

Boart Longyear Limited Board of Directors Charter

1. Composition of the Board

- 1.1 The Board, together with the Remuneration and Nomination Committee, determines the size and composition of the Board, subject to the terms of the Company's Constitution. The minimum and maximum number of directors is currently set in Rule 44 of Boart Longyear's Constitution.
- 1.2 The Board must appoint as a director any person nominated in accordance with clause 4.10 of the Recapitalization Implementation Agreement (***Implementation Agreement***) dated 23 October 2014 (if applicable).
- 1.3 There should be a majority of non-executive directors as opposed to executive directors on the Board and, subject to clause 4.10 of the Implementation Agreement (if applicable) a majority of the Board should be independent in the manner described in Clause 6 of this charter.
- 1.4 Subject to clause 4.10 of the Implementation Agreement (if applicable), non-executive directors are engaged through a letter of appointment and the appointment of new non-executive directors is confirmed by the shareholders in accordance with the Company's Constitution. Appropriate background checks are made before a new director is appointed.
- 1.5 The Board, together with the Remuneration and Nomination Committee, will review the skills and diversity represented by directors on the Board and consider whether the composition and mix of those skills and diversity remain appropriate in the Company's circumstances from time to time.

2. Term of Office of Directors

2.1 Executive directors

At the Board's request, executive directors must resign from the Board when they cease to occupy their executive position with Boart Longyear. They may be eligible for re-appointment, although the Board would need to consider whether they would be independent directors in the manner described in Clause 6 of this charter.

2.2 Adequacy of contribution

Subject to the Agreement and Clause 1.2 of this Board Charter:

- (a) If the contribution of a non-executive director appears to a majority of directors (which may include the Chief Executive Officer (***CEO***)) to be less than adequate or to be harmful to the good working of the Board, they may request the Chair to inform that director accordingly and to ask them to address the relevant concerns or consider resigning from the Board.
- (b) If a majority of the directors are of the view that the director has taken no action in response to Clause 2.2(a), a majority of the directors may by written resolution determine not to support the re-election of the director at the general meeting where they are next due to offer themselves for re-election. The Notice of Meeting in relation to that director's election will contain a statement that the Board does not support the election or re-election (as appropriate) of that director.

2.3 **Process for evaluating performance**

The Board will formulate processes for evaluating the performance of the Board, its committees and individual directors.

3 Chair

- 3.1 The Board will appoint one of its members to be Chair of the Board, who is not the CEO of Boart Longyear.
- 3.2 The Board of the day appoints the Chair on the basis of the principle that the "most appropriate person" gets the job.
- 3.3 The Board of the day similarly decides whether or not there will be a Deputy Chair. If the Deputy Chair is absent, the Board will nominate an independent non-executive director to act in the absence of the Chair.
- 3.4 The Chair is responsible for the leadership of the Board, including taking all reasonable steps to ensure that the Board functions effectively, and for communicating the views of the Board to the public. In particular, the Chair is required to:
- (a) approve the agenda for the matters to be considered at meetings of the Board (in consultation with the CEO and having regard to previous Board directions regarding regular agenda items);
 - (b) manage the conduct at, and frequency and length of, Board meetings so as to provide the Board with an opportunity to have a detailed understanding of issues affecting Boart Longyear's business operations, Boart Longyear's current financial position and performance and any opportunities or challenges facing Boart Longyear; and
 - (c) facilitate open and constructive communications between members of the Board and encourage their contribution to Board deliberations.

4. Functions and Responsibilities of the Board

- 4.1 The Board is responsible for verifying and approving the strategic goals of Boart Longyear and for oversight of the Company's management and direction of its business strategy, with the ultimate aim being an increase in shareholder value.
- 4.2 In carrying out its principal function, the Board's specific responsibilities include:
- (a) providing strategic direction for, and approving, the Company's business strategies and objectives;
 - (b) monitoring the Company's operational and financial position and performance, including approving budgets and business plans;
 - (c) monitoring the Company's capital structure (including debt capacity and liquidity);
 - (d) reviewing management's recommendations regarding the Company's funding requirements and available sources of funding, and any alternatives the Board considers appropriate;
 - (e) reviewing the prudence of gearing levels, interest cover and compliance with banking and other financial covenants;
 - (f) requiring that financial and other reporting mechanisms are put in place which result in adequate, accurate and timely information being provided to the Board and Boart Longyear's shareholders and the financial market as a whole being fully informed of all material developments relating to Boart Longyear;
 - (g) reviewing the composition, diversity, performance and compensation of the Board and management, including planning for executive succession;
 - (h) setting the risk appetite for Boart Longyear (including material economic, environmental and social sustainability risks) and taking reasonable steps designed to ensure that management establishes a sound risk management framework, including, in consultation with the Audit, Compliance and Risk Committee, reviewing the framework at least annually;

- (i) adopting appropriate procedures to ensure compliance with all laws, governmental regulations and accounting standards;
- (j) reviewing from time to time, Boart Longyear's internal compliance procedures so that the business of Boart Longyear is conducted in an open and ethical manner and in accordance with Boart Longyear's duties and obligations under Work Health and Safety legislation;
- (k) establishing , disclosing and implementing a policy concerning diversity; and
- (l) reviewing and, to the extent necessary, amending the Board and Committee Charters regularly.

