LR™ 500 Drill Rig

FY 2017 Results

February 2018

Jeff Olsen – Chief Executive Officer

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FY 2017 Highlights
- Improvement in operating performance and market outlook

Safety

Leading safety performance focused on continuous improvement
- LTIR – 0.22 (2016 – 0.11) [1]
- TCIR – 1.62 (2016 - 1.41) [1]
- Released global incident management protocols, learning management system (BITS) and associated training modules. Implemented global field level risk assessment program

Operating Performance

Delivered on significant productivity improvements across the organisation
- Increasing utilsation and increased number of rigs in the field (7% Improvement)
- Ramping up manufacturing to meet increasing customer demands
- Optimisation of operation footprint focused on profitability
- Focus on delivering increased productivity at each drill site

Financial Performance

Improvement in key financial metrics
- Completed recapitalisation to underwrite business and enable growth
- Delivered on the strategic objectives of reducing debt, extending maturities and improving liquidity
- Revenue up 15% to $739M driven by higher demand for services and products
- Gross Margin up 29% and Adj EBITDA up 35% on improved volumes and productivity

Technology advancement

Introduced innovative technologies
- Advancing data services; TruCore™, TruShot™ and TruScan™
- Introduced new tooling to improve drill productivity
- Enhanced drill rig safety features

Advancing Drilling Equipment
- Continuing to deliver a safer and more productive drill rig

LF™160 Rig and FREEDOM™ Loader
(Surface Coring)

- 100% hands-free rod management for increased safety
- Ergonomic CE-certified controls

MDR700 Mobile Drill Rig
(Underground Coring)

- Semi-automated rod handling for safe and efficient operation
- Optional Drill Control Interface (DCi) for added safety and control

LF™350E Rig
(Surface Coring and Deep Hole exploration)

- Completely electronically controlled
- Meet demands of deepest diamond coring projects

Leading innovation in the industry
- Developing tools to improve drill productivity and data collection

Longyear™ Bits
(Diamond Coring)

- Patented new diamond bonding technology
- Case study shows 23% increase in meters drilled/hour

XQ™ Rods
(Deep-hole Drilling)

- New patented thread design
- Increased strength and load capacity
- Designed for deep hole and rod handling applications

TruScan™
(On-site Assay)

- Proprietary XRF on-site assay technology by BLY trained techs
- Real time data and bridges gap between portable and lab
- Field tested

TruShot™
(Down-hole Survey)

- Launching in 2018
- Built in quality checks to save time and money

Drilling Services: FY 2017 Operations

- Productivity improvements supported with higher volumes

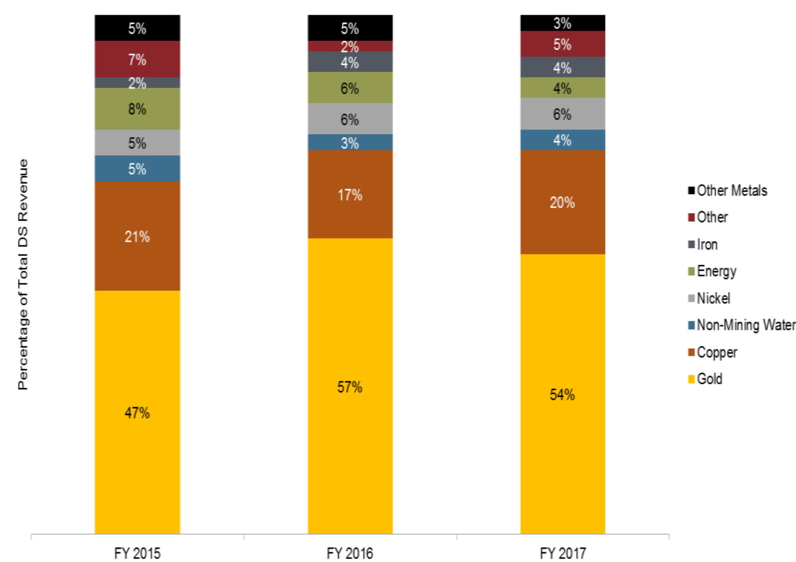
2017 Financial Highlights

Key Financials (US $M):	FY 2017	FY 2016	Change Fav / (Unfav)
Revenue	501	448	12%
COGS	429	401	-7%
SG&A	30	32	6%
EBITDA	69	52	33%
EBITDA as % of Revenue	*14%*	*12%*	

