Leadership change
28 July 2017	Response to ASX Price Query
9 August 2017	Recapitalisation – Settlement with First Pacific Advisers
10 August 2017	Recapitalisation Update
22 August 2017	Recapitalisation Update – Creditors' Schemes Approved
24 August 2017	Recapitalisation Update – Creditors' Schemes Effective
24 August 2017	2017 Half Year Results Dian In Details
24 August 2017	Director Appointment
24 August 2017	2017 Half-Year Report and Accounts
24 August 2017	2017 Half-Year Results Release
24 August 2017	2017 Half-Year Results Presentation
24 August 2017	Response to ASX Query

ASX maintains a database of publicly disclosed information about the Company. Such information, including the above announcements, can be accessed at ASX's website at [www.asx.com.au](http://www.asx.com.au), using the Company's code "BLY".

## 7.2 US Selling Restrictions

The Ordinary Warrants, and any shares to be issued upon the exercise thereof, will not be registered with the U.S. Securities and Exchange Commission under the U.S. Securities Act or the securities laws of any state of the United States and may not be resold, assigned, transferred, pledged, encumbered or otherwise disposed of in the U.S. or to a U.S. Person unless an exemption from registration is available, such as the exemptions contained in Rule 144 or Regulation S under the U.S. Securities Act.

If either (i) the Company ceases to be admitted to the official list of ASX or (ii) an owner of Ordinary Warrants, or any shares issued upon exercise thereof, wishes to offer, sell or otherwise transfer such warrants or shares other than in an ordinary way transaction on the ASX, then until the date that is one year after the later of (x) the date of original issue of that Ordinary Warrant or share and (y) the last date on which either the Company or any affiliate of the Company was the owner of such Ordinary Warrant or share, such warrants or shares may be offered, sold or otherwise transferred only: (i) to the Company; (ii) outside the United States in an "offshore transaction" in accordance with Rule 904 of Regulation S under the U.S. Securities Act; (iii) inside the United States in accordance with an exemption from registration under the U.S. Securities Act, if available, or (iv) pursuant to an effective registration statement under the Securities Act. Holders of Ordinary Warrants will be required to complete and return an Exercise Notice containing representations, acknowledgements and agreements regarding the matters in this Section 7.2.



### 7.3 Interests of Directors in the Company

Details of the current holdings of Shares of each Director, as at the date of this Prospectus, are summarised in the table below:

Director	Shares
Marcus Randolph	8,898,555
Deborah O'Toole	1,717,680
Rex McLennan	1,669,932
Gretchen McClain	1,622,811
Jeffrey Long	1,758,784
Peter Day	2,412,434
Bret Clayton	2,351,660

The Directors will receive the same entitlement to the Ordinary Warrants as all other Eligible Shareholders under the Ordinary Issue, if they are an Eligible Shareholder.

### 7.4 Remuneration of Directors

Non-Executive Directors (other than those employed by Centerbridge) are remunerated by a fixed annual base fee with additional fees paid for serving on Board committees. The aggregate remuneration of the Non-Executive Directors is capped at US\$2 million annually, and the Non-Executive Directors received fees of approximately US\$1.3 million in 2016.

Effective 1 July 2015, the Non-Executive Directors have been required to receive 50% of their annual base fees in the form of Shares. This change was made to preserve cash and strengthen alignment of Non-Executive Director remuneration with shareholder interests and be more competitive with North American pay practices.

The current components of Non-Executive Director remuneration are summarised in the following table:

Component	Explanation
Board fees	Current base fees per annum are: <ul style="list-style-type: none"><li>• US\$120,000 for Non-Executive Directors other than the Chairman</li><li>• US\$300,000 for the Chairman</li><li>• 50% of the base fees are paid in the form of Shares</li></ul>
Committee fees	Current committee fees for Non-Executive Directors (other than the Chairman)

Component	Explanation
	<p>are:</p> <ul style="list-style-type: none"> <li>• US\$15,000 annually for committee members; and</li> <li>• US\$30,000 annually for committee chairs.</li> </ul> <p>Where the Chairman sits on a committee, he or she does not receive any additional fee.</p>
Other fees	<p>Non-Executive Directors are entitled to be reimbursed for all reasonable out-of-pocket expenses incurred in carrying out their duties, including travel costs. The Chairman is entitled to reimbursement for office and secretarial support.</p> <p>Non-Executive Directors may also, with the approval of the Board, be paid additional fees for extra services or special exertions for the benefit of the Company.</p> <p>Non-Executive Directors are not entitled to receive any performance related-remuneration, such as short-term or long-term incentives.</p>
Post-employment benefits	<p>Compulsory superannuation contributions for Australian resident Non-Executive Directors are included in the base fee and additional committee fees set out above.</p> <p>Non-Executive Directors do not receive any retirement benefits other than statutory superannuation contributions.</p>

Directors continuing post implementation of the Recapitalisation, including the persons nominated by the Supporting Creditors for appointment to the Board as part of the Recapitalisation (and whose appointments were approved by Shareholders at the AGM held on 13 June 2017) will be compensated based on a different remuneration upon implementation of the Recapitalisation.

Directors nominated by the Supporting Creditors who are employees of the Supporting Creditors or their affiliates will not receive director fees or other compensation for serving as a directors. Otherwise, directors will be compensated as follows:

Component	Explanation
Board fees	<p>Base fees per annum of:</p> <ul style="list-style-type: none"> <li>• US\$300,000 for the Chairman (with additional fees of US\$225,000 paid for his executive responsibilities)</li> <li>• US\$160,000 for US directors</li> <li>• A\$200,000 for Australian directors</li> </ul> <p>In the event of a relisting, a portion of director base fees for US based directors would be paid in company equity rather than cash.</p>

Component	Explanation
Committee fees	<p>Committee fees for Non-Executive Directors (other than the Chairman) are:</p> <ul style="list-style-type: none"> <li>• US\$7,500 annually for committee members; and</li> <li>• US\$15,000 annually for committee chairs.</li> </ul> <p>Where the Chairman sits on a committee, he or she does not receive any additional fee.</p>
Other fees	<p>Non-Executive Directors are entitled to be reimbursed for all reasonable out-of-pocket expenses incurred in carrying out their duties, including travel costs. The Chairman is entitled to reimbursement for office and secretarial support.</p> <p>Non-Executive Directors may also, with the approval of the Board, be paid additional fees for extra services or special exertions for the benefit of the Company.</p> <p>Non-Executive Directors are not entitled to receive any performance related-remuneration, such as short-term or long-term incentives.</p>
Post-employment benefits	<p>Compulsory superannuation contributions for Australian resident Non-Executive Directors are included in the base fee and additional committee fees set out above.</p> <p>Non-Executive Directors do not receive any retirement benefits other than statutory superannuation contributions.</p>

Mr Jeff Olsen, the President and CEO (Executive Director), has also been awarded a cash retention of \$900,000 which vests in March 2019. Other Directors and certain members of senior management of the Company have also received special exertion fees for work undertaken in support of the Recapitalisation, in the range of \$30,000 and \$50,000. Such fees were not conditioned on the outcome of the Recapitalisation.

Further information about the remuneration of Directors can be found in the 2016 Annual Financial Report.

