

**NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES**

18 December 2014

**Boart Longyear launches A\$103.4 million pro rata traditional renounceable rights issue and  
A\$24.5 million share buy back offer**

Boart Longyear Limited (**ASX:BLY**) (**Boart Longyear** or the **Company**), 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 held (**Rights Issue**).

The Rights Issue is available to "**Eligible Shareholders**" being persons who:

- (i) are registered as a holder of shares cum rights as at 7.00pm (AEDT) on 24 December 2014 (**Record Date**); and
- (ii) as at the Record Date:
  - a. have a registered address in Australia or New Zealand; or
  - b. have a registered address in Canada, Germany or Switzerland and are employees of the Group; and
- (iii) are not in the United States and are not acting for the account or benefit of a person in the United States; and
- (iv) are eligible under all applicable securities laws to receive an offer under the Offer without any requirement for a prospectus or offer document to be lodged or registered

New Shares under the Rights Issue are being offered at a price of A\$0.1656 per New Share (**Offer Price**) to raise approximately A\$103.4 million (US\$84 million)<sup>1</sup>.

Following obtaining shareholder approval at the Extraordinary General Meeting yesterday, Boart Longyear has also completed the US\$21 million follow-on placement to Centerbridge and received payment of US\$560,000 as the premium payable in respect of the US\$5.6 million placement made to Centerbridge on 23 October 2014.

The net proceeds of the capital raising will be used to reduce the Company's net debt and provide Boart Longyear with greater liquidity as the Company manages through a challenging operating environment.

**Key details:**

- Fully underwritten 0.9798 for 1 pro rata traditional renounceable rights issue to raise approximately A\$103.4 million (US\$84 million)<sup>1</sup>
- New Shares will be offered at A\$0.1656 per New Share<sup>2</sup>
- The Rights Issue is fully underwritten by CCP II Dutch Acquisition – E2, B.V., the special purpose vehicle established by Centerbridge Partners, L.P.<sup>3</sup> for the purposes of its participation in the recapitalisation announced by the Company on 23 October 2014 (**Recapitalisation**)
- Rights will be tradable on the ASX from 22 December 2014 through to 12 January 2015, while the Rights Issue opens on 30 December 2014 and closes at 5:00pm AEDT on 19 January 2015

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> Note, Centerbridge Partners has provided an equity commitment letter in respect of the underwriting commitment of the special purpose vehicle.

- An off-market share buy back of ordinary shares at A\$0.1656 per share<sup>2</sup>, capped at A\$24.5 million (US\$20 million)<sup>4</sup>

Eligible shareholders will be able to purchase 0.9798 New Shares for every Boart Longyear fully paid ordinary share held as at 7.00pm (AEDT time) on the Record Date. New Shares will rank pari passu with existing fully paid ordinary shares in Boart Longyear.

New Shares under the Rights Issue are being offered at the Offer Price of A\$0.1656 per New Share. The Offer Price is the Australian dollar equivalent of US\$0.1350 as at 17 December 2014 using the exchange rate of A\$1.00 = US\$0.8151. This is the price agreed with Centerbridge pre-announcement of the recapitalisation on 23 October 2014 (which was the US dollar equivalent of the 30 day volume weighted average price (**VWAP**) of ordinary shares in the Company at the closing of the market on 17 October 2014). as the price at which Centerbridge subscribed for New Shares under the Initial Placement on 23 October 2014 before payment of the premium of US\$560,000.

The Offer Price represents a:

- 1.7% premium to the theoretical ex-rights price of A\$0.1628;
- 3.5% premium to Boart Longyear's closing price on 17 December 2014;
- 3.8% discount to Boart Longyear's 5 day VWAP to 17 December 2014; and
- 9.7% discount to Boart Longyear's 1 month VWAP to 17 December 2014.

As a renounceable rights issue, if eligible shareholders do not wish to take up some or all of their rights to New Shares, these rights may be traded on the ASX in the rights trading period (between 22 December 2014 and 12 January 2015) or otherwise transferred.

Rights may only be purchased by persons in Australia and New Zealand and persons in Canada (British Columbia, Ontario and Quebec provinces), European Economic Area (Denmark, Germany and 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 has filed with the ASX today. Rights may be exercised by Eligible Shareholders and investors who satisfy the above criteria who purchase rights.

It is the responsibility of purchasers of rights to inform themselves of the eligibility criteria for exercise.

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 take up or exercise any rights purchased on ASX or otherwise, and may receive no value for any such rights acquired.

In addition to the Rights Issue, the Company will undertake an off-market share buy back of ordinary shares capped at A\$24.5 million (US\$20 million<sup>4</sup>) (**Share Buy Back Offer**). The Share Buy Back Offer gives eligible shareholders an opportunity to exit some or all of their investment in the Company if they wish to do so. Under the Share Buy Back Offer, the Company will offer to buy back Existing Shares at A\$0.1656 per Existing Share<sup>2</sup>. If the Company receives acceptances from eligible shareholders in excess of A\$24.5 million, the Share Buy Back Offer will be scaled back on a pro rata basis.

