BOART LONGYEAR LIMITED

A.B.N. 49 123 052 728

ANNUAL FINANCIAL REPORT

YEAR ENDED 31 DECEMBER 2020

CONTENTS

DIRECTORS' REPORT

The Directors present their report together with the financial report of Boart Longyear Limited (the "Parent") and its controlled entities (collectively the "Company") for the financial year ended 31 December 2020 (the "financial year") and the Independent Auditor's Report thereon.

Financial results and information contained herein are presented in United States ("US") dollars unless otherwise noted.

DIRECTORS

The Directors of the Company (the "Directors") in office during the financial year and as at the date of this report are set out below.

Directors	Position
Kevin McArthur	Non-executive Chairman
Tye Burt	Non-executive Director
Kyle Cruz[1]	Non-executive Director
Jason Ireland	Non-executive Director
James Kern	Non-executive Director
Rubin McDougal[2]	Non-executive Director
Jeffrey Olsen	Executive Director
Robert Smith	Non-executive Director
Conor Tochilin[3]	Non-executive Director
Richard Wallman[4]	Non-executive Director

(1) Kyle Cruz retired from the Board effective 17 January 2020.
(2) Rubin McDougal joined the Board of Directors as a Non-Executive Director effective 1 March 2020.
(3) Conor Tochilin joined the Board of Directors as a Non-Executive Director effective 17 January 2020.
(4) Richard Wallman retired from the Board effective 29 February 2020.

For a summary of experience and qualifications for each Director, see the Board of Directors section on page 34 of this Report.

COMPANY SECRETARIES

Nora Pincus (appointed 13 August 2020)
Robert Closner (through 13 August 2020)
Philip Mackey

PRINCIPAL ACTIVITIES

Established in 1890, Boart Longyear is heading into its 131st year as the world's leading provider of drilling services, orebody-data-collection technology, and innovative, safe and productivity-driven drilling equipment. With its main focus in mining and exploration activities spanning a wide range of commodities, including copper, gold, nickel, zinc, uranium, and other metals and minerals, the Company also holds a substantial presence in the energy, oil sands exploration, and environmental sectors.

The Global Drilling Services division operates for a diverse mining customer base with drilling methods including diamond coring exploration, reverse circulation, large diameter rotary, mine dewatering, water supply drilling, pump services, production, and sonic drilling services.

The Global Products division offers sophisticated research and development and holds hundreds of patented designs to manufacture, market, and service reliable drill rigs, innovative drill string products, rugged performance tooling, durable drilling consumables, and quality parts for customers worldwide.

The Geological Data Services division, a segment of our Global Products business utilises innovative scanning technology and down-hole instrumentation tools to capture detailed geological data from drilled core and chip samples. This valuable orebody knowledge gives mining companies the ability to make timely decisions for more efficient exploration activities.

These factors, combined with the Company’s global footprint, have allowed the Company to establish and maintain long-standing relationships with a diverse and blue-chip customer base worldwide that includes many of the world’s leading mining companies. With more than 130 years of drilling expertise, the Company believes its insignia and brand represent the gold standard in the global mineral drilling industry.

Boart Longyear is headquartered in Salt Lake City, Utah, USA, and listed on the Australian Securities Exchange in Sydney, Australia (ASX: BLY). More information about Boart Longyear can be found at www.boartlongyear.com. To get Boart Longyear news direct, follow us on Twitter, LinkedIn and Facebook.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In March 2020, the World Health Organization declared the novel coronavirus (“COVID-19”) outbreak a global pandemic. That same month, as a result of the COVID-19 pandemic, the Company implemented its business continuity plan. The plan included measures required to protect the health and well-being of employees while ensuring ongoing operational sustainability; transitioning of corporate and regional office staff to work from home; and ceasing all non-essential international and domestic travel. The plan also contained initiatives aimed at maintaining liquidity. The actions taken to conserve cash included, but were not limited to, temporary salary reductions and amending the terms of the Company’s Senior Secured Notes to satisfy interest payments due in respect of the notes on 30 June 2020 and 31 December 2020 by way of payment-in-kind (“PIK”) rather than by payment in cash. See Note 21.

EVENTS SUBSEQUENT TO REPORTING DATE

As released on 7 January 2021, the Company has engaged Rothschild & Co. as an advisor to support the Company's evaluation of potential options in anticipation of the maturation of the Company's debt facilities through the second half of 2022 including for refinancing or recapitalisation. At this time there are no material developments related to the strategic review; however, the Company continues to explore various solutions to materially improve the capital structure of the business.

DIVIDENDS

No dividends have been paid during the financial year.

REVIEW OF OPERATIONS [1]

1. Safety Performance, Market Conditions and Strategies

1.1 Overview

Boart Longyear is the world's leading integrated provider of drilling services, drilling equipment and performance tooling for mining and mineral drilling companies globally. We conduct our business activities through two segments, Global Drilling Services and Global Products, which includes our Geological Data Services. Geological Data Services is a rapidly growing segment of Boart Longyear that provides industry leading digital technologies to aid in understanding drilling and ore body properties in real time.

We aim to create value for our customers through a comprehensive portfolio of technologically advanced and innovative drilling services and products. We believe that our market leading positions in the mineral drilling industry are driven by a variety of factors, including the performance, expertise and high safety standards of Global Drilling Services and the innovation, engineering excellence and global manufacturing capabilities of Global Products.

Our operating and commercial priorities include solidifying our competitive advantages with sustained investments in safety performance, productivity enhancements, and operating improvements in our Global Drilling Services division, while remaining focused on the needs of our customer base. In the Global Products division, we draw current customers and future growth from strong brands and a reputation of high quality, technical innovation, expertise, strong field support and value-added products. Our engineering and product management teams pursue new products as well as continuous improvements to benefit both the mining and construction markets in applications including exploration, blast hole, and sonic drilling. Some recently introduced products continue to gain momentum globally. This includes the LF160 surface coring drill rig which, when paired with our hands-free Freedom Loader, sets a new benchmark in productivity and safety. Our patented Longyear™ diamond coring bits demonstrate increased productivity by drilling faster, lasting longer, or both. Also patented, the innovative XQ™ coring rod offers customers benefits from its preferred thread design thanks to ease of use, unsurpassed depth capacity, and superior wear life. In percussive tooling for blast hole drilling applications, our line of DriftMaster™ drill rods is growing both in product offering and customer adoption for underground mining applications. TruCore™ electronic core orientation tools continue to expand geographically and are available globally. The TruShot™ electronic magnetic survey instrument is the second offering in a future suite of tools. We are now using our TruScan™ geological sample field screening technology at mine sites with several mining customers. We have also recently launched our TruSub™ drill rig performance monitoring technology. TruSub™ is a digital drill sub technology that fits between the drill head and drill rods. TruSub™ allows for key drilling parameters to be digitally recorded and viewed in real time to drive drilling productivity. We will be rolling out TruSub™ with our Global Drilling Services and third-party party customers on several mine sites later this year. These instruments are part of our strategy to be the global technology leader in providing subsurface resource information to mining companies through our Geological Data Services business.