Other than as set out in this Prospectus, no Director or Incoming Director holds, at the time of lodgement of this Prospectus with ASIC, or has held in the two years before lodgement of this Prospectus with ASIC, an interest in:

- the formation or promotion of the Company;
- the Warrants Issue; or
- any property acquired or proposed to be acquired by the Company in connection with the formation or promotion of the Company or the Warrants Issue,

and no amount (whether in cash, Shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given, or agreed to be given to any Director or Incoming Director to induce a person to become, or qualify as, a Director of the Company or for services provided by a Director or proposed Director of the Company in connection with the formation or promotion of the Company or the Warrants Issue.

## **7.5 Expenses of the Warrants Issue**

As noted in Section 6.3, the Company expects to incur one-off fees and expenses of approximately US\$45 to US\$50 million in connection with the Recapitalisation. This includes fees and expenses payable to professional advisors named in this Prospectus for the Warrants Issue.

## **7.6 Interests of Professionals**

Except as set out in this Prospectus, no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or interest of this Prospectus holds at the time of lodgement of this Prospectus with ASIC, or has held in the two years before lodgement of this Prospectus with ASIC, an interest in:

- the formation or promotion of the Company;
- the Warrants Issue; or
- any property acquired or proposed to be acquired by the Company in connection with the formation or promotion of the Company or the Warrants Issue,

nor has anyone paid or agreed to pay or given or agreed to give any benefit to such persons in connection with the formation or promotion of the Company or the Warrants Issue

## **7.7 Consents**

Link Market Services Limited has given, and before lodgement of this Prospectus has not withdrawn, its consent to be named in this Prospectus as Share Registrar of the Company in the form and context in which it is named.

Ashurst Australia has given, and before lodgement of this Prospectus has not withdrawn, its consent to be named in this Prospectus as Australian Legal Advisor of the Company in the form and context in which it is named.

Milbank, Tweed, Hadley & McCloy has given, and before lodgement of this Prospectus has not withdrawn, its consent to be named in this Prospectus as US Legal Advisor of the Company in the form and context in which it is named.

Each such person:

- (a) has not authorised or caused the issue of the Prospectus;
- (b) has not made, or purported to have made, any statement in this Prospectus, except this section; and
- (c) does not assume responsibility for any part of this Prospectus except for statements in this section; and
- (d) to the maximum extent permitted by law, disclaims any responsibility or liability for any part of this Prospectus, other than a statement to be included in this Prospectus with their consent.

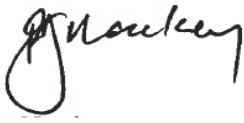
## **7.8 Statement of Directors**

Each Director of the Company has given and has not withdrawn their consent to the issue of this Prospectus and to its lodgement with ASIC under the Corporations Act.

## **7.9 Governing Law**

This Prospectus is governed by the laws of New South Wales.

Dated: 24 August 2017

A handwritten signature in black ink, appearing to read 'P. Mackey', with a large loop at the start of the first letter.

**Philip Mackey**  
**Company Secretary**

## 8. Definitions and Interpretation

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### 8.1 Defined Terms

In this Prospectus:

**7% Warrants** mean the 7% warrants to be issued under the Unsecured Creditors' Scheme.

**Ares** means Ares Management LLC, on behalf of its affiliated funds and accounts being Ares Corporate Opportunities Fund IV, L.P. and Ares Special Situations Fund III, L.P. and Ares Enhanced Credit Opportunities Fund B, Ltd and Future Fund Board of Guardians and Ares Strategic Investment Partners Ltd and Ares SSF Riopelle, L.P. and SEI Institutional Managed Trust - High Yield Bond Fund and SEI Institutional Investments Trust - High Yield Bond Fund and AVIVA Staff Pension Scheme and Transatlantic Reinsurance Company and ASIP (HoldCo) IV S.À R.L. and Kaiser Foundation Hospitals and SEI Global Master Fund plc - The SEI High Yield Fixed Income Fund and Ares Enhanced Credit Opportunities Fund II, Ltd and Superannuation Funds Management Corporation of South Australia and Kaiser Permanente Group Trust and RSUI Indemnity Company and Goldman Sachs Trust II - Goldman Sachs Multi-Manager Alternatives Fund.

**Ascribe** means Ascribe II Investments LLC.

**ASIC** means the Australian Securities & Investments Commission.

**ASX or Australian Securities Exchange** means the ASX Limited ACN 008 624 691 or the securities exchange operated by ASX Limited.

**BLY Group** means the Company and each of its subsidiaries.

**Business Day** has the meaning given in the Listing Rules.

**Centerbridge** means Centerbridge Partners, L.P. and its affiliates or managed funds (as applicable).

**Company** means Boart Longyear Limited ACN 123 052 728.

**Constitution** means the constitution of the Company.

**Corporations Act** means the *Corporations Act (2001)* (Cth).

**Corporations Regulations** means the *Corporations Regulations (2001)* (Cth).

**Directors or Board** means the directors of the Company.

**Eligible Shareholder** means a registered holder of Shares as at 7.00 pm on the Record Date with a registered address in either Australia or New Zealand who is not in the United States and is not acting for the account or benefit of a person in the United States (other than Ascribe) and who is eligible under applicable securities laws to be issued Ordinary Warrants and who is not Centerbridge.

**Expiry Date** means the expiry date of the Ordinary Warrants, being 5.00pm on the date which is 7 years after the Issue Date.

**Exercise Notice** means the 'Exercise Notice' in the form set out in Attachment 1 to the Ordinary Warrant Deed Poll.

**Exercise Period** means the period from the Issue Date to the Expiry Date.

**Exercise Price** means the amount payable to the Company by the Ordinary Warrant holder upon exercise of an Ordinary Warrant.

**Implementation Date** means the implementation date of the Creditors' Schemes, expected to be in on or about 1 September 2017.

**Issue Date** means the date on which the Ordinary Warrants are issued, which is expected to be on or about 13 September 2017.

**Listing Rules** means the listing rules of ASX.

**New ABL Facilities** means the new ABL facilities, as described in section 4.1.

**Notice of Meeting** or **NOM** means the Notice of Meeting and Explanatory Statement issued by the Company and dated 12 May 2017.

**Ordinary Warrant** means an Ordinary Warrant issued pursuant to this Prospectus.

**Ordinary Warrant Deed Poll** means the deed poll executed by the Company attached in section 9.

**Prospectus** means this prospectus, as modified or varied by any supplementary document issued by the Company and lodged with ASIC from time to time.

**Recapitalisation** means the recapitalisation proposal announced by the Company to ASX on 3 April 2017, as more fully outlined in the Notice of Meeting (as amended from time to time).

**Record Date** means the record date for determining entitlements to be issued with Ordinary Warrants, which is expected to be on or about 30 August 2017.

**Share** means a fully paid ordinary share in the Company. **Shareholder** means a registered holder of a Share.

**Share Registrar** means Link Market Services Limited.

**Subscription Deed** means the subscription deed dated 8 May 2017 between the Company and CBP (as defined in the Notice of Meeting), as amended from time to time.

**Substitute Property** has the meaning given in Section 5.1.

**Supporting Creditors** means Centerbridge, Ares and Ascribe.

**Unsecured Creditors' Scheme** means the creditors' scheme of arrangement in respect of the 7% Unsecured Notes under Part 5.1 of the Corporations Act, as described in section 4 of the Notice of Meeting (and as amended).

**Warrants Issue** means the issue of up to 681,010,767 Ordinary Warrants to Eligible Shareholders under this Prospectus.