- **Revenue** - up 12% from FY2016 with clients extending their drilling campaigns late into the year
- **EBITDA** - up 33% driven by increased volume and improved productivity
- **Pricing** - remained stable during 2017 due to excess capacity
- **Commodities** - Gold and copper continue to be main source of revenues

2017 Operating Highlights

- **Operating Rigs** - Average number of operating rigs increased by 7% to 308 from 287
- **Rig Uptime** – Improved uptime through 2% reduction in non-value added time across fleet
- **Metrics** - KPI boards rolled out to all sites to monitor and report on customer focused metrics
- **Onboarding** - Implemented new onboarding training packages focused on identifying site hazards and risks



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Global Products: FY 2017 Operations
- Growth in business unit lead indicator to market improvement

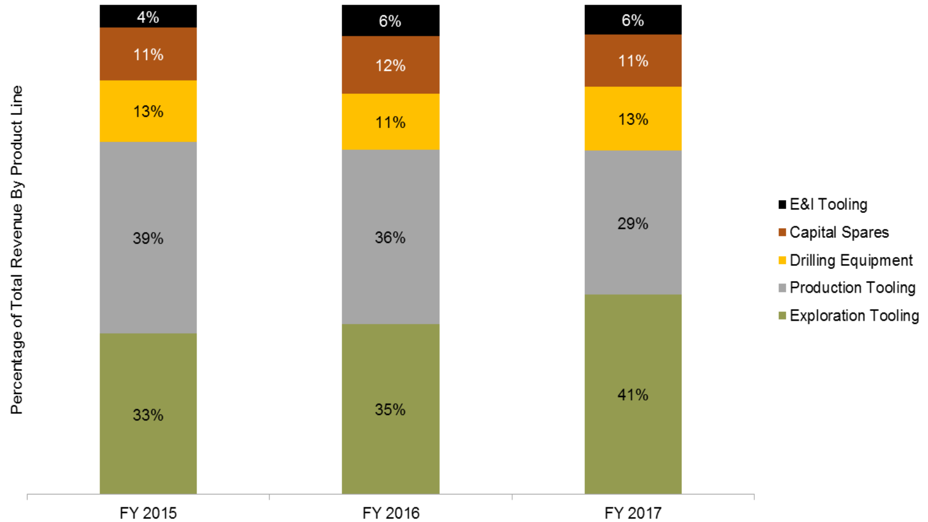
2017 Financial Highlights

Key Financials (US $M):	FY 2017	FY 2016	Change Fav / (Unfav)
Revenue	239	195	22%
COGS	197	152	-30%
SG&A	37	37	0%
EBITDA	11	13	-16%
EBITDA as % of Revenue	*5%*	*7%*	
Pro Forma[4] Revenue (US $M)	**FY 2017**	**FY 2016**	**Change Fav / (Unfav)**
Sales to BLY Drilling Services	55	58	-5%
Pro Forma Revenue	293	252	16%

- **Revenue** - up 22% from FY2016 with stronger H2 sales
- **Margin** - Total margin impacted by lower margins from continued sales of surplus inventory
- **EBITDA** - Underlying growth when removing one-time 2016 accounting adjustments

2017 Operating Highlights

- **Backlog** – Has increased by 73% from to $26M from $15M in December 2016
- **Mix** – Greatest increases seen in Exploration Tooling and Drill Rig sales
- **Throughput** – Doubled rod plant throughput to meet increased demand



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Financial Overview

Brendan Ryan – Chief Financial Officer

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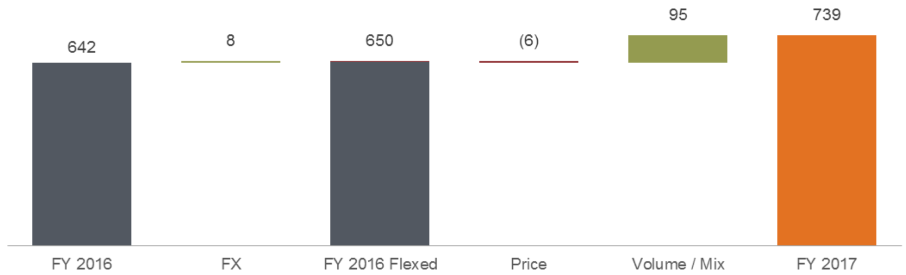
Consolidated Results Summary: FY 2017