Our capital structure exposes us to a variety of market, operational and liquidity risks. As at 31 December 2020, cash flows from operating activities was $49.4 million. This represents an improvement of $14.1 million over 2019 cash flows from operating activities of $35.3 million and is inclusive of $6.2 million in funds received under the Canada Employee Wage Subsidy program for COVID-19 relief. This significant improvement was achieved through the conversion of the 2020 interest instalments for debt from payment in cash to payment-in-kind ("PIK"). In addition, improvements to cash from operations were generated through cost control and capital management in the second quarter tied to the pause in activity levels caused by COVID-19, as well as focused and sustainable long-term cost reductions, productivity enhancements and working capital management.

(1) The Review of Operations contains information sourced from our audited financial statements as well as additional supplemental information that has not been subject to audit or review.

1.2 Safety Performance

Boart Longyear strives to continuously improve safety performance. Health and Safety is a core Company value along with Integrity, Customer Focus, and Teamwork and is expected from our employees, and drives value for our customers and stakeholders. Through our Company initiatives and robust safety programs, Boart Longyear builds trust with our employees, customers, and all stakeholders.

For the year ending 31 December 2020, the Company's world class performance on key indicators includes a Total Case Incident Rate ("TCIR") of 1.61 and Lost-Time Injury Rate ("LTIR") of 0.10. Both TCIR and LTIR rates are calculated based on 200,000 hours worked. During the year ending 31 December 2020, our employees experienced 77 injuries that required some medical treatment or job restriction; five of those injuries resulted in lost work time. The focus throughout 2020 has been on our Environment, Health and Safety ("EHS") management system elements: Critical Risk Management, EHS Fundamental, EHS Standards and Competency Training Programs. In addition, a significant effort was put into our COVID-19 Management Plan that provided guidance and allowed for business continuity throughout the global pandemic.

1.3 Impact of Market Conditions

In March 2020, the World Health Organization declared the novel coronavirus ("COVID-19") outbreak a global pandemic. That same month, as a result of the COVID-19 pandemic, the Company implemented its business continuity plan. The plan included measures required to protect the health and well-being of employees while ensuring ongoing operations sustainability; transitioning of corporate and regional offices staff to work from home; and ceasing all non-essential international and domestic travel. The plan also contained initiatives aimed at maintaining liquidity. The actions taken to conserve cash included, but were not limited to, temporary salary reductions and amending the terms of the Company's senior secured notes to satisfy interest payments due in respect of the notes on 30 June 2020 and 31 December 2020 by way of payment-in-kind rather than by payment in cash. See Note 21.

The exploration market, mining market, and construction market were materially impacted by the COVID-19 pandemic in 2020. The Company saw a decline in global customer activities due to government-imposed closures and customers choosing to reduce exposure across their operations by delaying new projects. We have worked closely with our key customers to continue operations where possible, while ensuring we protect our people and the communities in which they work. Boart Longyear has demonstrated best practice in its active and consistent implementation of health and safety protocols to protect our own workforce and those of our customers, as well as of the residents of the communities in which we operate. This approach has significantly reduced the risk of unplanned stoppages or delays due COVID-19 outbreaks, allowing Boart Longyear crews to maintain a solid operating rhythm and thereby continue to deliver results for our customers under exceptional circumstances. While jurisdiction and customer-specific restrictions continue to impact normal operations, these restrictions are, for the most part, predictable and manageable.

Once the COVID-19 pandemic subsides, and the industry returns to more normal operations and people movements, we believe that mining companies will respond to the material increase in commodity pricing and underlying demand. While COVID-19 materially impacted normal operations for several months, the strength in key commodity prices drove continued capital raisings in the mining space, with $3.5 billion raised in the third quarter, the strongest quarter in eight years. This will in turn drive exploration activity in the coming quarters, particularly as current COVID-19 related restrictions are eased. In addition, the recovery of China's economy is quickly driving demand for the key bulk commodities of copper, iron ore, and nickel, while gold prices continue to hold well above the all-in sustaining cost for major mines. Adding to the China-driven increases in demand are the twin emerging global trends of electrification of vehicle fleets and conversion to green energy, further supporting the prospects for sustained growth in copper, nickel, and lithium exploration and production over the coming years.

We continue to retire older drill rigs and add new upgraded exploration drill rigs to the drilling services fleet to meet the demand and expanded budgets of our key customers in different regions around the world. We continually evaluate opportunities where we can help our customers meet their exploration goals, utilising the latest technology improvements that support both safety and productivity enhancements. The same is true for our Global Products business where we are working to provide our customers technologies that help them both increase productivity and maintain safe operations.

As a result of the COVID-19 pandemic and ongoing finance costs associated with the Company's debt facilities, the Company reported a statutory loss for the year ended 31 December 2020 of $98.8 million.

Objectives and Strategies

In addition to our prime goal of returning our employees home safely each day, we continue to position the business to operate more efficiently across all phases of the mining cycle. Key elements of this strategy include focusing more closely on cash generation, achieving and maintaining sustainable earnings before interest, taxes, depreciation and amortisation ("EBITDA") margins, improving returns on capital through disciplined variable and fixed cost management and capital spending programs, and maintaining a rigorous focus on working capital, particularly inventory and accounts receivable.

We are committed to driving long-term shareholder value by executing on several key initiatives to improve our commercial practices. In our Global Drilling Services division, we are committed to improving safety, productivity, and profitability through:

- focusing on operational efficiencies and productivity across the organisation, particularly at the drill rig level;
- optimising the commercial organisation to drive value through the contracting and pricing processes;
- leveraging the supply chain function across the business; and
- controlling selling, general and administrative ("SG&A") and other overhead related costs.

In the Global Products division, we continue to maintain our market leadership with the recent commercialisation of new products such as our LF160 surface coring drill with the Freedom loader, our patented Longyear™ diamond bits, DriftMaster™ drill rods for blast-hole applications, and our XQ™ coring rods. These newer products complement the well-respected lines of existing products that customers have come to rely on from Boart Longyear.

