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OUR PROCUREMENT PRACTICES



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Dear Reader,

With all the exciting changes and growth at Boart Longyear I am pleased to publish “Our Procurement Practices.” It is an important set of guidelines for our employees and suppliers and will set global standards and expectations as to how we conduct ourselves.

I encourage you to review this document, so as to understand:

- The role of procurement within Boart Longyear;
- The expectations of procurement and our customers;
- The expectations between Boart Longyear and our suppliers; and
- The expectations of our procurement personnel.

“Our Procurement Practices” has been written to ensure that the manner in which procurement is conducted is transparent and understood by all key stakeholders. “Our Procurement Practices” sets a range of expectations pertaining to how business will be conducted between Boart Longyear and our suppliers. Just as important though, these practices align us with our customer expectations, reflect Boart Longyear’s operating philosophies and core values, and establish an unwavering support of integrity in all procurement activities and corporate social responsibility.

Working safely and acting ethically in all facets of our business are our top priorities at Boart Longyear. Maintaining the high standards of honesty, integrity and safety that our employees, share-holders, customers, vendors, and visitors all expect from Boart Longyear requires every employee’s constant commitment. We have contracted with MySafeworkplace® as a way of providing a reliable, confidential, and anonymous communication tool to report issues of concern and/or violations of Boart Longyear’s policies in a timely manner. For more information or to report a concern, please visit www.mysafeworkplace.com. Please also consult Boart Longyear’s Code of Business Conduct for additional guidance on our values as well as other methods for reporting concerns.

Boart Longyear expects employees and suppliers to understand “Our Procurement Practices” and operate according to the guidelines contained in this important document. I appreciate your efforts.

On behalf of Boart Longyear,



Bob Barber
Vice President of Strategic Sourcing

BOART LONGYEAR™ PROCUREMENT

Boart Longyear Procurement is a supply chain organization delivering value by strategically sourcing goods and services and ensuring delivery to Boart Longyear operations by applying uniform and reliable procurement processes. Procurement supports and promotes the Boart Longyear goals of health and safety and interacts with suppliers on the basic principles of respect and integrity.

Boart Longyear Procurement is the primary operator of the inbound supply chain for all Boart Longyear operations. We are responsible to ensure the right good or service is delivered to the right place, at the right time, at fair market prices. With the support of Boart Longyear's Executive Committee, the responsibilities and objectives of Procurement are:

- To ensure that all commitments for goods and services are made only by appropriate personnel through authorized and managed systems and processes.
- To incorporate the operational needs, specifications and evaluation criteria, as provided by each requestor.
- To set procurement strategies for capital projects, taking advantage of group synergies.
- To maintain a central communication channel for suppliers wishing to provide products or services to Boart Longyear.



PROCUREMENT OPERATIONS

To increase the efficiency and effectiveness of the inbound supply chain process, Procurement will coordinate the following initiatives:

Governance

We will ensure that:

- All commitments for goods and services are made only through authorized systems and processes and in accordance with established levels of authority.
- Our commitment of funds is authorized and recorded in a manner consistent with proper commercial practices and financial authorities.
- Suppliers will not be engaged before the appropriate form of commercial agreement is authorized.

Sourcing

We will:

- Develop sourcing strategies appropriate to the goods or services required.
- Coordinate with end-users regarding prospective suppliers and negotiate supply contracts when there is not an existing supply arrangement;
- Understand the needs and desired outcomes of end-users;
- Conduct the procurement process for goods and services using end-user specifications and evaluation criteria, including local suppliers and health, safety and environmental factors.
- Develop procurement strategies for all capital and operational projects;
- Use Requests for Quote (RFQ), Requests for Proposals (RFP), Requests for information (RFI), or electronic sourcing tools, as applicable;



- Provide potential suppliers with standard terms of contract; and
- Manage the commercial interface including contract management, implementation and administration.

Buy

We will:

- Ensure that adequate inventory levels of our most frequently ordered items are maintained;
- Generate purchase orders and track product delivery if an item is in inventory;
- Source the item and track product delivery if an item is not in inventory;
- Manage low-dollar purchases through other processes and procedures including purchasing cards; and
- Maintain all data required to support Procurement activities, including vendor, pricing and catalogue information.