- Volume increasing along with continued operational improvements

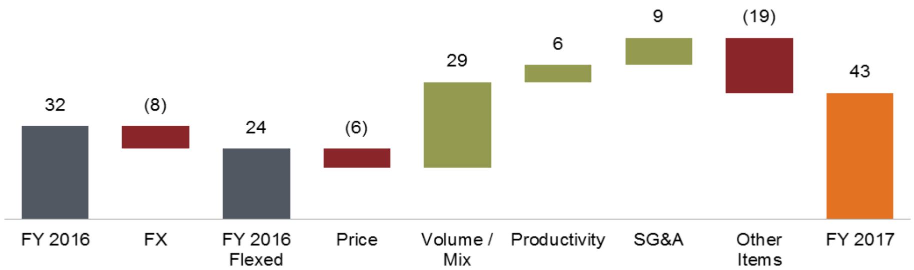
(US $M)

Consolidated Revenue Bridge



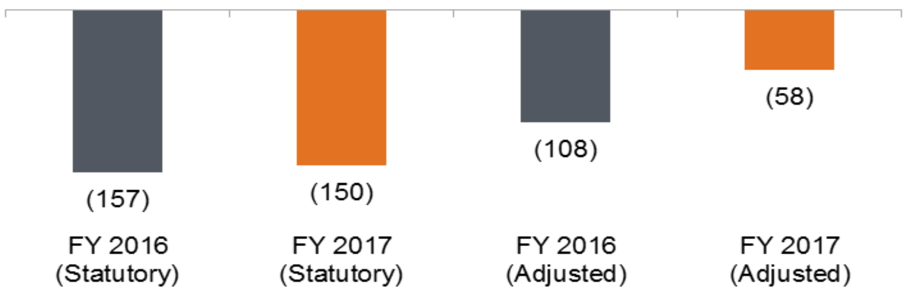
- Revenue increased $97M (15%), driven by volume increases across both Drilling Services and Products
- Consecutive half on half increases in revenue since H12016
- Continued increase in bidding activity & product backlogs

Consolidated Adjusted EBITDA[2] Bridge



- Adjusted EBITDA up $11M (35%) driven by:
  - Flow through from increased volumes
  - Improvements from ongoing productivity initiatives
  - Further reduction in SG&A
- Statutory EBITDA lower Year on Year by $39M

Net Profit After Tax[2]



- Adjusted NPAT improved by $50M
- Statutory NPAT improved by $7M, impacted by one-off restructure costs

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Year-Over-Year Comparison

- Strong focus on productivity and cost control in improving market

Statutory

(US $M except EPS)	FY 2017	FY 2016	Change Fav / (Unfav)
Revenue	739	642	15%
Gross Margin	111	86	29%
GM as % of Revenue	*15%*	*13%*	
Operating Margin	(88)	(61)	-44%
OM as % of Revenue	*-12%*	*-9%*	
EBITDA	(37)	2	NMF
EBITDA as % of Revenue	*-5%*	*0%*	
NPAT	(150)	(157)	4%
NPAT as % of Revenue	*-20%*	*-24%*	
EPS (cents)	(1.6)	(16.8)	90%

Adjusted[2]

(US $M)	FY 2017	FY 2016	Change Fav / (Unfav)
Revenue	739	642	15%
Adjusted Gross Margin	113	89	27%
Adj. GM as % of Revenue	*15%*	*14%*	
Adjusted Operating Margin	(8)	(33)	76%
Adj. OM as % of Revenue	*-1%*	*-5%*	
Adjusted EBITDA	43	32	35%
Adj. EBITDA as % of Revenue	*6%*	*5%*	
Adjusted NPAT	(58)	(108)	47%
Adj. NPAT as % of Revenue	*-8%*	*-17%*	