We are also pursuing market leadership in providing subsurface resource information to our mining customers in an integrated, real-time, and cost-effective manner through our Geological Data Services business.

Ultimately, our goal is to help our customers build their ore body knowledge. Through our focus on operational excellence, we will address the risks and challenges of the mining industry cycle while also preserving the significant upside that we may realise in our operations as market conditions improve, combined with a significantly improved cost structure and operating performance. We are also capitalising on longer-term growth opportunities through investment in technologies that will broaden our customer offerings.

2. Financial and Operating Highlights

	For the year ended 31 December			
	2020 US$ Millions	2019 US$ Millions	$ Change	% Change
Key financial data				
Revenue	657.3	745.0	(87.7)	-11.8%
NPAT [1]	(98.8)	(56.6)	(42.2)	-74.6%
EBITDA [2]	40.3	66.5	(26.2)	-39.4%
Adjusted EBITDA [2]	60.1	87.3	(27.2)	-31.2%
Operating (loss) profit	(0.7)	27.2	(27.9)	-102.6%
Cash provided by operations	57.6	77.0	(19.4)	-25.2%
Net cash flows generated operating activities	49.4	35.3	14.1	39.9%
Capital expenditures (accrual)	32.0	52.3	(20.3)	-38.8%
Capital expenditures (cash)	32.1	50.7	(18.6)	-36.7%
Weighted Average number of ordinary shares	88.0	87.7	0.3	0.3%
Earnings per share (basic and diluted)	(112.3) cents	(64.6) cents	(47.7) cents	-73.8%
Average BLY rig utilisation	37%	41%	-4%	-9.8%
Average Fleet size	683	691	(8)	-1.2%

(1) The comparative information has been restated as a result of additional accreted interest recorded on the Senior Secured Notes as discussed in Note 1.
(2) EBITDA is 'Earnings before interest, tax, depreciation and amortisation'. Adjusted EBITDA is 'Earnings before interest, tax, depreciation and amortisation and before major restructuring initiatives, impairments of assets, and other significant and non-recurring transactions outside the ordinary course of business'. These items are identified by management as not representing the underlying performance of the business. See reconciliation in section 3.3 'Significant Items'.

3. Discussion and Analysis of Operational Results and the Income Statement

3.1 Revenue

Revenue for the year ended 31 December 2020 of $657.3 million decreased by 11.8%, or $87.7 million, compared to revenue for the prior year ended 31 December 2019 of $745.0 million.

A majority of the revenue for both Global Drilling Services and Global Products is derived from providing drilling services and products to the mining industry and is dependent on global mineral exploration, development and production activities.

Following the initial impacts of COVID-19 in March and April in the forms of project cancellations, deferrals, and stoppages, the Company has seen a steady resumption of exploration activity, as well as an increase in bidding activity for such work. And, while jurisdiction and customer-specific safeguards and protocols to prevent the spread of COVID-19 can often impact project costs, timelines, and labor availability, we are factoring the cost of implementation of these safeguards and protocols into all new bids. In addition, we are ensuring the commercial and legal terms in all new bids adequately cover the risk of COVID-19 related work suspensions or other stoppages. Looking forward, the anticipated economic recovery from the COVID-19 slowdown continues to support the demand key commodities, further strengthening the incentive for exploration, development, and production.

3.2 Cost of Goods Sold, Sales and Marketing Expense, and General and Administrative Expense

The following pro forma income statement shows the effects of removing significant items from their respective income statement line. The adjusted balances will be used in the following narrative to reflect cost categories after removing the impact of significant items.

	For the year ended 31 December					
	2020			2019		
	As Reported	Significant Items	Adjusted Balance	As Reported	Significant Items	Adjusted Balance
Continuing operations						
Revenue	657.3	-	657.3	745.0	-	745.0
Cost of goods sold	(559.8)	5.5	(554.3)	(606.3)	5.2	(601.1)
Gross margin	97.5	5.5	103.0	138.7	5.2	143.9
Other income	5.8	-	5.8	6.8	-	6.8
General and administrative expenses	(69.8)	5.5	(64.3)	(83.0)	15.6	(67.4)
Sales and marketing expenses	(17.0)	0.5	(16.5)	(20.3)	-	(20.3)
Significant items	-	(19.8)	(19.8)	-	(20.8)	(20.8)
Other expenses	(17.2)	8.3	(8.9)	(15.0)	-	(15.0)
Operating (loss) profit	(0.7)	-	(0.7)	27.2	-	27.2

Gross margin in 2020 decreased to 15.7% compared to 19.3% in 2019. The lower margin is directly related to the pause in activity levels from the emergence of COVID-19. The Company implemented a number of measures to reduce the impact of the lower activity levels; however, it was not able to mitigate the full impact from COVID-19 across its global regions.

The total of other income, general and administrative expenses (“G&A”), sales and marketing expenses (“S&M”) and other expenses (adjusted for significant items) of $83.9 million in 2020 was 12.5% less than 2019 of $95.9 million. The lower cost structure is driven by lower expenses as a result of initiatives implemented to match the workforce needs to the reduced activity levels during the early stages of the COVID-19 pandemic.

3.3 Significant Items

During the years ended 31 December 2020 and 2019, the Company incurred the following restructuring expense, recapitalisation costs and impairment charges:

	For the year ended 31 December	
	2020	**2019**
US$ Millions	**US$ Millions**	**US$ Millions**
EBITDA [1]	**40.3**	**66.5**
Impairments		
Property, plant and equipment	8.3	0.2
Intangible assets	0.5	9.0
Inventories	5.0	0.8
Employee and related costs	1.3	1.7
Legal provisions	-	2.6
Other restructuring expenses	4.7	6.2
Onerous lease	-	0.3
Total of significant and non-recurring items	19.8	20.8
Adjusted EBITDA [1]	**60.1**	**87.3**

(1) EBITDA is 'Earnings before interest, tax, depreciation and amortisation'. Adjusted EBITDA is 'Earnings before interest, tax, depreciation and amortisation and before major restructuring initiatives, impairments of assets, and other significant and non-recurring transactions outside the ordinary course of business'. These items are identified by management as not representing the underlying performance of the business. Adjusted EBITDA is not a comprehensive representation of all the significant transactions the Company recognised throughout the year. For example, it includes government aid received throughout the business for COVID-19 relief as well as gains from sales of assets. On the other hand, it excludes costs incurred to quarantine crews unable to work as a result of COVID-19, contract termination costs, legal fees, and indirect tax write-offs.