## **8.2 Interpretation**

In this Prospectus the following rules of interpretation apply unless the context otherwise requires:

- (a) words and phrases not specifically defined in this Prospectus have the same meaning that is given to them in the Ordinary Warrant Deed Poll or the Corporations Act (as applicable) and a reference to a statutory provision is to the Corporations Act unless otherwise specified;
- (b) the singular includes the plural and vice versa;
- (c) a reference to an individual or person includes a corporation, partnership, joint venture, association, authority, company, state or government and vice versa;
- (d) a reference to any gender includes both genders;

- (e) a reference to clause, section, annexure or paragraph is to a clause, section, annexure or paragraph of or to this Prospectus, unless the context otherwise requires;
- (f) a reference to “dollars” or “\$” is to Australian currency;
- (g) a reference to time is to the time in Sydney, Australia; and
- (h) in this document, headings are for ease of reference only and do not affect its interpretation.



## **9. Ordinary Warrant Deed Poll**

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Agreed form

## Ordinary Warrant Deed Poll

Boart Longyear Limited

ACN 123 052 728

2017

## CONTENTS

CLAUSE	PAGE
1. DEFINITIONS AND INTERPRETATION.....	1
1.1 Definitions .....	1
1.2 Rules for interpreting this Deed Poll.....	5
1.3 Adjustments to VWAP .....	5
2. TITLE AND RIGHTS .....	6
2.1 Constitution and Form of Ordinary Warrants.....	6
2.2 Benefit and Enforcement.....	6
2.3 Warrants Register .....	7
2.4 Subscription Rights .....	7
3. EXERCISE OF THE ORDINARY WARRANTS .....	7
3.1 Exercise by Notice.....	7
3.2 Manner of exercise.....	7
3.3 Lapse of Ordinary Warrants.....	7
4. ALLOTMENT.....	8
4.1 Allotment of Shares on exercise of Ordinary Warrants .....	8
4.2 Fractions of Shares .....	8
4.3 Ranking .....	8
4.4 Quotation.....	8
5. NEW ISSUES OF SHARES .....	8
5.1 Participation in new issues .....	8
6. ADJUSTMENTS.....	8
6.1 Pro rata issues.....	8
6.2 Bonus issues .....	9
6.3 Ordinary Warrants to be reorganised on reorganisation of capital.....	9
6.4 Change in Capital.....	9
6.5 Redomiciling Event.....	10
6.6 Adjustment for Distribution if not listed on ASX .....	10
6.7 Compliance with ASX Listing Rules .....	11
6.8 Compliance with rules of an Alternative Exchange .....	11
7. CHANGE OF CONTROL .....	11
7.1 Change of Control .....	11
7.2 Public Stock Merger.....	11
7.3 Small Public Stock Merger .....	12
8. MISCELLANEOUS .....	12
8.1 Governing Law .....	12
8.2 Notices .....	12
8.3 Authorisation.....	12
8.4 Ordinary Warrants not registered under the Securities Act .....	12
8.5 Agreement not to transfer.....	12

**THIS Deed Poll** is made on

2017

**BY:**

- (1) **Boart Longyear Limited** ACN 123 052 728 whose registered office is at 26 Butler Boulevard, Burbridge Business Park, Adelaide Airport, South Australia 5950, Australia (the **Company**)

**RECITALS:**

- (A) The Company has determined to create Ordinary Warrants, exercisable into Shares on the terms and subject to the conditions set out in this Deed Poll.
- (B) The Company enters into this Deed Poll for the benefit of each person who is a Warrant Holder from time to time.

**THE PARTIES AGREE AS FOLLOWS:**

**1. DEFINITIONS AND INTERPRETATION**

**1.1 Definitions**

The following definitions apply unless the context requires otherwise.

**Alternative Exchange** means, if the Company is no longer listed on ASX, a national or internationally recognised securities exchange other than ASX on which the Company, or a Successor Company, is listed.

**Ares** means Ares Corporate Opportunities Fund IV, L.P. and Ares Special Situations Fund III, L.P. and Ares SSF Riopelle, L.P. and Ares Strategic Investment Partners Ltd. And Future Fund Board Of Guardians and ASIP (Holdco) IV S.À R.L. and Transatlantic Reinsurance Company and RSUI Indemnity Company and Ares Enhanced Credit Opportunities Fund II, Ltd. and Ares Enhanced Credit Opportunities Fund B, Ltd. and Superannuation Funds Management Corporation Of South Australia and Goldman Sachs Trust II - Goldman Sachs Multi-Manager Alternatives Fund and Aviva Staff Pension Scheme and Kaiser Foundation Hospitals and Kaiser Permanente Group Trust and SEI Global Master Fund Plc - The SEI High Yield Fixed Income Fund and SEI Institutional Investments Trust - High Yield Bond Fund and SEI Institutional Managed Trust - High Yield Bond Fund and Ares Senior Loan Trust and Anthem, Inc. and OPSEU (Ontario Public Service Employees Union) Pension Plan Trust Fund and Renaissance Floating Rate Income Fund and Lloyds Bank Pension Scheme No. 1 and Lloyds Bank Pension Scheme No. 2 and Goldman Sachs Trust II - Goldman Sachs Multi-Manager Non-Core Fixed Income Fund and Ares Institutional Loan Fund B.V. and SEI Institutional Investments Trust - Opportunistic Income Fund and SEI Institutional Managed Trust Enhanced Income Fund.

**Ascribe** means Ascribe II Investments LLC, on behalf of itself and its managed funds that hold Supporting Debt (as that term is defined in the Restructuring Support Agreement).

**ASX** means ASX Limited (ABN 98 008 624 691).

**bonus issue** has the meaning given to the expression in the Listing Rules at the date of this Deed Poll.

**Business Day** means a day, other than Saturday or Sunday, on which banks are open in Sydney and Adelaide.

**Change in Capital** means any recapitalization, reorganization, reclassification, consolidation, merger, sale of all or substantially all of the Company's assets or other transaction, which in each case is effected in such a way that Shares are converted into

the right to receive (either directly or upon subsequent liquidation) stock, securities, other equity interests or assets (including cash), but does not include:

- (a) a Redomiciling Event;
- (b) a Change of Control;
- (c) a Public Stock Merger; or
- (d) a Small Public Stock Merger.

**Change of Control** occurs when a Third Party (other than as custodian, nominee or bare trustee):

- (a) acquires an interest in, or a relevant interest in or becomes the holder of, 50% or more of the Shares provided that where a Third Party acquires a relevant interest in 50% or more of the Shares by way of an off market takeover bid in accordance with Chapter 6 of the Corporations Act, the Change of Control will not occur until such time as that bid is declared free from all conditions;
- (b) acquires an interest in all or a substantial part of the assets of the Company;
- (c) otherwise acquires control (within the meaning of section 50AA of the Corporations Act) of the Company; or
- (d) otherwise directly or indirectly acquires, merges or amalgamates with the Company or a substantial part of its assets or business, whether by way of takeover offer, scheme of arrangement, shareholder approval acquisition, capital reduction, share buy-back or repurchase, sale or purchase of assets, joint venture, reverse takeover, dual-listed company structure, recapitalisation, establishment of a new holding company for the Company or other synthetic merger or any other similar transaction or arrangement which for the avoidance of doubt does not include where the Third Party is a new holding company and the shares or common stock in the new holding company are held by the holders of Shares in substantially the same proportion as they hold Shares in the Company immediately before the transaction,

but does not include:

- (a) a Redomiciling Event;
- (b) a Public Stock Merger; or
- (c) a Small Public Stock Merger.