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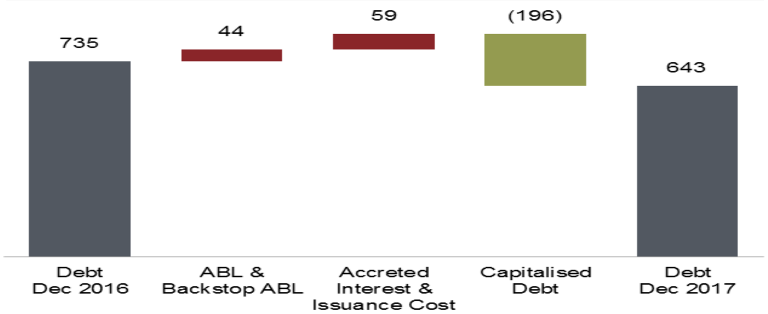
Completed Recapitalisation

- Met objectives to reduce debt, improve liquidity and extend maturity

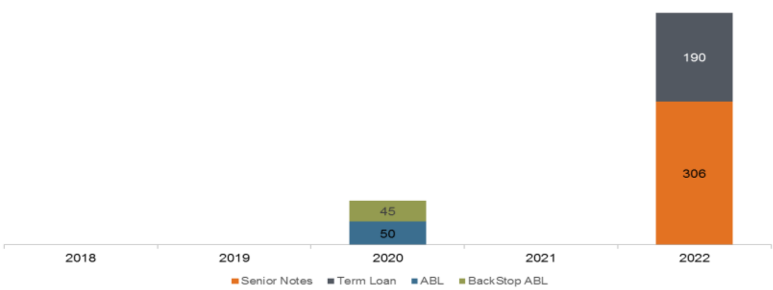
(US $M)

Reduced Debt



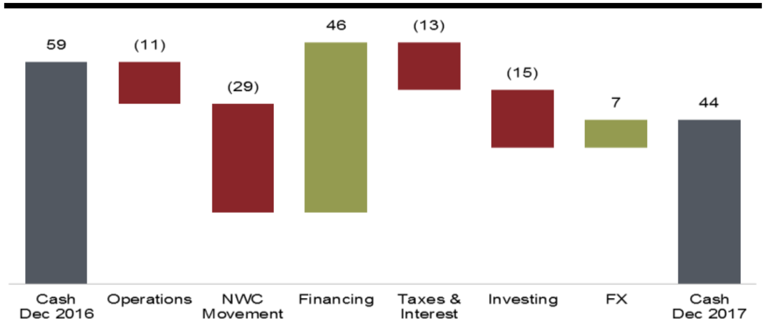
- Significant reduction in debt and future PIK rates
  - Converted $196M into Equity,
  - Further $88M reduced to 1.5% PIK
  - Reduced Term Loan PIK rate to 8% (from 2019 onwards)
- Expanded size of ABL facilities

Extended Debt Maturities



- Extended maturity of outstanding notes to December 2022
- ABL facilities extended to 2020

Improved Liquidity Position



- Improved the liquidity support for business
  - No cash interest payments due in 2018
  - Removed all future cash interest on unsecured notes
  - Expanded size of ABL facilities
- Working capital build in H2 2017 driven by growth in business

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Business Overview

Jeff Olsen – Chief Executive Officer

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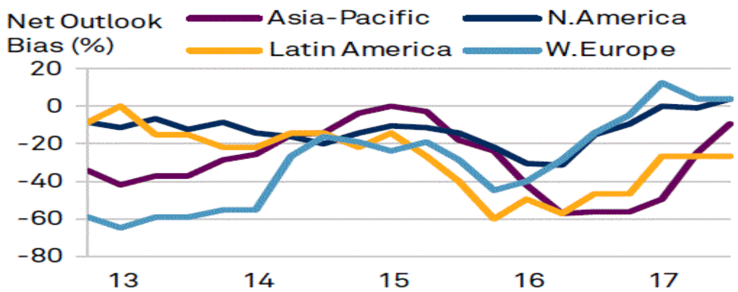
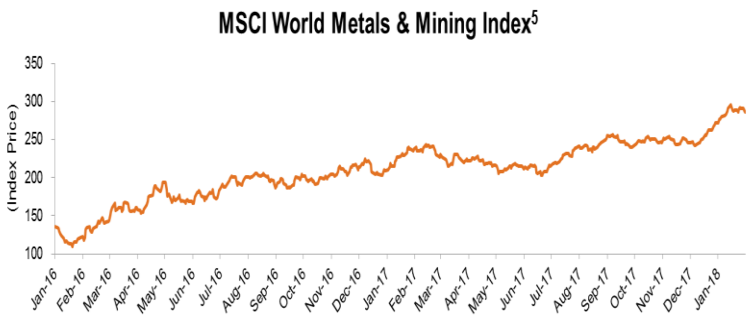
Stronger Leading Indicators
- Significant improvement in key customer metrics and outlook