4.3 Powers that are specifically reserved for the Board include:

Public company governance or compliance with listing requirements

- (a) amendment of Boart Longyear's constituent documents;
- (b) approval of major announcements on the Australian Securities Exchange (**ASX**) (including directors' reports, financial reports, and communications of price sensitive information);
- (c) calling meetings of shareholders;
- (d) management, oversight and operation of the Board and appointment of directors, subject to any applicable obligations in clause 4.10 of the Agreement;
- (e) establishment of Board committees and approval of committee members;
- (f) appointment or replacement of Boart Longyear's external auditors;
- (g) related-party transactions, including with directors or senior executive management, that would require disclosure to shareholders or shareholder approval;
- (h) submission to shareholders of any action that requires shareholder approval;
- (i) approval of material corporate governance policies;

Changes to the Company's capital structure

- (j) declaration of dividends;
- (k) issuance, registration or repurchase of Boart Longyear securities or other material changes to the Company's share capital;
- (l) issuance, amendment or repurchase of long-term debt (including term loans, revolving loans and bonds) or other material changes to the Company's debt;

Operational and financial oversight

- (m) adopting the Company's annual operating plan (and approving any material changes to it);
- (n) approval and amendment of the Company's annual capital expenditure plan;
- (o) approval of capital expenditures or significant investments in excess of \$5 million per project;

Management oversight

- (p) appointment and removal of the CEO;
- (q) appointment, removal, compensation and material amendment of the scope of responsibilities of EXCO members;
- (r) compensation, including annual approval of short-term and long-term incentives, and material employment terms for the CEO and all EXCO members;
- (s) adoption, amendment or termination of material Company compensation plans affecting EXCO members and corporate staff;

Strategic oversight

- (t) adopting the Company's long-term strategic plan (and approving any material changes to it);
- (u) material changes in business activities;
- (v) sales, transfers or dispositions of property or assets not in the ordinary course of business in excess of \$10 million;
- (w) acquisitions, mergers or divestitures of, or joint ventures in, businesses (or parts thereof) with a transaction value in excess of \$10 million;

Risk Management

- (x) setting the Company's risk appetite and determining the adequacy of the Company's controls and position with respect to its principal risks, including annual approval of the Company's risk management framework;
- (y) contributions to political campaigns or organizations; and
- (z) approval of any activity that could have a material adverse effect on the Company or material damage the Company's reputation; and

Other Matters.

- (aa) any other specific matters nominated by the Board from time to time.

5. Authority Delegated to Senior Management

- 5.1 The Board has delegated to the CEO and the senior executive team authority over the day to day management of Boart Longyear and its operations. All powers, decisions and activities not reserved for the Board in Clause 4.3, above, (subject also to Board-approved Company policies and the Board's power to alter this delegation from time to time), are delegated to the Executive Chairman (if applicable) and the CEO, including authority to execute all documents and take such other actions as are reasonably necessary, proper or advisable to fully carry out the intent and accomplish the purposes of this delegation.

6. Board Independence

- 6.1 The Board considers a director to be independent if the director is not a member of management and free of any business or other interest, position, association or relationship that could materially influence, or could reasonably be perceived to materially influence, the director's capacity to bring an independent judgment to bear on matters before the Board and to act in the best interests of the Company and its shareholders generally. Factors that the Board will take into account in making its assessment include consideration of whether the director:
- (a) is a substantial shareholder of the Company, or an officer of or otherwise associated directly or indirectly with a substantial shareholder of the Company;
 - (b) is or has been employed in an executive capacity by the Company or another member of the Boart Longyear group within the last three years, and there has not been a period of at least three years between ceasing such employment and serving on the Board;
 - (c) is, or has within the last three years been, a partner, director or senior employee of a provider of material professional services to the Company or another member of the Boart Longyear group;¹

¹ Professional services will be considered 'material' if:

- from Boart Longyear's point of view, the amount payable by Boart Longyear for the services exceeds 5% of the consolidated expenses of Boart Longyear; or

- (d) is, or has within the last three years been, in a material business relationship (eg as a material supplier or material customer) with the Company or another member of the Boart Longyear group, or an officer of, or otherwise associated directly or indirectly with, someone with such a relationship;²
- (e) has a material contractual relationship with the Company or another member of Boart Longyear other than as a director of the Company;
- (e) has close family ties with any person who falls within any of the categories described above;
- (f) has served on the Board for such a period that his or her independence may have been compromised; and
- (g) the director or any family member of the director has received compensation in excess of A\$100,000 from Boart Longyear during the past year other than in direct connection with the director fulfilling their role as a director of the Company.

Each director must disclose to the Board any circumstances (e.g. family ties or cross-directorships) which may affect independence.

