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## Securities Trading Policy

Effective Date: Date of admission of Boart Longyear Group Ltd. to the Official List of the ASX

### 1. INTRODUCTION

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Key management personnel and employees (you) of Boart Longyear Group Ltd. (the **Company**) are encouraged to be long-term holders of the Company's shares. Key management personnel (**KMPs**) are all directors, the executives listed as key management personnel in the Company's most recent annual financial report, and any executive likely to be listed as a KMP in the annual financial report for the current year.

The purpose of this policy is to assist you to avoid conduct known as 'insider trading' as well as to comply with the ASX Listing Rules. In some respects, the Company's policy extends beyond the strict requirements of the *Corporations Act 2001* (Cth) (the **Corporations Act**), the Canadian Securities Act (Ontario) and may extend to other applicable insider trading laws in your country and elsewhere, so you are encouraged to read this policy carefully.

### 2. WHAT IS INSIDER TRADING?

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#### 2.1 Prohibition

In broad terms, you will be guilty of insider trading if:

- (a) you possess information which is not generally available to the market and, if it were generally available to the market, a reasonable person would expect it to have a material effect on the price or value of the Company's, or another corporation's, securities (i.e., information that is 'price sensitive'). Such inside information can include matters of speculation or supposition and matters relating to intentions or likely intentions of a person; and
- (b) you or a member of your immediate family or household use the price sensitive information to:
  - (i) apply for, acquire, dispose of, buy or sell ("**deal**") securities in the Company (which includes shares, options and warrants) or another corporation, or enter in an agreement to deal in the securities in the Company or that other corporation (as applicable);
  - (ii) procure someone else to deal in securities in the Company or another corporation; or

- (iii) directly or indirectly, communicate the information or cause the inside information to be communicated to a third party where you know, or ought reasonably to know, that the third party would be likely to, or procure someone else to, engage in the activities stated in paragraphs (i) or (ii) above.

Information is generally available where the information is:

- readily observable; or
- made known in a manner that would, or would be likely to, bring it to the attention of people who commonly invest in the Company's securities or securities of a kind similar to the Company's securities, and a reasonable period has elapsed to allow the information to be disseminated; or
- able to be deduced, concluded or inferred from those types of information.

Canadian securities laws also prohibit trading with knowledge of a material fact or material change that has not been generally disclosed.

## 2.2 Penalties

Insider trading is a serious criminal offence in many of the countries where the Company operates.

For example, in Australia, the criminal penalties for insider trading include:

- for an individual – a fine of up to the greater of A\$495,000 or three times the profits gained or loss avoided, and a jail term of up to 10 years; and
- for a corporation – a fine of up to the greatest of A\$4,950,000, three times the profits gained or loss avoided or 10% of the corporation's annual turnover in the relevant period.

In addition, the insider trader, and any other persons involved in the contravention, may also be liable to compensate third parties for any resulting loss, and be liable for a civil penalty of A\$200,000 and to disqualification from managing a corporation.

## 2.3 Examples of price sensitive information

The following are examples of what may be price sensitive information which, if it has not already been disclosed to the market and if it were made available to the market, may be likely to affect materially the price of the Company's securities:

- the Company negotiating or pursuing a major acquisition or disposal of assets;
- the possible formation or termination of a joint venture;
- material information affecting a significant customer or supplier;

- a significant new development proposal;
- the likely granting (or loss) of a major contract or government approval;
- a proposed dividend or change in dividend policy;
- a proposed new share issue or amendment to the capital structure of the Company;
- giving or receiving a notice of intention to make a takeover;
- the occurrence of a material accident involving the Company's personnel or facilities;
- the threat of major litigation against the Company;
- the Company's financial results materially exceeding (or falling short of) the market's expectations;
- a change in accounting policy adopted by the Company;
- any rating applied by a rating agency to the Company and any change to such a rating;
- a proposal to change the Company's auditors;
- an agreement between the Company (or a related party or subsidiary) and a director (or related party of the director);
- a significant change in senior management;
- a change in the status of the "independence" of a Company Non-Executive director;
- the health or capacity of any director, the CEO, CFO or another senior manager; or
- change of significant investors' attitudes to investment in the Company.

