Boart Longyear Limited
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ASX Announcement/Media Release

17 August 2009

2009 First Half Results

Announcement of US$635 Million (A$756 Million[1]) Capital Raising

ADELAIDE, South Australia and SALT LAKE CITY, Utah— August 17, 2009 – Boart Longyear (ASX: BLY) today released its results for the six months ended June 30, 2009, updated its outlook for the remainder of 2009 and 2010 and announced a comprehensive recapitalisation expected to result in a 78% reduction in Boart Longyear's June 30, 2009 net debt.

Highlights

1H 2009 Results

- Revenues, EBITDA and NPAT down compared to 1H 2008;
- Restructuring and cost reduction efforts resulted in a 39% decline in selling, general and administrative expenses ("SG&A") compared to 1H 2008;
- Adjusted EBITDA and cash flow from operations increased substantially during the course of 1H 2009; and
- Products orders and drill rig utilization stabilized and have recently improved slightly.

Outlook

- 2009 revenue decline expected to approach 50% compared to record results in 2008;
- 2009 Adjusted EBITDA[2] margin expected to be approximately 13%; and
- Business well-positioned for additional industry recovery in 2010 and beyond.

[1] Assuming AUD:USD exchange rate of A$1.00 = US$0.84.
[2] Adjusted EBITDA excludes the impact of restructuring charges, impairments and gains and losses related to the sale of businesses

Capital Raising

- Fully underwritten equity offer to raise approximately US$635 million (A$756 million[1]) comprising three tranches (**Offer**):
  - US$341 million (A$406 million[1]) 1-for-1 accelerated non-renounceable pro rata entitlement offer
  - US$101 million (A$120 million[1]) unconditional share placement
  - US$193 million (A$230 million[1]) conditional share placement, subject to shareholder approval at an EGM expected to be held on 24 September 2009.
- After payment of fees and expenses, proceeds from the Offer of US$585 million will be used to reduce Boart Longyear's existing debt[3].
- If shareholders approve the conditional share placement at the EGM, Boart Longyear intends to invite shareholders to participate in a Share Purchase Plan.

Commenting on the recapitalisation, Craig Kipp, Chief Executive Officer, said "Successful completion of the recapitalisation announced today will allow us the repay all borrowings due in April 2010, thus removing near-term refinancing risk and will result in a capital structure that gives Boart Longyear the financial flexibility we need to take full advantage of the resources industry recovery and to continue to execute our strategic plans."

Results Overview

US $M	1H 2008	1H 2009	'09 / '08 % change
Revenue	985	463	*-53%*
Gross Margin	325	116	*-64%*
Gross Margin %	*33%*	*25%*	
Adjusted EBITDA (1)	215	63	*-71%*
Adjusted EBITDA Margin %	*22%*	*14%*	
Adjusted NPAT (1)	104	3	*-97%*
Adjusted NPAT Margin %	*11%*	*1%*	
Adjusted Cash from Operations(1)	47	42	*-11%*

(1) Excludes the impact of restructuring and related impairment charges and losses (gains) on the sale of assets. Please see Appendix for further information.

[3] Assuming that shareholder approval for the conditional share placement is obtained at the EGM expected to be held on 24 September 2009, and that all net underwritten Offer proceeds are received by Boart Longyear.

First Half Year 2009 Highlights

Mr. Kipp commented, “I am pleased with our financial performance in the first six months of 2009 given the challenges we faced. During this period, which represented the most challenging operating environment our industry has experienced in many years, we generated positive EBITDA and cash flow which allowed us to reduce our net debt. We were able to respond to lower revenues by swiftly reducing our cost structure. Our headcount has been reduced by approximately 40% from the peak levels in September of 2008 resulting in a 39% decline in our SG&A compared to 1H 2008. Our drilling services rig utilization and products order backlog have stabilized over the course of the last several months. This, together with lower costs, resulted in improving trends in our financial results during the course of 1H 2009.”