**Company** means:

- (a) Boart Longyear Limited (ACN 123 052 728); or
- (b) if there is a Redomiciling Event, a Successor Company.

**Corporations Act** means the Corporations Act 2001 (Cth).

**Distribution** has the meaning given by clause 6.6.

**Exercise Date** means, in respect of an Ordinary Warrant, the date on which the exercise of that Ordinary Warrant becomes effective in accordance with the terms of this Deed Poll.

**Exercise Notice** means a notice substantially in the form set out in Attachment 1.

**Exercise Period** means the period commencing on the date of issue of the Ordinary Warrants and ending at 5.00pm (Sydney time) on the 7th anniversary of that date.

**Exercise Price** means, in respect of an Ordinary Warrant, A\$**insert**] (as adjusted in accordance with clause 6).

**Fair Value** of:

- (a) a Share means on any day:
  - (i) if the Shares are quoted on a Securities Exchange on that day, the VWAP of Shares during the 10 Trading Days ending on, but excluding that day;
  - (ii) if the Shares are not quoted on any Securities Exchange on that day, the fair value as of a date not earlier than 10 Business Days preceding that day as determined by the Independent Expert;
- (b) of cash on any day means the amount of that cash;
- (c) of any other property means on any day, the fair market value of that property as determined by an Independent Expert appointed for such purpose, using one or more valuation methods that the Independent Expert in its best professional judgement determines to be the most appropriate, assuming such property is to be sold in an arm's- length transaction and there was no compulsion on the part of any party to such sale to buy or sell and taking into account all relevant factors

**Independent Expert** means an independent expert selected by the board of the Company with the supporting vote of at least one director nominated by Ares or Ascribe

**Listing Rules** means the official listing rules of ASX as waived or modified by ASX in respect of the Company or the Ordinary Warrants in any particular case.

**Ordinary Warrant** means an option to subscribe for one Share at the Exercise Price on and subject to the terms and conditions in this Deed Poll.

**pro rata issue** has the meaning given to that expression in the Listing Rules at the date of this Deed Poll.

**Public Stock** means common stock or shares of a company listed on ASX or an Alternative Exchange with an aggregate market capitalisation in excess of US\$500 million.

**Public Stock Merger** means an event described in any of paragraphs (a) to (d) of the definition of a Change of Control pursuant to which all of the Shares held by shareholders who are not affiliated with the Company or any entity acquiring the Company are exchanged for, converted into or constitute solely (except to the extent of applicable appraisal rights or cash received in lieu of fractional shares) the right to receive as consideration Public Stock.

**Redomiciling Event** means completion of the implementation of the redomiciling of the place of incorporation or organisation of the Company to a jurisdiction outside of Australia.

**relevant interest** has the meaning given to that expression in the Corporations Act at the date of this Deed Poll.

**Restructuring Support Agreement** means the agreement of the same name between the Company, Boart Longyear Management Pty Limited (ACN 123 283 545), Ares, Ascribe and others on 3 April 2017.

**Securities Act** means the *U.S. Securities Act of 1933*, as amended.

**Securities Exchange** means:

- (a) for so long as the Company is listed on ASX, ASX; or
- (b) if the Company ceases to be listed on ASX and the Company, or a Successor Company, is listed on an Alternative Exchange, the Alternative Exchange.

**Share** means:

- (a) one (1) fully paid ordinary share in the capital of the Boart Longyear Limited (ACN 123 052 728); or
- (b) if there is a Redomiciling Event, the Substitute Property received in place of one (1) fully paid ordinary share in the capital of Boart Longyear Limited (ACN 123 052 728) as a result of the Redomiciling Event.

**Shareholder** means the registered holder of a Share.

**Small Public Stock** means common stock or shares of a company listed on ASX or an Alternative Exchange with an aggregate market capitalisation less than or equal to US\$500 million.

**Small Public Stock Merger** means an event described in any of clauses (a) to (d) of the definition of Change of Control pursuant to which all of the Shares held by shareholders who are not affiliated with the Company or any entity acquiring the Company are exchanged for, converted into or constitute solely (except to the extent of applicable appraisal rights or cash received in lieu of fractional shares) the right to receive as consideration Small Public Stock.

**Substitute Property** has the meaning given by clause 6.4.

**Successor Company** means, if there is a Redomiciling Event, such other company which becomes the parent company of the corporate group of which the Company is currently the parent company.

**Third Party** means a person other than a person who at the day after the date that the Ordinary Warrants are issued:

- (a) has an interest in, or a relevant interest in or holds, 20% or more of the Shares; or
- (b) controls (within the meaning of section 50AA of the Corporations Act) the Company.

**Trading Day** means:

- (a) for so long as the Company is listed on ASX, has the meaning given to that term in the Listing Rules; or
- (b) if the Company or a Successor Company is admitted to an Alternative Exchange, means a day on which that Alternative Exchange is open for the trading of Shares.

**VWAP** means, for any period, the arithmetic average (rounded to the nearest cent) of the daily volume weighted average sale price of Shares (rounded to four decimal places) sold on the Securities Exchange on which Shares are quoted during that period excluding any trades the board of the Company, in good faith and acting reasonably, with the supporting vote of at least one director nominated by Ares or Ascribe determines are not fairly reflective of natural supply or demand.

**Warrant Holder** means a person whose name appears in the Warrants Register as the holder of any one or more Ordinary Warrants from time to time.

**Warrants Register** means the register of Ordinary Warrants evidencing the Warrant Holder in respect of each Ordinary Warrant.

**Warrant Value** at any time means the value of the Ordinary Warrant in cash at that time determined by an Independent Expert using the calculation methods and making the assumptions set out in Exhibit A.

## 1.2 **Rules for interpreting this Deed Poll**

Headings are for convenience only, and do not affect interpretation. The following rules also apply in interpreting this Deed Poll, except where the context makes it clear that a rule is not intended to apply.

- (a) A reference to:
  - (i) a legislative provision or legislation (including subordinate legislation) is to that provision or legislation as amended, re-enacted or replaced, and includes any subordinate legislation issued under it;
  - (ii) a document (including this Deed Poll) or agreement, or a provision of a document (including this Deed Poll) or agreement, is to that document, agreement or provision as amended, supplemented, replaced or novated;
  - (iii) a party to this Deed Poll or to any other document or agreement includes a successor in title, permitted substitute or a permitted assign of that party;
  - (iv) a person includes any type of entity or body of persons, whether or not it is incorporated or has a separate legal identity, and any executor, administrator or successor in law of the person;
  - (v) anything (including a right, obligation or concept) includes each part of it;
  - (vi) dollars and \$ is to Australian currency; and
  - (vii) time is to the time in Sydney Australia.
- (b) A singular word includes the plural, and vice versa.
- (c) A word which suggests one gender includes the other genders.
- (d) If a word or phrase is defined, any other grammatical form of that word or phrase has a corresponding meaning.
- (e) If an example is given of anything (including a right, obligation or concept), such as by saying it includes something else, the example does not limit the scope of that thing.