Deliver

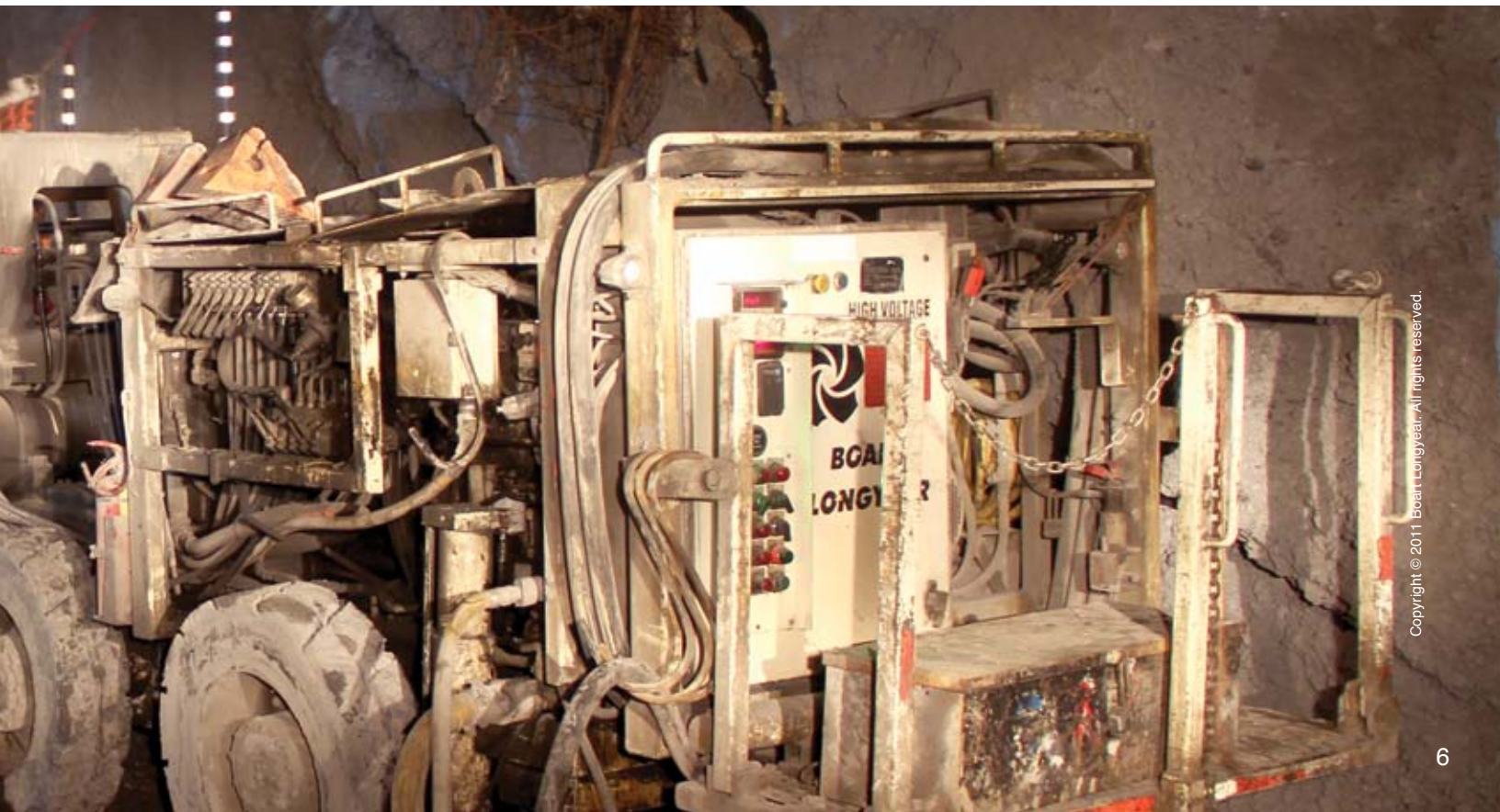
We will:

- Coordinate with end-users in the development of inventory management strategies;
- Ensure timely and accurate delivery of all goods and services, cost effectiveness of freight requirements; and
- Confirm that appropriate inventory controls are in place.

Control Procedures

We will:

- Measure and report performance across Source, Buy, and Deliver activities; and
- Coordinate with Internal Audit on the development and implementation of appropriate control processes.