Mr. Kipp continued, “Revenues in both our Global Drilling Services and Global Products divisions declined compared to last year as the level of drilling activity in most of the markets we serve contracted in the wake of the global financial crisis and resulting economic slowdown. Our recent results and near term outlook reflect the positive trends we have seen in many underlying fundamentals that support our drilling and products businesses. The prices of most of the commodity sectors we serve, including gold, copper and iron ore, have increased and are well above levels which support further exploration activity. Also, there has been an increase in the level of capital raising activity in the resources sector over the last several months, particularly by smaller exploration companies. I am optimistic that this increase in available financing will translate into increased exploration activity starting in coming months.”

Total revenue for 1H 2009 was US$463 million, a decrease of approximately 53% compared to US$985 million for 1H 2008. Of the US$522 million decrease in total revenue during 1H 2009, US$302 million was attributable to the Global Drilling Services division and US$220 million to the Global Products division.

For 1H 2009, the Global Drilling Services division generated revenue of US$347 million, down approximately 47% compared to 1H 2008. Lower revenues were attributable to lower drilling rig utilization levels, lower pricing and unfavourable foreign exchange movements.

For 1H 2009, the Global Products division generated revenue of US$116 million, down 65% compared to the previous year. Lower revenues were due to lower sales volumes of consumables and capital equipment and unfavourable foreign exchange movements.

The Company continued the efforts begun in late 2008 to reduce operating costs through a series of restructuring initiatives. During 1H 2009, general and administrative expenses were US$56 million, down 35% compared to 1H 2008 and selling and marketing expenses were US$37 million, down 43% compared to 1H 2008.

Total EBITDA for 1H2009 was US$51 million, reflecting a decrease of 77% compared to 1H 2008. Global Drilling Services’ EBITDA decreased by 31% to US$70 million compared to US$157 million in 1H 2008. Global Products’ EBITDA decreased by 88% to US$11 million compared to US$88 million in 1H 2008. Corporate and other expense and income items were US$30 million in 1H 2009 compared to US$22 million in 1H 2008, and included approximately US$8 million in restructuring expenses and $4 million in losses on the sale of businesses in 1H 2009 and included $9 million in gains on the sale of businesses and $1 million in restructuring charges in 1H 2008.

Net loss after tax and before adjustments in 1H 2009 was US$5 million compared to net profit of US$112 million for 1H 2008, reflecting a decrease of US$117 million. This decline reflects the lower earnings discussed above partially offset by lower net finance costs. Income tax benefit was US$3 million in 1H 2009 period compared to income tax expense of US$53 million in 1H 2008. Net loss per share was 0.4 US cents compared to net profit per share of 7.4 US cents in the prior comparable period.

Cash generated from operations during 1H 2009 was US$30 million compared with US$46 million for 1H 2008. Lower earnings were partially offset by a reduction in net working capital during the 1H 2009 period compared to an increase in net working capital during the 1H 2008 period. Cash spent on capital expenditures in 2009 was US$15 million, down from US$83 million in 2008, primarily due to substantially reduced investment in new rigs.

Outlook[4]

Boart Longyear expects that the decline in total revenues for 2009 will approach 50% compared to the record level achieved in 2008. EBITDA margin for 2009, before the impact of restructuring charges, impairments and gains and losses related to the sale of businesses, is expected to be approximately 13%. The full year of impact of cost reduction initiatives completed during 2009 would add approximately 1.5% to this EBITDA margin. The Company's drill rig utilization is expected to remain stable or improve through the third quarter, however, a normal seasonal slowdown in the November and December is anticipated. While our backlog of consumables and capital equipment orders has stabilized, we are not expecting a significant pickup in orders until the end of 2009 when we expect our customers to have consumed their inventories accumulated through the end of 2008.

In 2010, the Company expects to see continued, gradual recovery in rig utilization. Current commodity prices (gold, copper and iron ore), if maintained, are above the levels required to justify increased drilling activity. This, together with increasing resource sector capital raisings should support additional exploration spending.

Revenue growth in 2010 of approximately 15% is a reasonable expectation assuming continued global economic recovery, no significant declines in commodity prices and continued improvement in the financing markets. Boart Longyear's operating leverage is significant and management estimates that if pricing remains stable, approximately 30% of incremental revenue in 2010 will convert to EBITDA. Assuming these revenue and operating leverage expectations are achieved, we believe that our 2010 adjusted EBITDA margin should increase to levels approximating recent historical mid-cycle performance as demonstrated in 2005.

