

The Manager
Company Announcements Office
ASX Limited
20 Bridge Street
Sydney NSW 2000

18 December 2014

Boart Longyear Limited (ASX Code: BLY)
Notification under section 708AA(2)(f) of the Corporations Act 2001 (Cth) (Corporations Act) as notionally modified by ASIC Class Order 08/35 (CO 08/35)

Boart Longyear Limited ABN 49 123 052 728 (**Boart Longyear**) has today launched a pro-rata traditional renounceable rights issue of 0.9798 fully paid ordinary shares in Boart Longyear (**New Shares**) for every fully paid ordinary share in Boart Longyear held by eligible shareholders (**Rights Issue**). New Shares under the Rights Issue are being offered at a price of A\$0.1656 per New Share.¹

Shareholders who are eligible to participate in the Rights Issue are shareholders who:

- are registered as a holder of Existing Shares cum rights as at 7.00pm (AEDT) on Wednesday, 24 December 2014 (Record Date);
- as at the Record Date:
 - have a registered address in Australia or New Zealand; or
 - have a registered address in Canada, Germany or Switzerland and are employees of the Boart Longyear group;
- are not in the United States and are not acting for the account or benefit of a person in the United States; and
- are eligible under all applicable securities laws to receive an offer under the Rights Issue without any requirement for a prospectus or offer document to be lodged or registered.

The Rights Issue will be fully underwritten by CCP II Dutch Acquisition – E2, B.V., (**Centerbridge Investor**) the special purpose vehicle established by Centerbridge Partners L.P (**Centerbridge**) for the purposes of its participation in the recapitalisation announced by Boart Longyear on 23 October 2014. Goldman Sachs Australia Pty Limited (the **Offer Manager**) has been appointed by the Company to manage the Rights Issue and to act as nominee pursuant to Listing Rule 7.7.1(c) to arrange for the sale of rights which would have been issued to Boart Longyear shareholders who are ineligible to participate in the Rights Issue.

Boart Longyear gives notice under section 708AA(2)(f) of the Corporations Act as notionally modified by CO 08/35 that:

¹ The Australian dollar equivalent of US\$0.1350 on 17 December 2014 at an FX rate of 1 AUD = 0.8151 USD. US\$0.1350 is the price at which Centerbridge subscribed for New Shares under the Initial Placement before payment of the premium of US\$560,000.

1. Boart Longyear will offer the New Shares for issue without disclosure to investors under Part 6D.2 of the Corporations Act.
2. As at the date of this notice:
 - (a) Boart Longyear has complied with the provisions of Chapter 2M of the Corporations Act as they apply to Boart Longyear;
 - (b) Boart Longyear has complied with section 674 of the Corporations Act; and
 - (c) there is no "excluded information" within the meaning of sections 708AA(8) and 708AA(9) of the Corporations Act which is required to be disclosed under section 708AA(7)(d) of the Corporations Act.
3. The potential effect that the Rights Issue will have on control of Boart Longyear and the consequences of that effect will depend upon a number of factors, including investor demand.

Centerbridge (through the Centerbridge Investor) is Boart Longyear's largest shareholder, with voting power in approximately 36.9% of the Boart Longyear ordinary shares as at the date of this notice. Centerbridge has indicated that it does not propose to either sell its rights under the Rights Issue or acquire rights on market. Therefore, its voting power will increase only to the extent that it acquires Boart Longyear shares as underwriter of the Rights Issue. The extent of this increase will depend on the size of the shortfall under the Rights Issue. As Centerbridge has indicated that it does not propose to take up its rights under the Rights Issue, those rights will be included in the shortfall and will be taken up by Centerbridge as underwriter. Otherwise, the actual voting power of Centerbridge following the Rights Issue will depend on the following factors, which together determine the shortfall under the Rights Issue:

- the extent to which eligible Boart Longyear shareholders not affiliated with Centerbridge take up their rights under the Rights Issue; and
- the extent to which any rights sold on market by eligible Boart Longyear shareholders or the Offer Manager on behalf of Boart Longyear shareholders ineligible to participate in the Rights Issue are not exercised.

An analysis of the potential effect on the control of Boart Longyear has been undertaken to indicate the effect of the Rights Issue on Boart Longyear, assuming a 10%, 25%, 50%, 75% and 100% shortfall, ignoring the effects of the share buy back offer which Boart Longyear is undertaking concurrently with the Rights Issue (the results of which are unknown as at the date of this notice) and the equitisation of the unsecured notes held by Centerbridge (which is yet to occur). The analysis is as set out in the following table:

	Centerbridge voting power
Existing holding prior to the Rights Issue	36.9%
0% shortfall	36.9%
10% shortfall	40%

25% shortfall	44.7%
50% shortfall	49.9%
75% shortfall	49.9%
100% shortfall	49.9%

The higher the shortfall, the greater the increase in Centerbridge's voting power as a result of the Rights Issue, up to a maximum of 49.9%. Centerbridge will be issued Convertible Preference Shares instead of Shares to the extent any issue of Shares to Centerbridge would result in its owning more than 49.9% of the voting power of Boart Longyear's voting stock.² Convertible Preference Shares cannot be converted into ordinary shares if, as a result of such a conversion, Centerbridge would own more than 49.9% of the voting power of Boart Longyear's voting stock.³

Other effects of the Rights Issue on control of Boart Longyear include:

- expected reduced liquidity in the market of Boart Longyear ordinary shares;
- for such time as it holds a relevant interest in at least 19.9% of Boart Longyear's issued ordinary shares, Centerbridge (through the Centerbridge Nominee) having the right to appoint nominee directors to the board of Boart Longyear (**Board**) in proportion to its percentage shareholding in Boart Longyear, provided that such nominees may not equal or exceed half the Board;
- Centerbridge (through the Centerbridge Nominee) having:
 - the right to nominate (subject to the approval of the majority of the Board) the chair of the Board if it has a relevant interest in at least 40% of Boart Longyear's issued ordinary shares; and
 - the ability to block matters requiring Boart Longyear shareholder approval by special resolution and potentially having the ability to practically pass or block matters requiring Boart Longyear shareholder approval by ordinary resolution, including the appointment and/or removal of directors to the Board (depending on Boart Longyear shareholder turnout and voting exclusions which may apply).

Centerbridge has indicated that to the extent that it will have influence over the nature and conduct of the business of Boart Longyear, it does not have a present intention to make any changes other than where it would be consistent with the turnaround strategy of the board of Boart Longyear. Further information regarding Centerbridge's intentions is set out in Section 3.4 of the Notice of Meeting and Explanatory Statement dated 18 November 2014.

² As defined in the Indenture dated 28 March 2011 (as supplemented, amended or modified from time to time) between Boart Longyear Management Pty Ltd (**Boart Management**) and U.S. Bank National Association, as trustee, governing Boart Management's outstanding 7.00% Senior Notes Due 2021 (**Indenture**).

³ As defined in the Indenture.

Yours sincerely



Fabrizio Rasetti
Company Secretary
Boart Longyear Limited

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This release does not constitute an offer of any securities for sale in the United States or in any other jurisdiction. The securities offered have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold in the United States or to, or for the account or benefit of, any "U.S. person" (as defined in Regulation S under the Securities Act) absent registration or an applicable exemption from the registration requirements under the Securities Act and any other applicable securities laws.