4. Discussion and Analysis of Cash Flow

	For the year ended 31 December			
	2020 US$ Millions	2019 US$ Millions	$ Change	% Change
Cash provided by operations	57.6	77.0	(19.4)	-25.2%
Net cash flows provided by operating activities	49.4	35.3	14.1	39.9%
Net cash flows used in investing activities	(26.9)	(44.9)	18.0	40.1%
Net cash flows used in financing activities	(18.9)	(11.0)	(7.9)	-71.8%

4.1 Cash Flow Provided by Operating Activities

Cash flow from operating activities for the year ended 31 December 2020 was $49.4 million, which is an improvement of $14.1 million compared to 2019 of $35.3 million. The primary reason for the improvement in cash flows from operating activities was from the successful negotiation to convert the interest payments on the Company's senior secured notes from payment in cash to PIK. The Company also implemented a number of longer-term sustaining initiatives to improve its working capital needs and received $6.2 million in funds in connection with the Canada Employee Wage Subsidy program.

The Company invested $32.1 million in capital equipment and research and development to support existing operations during 2020 and prepare it for the impending increase in demand expected through 2021. The investment was lower than the comparable prior period due to the measures implemented by the Company to conserve cash while monitoring the impact of COVID-19 on the business (2019: $50.7 million). The 2020 capital expenditures have been partially offset by proceeds from the sale of property, plant and equipment of $5.2 million (2019: $5.8 million).

The increase in cash flows used in financing activities is primarily due to higher repayment of borrowings and lease facilities.

5. Discussion of the Balance Sheet

The net liabilities of the Company increased by $87.2 million, to $469.4 million as at 31 December 2020, compared to $382.2 million as at 31 December 2019. This increase resulted primarily from the group loss for the year of $98.8 million.

Total assets of $609.6 million were $32.3 million lower than 2019 of $642.0 million primarily as a result of impairment of property, plant and equipment, reductions in tax receivables and a decrease in working capital balances offset by increases in intangible assets and cash.

Total liabilities increased by $54.9 million to $1.1 billion compared to $1.0 billion in 2019. This is primarily driven by accreted interest for the period.

Liquidity and Debt Facilities

The Company's debt is comprised of the following instruments:

Description	Principal Outstanding as at 31 December 2020 (millions)	Accreted Interest as at 31 December 2020 (millions)	Debt Modification / Applicable Premium[10]	Interest Rate	Scheduled Maturity	Security
Senior Secured Notes (CUSIP: 09664PAJ1)	$216.4	$62.3	$42.9	Variable[2]	Dec-22	Second lien on the accounts receivable, inventories, deposit accounts and cash ("Working Capital Assets") of the Term Loan B and Senior Secured Notes guarantors that are not ABL or Backstop ABL guarantors, a third lien on the Working Capital Assets of the Term Loan B and Senior Secured Notes issuer and the other Term Loan B and Senior Secured Notes guarantors that are also ABL or Backstop ABL guarantors, and a first lien on substantially all of the other tangible and intangible assets ("Non-Working Capital Assets") of the Term Loan B and Senior Secured Notes issuer and other guarantors, including equipment, intellectual property, the capital stock of subsidiaries and certain owned real property (in any case, excluding assets of BLY IP, Inc.)
Senior Secured Notes (CUSIP: 09664PAE2)	$0.6	$0.0	Nil	10%[9]	Dec-22	Same as Senior Secured Notes
Term Loan – Tranche B	$159.8	$27.9	Nil	8%[3]	Dec-22	Same as Senior Secured Notes
ABL[8]	$22.9 [1]	Nil	Nil	Variable[4]	Jul-22	First lien on the Working Capital Assets of the ABL borrower and guarantors and a third lien on substantially all of the Non-Working Capital Assets of the ABL borrower and guarantors, including equipment, intellectual property and the capital stock of subsidiaries (but excluding real property), and in any case excluding assets of BLY IP, Inc., Boart Longyear Suisse Sarl and Boart Longyear S.A.C.
Term Loan – Tranche A	$132.6 [7]	$23.1	Nil	8%[3]	Dec-22	First lien on the Working Capital Assets of the Term Loan A guarantors that are not ABL or Backstop ABL guarantors, a second lien on the Working Capital Assets of the Term Loan A issuer and the other Term Loan A guarantors that are also ABL and Backstop ABL guarantors, and a second lien on substantially all of the Non-Working Capital Assets of the Term Loan A issuer and guarantors, including equipment, intellectual property, the capital stock of subsidiaries and certain owned real property (in any case, excluding assets of BLY IP, Inc.)
Backstop ABL[8]	$45.0	$13.0	Nil	11%[5]	Oct-22[5]	Same as ABL but including any real property required to be pledged as security for the Senior Secured Notes
Senior Unsecured Notes	$88.9	$4.5	Nil	1.5%[6]	Dec-22	Unsecured

(1) Letters of credit of $5.8 million were issued in addition to the $23.0 million borrowings that were outstanding.
(2) Interest is payment-in-kind from 1 January 2020 to 30 June 2020 at an interest rate of 12%. Interest is payment-in kind from 1 July 2020 to 31 December 2020 at an interest rate of 14.5%. Interest in cash at a reduced interest rate of 10% per annum from 1 January 2021.The effective interest rate on a go-forward basis is 14.4%. Refer to Note 21 for additional information.
(3) Interest is 8% payment-in-kind.
(4) Based on LIBOR + margin (grid-based margin is currently 3.25%).
(5) Interest is payment-in-kind at 11% at the Company's election or 10% cash. Maturity Date is October 2022 or 90 days after the ABL due date.
(6) Interest is 1.5% payment-in-kind at the Company's election until maturity.
(7) The secured amounts under Term Loan A and Term Loan B are capped at the base principal amounts as agreed in the recapitalisation 2017 amendments.
(8) In July 2019 the Company amended terms to provide the Company additional liquidity and extend maturities from July 2020 to July 2022 and from October 2020 to October 2022 for the ABL and Backstop facilities, respectively. See Note 21 for more information.
(9) Interest in cash at an interest rate of 10% per annum.
(10) Refer to Note 21 for information on the debt modification and applicable premium.

6. Review of Segment Operations

The following table shows our third-party revenue and revenue from inter-segment sales by our Global Drilling Services and Global Products division. Segment profit represents earnings before interest and taxes.