## 2.4 **Dealing through third parties**

You can still be guilty of insider trading in relation to the Company's securities even though you are not the actual person who bought or sold the securities. The prohibition extends to:

- dealings through nominees, agents or other associates, such as family members, family trusts and family companies;
- procuring third parties to deal in the Company's securities, which includes inducing or encouraging those third parties to deal; and
- passing on any price sensitive information to a third party when you know, or ought to know, that the third party would be likely to deal in the securities or procure someone else to deal in the securities.

The Company's policy also extends to the following even though the insider trading prohibition may not always extend to them:

- trading by an entity you control, such as a family company, family trust or self managed superannuation fund;
- trading by a spouse or close family member over whom you may be assumed to have significant influence.

## 2.5 **Information however obtained**

It does not matter how or where you obtain the information - it does not have to be obtained from the Company to constitute inside information.

## 2.6 **Employee share schemes**

The insider trading prohibition may apply to:

- (a) applications for; and
- (b) acquisitions under those applications of,

the Company's securities by employees of the Company or any of its related bodies corporate made under employee share schemes and option plans including automatic or non-discretionary employee share schemes and option plans.

In addition, the prohibition will apply to any subsequent disposal by those employees of shares in the Company acquired under those employee share or option plans.

Furthermore, employees may only offer or dispose of their shares to persons in accordance with the securities laws applicable in their country.

## 3. **GUIDELINES FOR TRADING IN THE COMPANY'S SECURITIES**

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### 3.1 **General rule**

You should not buy, sell or deal in securities in the Company when you are in possession of price sensitive information relating to the Company which is not generally available to the market.

### 3.2 **What is "dealing in securities in the Company?"**

*Securities in the Company*

"Securities in the Company" includes any security issued by the Company or by an entity the Company controls. This includes shares, options, debentures, convertible securities, performance rights or agreements to issue them. Also included are securities or contracts of any kind issued by third parties that relate to shares or debentures of the Company, such as put or call options, warrants, derivatives and contracts for differences.

*What is "dealing?"*

"Dealing" means buying or selling on a stock exchange, but it also includes off-market transfers and transactions of any kind involving acquisition or disposal of an [ownership interest or an economic interest in securities in the Company, whether directly or indirectly. Dealing therefore includes (but is not limited to):

- granting or acquiring an option;
- creating a trust or equitable interest in relation to securities in the Company;
- hedging transactions;
- transactions in derivatives relating to securities in the Company;
- share lending or borrowing;
- entering into a margin loan;
- granting a mortgage, charge or security in securities in the Company;
- acquisition or disposal of an interest in a company or trust owning securities in the Company; or
- entering, varying or cancelling a trading plan.

*Wide interpretation*

The Company will interpret "securities in the Company" and "dealing" widely to cover any transaction which the Company considers relates to securities in the Company or which could be regarded by the market as dealing in securities in the Company or as an equivalent transaction.

### **3.3 Trading which is not restricted by this policy**

*Issues of shares under an incentive plan are not covered*

The issue to you of shares under an incentive plan is not covered by this trading policy, as the issue is an action by the Company, not by you. (However, the Company may not be able to make the issue if the Company is in possession of price sensitive information which is not generally available to the market).

*Enforcement action by a secured lender is not covered*

A disposal of securities in the Company by a secured lender exercising its rights is not covered by this policy. (Note that any sale initiated by you, even if requested by a lender to enable repayment of borrowings, is subject to this policy).

### 3.4 **Safe times to deal in the Company's securities**

The only appropriate time for you to acquire, sell or deal with securities in the Company is when you are not in possession of price sensitive information which is not generally available to the market.

