

Boart Longyear Limited Board of Directors Charter

1. Composition of the Board

- 1.1 The minimum number of directors is currently set in Rule 44 of Boart Longyear's Constitution.
- 1.2 There should be a majority of non-executive directors as opposed to executive directors on the Board and a majority of the Board should be independent in the manner described in Clause 6 of this charter.

2. Term of Office of Directors

2.1 Executive directors

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

If the contribution of a non-executive director appears to a majority of directors (including 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 consider their position on the Board. If the director takes no action in response, where directed by a circulated minute signed by a majority of the directors, the Company Secretary must inform the shareholders that the Board will not support the re-election of the director at the general meeting where they are next due to offer themselves for re-election.

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 Chair of the Board should be an independent director and should not be the CEO of Boart Longyear simultaneously.
- 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 management of Boart Longyear 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, Boart Longyear's business strategies and objectives;
 - b) monitoring the operational and financial position and performance of Boart Longyear;
 - c) identifying the principal risks faced by Boart Longyear, and taking reasonable steps designed to ensure that management establishes a sound risk management framework for Boart Longyear and takes reasonable steps to implement appropriate controls and otherwise mitigate risks;
 - d) 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;
 - e) reviewing the composition, diversity and performance of the Board and management;
 - f) appointing and, where appropriate, removing the CEO, approving other key executive appointments and planning for executive succession;
 - g) overseeing and evaluating the performance of the CEO, and other senior executives, having regard to Boart Longyear's business strategies and objectives;
 - h) reviewing and approving remuneration for the senior executives of Boart Longyear;
 - i) approving Boart Longyear's budgets and business plans and monitoring the management of Boart Longyear's capital, including the progress of any major capital expenditures, acquisitions or divestitures;
 - j) establishing procedures to ensure that financial results are appropriately and accurately reported on a timely basis in accordance with all legal and regulatory requirements;
 - k) adopting appropriate procedures to ensure compliance with all laws, governmental regulations and accounting standards;
 - l) approving, and reviewing from time to time, Boart Longyear's internal compliance procedures, including any codes of conduct and taking reasonable steps to ensure 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;
 - m) establishing, disclosing and implementing a policy concerning diversity; and
 - n) reviewing and, to the extent necessary, amending the Board and Committee Charters regularly.
- 4.3 The Board has the following duties in relation to reviewing the composition, diversity and performance of the Board:
- a) at least once each year assess the skills required for the Board to competently discharge its responsibilities and meet its objectives.
 - b) develop and implement a plan to identify, assess and enhance Director competencies and at least once each year, assess the skills of the existing non-executive Directors and consider whether those skills are sufficient for the Board to competently discharge its responsibilities and meet its objectives.
 - c) upon the retirement or resignation of a non-executive Director or upon it being determined that the skills of the non-executive Directors should be enhanced, consider the best means by which the skills of the non-executive Directors may be

enhanced, in order to maintain an appropriate balance of skills, experience and expertise on the Board.

- d) develop and implement a policy for the selection and appointment of new Directors to the Board and oversee any process of searching for a new Chief Executive Officer or non-executive Director.
- e) make recommendations for the appointment and retirement of Directors.
- f) review the time commitment required from non-executive Directors and consider whether each non-executive Director is meeting this requirement.
- g) prior to election, ensure that all individuals nominated for appointment to the Board as a non-executive Director expressly acknowledge that they will have sufficient time to fulfil the responsibilities and duties expected of them.
- h) develop and implement an induction procedure for new Directors to ensure their understanding of:
 - (i) Boart Longyear's financial, strategic, operational and risk management position;
 - (ii) their rights, duties and responsibilities; and
 - (iii) the role of Board committees; and
- i) regularly review the effectiveness of the induction procedure for new Directors.

4.4 The Board has the following duties in relation to reviewing management diversity:

- a) regularly review the diversity policy of Boart Longyear;
- b) monitor compliance with Boart Longyear's diversity policy, oversee the implementation of the policy, review progress in achieving the objectives of the policy and make recommendations to the Board regarding changes to the objectives or the way in which they are implemented;
- c) promote a corporate culture which embraces diversity when performing its duties; and
- d) review and make recommendations to the Board on the disclosures in the annual report concerning diversity, including reviewing and reporting on the relative proportion of women and men in the workforce at appropriate levels of Boart Longyear.

5. Authority Delegated to Senior Management

The Board has delegated to the CEO and his senior executive team authority over the day to day management of Boart Longyear and its operations. This delegation of authority includes responsibility for:

- (a) developing business plans, budgets and strategies for the Board's consideration and, to the extent approved by the Board, implementing these plans, budgets and strategies;
- (b) operating Boart Longyear's businesses within the parameters set by the Board from time to time and keeping the Board informed of all material developments relating to the businesses;
- (c) where proposed transactions, commitments or arrangements exceed the parameters set by the Board, referring the matter to the Board for its consideration and approval;
- (d) identifying and managing operational and other risks and designing, implementing and reviewing Boart Longyear's risk management and internal control system;
- (e) designing and managing Boart Longyear's current financial and other reporting mechanisms to ensure that these mechanisms function effectively to capture all relevant material information on a timely basis;
- (f) designing and implementing Boart Longyear's internal controls and procedures for monitoring these controls and ensuring that these controls and procedures are appropriate and effective;
- (g) taking all reasonable steps to ensure that the Board is provided with accurate and sufficient information regarding Boart Longyear's operations on a timely basis and, in particular, that the Board is made aware of all relevant matters relating to Boart Longyear's performance (including future performance), financial condition,

- operating results and prospects and potential material risks so that the Board is in an appropriate position to fulfil its corporate governance responsibilities;
- (h) exercising due diligence by taking reasonable steps to ensure that Boart Longyear complies with its duties and obligations under Work Health and Safety legislation; and
- (i) implementing all policies, processes and codes of conduct approved by the Board.

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 relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgment. 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) has been employed in an executive capacity by the Company or another member of Boart Longyear within the last three years, and did not become a director within three years of being so employed;
- (c) within the last three years, has been a principal of a material professional adviser or material consultant to the Company or another group member or an employee materially associated with the service provided;¹
- (d) is a material supplier or material customer of the Company or another member of Boart Longyear, or is a partner in or controlling shareholder, or executive officer, of, or otherwise associated directly or indirectly with a material supplier or customer;²
- (e) has a material contractual relationship with the Company or another member of Boart Longyear other than as a director of the Company;
- (f) has served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company; 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 family ties or cross-directorships which may affect independence.

¹ A professional adviser or consultant will be considered 'material' if:

- from Boart Longyear's point of view, the amount payable by Boart Longyear to the professional adviser or consultant exceeds 5% of the consolidated expenses of Boart Longyear; or
- from the director's point of view, the annual amount received from Boart Longyear exceeds 5% of the professional adviser's or consultant'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.

- 6.2 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.
- 6.3 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 corporate governance statement set out in the Company's annual report.

7. Board Committees

7.1 Establishment of Board Committees

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

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

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 and approve a charter setting 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 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.

8.3 **Use of advice**

Advice obtained at Boart Longyear's expense under these provisions must be made available to Boart Longyear.

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, it is intended that each new director will enter into a similar deed with Boart Longyear, prior to that new director commencing office.

10. **Changes to this Charter**

- 10.1 No changes to this charter should be made without the approval of the Board.
- 10.2 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.