Debt Ratios



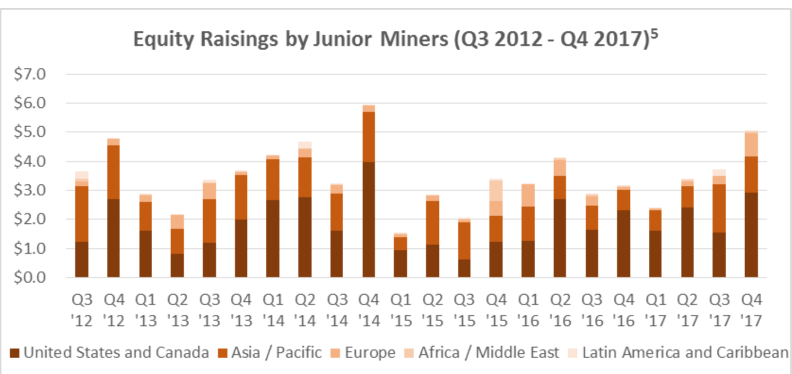
- Mining industry debt ratings are improving
- Improved industry balance sheets will result in increased drilling activity for reserve / resource replenishment

Mining Indices



- Improvement of 99% in MSCI index since Q1 2016
- Suggests increasing investor interest in mining sector

Equity Raisings



- Junior equity raisings trending upwards
- Greater availability of funds for exploration activity

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FY 2018 Strategic Objectives
- Build on the operational improvements delivered in 2017

Safety

Continue to be an industry leader
- Simplify safety systems and standards
- Implement soft start hazard risk program
- Expand onboarding program to include detailed technical training

Operations

Remain focused on maintaining and growing customer relationships
- Build on operational efficiency improvements made in 2017
- Focus on improved commercial systems, processes and strategy
- Build fleet readiness

Technology

Customer is at the core of the company's strategic priorities
- Reduce costs and improve efficiencies with our drilling and products customers through new technologies and products
  - Launch additional digital technologies in 2018 including TruScan, our proprietary on-site XRF assaying technology
  - Launch new patented Longyear Bits
  - Launch patented XQ deep hole rods

Financial

Create value through improved EBITDA
- Improve performance through focus on costs, efficiencies and market growth opportunities
- Manage improved liquidity post restructuring, preparing for new opportunities
- Focus on managing working capital

Questions?

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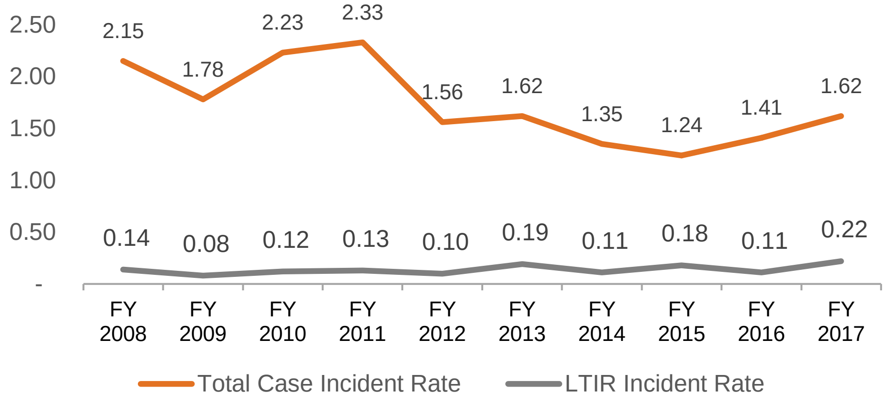
Appendix

Safety & Environment

Total Incident Rates[1]



Leading safety performance KPI's

- LTIR – 0.22
- TCIR – 1.62

Our goal is to add value with zero harm – leading our industry with employees returning home safely each day and performing work with minimal impact to our neighbors or the environment.