	Segment Revenue				Segment Profit	
	2020		2019		2020	2019
	US$ Millions		US$ Millions		US$ Millions	US$ Millions
Global Drilling Services		456.3		516.3	8.5	58.3
Global Products revenue						
Global Products third party revenue	201.0		228.7			
Global Products inter-segment revenue [1]	56.4		56.9			
Total Global Products		257.4		285.6	16.4	14.6
Less Global Product sales to Global Drilling Services		(56.4)		(56.9)		
Total third party revenue		657.3		745.0		
Total segment profit					24.9	72.9

(1) Transactions between segments are carried out at arm’s length and are eliminated on consolidation.

6.1 Review of Segment Operations - Global Drilling Services

	For the year ended 31 December			
	2020 US$ Millions	2019 US$ Millions	$ Change	% Change
Financial Information				
Third party revenue	456.3	516.3	(60.0)	-11.6%
COGS				
Materials/labor/overhead/other	379.7	405.9	(26.2)	-6.5%
Depreciation and amortisation	28.0	25.9	2.1	8.1%
Total COGS	407.7	431.8	(24.1)	-5.6%
COGS as a % of Revenue	*89.3%*	*83.6%*	*5.7%*	*6.8%*
Contribution margin $	41.7	76.9	(35.2)	-45.8%
Contribution margin %	9.1%	14.9%	-5.8%	-38.9%
Business unit SG&A	6.9	7.6	(0.7)	-9.2%
Allocated SG&A	12.1	13.1	(1.0)	-7.6%
EBITDA	50.4	90.3	(39.9)	-44.2%
Other Metrics				
Average # of Operating Drill Rigs	252	284	(32)	-11.3%
Average # of Drill rigs	683	691	(8)	-1.2%

Safety

The Global Drilling Services division's TCIR for 2020 was 1.72, compared to 1.51 for the comparable period in 2019. The LTIR for 2020 was 0.08 compared to 0.02 for the comparable period in 2019. Our focus is on quality Critical Control Verifications and Inspections; applying meaningful corrective actions globally and in a timely manner; increasing vehicle monitoring and improving driver behaviors; increasing supervisory and field level employees' competencies through Competency Training Programs; and reinforcing our EHST fundamentals via regular BITS training specific to regional risk profiles.

Revenue

Global Drilling Services' revenue in 2020 was $456.3 million, down 11.6% from $516.3 million in 2019. The year-over-year revenue decrease was driven primarily by the COVID-19 pause through the second and third quarters as governments and customers restricted activities while developing safe work practices to protect employees from the transmission of the COVID-19 virus. Canada, Australia, Asia, and Africa recovered more quickly from COVID-19 restrictions than the United States, Chile, and Argentina. The majority of the year over year decrease in revenue is attributable to these three countries. Prices remained relatively flat compared to the prior year and changes in foreign exchange rates resulted in a $0.5 million decrease in revenue in 2020 compared to 2019.

Approximately 89% of Global Drilling Services' revenue for 2020 was derived from major mining companies, including Anglogold Ashanti, Barrick, Newmont, and Rio Tinto. Our top 10 Global Drilling Services customers represented approximately 52% of the division's revenue in 2020, with no single contract contributing more than 10% of our consolidated revenue.

Margins

With revenues decreasing from $516.3 million in 2019 to $456.3 million in 2020, Global Drilling Services also saw a corresponding decrease in contribution margin. The 2020 contribution margin was $41.7 million compared to $76.9 million in 2019, a decrease of $35.2 million. The decrease in margins is primarily attributable to COVID-19 impacts and not being able to reduce costs as quickly as governments and customers temporarily delayed projects to develop plans to support safe work practices to protect employees and communities from the transmission of the COVID-19 virus.

6.2 Review of Segment Operations - Global Products

	For the year ended 31 December			
	2020 US$ Millions	2019 US$ Millions	$ Change	% Change
Financial Information				
Third party revenue	201.0	228.7	(27.7)	-12.1%
COGS				
Materials/labor/overhead/other	148.9	170.9	(22.0)	-12.9%
Inventory obsolescence	1.8	0.9	0.9	100.0%
Depreciation and amortisation	4.1	3.7	0.4	10.8%
Total COGS	154.8	175.5	(20.7)	-11.8%
COGS as a % of Revenue	*77.0%*	*76.7%*	*0.3%*	0.4%
Contribution margin $	32.7	33.6	(0.9)	-2.7%
Contribution margin %	16.3%	14.7%	1.6%	10.9%
Business unit SG&A	16.7	16.2	0.5	3.1%
Allocated SG&A	12.6	14.7	(2.1)	-14.3%
EBITDA	24.9	31.0	(6.1)	-19.7%
Other Metrics				
Manufacturing plants	6	6	-	0.0%
Average backlog	33.4	29.5	3.9	13.2%
Inventories [1]	158.3	163.1	(4.8)	-2.9%

(1) Represents total Company inventories including Global Drilling Services, Global Products and Geological Data Services.

<u>Safety</u>

In 2020, the TCIR for the Global Products, including manufacturing, and Geological Data Services combined segment was 1.00 recordable incidents per 200,000 hours worked compared to 0.69 in 2019. The LTIR was 0.14, compared to 0.00 for 2019. As with the Global Drilling Services division, there was a focused effort on Leading Indicator programs**.**

<u>Revenue</u>

Revenue of $201.0 million in 2020 is 12.1% lower than 2019 revenue of $228.7 million for the Global Products segment. Revenues generated from capital equipment, spares, and production tooling were the main drivers contributing to weaker revenue in 2020 relative to the prior period. The decrease in revenues across these product lines were primarily a result of decreased demand in the second and third quarters due to the COVID-19 pandemic that drove governments and customers to delay project activity while they implemented safe work practices to reduce the transmission of the COVID-19 virus.

<u>Margins</u>

While revenue for Global Products was down compared to 2019, contribution margin for the year ended 31 December 2020 were marginally lower over the prior year. Product volume decreases were offset by the benefits achieved from disciplined cost control in both variable and fixed SG&A and material cost decreases. We continue to operate our manufacturing facilities at lean levels, only producing what is required to meet market demand. The Company continues to engage in ongoing cost control and has benefited from COVID-19 related payroll reductions implemented through the first half of 2020.

Backlog

At 31 December 2020, Global Products had a backlog of product orders valued at $44.6 million. This compares to $35.9 million at 31 December 2019. Average backlog during the second half of 2020 was $33.5 million compared to $33.2 million during the first half of 2020. The increase in our backlog year over year, which we define as product orders we believe to be firm, was driven by an increase in demand for consumables. It should be noted that an order shipped within the same month the order is received does not show up in backlog. Also, there is no certainty that orders in our backlog will result in actual sales at the times or in the amounts ordered.