[4] The outlook statements are based on constant exchange rates using exchange rates as at 1 June 2009

Webcast information

Boart Longyear Limited will host a presentation to discuss the Boart Longyear's results for the first half of 2009. The event will be held on Monday, August 17, 2009, at 11:00 a.m. Australian Eastern Standard time (**AEST**) (7:00 p.m. U.S. MDT on August 16th). Investors may participate via the following:

Australia Free-Call: 1 800 554 798

Australia Toll: +61 2 8113 1400

or

http://www.boartlongyear.com/web/guest/investors

About Boart Longyear

Boart Longyear is a 120-year-old global organization headquartered in Salt Lake City, Utah and Adelaide, South Australia with offices and operations in Asia Pacific, North and South America, Europe and Africa. The Company is the leading provider of drilling services and drilling products for the global mining industry, and also has a substantial presence in drilling for other purposes, including water exploration, environmental and oil sands exploration.

With 2008 sales of over U.S. $1.8 billion and nearly 6,000 employees worldwide, the Company conducts has operations in more than 40 countries, and generates revenues from customers located in over 100 countries.

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Important Information

This announcement does not constitute an offer to sell, or a solicitation of an offer to buy securities in the United States, or to any person that is, or is acting for the account or benefit of, any "U.S. person" (as defined in Regulation S under the U.S. Securities Act of 1933 (the **U.S. Securities Act**) (**U.S. Person**)). The securities referred to herein have not been, and will not be, registered under the U.S. Securities Act and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. Persons unless the securities are registered under the U.S. Securities Act or an exemption from the registration requirements of the U.S. Securities Act is available.

The pro forma financial information included in this announcement does not purport to be in compliance with Article 11 of Regulation S-X of the rules and regulations of the U.S. Securities and Exchange Commission. Readers should also be aware that certain financial data included in this announcement are "non-GAAP financial measures" under Regulation G of the U.S. Securities Exchange Act of 1934, as amended. The disclosure of such non-GAAP financial measures in the manner included in this announcement would not be permissible in a registration statement under the Securities Act. Boart Longyear believes these non-GAAP financial measures provide useful information to users in measuring the financial performance and conditions of Boart Longyear. These non-GAAP financial measures do not have a standardised meaning prescribed by Australian Accounting Standards and, therefore, may not be comparable to similarly titled measures presented by other entities, nor should they be construed as an alternative to other financial measures determined in accordance with Australian Accounting Standards. Readers are cautioned, therefore, not to place undue reliance on any non-GAAP financial measures and ratios included in this announcement.

This announcement is based on unaudited information. It also contains certain forward-looking statements. The words "anticipate", "believe", "expect", "project", "estimate", "likely", "intend", "should", "could", "may", "target", "plan" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Boart Longyear, and its officers, employees, agents or associate, which may cause actual results to differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements. Readers are cautioned not to place undue reliance on forward-looking statements. Subject to any continuing obligations under applicable law or any relevant ASX listing rules, Boart Longyear disclaims any obligation or undertaking to provide any updates or revisions to any forward-looking statements in this announcement to reflect any change in expectations in relation to any forward-looking statements or any change in events, conditions or circumstances on which any such statement is based.

Appendix

(Amounts in US$ millions)	1H 2008	1H 2009
Statutory EBITDA[1]	223	51
Restructuring costs and related impairment charges	1	8
(Gains)/Losses on sale of businesses	(9)	4
Adjusted EBITDA	**215**	**63**

(Amounts in US$ millions)	1H 2008	1H 2009
Statutory NPAT	111	(5)
Restructuring costs and related impairment charges	1	8
Losses (gains) on the sale of businesses	(9)	4
Tax expense (benefit)	1	(4)
Adjusted NPAT	**104**	**3**

(Amounts in US$ millions)	1H 2008	1H 2009
Statutory Operating Cash Flow	46	30
Restructuring Cash Payments	1	12
Adjusted Operating Cash Flow	**47**	**42**