- 6.2 The Board does not believe that it should establish an arbitrary limit on tenure. Tenure is just one of the many factors that the Board takes into account when assessing the independence and ongoing contribution of a non-executive director. In determining the composition of the Board, regard is had to the mix of directors with shorter and longer tenures, although the Board or its Remuneration and Nominations Committee will consider that there should be reasonable circumstances supporting a director's nomination for re-election after serving for more than 12 years.
- 6.3 The Board will undertake an annual review of the extent to which each non-executive director is independent, having regard to the criteria set out in Clause 6.1 and any other relevant relationship that the non-executive director may have.
- 6.4 Whether the Board considers a non-executive director to be independent or not, and the reasons for the Board's opinion, will be described in the Company's corporate governance statement.

7. Board Committees

7.1 Establishment of Board Committees

The Board of Boart Longyear has established three standing committees to assist it in discharging its responsibilities. They are:

- (a) the Audit, Compliance and Risk Committee;
- (b) the Environment, Health and Safety Committee; and
- (c) the Remuneration and Nominations Committee.

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- from the director's point of view, the annual amount received from Boart Longyear exceeds 5% of the service provider's consolidated gross revenue

² A supplier will be considered 'material' if:

- from Boart Longyear's point of view, the annual amount typically payable by Boart Longyear to the supplier exceeds 5% of the consolidated expenses of Boart Longyear; or
- from the director's point of view, the annual amount typically received from Boart Longyear exceeds 5% of the supplier's consolidated gross revenue.

A customer of Boart Longyear will be considered 'material' if:

- from the Company's point of view, the annual amount typically received by Boart Longyear from the customer exceeds 5% of the consolidated revenue of Boart Longyear; or
- from the director's point of view, the annual amount typically paid to Boart Longyear by the customer exceeds 5% of the customer's total expenses.

7.2 **Ad hoc committees**

The Board may also delegate specific responsibilities to ad hoc committees from time to time.

7.3 **Committee charters**

Each committee referred to in Clause 7.1 will document a charter which will be approved by the Board, which sets out the composition of the committee and the powers delegated to it by the Board.

7.4 **Composition of committees**

The committees are composed of non-executive directors with the necessary skills and experience. All directors, senior managers and other employees may be invited [by the relevant committee chair] to attend committee meetings. Following each committee meeting, the Board is given a verbal report, as well as a copy of the minutes of the committee meeting.

7.5 **Responsibility for exercise of power**

Directors may be responsible for the exercise of a power by a committee as if the power had been exercised by the directors themselves. A director will not be responsible for the exercise of a power by a committee, if the director believed on reasonable grounds:

- (a) at all times, that the committee would exercise the power in accordance with the duties imposed on the Board by the Corporations Act and Boart Longyear's Constitution; and
- (b) in good faith and after making proper inquiry, if the circumstances indicated the need for inquiry, that the committee was reliable and competent in relation to the delegated power.

7.6 **Reliance on committee advice**

The Board may rely on advice of a committee provided the reliance was made in good faith and after making an independent assessment of the information or advice having regard to the Board's knowledge of Boart Longyear and its structure and operations.

8. Directors' Right to Seek Professional Advice

8.1 **Chair's permission**

If a director wishes to seek external advice at Boart Longyear's expense, they must obtain the permission of the Chair. When doing so, the director should provide the Chair with:

- (a) the reason for seeking the advice;
- (b) the name of the person from whom advice will be sought; and
- (c) a quote from that person for the provision of the advice contemplated.

8.2 **Chair's permission**

The Chair:

- (a) must not unreasonably withhold permission to obtain the advice; and
- (b) must inform the Board of the request as soon as practicable, unless the Chair determines otherwise in the circumstances.

8.3 **Use of advice**

Advice obtained by one or more directors at Boart Longyear's expense under these provisions must be made available to the Board, unless the Chair determines otherwise.

9. Indemnity and Insurance

Each current director has entered into a deed with Boart Longyear under which the Company has agreed:

- (a) to the extent permitted by law, to indemnify the director against liability arising out of the discharge of the director's duties;
- (b) to maintain an insurance policy for the director against liability incurred in their capacity as a director for the term of the director's appointment and for 7 years following cessation of office or later resolution of relevant proceedings commenced or threatened during that 7 year period (if any); and
- (c) to maintain Board papers and other company documents relating to the director's period of appointment and to make those papers available to the director for a period of 7 years following the director's cessation of office or later resolution of relevant proceedings commenced or threatened during that 7 year period (if any).

Unless the Board otherwise determines and subject to clause 4.10(f) of the Implementation Agreement, it is intended that each new director will enter into a similar deed with Boart Longyear, prior to that new director commencing office.

10. Ongoing professional development

Directors are expected to participate in all induction and orientation programs and any continuing education or training arranged for them.

11. Company Secretary

- 11.1 The Board will appoint at least one Company Secretary.
- 11.2 The Company Secretary is accountable to the Board, through the Chair, on all matters to do with the proper functioning of the Board, including coordination of all Board business.
- 11.3 All directors will have direct access to the Company Secretary.

12. Changes to this Charter

- 12.1 No changes to this charter should be made without the approval of the Board.
- 12.2 If changes to this charter are duly approved then, if appropriate, a transition period should be agreed covering the position of the current Board members.