

30 December 2014

NOTICE TO INELIGIBLE SHAREHOLDERS

Dear Shareholder

Boart Longyear Limited – Rights Issue

On 23 October 2014, Boart Longyear Limited (**Boart Longyear**) announced to the Australian Securities Exchange (**ASX**) that it had entered into binding agreements with certain entities affiliated with Centerbridge Partners, L.P. (**Centerbridge**) in relation to a comprehensive recapitalisation transaction (**Recapitalisation**). An extraordinary general meeting of Boart Longyear shareholders was held on 17 December 2014 and shareholders approved the resolutions required to implement the remaining components of the Recapitalisation.

On 18 December 2014, as part of the Recapitalisation, Boart Longyear launched a pro rata traditional renounceable rights issue of ordinary shares in Boart Longyear (**New Shares**) to raise approximately A\$103.1 million¹ (US\$84 million) (**Rights Issue**). The Rights is fully underwritten by an affiliate of Centerbridge.

Each Eligible Shareholder (as defined below in the section headed "Eligibility Criteria") will be offered 0.9798 New Shares for every fully paid ordinary share in Boart Longyear (**Existing Share**) held as at 7.00 pm (AEDT) on 24 December 2014 (**Record Date**) at a price of A\$0.165² per New Share.

This letter is to inform you that you will not be able to subscribe for New Shares under the Rights Issue and to explain why. This letter is not an offer to issue New Shares to you, nor an invitation for you to apply for New Shares. You are not required to do anything in response to this letter.

An ASX announcement and Investor Presentation relating to the Rights Issue were lodged with the ASX on 18 December 2014. A further announcement amending the price at which New Shares would be offered under the Rights Issue to \$0.1650 was made on 19 September 2014. It is expected that a Rights Issue Booklet will be despatched to Eligible Shareholders (as defined below in the section headed "Eligibility Criteria") on 30 December 2014.

Details of the Rights Issue

The Rights Issue is being made without disclosure under section 708AA of the *Corporations Act 2001* (Cth) (**Corporations Act**), as modified by ASIC Class Order CO08/35.

Eligibility Criteria

Boart Longyear has determined, pursuant to Listing Rule 7.7.1(a) of the ASX Listing Rules and section 9A of the Corporations Act, that unfortunately it would be unreasonable to make an offer of New Shares to shareholders with registered addresses outside Australia and New Zealand except to persons who are employees of the Company or its related bodies corporate (the **Group**) who have a

¹ Australian dollar equivalent of US\$84 million on 17 December 2014 at an FX rate of 1 AUD = 0.8151 USD. USD raising amount assumes no change in the AUD/USD exchange rate between 17 December 2014 and 27 January 2015.

² Australian dollar equivalent of US\$0.1350 on 17 December 2014 at an FX rate of 1 AUD = 0.8151 USD rounded to the nearest \$0.005. 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.

registered address in Canada, Germany or Switzerland, after taking into account legal limitations on making or extending an offer of New Shares in some countries, the relatively small number of shareholders in those countries, the small number of securities they hold and the potential cost of complying with regulatory requirements in those countries.

Accordingly, in compliance with ASX Listing Rule 7.7.1(b) and section 9A(3), Boart Longyear wishes to advise you that it will not be extending the Rights Issue to you and you will not be able to subscribe for New Shares under the Rights Issue.

Shareholders who are eligible to participate in the Rights Issue (**Eligible Shareholders**) are shareholders who:

- (a) are registered as holders of fully paid ordinary shares cum rights as at the Record Date;
- (b) as at the Record Date:
 - (i) have a registered address in Australia or New Zealand; or
 - (ii) have a registered address in Canada, Germany or Switzerland and are employees of the Group; and
- (c) are not in the United States and are not acting for the account or benefit of a person in the United States; and
- (d) 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.

Concurrently with the Rights Issue, Boart Longyear will be offering New Shares to certain eligible shareholders in the United States (**Approved US Securityholders**) pursuant to a U.S. private placement. Approved US Securityholders will be contacted directly by Boart Longyear.

Unfortunately, as you do not satisfy the eligibility criteria for an Eligible Shareholder stated above, you will not be able to subscribe for New Shares under the Rights Issue. You will not be sent documents relating to the Rights Issue.

Renounceable Rights Issue

However, as the Rights Issue is renounceable, you may still receive some benefit for rights you would have received had you been eligible to participate in the Rights Issue. Boart Longyear has appointed Goldman Sachs Australia Pty Ltd as the nominee to conduct a foreign sale facility on behalf of ineligible shareholders ("**Foreign Sale Facility**"). Under the Foreign Sale Facility, Boart Longyear will issue the nominee with rights to New Shares which would otherwise have been available for exercise by ineligible shareholders had they been eligible to participate in the Rights Issue. The nominee will then seek to sell those rights during the period for which they are tradeable on ASX.

There is, however, no guarantee that you will receive any proceeds as a result of the Foreign Sale Facility. The ability to sell rights under the Foreign Sale Facility and the price obtained for them will be dependent on various factors, including market conditions and liquidity in rights trading. To the maximum extent permitted by law, neither Boart Longyear, nor Goldman Sachs Australia Pty Ltd nor their respective agents or affiliates, will be liable for any failure to sell rights under the Foreign Sale Facility at a particular price or in a particular time frame. Neither Boart Longyear, nor Goldman Sachs Australia Pty Ltd, nor their respective agents or affiliates, accepts any duty or responsibility to any ineligible shareholder in connection with the Foreign Sale Facility.

Rights may only be purchased by persons in Australia and New Zealand and certain categories of investors in Canada (British Columbia, Ontario and Quebec), the European Economic Area (Denmark, Germany and the Netherlands), Hong Kong, Norway, Singapore, Switzerland and the United Kingdom

meeting certain eligibility criteria that are set out in the Appendix to the investor presentation (refer to the section entitled "International Offer Restrictions"), which Boart Longyear filed with the ASX on 18 December 2014. Ineligible shareholders, including persons in the United States and persons acting for the account or benefit of persons in the United States, will not be able to purchase or take up any rights purchased on ASX or otherwise.

If you have any questions in relation to any of the above matters, please contact the Boart Longyear Rights Issue Information Line on 1300 781 633 (local call from within Australia) or +61 1300 781 633 (outside Australia) from 8.30am to 5.30pm (Sydney time) Monday to Friday.

On behalf of the Board and management of Boart Longyear, thank you for your continued support.

By order of the Board



Paul Blewett
Company Secretary

This notice does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or in any other jurisdiction in which such an offer would be unlawful. Neither the rights nor the New Shares have been or will be registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act") or the securities laws of any state or other jurisdiction of the United States, and, accordingly, they may not be offered or sold in the United States or for the account or benefit of a person in the United States, except in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and applicable securities laws of any state or other jurisdiction in the United States

The provision of this document is not, and should not be considered as, financial product advice.

The information in this document is general information only, and does not take into account your individual objectives, taxation position, financial situation or needs. If you are unsure of your position, please contact your accountant, tax adviser, stockbroker or other professional adviser