



BOART LONGYEAR LIMITED
BOARD OF DIRECTORS
POLICY REGARDING POWERS AND FUNCTIONS
RESERVED TO THE BOARD
AND
DELEGATED TO THE OFFICERS OF THE COMPANY

July 18, 2007

The Board of Directors (the "Board") of Boart Longyear Limited has resolved that its business and that of its subsidiaries (as defined in the *Corporations Act 2001*) (collectively, "the Company") shall be managed by or under the direction of the Board, subject to the applicable provisions of the *Corporations Act 2001* and the Company's constituent documents, in accordance with the following limits and grants of authority:

A. The Board requests that the Chief Executive Officer of the Company establishes a committee comprised of the Chief Executive Officer, chief financial officer, chief operating officer, general counsel and senior vice president for human resources (and such other senior executives of the Company that the Chief Executive Officer or the Board may designate from time to time) (the "Management Executive Committee") to oversee the negotiation, approval and execution of such matters delegated to Company management in this resolution and to implement appropriate limits of authority for the further delegation by the Chief Executive Officer and Management Executive Committee of such matters to others in Company.

B. Subject to existing Board-approved Company policies and provided that the Board reserves to itself the power to alter this delegation from time to time, the Board delegates to the Chief Executive Officer and Management Executive Committee all of the powers of the Board with respect to the management of the business and affairs of the Company except for any powers related to the following:

1. amendment of the Company's constituent documents;
2. establishment of committees of the Board and appointment of committee members;
3. setting the date, time and place of stockholder meetings;
4. adopting the Corporate Plan and long term Strategic Plan and Annual Budget of the Company, and consenting to any material changes thereto;
5. capital management initiatives, including share issues and buy backs and return of capital;

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6. commencing or ceasing a material business activity;
 7. declaration of dividends;
 8. investment plans which would involve material commitments of financial, technological or human resources, or would involve material risks for the Company;
 9. other than sales of inventory in the ordinary course of business, sales, transfers, or other dispositions of property, a business or assets in excess of \$15 million;
 10. acquisitions, mergers or disposals of any corporate entity, or part thereof, or business, or participation in, or changing the nature or extent of interests in, any joint venture, partnership, trust or similar arrangement if the transaction value to the Company of such event exceeds \$25 million;
 11. capital expenditures in excess of \$15 million per project;
 12. material changes in Company policies of broad application;
 13. submission to shareholders of any action that requires shareholder approval;
 14. appointment of the Chief Executive Officer of Boart Longyear Limited;
 15. appointment, compensation, employment contracts, severance agreements and other agreements in respect of the compensation of senior executives reporting to the Chief Executive Officer;
 16. major organisational changes;
 17. issuance and acquisition of long-term debt or securities;
 18. adoption material staff compensation plans and programs, including the issue of securities;
 19. adoption of material employee benefit plans and programs and approval of any material amendment of an existing employee benefit plan or program;
 20. authorisation of political contributions and political action committees;
 21. appointment of independent auditors by the Company;
 22. registration and listing of securities and appointment of transfer agents and registrars;
 23. related party transactions which would require disclosure in the annual report or shareholder approval;
 24. transactions imposing personal obligations on directors; and

25. any other matter which the Chief Executive Officer or the direct reports of the Chief Executive Officer consider ought to be approved by the Board or which the Board asks to be brought to it for approval.

C. Subject to the foregoing, the Board delegation in Section B includes, but is not limited to, the following specific standing powers delegated to the Chief Executive Officer and Management Executive Committee (provided that the Board reserves to itself the power to alter any such delegation from time to time):

1. authority to execute documents on behalf of the Company;
2. authority to open, close and maintain bank and brokerage accounts;
3. authority to sign all documents and affidavits and do all things necessary to enable the Company to defend any claim against the Company or its affiliates or to prosecute any claim against any entity, person, company or other institution arising out of the Company's operation of its business, any policy of insurance or otherwise in respect of any other Company matter, including (but without limiting the generality hereof), the right to institute legal action or to bring any application on behalf of the Company to a competent court of jurisdiction in any relevant jurisdiction, with power to substitute and appoint any other person to represent the Company in such legal actions;
4. authority to prove claims against deceased and insolvent estates or companies, corporations in receivership or under administration, close corporations, or co-operatives in liquidation or under judicial management, to attend meetings of creditors, to speak and vote on behalf of the Company at such meetings of creditors, with power to substitute and appoint any other person to attend such meetings on the Company's behalf and to vote thereat;
5. authority to negotiate, represent the Company in and enter into any collective bargaining agreements, wage agreements or other agreement with any recognised trade union;
6. authority to negotiate and enter into employment contracts, severance agreements or other agreements in respect of employment other than with senior executives of the Company who are direct reports to the Chief Executive Officer;
7. authority to represent the Company in and settle any dispute with any employee or trade union or other body representing an employee;
8. authority to make foreign exchange transactions;
9. authority to advance or loan money to, subscribe to equity capital in, guarantee obligations of, and accept deposits from affiliated companies;
10. authority to enter into tax-exempt financing of the facilities and operations of the Company or of its affiliates;

11. authority to adopt, terminate, or change employee benefit plans or programs, except material additions or changes to material employee benefit plans or programs;
 12. authority for short-term borrowing; and
 13. authority to incur travel and other corporate expenses.
- D. For the purpose of this resolution:
- (a) “material” shall mean, in relation to any matter, a commitment, obligation or transaction which is or is likely to be material to the business, results of operations, financial condition, cash flow, share price or reputation of the Company; and
 - (b) a reference to dollar or \$ is to an amount in United States currency.