Safety Performance

- 11 lost time incidents during the year
- Moderate increase in total case incident rate

Continuous Improvement

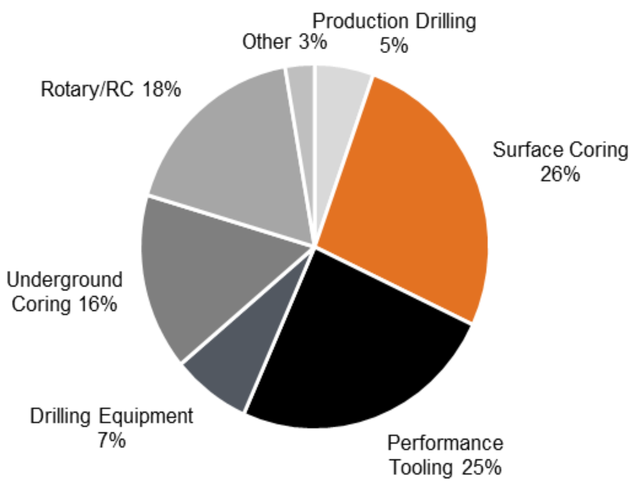
- The following key initiatives were designed to address performance issues, based on root cause analysis:
    - Standards simplification project - designed to drive improved accountability
    - GEMS Mobile App upgrade and Inspection Data Recording – to deliver real time information
    - Soft-Start Initiative - Due to high frequency of incidents in January, Soft-Start Initiative was implemented.
        - Every 2 hours Drill Crew take 15 minutes to reassess potential hazards. Results saw a 39.8% decrease in reported incidents from January 2017.

Key Performance Indicators by Quarter

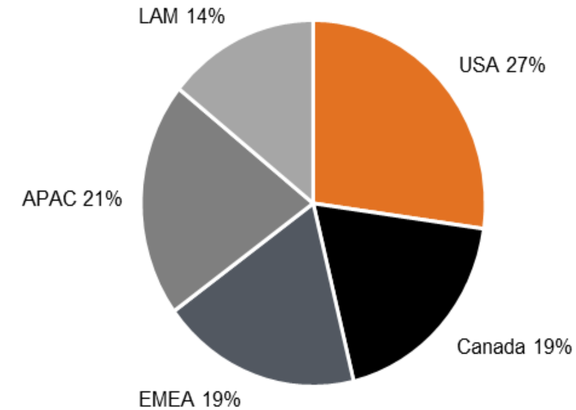
	Quarters ended 2017				Quarters ended 2016				Quarters ended 2015			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Total Company												
Revenue (US$ millions)	183.7	199.2	192.5	163.7	156.9	175.0	168.7	141.8	160.9	186.8	200.3	187.2
EBITDA (US$ millions)	(20.1)	(4.5)	(7.6)	(4.4)	(15.3)	13.8	15.5	(12.4)	(75.2)	(0.7)	(25.2)	(14.2)
Adjusted EBITDA[2] (US$ millions)	5.8	15.9	12.8	8.6	1.3	17.2	19.8	(6.3)	(4.9)	3.1	11.2	(9.5)
Operating Loss	(27.5)	(21.5)	(16.9)	(21.8)	(25.5)	(5.5)	3.4	(33.2)	(90.4)	(24.8)	(44.6)	(39.4)
(Loss) Profit from Trading Activities	7.1	4.0	7.4	(8.5)	(7.7)	(0.8)	7.8	(23.2)	(10.3)	(7.7)	(3.6)	(24.2)
Net cash flows (used in) provided by operating activities	37.9	(34.2)	(18.3)	(39.4)	5.5	16.6	(22.5)	(50.0)	28.2	2.0	(10.2)	(74.9)
Net Debt (US$ millions)	598.9	595.8	753.2	718.4	675.8	674.3	670.1	639.6	576.4	554.6	556.1	538.1
SG&A (US$ millions)	20.2	28.6	27.2	27.4	28.7	28.1	28.9	27.0	28.3	31.0	32.5	30.6
# of employees	4,604	4,812	4,636	4,444	4,337	4,626	4,629	4,611	4,725	5,089	5,151	5,537
Global Drilling Services												
Revenue (US$ millions)	122.6	136.6	134.1	107.3	104.5	123.7	122.2	97.3	111.3	135.4	145.1	136.1
EBITDA (US$ millions)	11.0	23.8	23.8	10.5	8.2	20.0	21.5	1.9	3.0	15.8	18.1	4.0
Average # of drill rigs	702	715	718	739	878	878	889	911	914	917	921	933
Average rig utilisation	43%	46%	45%	37%	32%	35%	34%	28%	33%	37%	38%	35%
# of employees	3,320	3,511	3,338	3,146	3,011	3,307	3,349	3,300	3,127	3,420	3,478	3,833
Global Products												
Revenue (US$ millions)	61.0	62.7	58.4	56.4	52.4	51.3	46.5	44.5	49.6	51.4	55.2	51.1
EBITDA (US$ millions)	(0.2)	5.8	(0.1)	5.8	2.1	5.2	4.3	1.8	4.0	3.4	4.5	2.6
Average backlog (US$ millions)	31.3	27.0	23.7	21.7	19.3	12.8	11.3	14.9	13.3	16.7	18.4	18.9
# of employees	976	979	983	974	1,001	988	960	974	1,258	1,314	1,321	1,338