*"Closed," or "blacked out," periods*

In addition, to avoid any adverse inference being drawn of unfair dealing, two closed periods have been established. All KMPs and employees must not deal in securities in the Company during the following closed periods:

- (a) between July 1 and 24 hours after the release of the Company's half-yearly results;  
or
- (b) between January 1 and 24 hours after the release of the Company's yearly results.

The Company may also establish other closed periods by notifying you that you must not deal in securities in the Company during some other period such as during any other scheduled reporting period that the Company may be subject to, from time to time.

### 3.5 **Special cases where dealing permitted during a closed period**

If you are not in possession of price sensitive information relating to the Company which is not generally available to the market, you may deal with securities in the Company during a closed period in the following special cases:

- by applying for shares, options or rights under an incentive scheme;
- by accepting a takeover offer, or by undertaking to accept a takeover offer;
- by accepting or renouncing a rights offer;
- by participating in a security purchase plan offered to all eligible securityholders;
- by participating in a dividend or distribution reinvestment plan;
- by accepting an equal access buy-back offer;
- by acquiring or disposing of units in a public fund (other than a fund only investing in securities in the Company) where the assets of the fund are invested at the discretion of a third party unrelated to you; or
- by transfer of securities already held by you or on your behalf of into a superannuation fund or other saving scheme in which you are a beneficiary.

KMPs and other Covered Persons (as defined in section 4) must first comply with section 4 before dealing during a closed period pursuant to this section 3.5.

### 3.6 **Other special cases where dealing may be permitted with Company approval**

You may also seek permission to deal in securities in the Company in the following circumstances by following the procedure set forth in section 4.

#### *Permission to exercise options or rights under an employee incentive plan*

In exceptional circumstances, permission may be given for you to exercise an option or a right under an employee incentive scheme during a closed period. The Company will consider the following in considering whether to give such permission:

- whether you are in possession of non-public price sensitive information;
- whether the final date for the exercise of the option or right falls during a closed period;
- whether the Company has been in an exceptionally long closed period;
- whether the Company has had a number of consecutive closed periods; and
- whether you could reasonably have been expected to exercise or convert at a time outside a closed period.

#### *Financial hardship or other exceptional circumstances*

Permission may be given to you if you are not in possession of non-public price sensitive information to dispose of securities in the Company during a closed period:

- if you are in severe financial hardship; or
- if there are other exceptional circumstances.

#### *What is severe financial hardship?*

You may be in severe financial hardship if you have a pressing financial commitment that cannot be satisfied other than by selling securities of the Company. For example, a tax liability, such as from receiving securities under an incentive plan, would not normally constitute severe financial hardship unless you have no other means of satisfying the liability.

#### *What are exceptional circumstances?*

Examples of what may be considered exceptional circumstances are if you are required by a court order, such as in a bona fide family settlement, to transfer or sell securities in the Company, or there is some other overriding legal or regulatory requirement for you to transfer or sell securities in the Company. A tax liability from receiving securities under an incentive plan would not normally be considered an exceptional circumstance. The Company recognises that exceptional circumstances cannot always be specified in advance and there

may be other circumstances other than those mentioned above that may properly be regarded as exceptional.

### 3.7 **Permission for trading under an approved non-discretionary trading plan**

Permission may be given to you for trading under a non-discretionary trading plan, even if such trading occurs during a closed period, provided:

- the plan must be approved in writing before the closed period in accordance with the procedures set out in section 4;
- the plan must be established before the closed period at a time when you are not in possession of any non-public price sensitive information;
- with respect to KMPs, the plan must be established no sooner than 24 hours and no later than 15 calendar days after the release of the Company's half-year or full-year results (or other scheduled reporting period, from time to time);
- after establishment, the plan must not permit you to exercise directly or indirectly any influence or discretion over how, when, or whether to trade; and
- the plan must not be amended or cancelled during a closed period unless permission to amend or cancel has first been obtained under section 4 of this policy. No such permission will be given except in exceptional circumstances outlined in section 3.6.

Notwithstanding the foregoing, you may not trade pursuant to a trading plan during the two closed periods between July 1 and 24 hours after the release of the Company's half-year results or between January 1 and 24 hours after the release of the Company's full year results.