Intellectual Property

We rely on a combination of patents, trademarks, trade secrets and similar intellectual property rights to protect the proprietary technology and other intellectual property that are instrumental to our Global Products business. As at 31 December 2020, we had 408 issued patents, 428 registered trademarks, 131 pending patent applications and 13 pending trademark applications. We do not consider our Global Products business, or our business as a whole, to be materially dependent upon any particular patent, trademark, trade secret or other intellectual property.

Research and Development

Our Global Products division employs engineers and technicians to develop, design and test new and improved products. We work closely with our customers, as well as our Global Drilling Services division, to identify opportunities and develop technical solutions for issues that arise on site. We believe that sharing best practices amongst our divisions accelerates innovation and increases safety and productivity in the field. This integrated business model provides us with an advantage in product development, and we believe it enables us to bring new technology to the market with speed and reliability. Prior to their introduction, new products are subjected to extensive testing in various environments, again with assistance from our Global Drilling Services network. New product development efforts remain focused on product changes that continue to drive increased safety and productivity, so customers see real added value regardless of the business environment. Our recent successes include the LF160 surface coring drill paired with our Freedom Loader which has set a new benchmark in productivity and hands-free rod handling. Our patented Longyear™ coloured diamond bits continue to show improved productivity by lasting longer and cutting faster. Commercial launch of the new XQ™ coring rod continues globally, featuring a greater depth capacity than the RQ™ rod, and faster, easier joint make/breaks for higher productivity.

Under our Geological Data Services business, TruCore™ electronic core orientation tools continue to expand geographically and are available globally. The TruShot™ electronic magnetic survey technology is the second offering in a future suite of tools and is available globally. We have recently launched our TruSub™ technology. TruSub™ is a digital drill sub technology that fits between the drill head and drill rods. TruSub™ allows for key drilling parameters to be digitally recorded and viewed in real time to drive drilling productivity. We will be rolling this technology out at mine sites this year. We see value in this technology and will continue to develop in this space.

Our Truscan™ matrix calibrated XRF and photo sample scanning technology is currently being used at several locations globally with long term 24/7 utilisation producing results that are being used for real time decision making as part of the mine site workflow by the mining client. TruScan™ continues to spread its footprint globally with additional units being deployed within Australia as well as North and South America. New features utilising artificial intelligence and machine learning continue to be integrated into Truscan™ ensuring it is well differentiated in the market.

These technologies are part of our strategy to provide real-time subsurface resource defining information to mining companies.

Inventories

The business consumed $3.8 million of cash through the provision of inventory in 2020. Our Supply Chain organisation had a challenging year dealing with the impacts of COVID-19 which included variable demand levels from the customer base as well as challenges associated with traditional logistic lanes (swing of transport lines from airfreight to shipping). Through the first half of the year the business was able to generate cash through lowering the Company's reorder points with demand falling from COVID-19 slowdowns and shutdowns globally, as well as implementing a number of initiatives to improve the supply chain process and carrying levels of inventory. For the year ended 31 December 2020, the business implemented a scrapping program removing $1.8 million of obsolete inventory that will support a reduction in carrying costs going forward. In addition, the Company reevaluated several key assumptions in the calculation of our allowance for excess or obsolete inventory resulting in an increase to the current year obsolescence expense of $5.0 million and contributing to an overall increase to the allowance balance of $23.5 million, up from the $20.3 million at 31 December 2019. With industry metrics improving and customer demand increasing through the second half of the year the business reinstated and increased stocking levels to support current and forecasted near term demand. The business will remain focused through 2021 to improve its inventory turns and improve inventory health however we do anticipate the need to increase inventory levels to ensure continued support through to our customers.

7. Outlook

7.1 Our 2021 Priorities

Continue to eliminate job related injuries and significant safety risks by maintaining and enhancing our strong safety and compliance record. Safety is critical to the Company, our employees and our customers, both in determining the success of our business and in ensuring the ongoing well-being of our employees and others with whom we come into contact. We are dedicated to providing a safe work environment for every employee and contractor and implementing state-of-the-art safety tools and practices to become the safety leader in our industry. We are particularly focused on critical risks, continually seeking ways to mitigate those risks and ensuring that, when significant incidents or high-potential near-misses occur, we thoroughly investigate the root causes of those incidents and apply the lessons learned from them broadly. We also promote a culture where employees and managers at all levels are actively engaged in promoting safe work practices.

The areas of focus for safety for 2021 will be the continuous improvement of the EHS Team Leading Indicator KPIs which include: Critical Risk Management – Critical Control Verifications and Inspections, Boart Longyear Integrated Training System ("BITS") assigned training modules, In-Vehicle Monitoring System focused on Driver Behavior Improvements, and Corrective Action closure metrics. A competency training program will be implemented to focus on developing and documenting our entry level employee's abilities to perform tasks safely.

Expand our mining and minerals drilling customer base by focusing on efficiency and productivity.
We remain focused on providing our customers with a full range of drilling services offerings. Our commitment is underpinned by initiatives to improve the efficiency and productivity with which we deliver services and information to our customers. Specifically, our goal is to increase our business with our existing customers and find new ways to partner with existing and potential new customers to grow our business.

Effectively manage customer relationships, pricing and contract terms. Our Global Drilling Services and Global Products businesses have implemented rigorous internal processes to ensure our products and services reflect the full value delivered to our customers and to solidify and create lasting customer relationships.

Create new products and respond to new opportunities within a constrained capital budget. We will continue to pursue disciplined investments in our business to drive returns and capitalise on high-value opportunities in which we can leverage distinctive competencies. We will also continue to pursue strategic technologies and high value-added and more profitable activities, such as expanding our product and services offerings to provide subsurface resource information to our mining customers through our Geological Data Services business.

Improve cash generation in 2021, with the goal to continue to be cash positive, through careful management of liquidity and costs. Ongoing improvement in cash generation in 2021 is a primary goal for the business, which we intend to achieve through continued disciplined expense and capital management, opportunistic cost reductions and productivity enhancements. We will continue to drive business initiatives focused on improving our fixed and variable cost structures in keys areas of the business and we expect these benefits to improve liquidity in 2021 and beyond. Furthermore, we will continue to focus on process improvements, streamlined working capital management and structural changes to improve customer support and responsiveness and drive long-term efficiencies by embedding a cash return on investment metric throughout the organisation.