The Rights Issue and Share Buy Back Offer were approved by shareholders at the Extraordinary General Meeting on 17 December 2014 and, along with the equitisation of Centerbridge's Senior Unsecured Notes, are the final components of the Recapitalisation announced by Boart Longyear on 23 October 2014.

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<sup>4</sup> Australian dollar equivalent of US\$20 million on 17 December 2014 at an FX rate of 1 AUD = 0.8151 USD.

**Key dates for the Rights Issue and Share Buy Back Offer are:**

Date	Event – Rights Issue Timetable
18 December 2014	Launch Rights Issue
22 December 2014	Rights commence trading
24 December 2014	Record date for Rights Issue
30 December 2014	Open date for Rights Issue
12 January 2015	Rights trading ends
5:00 pm AEDT on 19 January 2015	Closing date for Rights Issue
27 January 2015	Settle Rights Issue

Date	Event – Share Buy Back Offer Timetable
24 December 2014	Record date for Share Buy Back Offer
30 December 2014	Open date for Share Buy Back Offer
5.30pm AEDT on 19 January 2015	Closing date for Share Buy Back Offer
27 January 2015	Shares cancelled pursuant to Share Buy Back Offer Shares or Convertible Preference Shares issued under the Buy Back Subscription Agreement

The above timetable is indicative only and subject to change. Boart Longyear reserves the right to amend any or all of these events, dates and times subject to the Corporations Act, the ASX Listing Rules and other applicable laws. In particular, Boart Longyear reserves the right to extend the closing date of the Rights Issue and Share Buy Back Offer, to accept late applications for the Rights Issue and the Share Buy Back Offer, either generally or in particular cases, or to withdraw the offers without prior notice. The commencement of quotation of New Shares is subject to confirmation from ASX. All references to time are a reference to Australian Eastern Daylight Time (AEDT).

**Disclaimer**

Nothing contained in this announcement constitutes investment, legal, tax or other advice. You should make your own assessment and take independent professional advice in relation to the information and any action on the basis of the information.

**NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES**

This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States, or in any other jurisdiction in which such an offer would be unlawful. The New Shares to be offered and sold in the Rights Issue have not been, and will not 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. Accordingly, the New Shares may not be offered or sold in the United States, unless the New Shares are registered under the U.S. Securities Act and any other applicable U.S. state securities laws or offered and sold pursuant to an exemption from, or in a transaction not subject to, registration requirements of the U.S. Securities Act and any other applicable U.S. state securities laws.

In addition, any person who is in the United States or who is a U.S. Person is not entitled to participate, directly or indirectly, in the Share Buy Back Offer. Boart Longyear will not accept share

tenders: (a) from any person who does not represent that they are not (and they are not acting on behalf of or for the account of a person who is) in the United States or a U.S. Person; or (b) that have been postmarked in the United States or that otherwise appear to Boart Longyear or its agents to have been sent from the United States.

This announcement contains certain “forward-looking statements”. Forward-looking statements can generally be identified by the use of the words “expect”, “will”, “may”, “opportunity” and other similar expressions and include, but are not limited to, statements in this announcement regarding the conduct and outcome of the Rights Issue and Share Buy Back Offer and the use of proceeds of the Rights Issue. You are cautioned not to place undue reliance on forward looking statements. While due care and attention has been used in the preparation of forward-looking statements, forward-looking statements, opinions and estimates provided in this announcement are based on assumptions and contingencies which are subject to change without notice. Forward-looking statements including projections and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance and may involve known and unknown risks, uncertainties and other factors, many of which are outside the control of the Company. Actual results, performance or achievements may vary materially from any forward-looking statements and the assumptions on which statements are based. The Company disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise.

**About Boart Longyear**

Approaching its 125<sup>th</sup> year anniversary in 2015, Boart Longyear is the world’s leading provider of drilling services, drilling equipment, and performance tooling for mining and drilling companies globally. It also has a substantial presence in aftermarket parts and service, energy, mine de-watering, oil sands exploration, and production drilling.

The Global Drilling Services division operates in over 40 countries for a diverse mining customer base spanning a wide range of commodities, including copper, gold, nickel, zinc, uranium, and other metals and minerals. The Global Products division designs, manufactures and sells drilling equipment, performance tooling, and aftermarket parts and services to customers in over 100 countries.

Boart Longyear is headquartered in Salt Lake City, Utah, USA, and listed on the Australian Securities Exchange in Sydney, Australia. More information about Boart Longyear can be found at [www.boartlongyear.com](http://www.boartlongyear.com).

To get Boart Longyear news direct, visit <http://www.boartlongyear.com/rssfeed>.

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