## 1.3 **Adjustments to VWAP**

For the purposes of calculating the VWAP for a period (**Pricing Period**) in this Deed Poll:

- (a) where, on some or all of the Trading Days in the Pricing Period, the Shares have been quoted on the Securities Exchange as cum dividend or cum any other distribution or entitlement and an Ordinary Warrant will convert:



- (i) into the Shares after the date those Shares no longer carry that entitlement (**ex date**), then the daily volume weighted average sale price of Shares on the Trading Days on which those Shares have been quoted cum dividend or cum entitlement shall be reduced by an amount (**cum value**) equal to:
  - (A) (in the case of a dividend or other distribution), the amount of that dividend or distribution including, if the dividend is franked the amount that would be included in the assessable income of a recipient of the dividend or distribution who is a natural person under the *Income Tax Assessment Act 1936* or the *Income Tax Assessment Act 1997*, jointly as applicable;
  - (B) (in the case of an entitlement which is traded on a Securities Exchange on any of those Trading Days), the daily volume weighted average sale price of all such entitlements sold on the Securities Exchange during the Pricing Period on the Trading Days on which those entitlements were traded; or
  - (C) (in the case of an entitlement not traded on a Securities Exchange during the Pricing Period), the value of the entitlement as reasonably determined by the board of the Company with the supporting vote of at least one director nominated by Ares or Ascribe; and
- (b) where, on some or all of the Trading Days in the Pricing Period, the Shares have been quoted ex dividend, ex distribution or ex entitlement, and the Ordinary Warrants will convert into Shares which would be entitled to receive the relevant dividend, distribution or entitlement, then the daily volume weighted average sale price of Shares on the Trading Days on which those Shares have been quoted ex dividend, ex distribution or ex entitlement shall be increased by the cum value.

## 2. **TITLE AND RIGHTS**

### 2.1 **Constitution and Form of Ordinary Warrants**

- (a) The Ordinary Warrants are issued on the terms and conditions of this Deed Poll, which are binding on the Company in favour of each Warrant Holder and all persons claiming through or under them respectively.
- (b) Each Ordinary Warrant confers the right (but not the obligation) on the Warrant Holder to subscribe for a Share on the terms and subject to the conditions set out in this Deed Poll.
- (c) The Company undertakes to comply with the terms and conditions of this Deed Poll and specifically, but without limitation, to give effect to the exercise rights in accordance with the terms of this Deed Poll.
- (d) The Company undertakes to provide to each Warrant Holder (upon request by that Warrant Holder) a certified copy of this Deed Poll.

### 2.2 **Benefit and Enforcement**

- (a) This Deed Poll is a deed poll. Each Warrant Holder from time to time has the benefit of this Deed Poll and can enforce it even though they may not be in existence or their name does not appear in the Warrants Register as the holder or any one or more Ordinary Warrants at the time this Deed Poll is executed.
- (b) A Warrant Holder may enforce its rights under this Deed Poll independently from any other Warrant Holder.

- (c) Each Warrant Holder, and any person claiming through a Warrant Holder, who asserts an interest in an Ordinary Warrant is bound by this Deed Poll.

## 2.3 **Warrants Register**

- (a) The Company must create and maintain the Warrants Register in accordance with the Corporations Act, and must update the Warrants Register on the exercise or transfer of an Ordinary Warrant in accordance with this Deed Poll.
- (b) Title to the Ordinary Warrants passes by registration of a transfer in the Warrants Register.

## 2.4 **Subscription Rights**

- (a) Each Ordinary Warrant gives the holder of that Ordinary Warrant the right to subscribe for one Share subject to adjustment in accordance with clause 6.
- (b) Each Ordinary Warrant has an Exercise Price of [ ] subject to adjustment in accordance with clause 6.

## 3. **EXERCISE OF THE ORDINARY WARRANTS**

### 3.1 **Exercise by Notice**

- (a) Subject to clause 3.1(b), a Warrant Holder may exercise any or all of its Ordinary Warrants by giving a duly completed Exercise Notice to the Company, at any time during the Exercise Period.
- (b) A Warrant Holder may only give an Exercise Notice in respect of:
  - (i) a minimum of at least 1,000 Ordinary Warrants, except that where a Warrant Holder holds less than 1,000 Ordinary Warrants, an Exercise Notice given by that Warrant Holder must be given in respect of all Ordinary Warrants held by that Warrant Holder;
  - (ii) a multiple of 1,000 Ordinary Warrants or the number which equals the entire holding of Ordinary Warrants of that Warrant Holder.
- (c) The exercise of an Ordinary Warrant does not prevent the Warrant Holder from exercising at any later time any other Ordinary Warrants it may hold.

### 3.2 **Manner of exercise**

- (a) To exercise an Ordinary Warrant, the Warrant Holder must give an Exercise Notice to the Company accompanied by payment in full of the Exercise Price.
- (b) Exercise of an Ordinary Warrant is only effective when the Company receives the Exercise Price in cleared funds.

### 3.3 **Lapse of Ordinary Warrants**

Any Ordinary Warrant in respect of which an Exercise Notice has not been given to the Company during the Exercise Period will automatically lapse on the expiry of the Exercise Period.

#### **4. ALLOTMENT**

##### **4.1 Allotment of Shares on exercise of Ordinary Warrants**

- (a) The Company must issue to the Warrant Holder the Shares to be issued on exercise of an Ordinary Warrant by the earlier of:
  - (i) the last Business Day of the month in which the exercise of the Ordinary Warrant becomes effective; or
  - (ii) no later than the 5th Business Day after the Exercise Date.
- (b) The Company must enter the Warrant Holder into the register of members of the Company as the registered holder of the Shares issued on exercise of the Ordinary Warrant.

##### **4.2 Fractions of Shares**

No fractions of a Share will be issued on the exercise of any Ordinary Warrant and no refund will be made to a Warrant Holder exercising their rights in respect of that part of the Exercise Price which represent such a fraction (if any), provided that if more than one Warrant is exercised at the same time by the same Warrant Holder then, for the purposes of determining the number of Shares to be issued upon the exercise of such Ordinary Warrants and whether (and, if so, what) fraction of Shares arises, the number of Shares arising on the exercise of each Ordinary Warrant is to first be aggregated and if the number of Shares to be issued in aggregate includes a fraction of a Share, the fraction will be rounded-up to the nearest whole number.

##### **4.3 Ranking**

Shares issued on exercise of an Ordinary Warrant will be fully paid, will rank pari passu with existing issued Shares (including in relation to dividend rights) and will be immediately transferable (subject only to the restrictions required or imposed under applicable laws and the Company's constituent or governing documents).

##### **4.4 Quotation**

The Company will, in accordance with the rules of the Securities Exchange on which it is listed at the time, apply for Shares issued on exercise of an Ordinary Warrant to be listed for quotation on the Securities Exchange and cause to be issued to the Warrant Holder a holding statement (or other applicable documentation) for the Shares issued on exercise of the Ordinary Warrant.

#### **5. NEW ISSUES OF SHARES**

##### **5.1 Participation in new issues**

A Warrant Holder does not have a right to participate in new issues of Shares without exercising the Ordinary Warrant and becoming the holder of Shares before the record date for the new issue of Shares.

#### **6. ADJUSTMENTS**

##### **6.1 Pro rata issues**

If there is a pro rata issue (except a bonus issue) of Shares during the Exercise Period, the Exercise Price reduces according to the formula in the Listing Rules.

## 6.2 **Bonus issues**

If there is a bonus issue of Shares during the Exercise Period, the number of Shares over which the Ordinary Warrants are exercisable increases by the number of Shares which the Holder would have received if the Ordinary Warrants had been exercised before the record date for the bonus issue.