DOING BUSINESS WITH OUR SUPPLIERS

Innovative, safe and efficient suppliers are key to the success of Boart Longyear. Boart Longyear expects to participate in a fair and competitive marketplace and to provide a fair evaluation and selection process that is applied consistently to all prospective suppliers.

Responding to Tenders

- Safety and quality of goods and services delivered are critical to Boart Longyear; therefore, pre-qualification of suppliers may be conducted before suppliers are accepted into a procurement process.
- We typically invite bids from suppliers with the potential to meet our business needs.
- Prospective suppliers may be asked to participate using any, or a combination of, the following processes:
 - Online tender, including reverse auctions or sealed bids; and/or
 - Direct negotiation.
- During the procurement process, we are committed to protecting the confidentiality of supplier information and ensuring a fair and consistent process is applied to all prospective suppliers.
- Procurement, with appropriate coordination with end-users, will consider many factors while analyzing supplier bids and will decide which bid, if any, will be accepted.
- We recognize suppliers who prioritize value creation and commit to processes of improvement.

Conducting Business

- After a prospective supplier is awarded the business and has entered into a contract with Boart Longyear, orders for goods or services will be initiated through the issue of purchase orders or other approved purchasing methods, such as purchasing cards.
- Goods or services must not be provided to Boart Longyear without first receiving a valid purchase order or other approved purchasing method.
- Boart Longyear reserves the right to refuse payment to suppliers unless a valid and complete invoice is provided that includes a reference to the applicable purchase order or approved purchase method.
- Suppliers are expected to ensure that all goods and services are in accordance with the required specifications and will be provided on-time and at the correct prices.
- Suppliers are expected to be able to conduct business in an electronic manner, including the automation of the purchase-to-pay process and the transmission of purchase orders and invoices.
- Suppliers are expected not to make any public announcement or disclose any information as to the contract to provide goods or services to Boart Longyear.
- Suppliers may not use the logo, trademarks or name of Boart Longyear in any public way without prior written consent and subject to appropriate limitations and terms.



EXPECTATIONS OF SUPPLIER BEHAVIOR

Boart Longyear takes a disciplined approach to economic, social and environmental aspects of its activities and seeks to conduct its business with integrity, honesty and fairness at all times. We seek to build a foundation of compliance with local laws, regulations and international standards. We support free and fair competition, prohibit bribery or improper payments or gifts in all forms and seek to avoid conflicts of interest.

Boart Longyear values suppliers who demonstrate that they operate in a manner consistent with our standards and policies. We expect our business partners to maintain high standards and are prepared to withdraw from business relationships with suppliers that do not meet minimum standards and cannot provide a plan to quickly rectify the deficiencies. At a minimum we require suppliers to maintain the following policies:

Business Integrity

Suppliers and its owners, directors, officers, employees and agents are required to:

- Commit to the highest standards of ethical conduct when dealing with workers, suppliers, customers and government and regulatory authorities;
- Comply with all applicable laws, rules and regulations in every jurisdiction in which they do business;
- Support fair competition;



- Prohibit giving or receiving bribes, with a process for ensuring compliance; including:
 - The extension of personal gifts and gratuities to Boart Longyear personnel that could be interpreted as seeking preferred treatment; and
 - Establishing and maintaining policies to ensure compliance with anti-bribery laws.
 - Paying, offering, promising to pay or authorizing the payment directly or indirectly of any monies or anything of value to any government official, representative or employee or to any political party, holder of public office, or candidate for public office in order to obtain or keep business.
- Prohibit the sharing or exchanging of any price, cost or other competitive information and prohibit any collusive or anti-competitive conduct with:
 - Any third party supplier in respect to any proposed, pending or current contract; and/or any competitor of Boart Longyear.
- Ensure compliance with applicable laws pertaining to importation, exportation, customs requirements, regulations, rules and controls of the supply of goods to Boart Longyear.
- Ensure that any documentation or invoices provided to Boart Longyear or any relevant authority are accurate and truthful.
- Declare any potential conflict of interest prior to supplying goods or services, or if you are a current supplier, as soon as the conflict arises.