### 3.8 **No short-term trading in the Company's securities**

It is also contrary to Company policy for you to be engaged in short-term trading of the Company's securities. You engage in short-term trading if you sell the Company's securities within six months of acquisition.

### 3.9 **Derivatives**

- (a) It is contrary to Company policy for you to deal in a derivative, the value of which is determined by reference to any unvested security held by you, until that security has fully and unconditionally vested.
- (b) After vesting of the relevant security, any dealing in any derivative related to the security may only be entered into in compliance with sections 3.4, 3.5 and 5 and must be authorized in accordance with section 4.



### 3.10 **Margin Loans Over Company Shares**

A KMP must inform the Chairman or the General Counsel immediately if the following circumstances apply:

- the KMP holds Company securities that have been lent, mortgaged or charged to a financier;
- circumstances have arisen in which the financier is entitled, or is likely to become entitled, to exercise a right to demand payment; and
- the KMP expects satisfaction of the demand will require the disposal of Company securities.

## 4. **OBTAINING PERMISSION TO DEAL**

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KMPs, all employees at a director level or General Manager level or higher, and any other employee specifically designated by the CEO or the General Counsel from time-to-time, and members of their immediate family or household are designated as Covered Persons for the purposes of this policy. All Covered Persons wishing to deal in securities in the Company during a closed period or outside a closed period under any circumstance or section of this policy, or establish, amend or cancel a trading plan under section 3.7, must secure the written approval of the Chairman (in the case of directors, the CEO and the General Counsel) or the General Counsel (in the case of any other employee) of their intention to do so before dealing in the securities or establishing, amending or cancelling a plan. The Chairman must secure the approval of the Chairman of the Audit, Compliance and Risk Committee. This obligation operates at all times. All other persons not qualifying or designated as Covered Persons must secure prior written approval from the Chairman, CEO or General Counsel when seeking to deal in securities in the Company during closed periods pursuant to the special cases outlined in section 3.6 of this policy or establishing, amending or cancelling a trading plan under section 3.7.

### *Process for Obtaining Permission*

Permission may be obtained by submitting a fully executed Permission to Trade form by fax to +1-801-977-3366 or e-mail to BLYStockPlan@boartlongyear.com. The form is available on the Company's intranet site or from the Company's legal department. Requests for permission to trade during closed periods pursuant to section 3.6 must include a full explanation of the hardship or exceptional circumstances upon which the request is based. If permission is given, you may trade only within the limits set out in the permission.

### *Trading While in Possession of Price Sensitive Information*

It is important to note that even where you have obtained the permission of the Chairman, CEO, General Counsel or Chairman of the Audit, Compliance and Risk Committee it is a

violation of this policy for you to deal in the securities of the Company if you possess price sensitive information which is not generally available to the market.

This procedure should prevent potential embarrassment and adverse publicity relating to dealing in the Company's securities when, for example, there may be important corporate information (whether or not material in a legal context) not publicly released, or when projected financial results may deviate from market expectations.

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5. **ASX NOTIFICATION BY DIRECTORS**

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Directors should note that the Corporations Act obliges a director to notify the ASX within 14 days after any dealing in the Company's securities (either personally or through a third party) which results in a change in the relevant interests of the director in the Company's securities.

In addition, under the ASX Listing Rules the Company is required to notify the ASX of such dealings within 5 business days of such dealings taking place. If the dealing occurred during a closed period, the Company's notice must state whether written clearance for the trade was given under this trading policy and if so, on what date. Directors have agreed with the Company to provide notice of such dealings to the Company within 24 hours after such dealing to enable the Company to comply with its obligations under the Listing Rules. A notice given by the Company to the ASX under the ASX Listing Rules satisfies the director's obligation to notify the ASX under the Corporations Act.

Any director requiring assistance in this regard should contact the General Counsel.

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6. **REVISION HISTORY**

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Revision	Date	Comments