Diversified End-Market Exposure

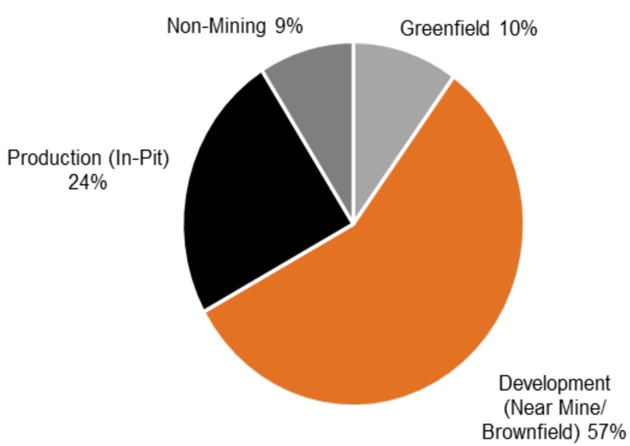
FY 2017 Total Revenue by Type – Products & Services



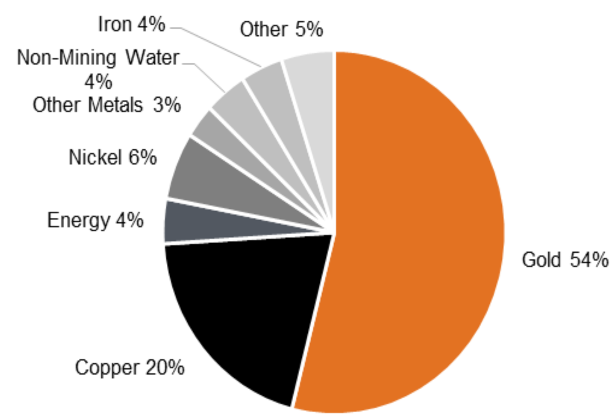
FY 2017 Total Revenue by Region – Products & Services



FY 2017 Drilling Services Revenue by Stage



FY 2017 Drilling Services Revenue by Commodity



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Footnote Disclosures

- ***Footnote 1:*** Per 200,000 work hours.
- ***Footnote 2:*** Loss from Trading Activities, Adjusted Gross Margin, Adjusted Operating Loss, Adjusted SG&A, Adjusted EBITDA and Adjusted NPAT Loss are non-IFRS measures and are used internally by management to assess the underlying performance of the business and have been derived from the Company's financial results by adding back significant items (i.e., charges relating to recapitalisation, impairments, restructuring, and employee and related costs). In the case of Pro Forma Adjusted EBITDA, additional adjustments are made to account for one-time items. In the case of Adjusted NPAT, additional adjustments are made to account for the tax effect of significant items and other tax write-offs and, in the case of Loss from Trading Activities, adjustments are made to Adjusted Operating Loss to remove other expense/income.
- ***Footnote 3*: ** Operating rigs defined as the number of weekly operating rigs generating revenue. Utilisation figures based on operating rigs divided by rigs held in the fleet.
- ***Footnote 4:*** Transactions between segments are carried out at arm's length and are eliminated on consolidation.
- ***Footnote 5*: ** Source: S&P Global Market Intelligence