Intellectual Property

Suppliers are required to:

- Respect and protect the intellectual property rights of Boart Longyear. Any intellectual property provided to a supplier during the course of conducting business may only be used for its intended purpose;
- Store and maintain any Boart Longyear intellectual property securely, safely and confidentially and not make it available to third parties, including subcontractors without Boart Longyear's express written consent;

Human Rights

Suppliers are required to:

- Maintain policies that respect basic human rights without distinction on any basis, including rights to life, liberty and security of person, freedom from slavery and cruelty and equal protection under relevant laws;
- Maintain policies that prohibit employment of forced, bonded or child labor; and
- Be committed to non-discrimination policies on grounds of age, ethnic or social origin, gender, sexual orientation, politics and religion.

Safety and health

Suppliers are required to:

- Comply with all site-specific safety standards; and
- Demonstrate strong commitment to responsible health and safety management and the elimination of workplace injuries and illnesses.

Environment

Suppliers must demonstrate a strong commitment to:

- Responsible environmental management;
- Elimination of environmental incidents;
- Waste minimization and responsible resource utilization; and
- Compliance and remediation of damage caused by operation or incidents.

Sustainable Development

Suppliers must demonstrate:

- A strong commitment to sustainable development; and
- A strong commitment to responsible and productive community relationships including maintaining business relationships that will have a positive and enduring effect on local communities and neighbors.

Continuous Improvement

Supplier must commit to continuous improvement through:

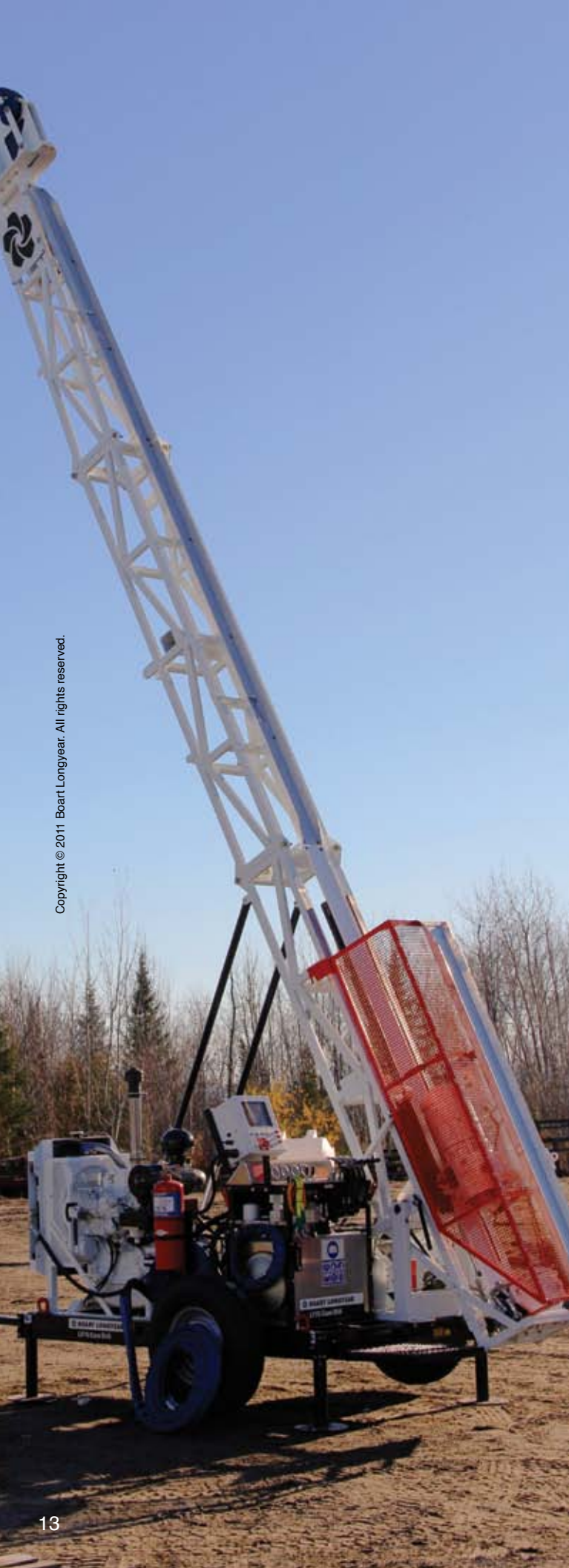
- Supplier performance evaluations
- Key Performance indicators
- Suggestion for innovation in the goods and services provided
- Suggestions for improvement to processes in which business is conducted