7.2 Outlook and Future Developments

We are not providing an outlook for 2021 revenue or EBITDA. However, a stronger industry outlook, in combination with our productivity and commercial initiatives are making a positive impact. We anticipate seeing ongoing gains from those identified initiatives which we continue to actively manage.

The mining industry is cyclical and the latter half of 2020 showed encouraging signs pointing toward a period of sustained demand growth in commodities, underpinned by:

- continuing trend towards green energy production and consumption, driving demand for key commodities like copper;
- increased traction of electrification of the world's vehicle fleets;
- continued industrialisation and urbanisation of developing economies, which are expected to support structural increases in demand for minerals and metals broadly in line with global GDP;
- COVID-related government stimulus programs;
- improving cash and balance sheet strength of our key customers;
- reduced reserve to production ratios at many gold mines;
- diminishing opportunities for major producers to replace reserves through acquisition; and
- growing attractiveness of the commodities / mining sector as an investment asset class.

As a result, we retain confidence in our belief that natural resources companies will continue to produce throughout the cycle. This will continue to drive the need to both replace and supplement ongoing depletion of reserves and resources, driving future investment in exploration, development and capital spending. As the leading global drilling services provider to the mineral industry, we continue to drive operational improvements and technological innovation across our global fleet of assets, which we believe will continue to benefit the business through increased market opportunities.

We remain focused on our core mining markets and intend to continue to invest in growth opportunities in a selective and disciplined manner. We will continue to invest to develop the next generation of rod-handling solutions across our range of drilling rigs and expand the provision of subsurface resource information to our mining customers through our Geological Data Services business. In addition, we continue to pursue operational enhancements through safety and productivity improvements to deliver value to our customers and improve bottom line operating performance of our business.

Further information about likely developments in the operations of the Company in the future years, expected results of those operations, and strategies of the Company and its prospects for future financial years have been omitted from this report because disclosure of the information would be speculative or could be prejudicial to the Company.

7.3 Key Risks

The Company maintains an Enterprise Risk Management ("ERM") system by which we systematically assess the consequences of risk in areas such as market, health and safety, environment, finance, legal compliance, and reputation. We also identify and track appropriate mitigation actions for identified risks. A range of material risks have been identified, as follows, that could adversely affect the Company. These risks are not listed in order of significance, nor are they all-encompassing. Rather, they reflect the most significant risks identified at a whole-of-entity or consolidated level.

Market Risk. The Company's operating results, financial condition and ability to achieve shareholder returns are directly linked to underlying market demand for drilling services and drilling products. Demand for our drilling services and products depends in significant part upon the level of mineral exploration, production and development activities conducted by mining companies, particularly with respect to gold, copper and other base metals. In prior years we have experienced significant declines in our financial performance as a result of the global contraction in exploration and development spending in the commodities sector, and the subsequent impact on our mining customers. Mineral exploration, production and development activities remain uncertain and could remain at current levels for an extended period of time or decline even further, resulting in adverse effects on our operating results, liquidity and financial condition.

We seek to mitigate the risk associated with volatility and weak demand conditions in our core mining markets by selectively pursuing opportunities in other markets, such as infrastructure and geotechnical applications for our Global Products business, and new technology offerings such as our Geological Data Services business. In addition, our business priorities include ongoing initiatives to further improve the underlying cost structure and simplify the business. We also seek to gain market share and expand our customer base in our core mining market by improving the efficiency and productivity with which we deliver services and information and improve commercial practices for better alignment with our customers' needs.

Operational Risks. The majority of our drilling contracts are either short-term or may be cancelled upon short notice by our customers, and our products backlog is subject to cancellation. We seek to strengthen customer relationships and lessen retention risks through active customer selection, improved commercial practices and ongoing initiatives targeted at strengthening our operational and safety performance. We also pursue contracting practices to minimise the financial cost associated with the termination or suspension of customer contracts or orders. The degree to which we can allocate termination risks and obligations to our customers remain somewhat limited by industry practice.

We have implemented significant cost savings, productivity improvements and efficiencies over the past five years, but our future operating results, financial condition and competitiveness depend on our ability to sustain previously implemented reductions and realise additional savings and improvements from ongoing and future productivity initiatives. We may not be able to achieve expected cost savings and operational improvements in anticipated amounts or within expected time periods, and, if achieved, we may not be able to sustain them. Accordingly, we have implemented a project management organisation and rigorous monitoring processes around our key operational improvement programmes to track progress against project objectives, quantify results that are being achieved and ensure process improvements are sustainable.

Risks Related to Liquidity and Indebtedness. At 31 December 2020, our net debt was $855.1 million, with $878.6 million in gross debt and $23.5 million of cash on hand. The Company also has an additional $36.2 million of liquidity available through the Asset-Based Loan ("ABL") facility. The instruments comprising the Company's debt and their terms are set out in detail in Note 21 of the financial statements.

The annual financial report has been prepared on a going concern basis, which contemplates the realisation of assets and the settlement of liabilities in the ordinary course of business. The Directors reaffirm that current and expected operating cash flow, cash on hand and available drawings under the Company's asset-based loan facility provide sufficient liquidity to meet its debts as and when they fall due. Refer to Note 1 of the financial statements for a more detailed discussion on the Company's ability to continue as a going concern. The long-term solvency of the company ultimately depends on the success of the strategic review in reducing the company's debt levels.

Tax Risk. As previously disclosed and further detailed in Note 10 of the financial statements, the Company is contesting a series of tax audits performed by the Canada Revenue Agency ("CRA"). We also are responding to audits that are underway or anticipated to be performed by the CRA. The resolution of existing and potential assessments by Canadian tax authorities may adversely affect our liquidity. While the timing and resolution of the Company's appeals of the CRA's assessments are uncertain, we are pursuing strategies to mitigate the risks of an adverse outcome with the assistance of our external legal and tax counsel.

Government and Regulatory Risk. Changes in, or failure to comply with, the laws, regulations, policies or conditions of any jurisdiction in which we conduct our business could have a material adverse effect on our financial condition, liquidity, results of operations and cash flows. Our operations are subject to numerous laws, regulations and guidelines (including anti-bribery, tax, health and safety, human rights and modern slavery, and environmental regulations) that could result in material liabilities or increases in our operating costs or lead to the decline in the demand for our services or products. We therefore carefully monitor, and educate our employees and business partners about, legal requirements and developments to make sure our operations remain aware of applicable laws and regulations at all times. Further, we have implemented various internal and external resources and controls to promptly detect and address any potential non-compliance.