## 6.3 **Ordinary Warrants to be reorganised on reorganisation of capital**

Subject to clause 6.4:

- (a) in a consolidation of the Shares, the number of Ordinary Warrants must be consolidated in the same ratio as the Shares and the Exercise Price must be amended in inverse proportion to that ratio;
- (b) in a subdivision of the Shares, the number of Ordinary Warrants must be subdivided in the same ratio as the Shares and the Exercise Price must be amended in inverse proportion to that ratio;
- (c) in a return of capital to Shareholders, the number of Ordinary Warrants must remain the same, and the Exercise Price of each Ordinary Warrant must be reduced by the same amount as the amount returned in relation to each Share;
- (d) in a reduction of capital by cancellation of capital paid up on Shares that is lost or not represented by available assets where no Shares are cancelled, the number of Ordinary Warrants and the Exercise Price of each Ordinary Warrant must remain unaltered;
- (e) in a pro rata cancellation of Shares, the number of Ordinary Warrants must be reduced in the same ratio as the Shares and Exercise Price of each Ordinary Warrant must be amended in inverse proportion to that ratio; and
- (f) in any other case where the Shares are reorganised, the number of Ordinary Warrants or the Exercise Price, or both, must be reorganised so that the Warrant Holder will not receive a benefit that holders of Shares do not receive.

## 6.4 **Change in Capital**

- (a) Except where clause 6.3 applies, where there is a Change in Capital and the holder of a Share will be issued or receive shares, stock, securities, other equity interests or assets in respect of that Share (**Substitute Property**) pursuant to that Change in Capital then prior to the consummation of that Change in Capital, the Company must make appropriate provision to ensure that each Ordinary Warrant gives the holder of the Ordinary Warrant the right to acquire and receive the Substitute Property at the Exercise Price in effect immediately prior to such Change in Capital, in lieu of or in addition to (as the case may be) each Share that the Warrant Holder would have received if the Ordinary Warrant had been exercised prior to the record date for that Change in Capital.
- (b) In any such case, the Company must make appropriate provision to ensure that the terms of the Ordinary Warrants shall thereafter be applicable to such Substitute Property.
- (c) The Company must not effect any Change in Capital where the obligations of the Company under the Ordinary Warrants will be assumed by a successor entity, unless prior to such transaction, the successor entity (if other than the Company) resulting from the Change in Capital assumes by written instrument the obligation to deliver to each such Warrant Holder upon exercise of an Ordinary Warrant the

Substitute Property as, in accordance with this clause 6, such Warrant Holder may be entitled to acquire.

#### 6.5 Redomiciling Event

- (a) Where there is a Redomiciling Event and the holder of a Share will be issued or receive Substitute Property pursuant to that Redomiciling Event then prior to the consummation of that Redomiciling Event, the Company must make appropriate provision to ensure that each Ordinary Warrant gives the holder of the Ordinary Warrant the right to acquire and receive the Substitute Property at the Exercise Price in effect immediately prior to such Redomiciling Event, in lieu of or in addition to (as the case may be) each Share that the Warrant Holder would have received if the Ordinary Warrant had been exercised prior to the record date for that Redomiciling Event.
- (b) For any such Redomiciling Event, the Company must make appropriate provision to ensure that the terms of the Ordinary Warrants shall thereafter be applicable to such Substitute Property.
- (c) The Company must not effect any Redomiciling Event where the obligations of the Company under the Ordinary Warrants will be assumed by a successor entity, unless prior to such transaction, the successor entity (if other than the Company) resulting from the Redomiciling Event assumes by written instrument the obligation to deliver to each such Warrant Holder upon exercise of an Ordinary Warrant the Substitute Property as, in accordance with this clause 6, such Warrant Holder may be entitled to acquire.

#### 6.6 Adjustment for Distribution if not listed on ASX

- (a) If, at any time during the Exercise Period, the Company ceases to be admitted to the official list of ASX or is no longer prohibited from effectuating the adjustments set out in this clause 6.6(a), and the Company fixes a record date for the payment of a dividend or the making of any other distribution of:
  - (i) any evidences of its indebtedness, any shares of its capital stock or any other securities or property of any nature whatsoever (including cash); or
  - (ii) any options, warrants or other rights to subscribe for or purchase any evidences of its indebtedness, any shares of its capital stock or any other securities or property of any nature whatsoever,

to the holders of Shares (other than a pro rata issue covered by clause 6.1, a bonus issue covered by clause 6.2 or a corporate action covered by clause 6.3) (collectively, a **Distribution**), then the Exercise Price of the Ordinary Warrant will be adjusted in accordance with the following formula:

$$EP^2 = EP^1 \times \frac{FV - D}{FV}$$

**EP<sup>2</sup>** is the new Exercise Price

**EP<sup>1</sup>** is the Exercise Price in effect immediately prior to the close of trading on the Securities Exchange on which Shares are quoted on the record date for the Distribution

**FV** is the Fair Value of a Share on the last Trading Day immediately preceding the first date on which the Shares trade "ex" Distribution on the Securities Exchange.

**D** is the amount of the cash and/or Fair Value of the securities, evidences of indebtedness, assets, rights or warrants to be distributed in respect of one Share,

and the number of Shares the subject of the Ordinary Warrant will be adjusted in accordance with the following formula:

$$N^2 = N^1 \times \frac{EP^1}{EP^2}$$

**N<sup>2</sup>** is the new number of Shares

**N<sup>1</sup>** is the number of Shares that would have been issued upon the exercise of each Ordinary Warrant immediately prior to the close of trading on the Securities Exchange on which Shares are quoted on the record date for the Distribution

- (b) If the Distribution referred to in clause (a), includes Shares as well as other property, then instead of adjusting for the entire Distribution under clause 6.6(a) the Share portion shall be treated as a bonus issue that triggers an adjustment to the number of Shares obtainable upon exercise of each Ordinary Warrant under clause 6.2 and the other items in the Distribution shall trigger a further adjustment to such adjusted Exercise Price and Shares under clause 6.6(a).

#### **6.7 Compliance with ASX Listing Rules**

For so long as the Company is admitted to the official list of ASX, each adjustment contemplated by clause 6 is subject to being consistent with the Listing Rules and may be amended to ensure compliance with the Listing Rules.

#### **6.8 Compliance with rules of an Alternative Exchange**

If the Company is no longer listed on ASX, each adjustment contemplated by clause 6 may be amended by the Company without prior approval of the Warrant Holders but only to the extent necessary and for the sole purpose of ensuring compliance, in the opinion of a law firm recognized in the jurisdiction of such Alternative Exchange in advising on the rules of such Alternative Exchange, with the rules of the Alternative Exchange or any waiver or other relief from compliance with such rules.

### **7. CHANGE OF CONTROL**

#### **7.1 Change of Control**

If a Change of Control occurs, the Company must, within 10 Business Days of the Change of Control occurring, cancel each Ordinary Warrant and pay to each Warrant Holder the Warrant Value as of the date the Change of Control occurs.

#### **7.2 Public Stock Merger**

If a Public Stock Merger occurs the Company shall (as a condition to such Public Stock Merger occurring) procure that the acquirer or the successor entity (if applicable in such Public Stock Merger) shall assume the obligations of the Company under this Deed Poll mutatis mutandis and to the extent applicable, such that each Ordinary Warrant shall give the holder of that Ordinary Warrant the right to subscribe at the Exercise Price for the Public Stock which that Warrant Holder would have received if it had exercised the Ordinary Warrant and held a Share on the record date for the Public Stock Merger.