Additional Requirements

Suppliers are required to:

- Be aligned with Boart Longyear business objectives including (reducing costs, enhancing value, reducing wastes, increasing operating and energy efficiency);
- Commit to continuous improvement through supplier performance reviews and key performance indicators;
- Be financially secure;
- Be the direct manufacturer of goods or an authorized agent/distributor;
- Have capable and competent personnel;
- Maintain appropriate quality assurance systems; and
- Respect third-party intellectual property rights Boart Longyear reserves the right to refuse supplier's personnel from accessing Boart Longyear systems, premises or locations.





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EXPECTATIONS OF PROCUREMENT PERSONNEL

All Boart Longyear employees and contractors working in the Source, Buy and Deliver functions are required to act in accordance with Boart Longyear policies and procedures. In addition to the Boart Longyear Values of Safety First, Ethics and Good Citizenship, Exceptional Results, Dedication to our Clients' Success, Mutual Trust and Respect and the code of Business Conduct procurement personnel are committed to the following:

Personal Safety

Employees are required to:

- Actively manage their own safety and the safety of their environment and those around them;
- Maintain awareness of all safety procedures and requirements in their operating environment, including the use of appropriate personal protective equipment;
- Report observations of hazards and risks to appropriate authorities; and
- Ensure prospective suppliers understand Boart Longyear's expectations in regards to safety management.

Boart Longyear Policies and Laws

Employees are required to:

- Comply with all Boart Longyear Policies;
- Ensure all transactions are carried out in accordance with internal control procedures and the Code of Business Conduct;
- Maintain high levels of integrity in all

- business relationships;
- Avoid soliciting or accepting bribes, gifts, entertainment or any other improper illegal contributions or other payments;
 - Comply with the Boart Longyear Anti-Bribery Policy
 - Abide by all applicable state, local and international laws;
 - Understand and follow applicable Australian, U.S. and international trade customs laws, including those relating to licensing, shipping, import documentation and report requirements;
 - Act in accordance with all policies and laws in regards to privacy and data protection;
 - Treat all supplier information, including pricing, drawings and know-how with the strictest confidence;
 - Keep confidential commercially sensitive information including, price lists, elements of price, discounts, rebates, contract negotiations, capacity, production, costs, commercial strategies, market share, customers or intention to bid with any competitors;
 - Avoid participating in any restrictive trade practice or unfair competition activities including engaging in any form of boycott; and
 - Disclose to the VP of Procurement and to Human Resources all personal and family relationships with current or potential suppliers where they are involved in the process of selecting, managing or evaluating them.

OBLIGATION TO REPORT SUSPECTED VIOLATIONS

Employees and suppliers are required to report situations that are potentially in conflict with this policy, our Code of Business Conduct, or other Boart Longyear policies. Such reports may be made anonymously through our Compliance Hotline website, www.mysafeworkplace.com, or by the other methods listed in our Code of Business Conduct, which may be found at www.boartlongyear.com.

The policies and procedures contained herein are a guide; they are not intended to create any contractual obligation or right. We reserve the right to interpret our policies and to vary our procedures when we determine it appropriate, and may at our sole discretion change, make exceptions to, or discontinue any of the provisions in this document at any time, without advance notice.



BOART LONGYEAR

Boart Longyear is a 120-year-old global mineral exploration company that provides mineral exploration services and drilling products for the global mining industry and also has a substantial drilling presence for water exploration, environmental sampling, energy, and oil sands exploration.

Headquartered in Salt Lake City, Utah, with 2010 sales of US\$1.476 billion and over 9,000 employees worldwide, the company conducts contract drilling services in 40 countries, and provides mining products to customers in over 100 countries. Regional offices and operations are located in Asia Pacific, EMEA, Latin America, and North America.

Our people, products, and services distinguish themselves by setting the standard for our customers in terms of safety, productivity, reliability, innovation, and value.

Wherever Boart Longyear operates, the health and safety of our employees is our first priority. We work closely with the countries in which we operate, respecting their laws and customs. We employ local people at all levels, minimize unfavorable effects to the environment and devote effort to improving our performance.