### 7.3 **Small Public Stock Merger**

Not less than 10 Business Days prior to the effective date of a Small Public Stock Merger, each Warrant Holder may elect by notice delivered to the Company that the Company shall (as a condition to such Small Public Stock Merger occurring) procure that the acquirer or the successor entity (if applicable in such Small Public Stock Merger) assume the obligations of the Company under this Deed Poll mutatis mutandis and to the extent applicable, such that each Ordinary Warrant shall give the holder of that Ordinary Warrant the right to subscribe at the Exercise Price for the Small Public Stock which that Warrant Holder would have received if it had exercised the Warrant and held a Share on the record date for the Small Public Stock Merger. If a Warrant Holder does not make such election in respect of an Ordinary Warrant by notice, then that Ordinary Warrant shall be cancelled and the Company must pay to the holder of that Ordinary Warrant within 10 Business Days prior to or on the effective date of the Small Public Stock Merger, the Warrant Value as at the date of that Small Public Stock Merger.

## 8. **MISCELLANEOUS**

### 8.1 **Governing Law**

The Ordinary Warrants are governed by, and are to be construed in accordance with, the laws of New South Wales or following a Redomiciling Event, the jurisdiction of the place of incorporation or organisation of the Successor Company.

### 8.2 **Notices**

The provisions of the Company's constituent or other governing documents as to notices to shareholders apply mutatis mutandis to notices to Warrant Holders.

### 8.3 **Authorisation**

The Company is entitled to rely on the signatures on any form of transfer and any Exercise Notice, and shall have no duty to verify any signature on such documents.

### 8.4 **Ordinary Warrants not registered under the Securities Act**

The Ordinary Warrants have not been registered with the U.S. Securities and Exchange Commission under the Securities Act or the securities laws of any state or other jurisdiction. Consequently, neither the Ordinary Warrants nor any interest or participation in the Ordinary Warrants, may be offered, sold, assigned, transferred, pledged, encumbered or otherwise disposed of in the U.S. or to a U.S. Person, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state or local securities laws.

### 8.5 **Agreement not to transfer**

If the Company ceases to be admitted to the official list of ASX, a person who acquires an Ordinary Warrant agrees on its own behalf and on behalf of any investor account for which it is acquiring the Ordinary Warrant that until the date that is one year after the later of:

- (a) the date of original issue of that Ordinary Warrant; and
- (b) the last date on which either the Company or any affiliate of the Company was the owner of such Ordinary Warrant (or any predecessor thereto),

(the **Resale Restriction Termination Date**) it will only offer, sell or otherwise transfer such Ordinary Warrant:

- (c) in the United States, to a person that is an institutional "accredited investor" within the meaning of Rule 501(a)(1), (2), (3), (7) or (8) under the Securities Act in a transaction exempt from registration under the Securities Act;
- (d) outside the United States, in an "offshore transaction" in accordance with Rule 904 of Regulation S under the Securities Act;
- (e) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if applicable); or
- (f) pursuant to an effective registration statement under the Securities Act,

in each of cases (c) through (f) in accordance with any applicable securities laws of any state of the United States.



**Executed** as a Deed Poll.

**SIGNED, SEALED** and **DELIVERED** as a deed poll in accordance with section 127 of the *Corporations Act 2001* by **Boart Longyear Limited**:

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Director Signature

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Director/Secretary Signature

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Print Name

---

Print Name

## Attachment 1

### Warrant Exercise Notice

To: The Company Secretary

**Boart Longyear Limited** (the **Company**)

This Notice is given pursuant to clause 3.1 of the deed poll entered into by the Company relating to the Ordinary Warrants to subscribe for Shares dated [\*insert date] (the **Deed Poll**). Terms defined in the Deed Poll have the same meanings when used in this Warrant Exercise Notice.

**TAKE NOTICE** that [\*insert name of Warrant Holder] exercises [\*insert number] Ordinary Warrants in accordance with the Deed Poll.

The undersigned, in order to exercise the Ordinary Warrants, represents, acknowledges and agrees that:

- (a) they are outside the United States (within the meaning of Regulation S under the Securities Act) and will receive the Shares the subject of this Warrant Exercise Notice (the **Subject Shares**) in reliance on Regulation S under the Securities Act; or
- (b) they are an institutional "accredited investor" (as defined in clauses (1), (2), (3), (7) or (8) of Clause (A) of Rule 501 of Regulation D under the Securities Act) and will receive the Subject Shares in reliance on Rule 506(c) of Regulation D under the Securities Act.

The undersigned further represents, acknowledges and agrees that for so long as the Company is admitted to the official list of ASX, they will only offer, sell or otherwise transfer such Subject Shares in the ordinary course of trading on the ASX and neither the seller nor any person acting on its behalf knows, or has reason to know, that the sale has been prearranged with, or the purchaser is, a person in the United States.

The undersigned further represents, acknowledges and agrees that if the Company is not admitted solely to the official list of ASX, for all other offers, sales or transfers other than on the ASX:

- (a) they will only offer, sell or otherwise transfer the Subject Shares prior to the date that is one year after the later of the date of original issue and the last date on which either the Company or any affiliate of the Company was the owner of such Subject Shares (or any predecessor thereto) (the **Resale Restriction Termination Date**):
  - (i) in the United States to a person that is an institutional "accredited investor" in a transaction exempt from registration under the Securities Act;
  - (ii) outside the United States in an "offshore transaction" in accordance with Rule 904 of Regulation S under the Securities Act;
  - (iii) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if applicable); or
  - (iv) pursuant to an effective registration statement under the Securities Act,in each of cases (i) through (iv) in accordance with any applicable securities laws of any state of the United States;
- (b) they will, and each subsequent transferee is required to notify any purchaser of the resale restrictions set forth above if any resale or other transfer of the Subject Shares is proposed to be made to an institutional "accredited investor" prior to the Resale Restriction Termination Date pursuant to paragraph (a)(i) above, the transferor shall deliver a letter from the transferee containing substantially, the representations in

paragraphs (a)(i) through to (a)(iv) of this Warrant Exercise Notice, and such letter will also provide, among other things, that the transferee is an institutional "accredited investor" within the meaning of Rule 501(a)(1), (2), (3), (7) or (8) under the Securities Act and that it is acquiring such Shares for investment purposes and not for distribution in violation of the Securities Act;

- (c) the Company has the right prior to the offer, sale or other transfer prior to the Resale Restriction Termination Date of the Subject Shares to require the delivery of an opinion of counsel, certifications or other information satisfactory to the Company.

Dated: [\*insert date]

**SIGNED** for and on behalf of [**\*INSERT  
NAME OF WARRANT HOLDER**] by its  
authorised officer:

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Authorised Officer's Signature

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Print Name

## EXHIBIT A

For the purpose of this Exhibit A:

**"Acquiror"** means (A) the Third Party that has entered into definitive document for a Change of Control transaction, or (B) the offeror in the event of a tender or exchange offer in connection with a Change of Control transaction.

**"Reference Date"** means the date of consummation of a Change of Control.

**"Preliminary Change of Control Event"** means with respect to the Company, the first public announcement that describes the economic terms of a transaction that is intended to result in a Change of Control.

The Warrant Value of the Ordinary Warrants shall be determined using the Black-Scholes Model as applied to third party options (i.e., options issued by a third party that is not affiliated with the issuer of the underlying stock). For purposes of the Black-Scholes Model, the following terms shall have the respective meanings set forth below:

<b>Underlying Share Price:</b>	<ul style="list-style-type: none"><li>• In the event of a merger or other acquisition,<ul style="list-style-type: none"><li>(A) that is an "all cash" deal, the cash per Share to be paid to the Shareholders in the transaction;</li><li>(B) that is an "all Public Stock" deal,<ul style="list-style-type: none"><li>(1) that is a "fixed exchange ratio" transaction, a "fixed value" transaction where as a result of a cap, floor, collar or similar mechanism the number of Acquiror's shares to be paid per Share to the Shareholders in the transaction is greater or less than it would otherwise have been or a transaction that is not otherwise described in this clause (B)(1) or clause (B)(2) below, the product of (i) the Fair Market Value of the Acquiror's shares on the day preceding the date of the Preliminary Change of Control Event and (ii) the number of Acquiror's shares per Share to be paid to the Shareholders in the Change of Control transaction (provided that the Independent Expert shall make appropriate adjustments to the Fair Value of the Acquiror's shares referred to above as may be necessary or appropriate to effectuate the intent of this Exhibit A and to avoid unjust or inequitable results as determined in its reasonable good faith judgment, in each case to account for any event impacting the Acquiror's shares that is analogous to any of the events described in clause 6 of this Deed Poll if the record date, ex date or effective date of that event occurs during or after the 10 Trading Day period over which such Fair Value is measured); and</li><li>(2) that is a "fixed value" transaction not covered by clause (B)(1) above, the value per Share to be paid to the Shareholders in the transaction;</li></ul></li><li>(C) that is a transaction contemplating various</li></ul></li></ul>
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	<p>forms of consideration for each Share,</p> <ol style="list-style-type: none"> <li>(1) the cash portion, if any, shall be valued as described in clause (A) above,</li> <li>(2) the Public Stock portion shall be valued as described in clause (B) above and</li> <li>(3) any other forms of consideration shall be valued by the Independent Expert valuing the Ordinary Warrants, using one or more valuation methods that the Independent Expert in its best professional judgment determines to be most appropriate, assuming such consideration (if securities) is fully distributed and is to be sold in an arm's-length transaction and there was no compulsion on the part of any party to such sale to buy or sell and taking into account all relevant factors and without applying any discounts to such consideration.</li> </ol> <ul style="list-style-type: none"> <li>• In the event of all other Change of Control events, the Fair Value per Share on the last trading day preceding the date of the Change of Control.</li> </ul>
<b>Exercise Price:</b>	The Exercise Price as adjusted and then in effect for the Warrant.
<b>Dividend Rate:</b>	0 (which reflects the fact that the anti-dilution adjustment provisions cover all dividends).
<b>Interest Rate:</b>	The annual yield as of the Reference Date (expressed on a semi-annual basis in the manner in which U.S. treasury notes are ordinarily quoted) of the 7-year U.S. treasury note, or if no such note is on issue, the 10-year U.S. treasury note.
<b>Put or Call:</b>	Call
<b>Time to Expiration</b>	The number of days from end date of the Exercise Period to the Reference Date divided by 365.
<b>Settlement Date:</b>	The scheduled date of payment of the Warrant Value.
<b>Volatility:</b>	For calculation of Warrant Value in connection with a Change of Control with respect to the Ordinary Warrants, 40%; provided, however, that if the Ordinary Warrants are adjusted as a result of a Change of Control, volatility for purposes of calculating Warrant Value in connection with succeeding Change of Control events with respect to such Ordinary Warrants (or their successors) shall be as determined by an Independent Expert engaged to make the calculation, who shall be instructed to assume for purposes of the calculation that such succeeding Change of Control had not occurred.

Such valuation of the Ordinary Warrant shall not be discounted in any way.

For illustrative purposes only, an example Black-Scholes model calculation with respect to a hypothetical Ordinary Warrant appears on the following page.

### Illustrative Example

Inputs:

S = Underlying Share Price

X = Exercise Price

PV(X) = Present value of the Exercise Price, discounted at a rate of R =  $X * (e^{-(R * T)})$

V = Volatility

R = continuously compounded risk free rate =  $2 * [ \ln (1 + \text{Interest Rate} / 2) ]$

T = Time to Expiration

W = Ordinary Warrant value per underlying Share

Z = number of Shares underlying Ordinary Warrants

Value = total Ordinary Warrant value

Formulaic inputs:

$$D1 = [ \ln [ S / X ] + (R + (V^2 / 2)) * T ] \div (V * \sqrt{T})$$

$$D2 = [ \ln [ S / X ] + (R - (V^2 / 2)) * T ] \div (V * \sqrt{T})$$

Black-Scholes Formula

$$W = [N(D1) * S] - [N(D2) * PV(X)]$$

Where "N" is the cumulative normal probability function

$$\text{Value} = W * Z$$

Example of a Hypothetical Ordinary Warrant (assuming  $V = 25^1$ ):<sup>2</sup>

Inputs:

Interest Rate = 4.00%

S = \$50.00

X = \$60.00

PV(X) = \$55.43

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<sup>1</sup> Consider amending hypothetical to reflect  $V=40$ .

<sup>2</sup> Note: Amounts calculated herein may not foot due to rounding error. For precise calculations, decimal points should not be rounded.

$$V = 25\%$$

$$R = 3.96\%$$

$$T = 2$$

$$Z = 100$$

Formulaic inputs:

$$\begin{aligned} D1 &= [ \ln [ S / X ] + (R + (V^2 / 2)) * T ] \div (V * \sqrt{T}) \\ &= (-0.1149) \end{aligned}$$

$$\begin{aligned} D2 &= [ \ln [ S / X ] + (R - (V^2 / 2)) * T ] \div (V * \sqrt{T}) \\ &= (-0.4684) \end{aligned}$$

Black-Scholes Formula

$$\begin{aligned} W &= [N(D1) * S] - [N(D2) * PV(X)] \\ &= \$4.99 \end{aligned}$$

Total Ordinary Warrant Value

$$\begin{aligned} \text{Value} &= W * Z \\ &= \$499 \end{aligned}$$

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## **10. Corporate Directory**

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### **Directors**

Marcus Randolph  
Bret Clayton  
William Peter Day  
Jeffrey Long  
Gretchen McClain  
Rex McLennan  
Jeffrey Olsen  
Deborah O'Toole  
Conor Tochilin

### **Company Secretaries**

Fabrizio Rasetti  
Phil Mackey

### **Headquarters**

Global Headquarters  
2640 West 1700 South  
Salt Lake City, Utah 84104  
United States of America

Tel: +1 801 972 6430  
Fax: +1 801 977 3374

### **Registered Office**

26 Butler Boulevard  
Burbridge Business Park  
Adelaide Airport  
Adelaide, South Australia 5950

Telephone: +61 8 8375 8375  
Fax: +61 8 8375 8497

### **Share Registrar**

Link Market Services Limited  
Level 12, 680 George Street  
Sydney, New South Wales 2000

Telephone: +61 1800 781 633

### **Securities Exchange Listing**

Australian Securities Exchange (ASX)

ASX code: BLY

### **Website**

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