Climate Related Risks. The potential impacts of climate change may affect the execution and performance of business strategies as well as the Company's ability to operate and provide goods and services globally. The Company is currently evaluating the potential impacts of climate change on our strategies, customers and markets in which we operate. However, an assessment of these impacts on global markets, regulatory policies, and technologies are not clear due to the wide range of issues and potential outcomes.

Information and Technology Risk: The legal, regulatory and contractual environment surrounding information security, privacy and fraud is constantly evolving and companies that collect and retain information are under increasing attack by cyber-criminals around the world. We are dependent on information technology networks and systems, including the Internet, to process, transmit and store electronic information and, in the normal course of our business, we collect and retain certain information, including financial information and personally identifiable information, from and pertaining to our customers, partners, vendors, and employees. The protection of data is important to us, and we have information security policies to protect our information and information systems. However, the policies and security measures that we put in place could prove to be inadequate and cannot guarantee security, and our information technology infrastructure may be vulnerable to criminal cyber-attacks or data security incidents due to employee negligence, error, malfeasance, or other vulnerabilities. Cyber security attacks are increasingly sophisticated, change frequently, and often go undetected until after an attack has been launched. We may fail to identify these new and complex methods of attack or fail to invest sufficient resources in security measures. We have and will continue to experience cyber-attacks, and we cannot be certain that advances in cyber-capabilities or other developments will not compromise or breach the technology protecting our networks.

Public Health Risk: The Company's global operations, manufacturing facilities, employees, suppliers and customers have been and may continue to be impacted by COVID-19 related issues. As a result of the evolving nature of the COVID-19 pandemic, as at the date of these financial statements, the Company is not is a position to reasonably estimate the continued financial effects of the COVID-19 pandemic on the future performance and financial position of the Company.

7.4 Forward Looking Statements

This report contains forward looking statements, including statements of current intention, opinion and expectation regarding the Company's present and future operations, possible future events and future financial prospects. While these statements reflect expectations at the date of this report, they are, by their nature, not certain and are susceptible to change. The Company makes no representation, assurance or guarantee as to the accuracy of or likelihood of fulfilling any such forward looking statements (whether express or implied), and, except as required by applicable law or the Australian Securities Exchange Listing Rules, disclaims any obligation or undertaking to publicly update such forward looking statements.

REMUNERATION REPORT

This remuneration report has been prepared in accordance with section 300A of the Australian *Corporations Act 2001* (Cth) and summarises the arrangements in place for the remuneration of directors, Key Management Personnel ("KMP") and other employees of Boart Longyear for the period from 1 January 2020 to 31 December 2020.

Changes in 2020
Each of the changes outlined below were carefully designed to support the key strategic, financial and human resources objectives of the Company.

COVID-19 Impact on Compensation – In response to COVID-19 and its far-reaching economic consequences, Boart Longyear made changes to compensation levels as a means to preserve jobs during this unprecedented time, as well as to conserve cash. As part of the cost reduction measures, the Board, CEO and all Group executives elected to temporarily reduce their cash remuneration by 75-100% collectively from April to June of 2020.

In 2020, the Remuneration Committee recommended to the Board of Directors that an uplift be applied to calculate Corporate Bonus Plan ("CBP") performance measures given the extenuating circumstances created by the pandemic, which were out of management's control, and to recognise management's efforts to preserve value in the business despite a changing and very uncertain external environment.

Changes in Executive Leadership – Mr. Robert Closner, Vice President, General Counsel & Company Secretary, ceased direct employment with the Company on 15 February 2020; however, Mr. Closner retained his role as Company Secretary through 13 August 2020. Ms. Nora Pincus joined Boart Longyear as Chief Legal Officer, General Counsel and Company Secretary, effective 13 August 2020. Ms. Pincus serves on the Executive Committee and reports to Mr. Jeffrey Olsen, Chief Executive Officer.

Furthermore, Mr. Brendon Ryan, Chief Business Development Officer, ceased employment as of 14 September 2020.

Introduction of the 2020 Equity Incentive Plan – Effective 30 July 2020, shareholders approved a Long-Term Equity Incentive Plan ("Equity Incentive Plan"). The Equity Incentive plan allows the Remuneration, Nominations and Governance Committee ("Remuneration Committee") to grant incentive performance stock units to senior leaders, or others, as appropriate. This Committee establishes performance metrics that management and senior leaders will have to achieve to vest in these stock units. The Equity Incentive Plan will terminate 10 years after the effective date of 30 July 2020. No performance stock units were awarded under the Equity Incentive Plan during the year ended 31 December 2020.

The role of the Remunerations Committee, amongst other duties, it to provide oversight and exercise discretion in the administration of Executive and Board compensation. Given tumultuous times in 2020 related to COVID-19 and changing market conditions that have impacted compensation, the Remuneration Committee will be assessing management compensation challenges and responses in order to ensure our personnel are remunerated appropriately to retain our talent.

1. 2020 REMUNERATION OVERVIEW

The following principles guide our decisions about executive remuneration at Boart Longyear:

- Performance: Drive performance consistent with Boart Longyear's strategic objectives.
- Alignment: Create shareholder value by aligning with shareholder interests.
- Culture: Establish a culture that promotes safety, diversity, retention and employee satisfaction.
- Market: Reflect market conditions of the business, geography and industry.

This Report sets out the remuneration arrangements in place for the KMP of the Company for the purposes of the Corporations Act and the Accounting Standards, being those persons who have authority and responsibility for planning, directing, controlling and overseeing the activities of the Company, directly or indirectly, including the Non-Executive Directors.

1.2 DIRECTORS AND SENIOR EXECUTIVES

Directors and senior executives who were KMP during the year ended 31 December 2020 were:

Directors	Position
Kevin McArthur	Non-executive Chairman
Tye Burt	Non-executive Director
Kyle Cruz	Non-executive Director (retired 17 Jan 2020)
Jason Ireland	Non-executive Director
James Kern	Non-executive Director
Rubin McDougal	Non-executive Director (appointed effective 1 Mar 2020)
Jeffrey Olsen	Executive Director
Robert Smith	Non-executive Director
Conor Tochilin	Non-executive Director (appointed effective 17 Jan 2020)
Richard Wallman	Non-executive Director (retired 29 Feb 2020)

Senior Executives	Position
Jeffrey Olsen	President and Chief Executive Officer
Denis Despres	Chief Operating Officer
Miguel Desdin	Chief Financial Officer
Nora Pincus	Chief Legal Officer, General Counsel & Company Secretary (appointed effective 13 Aug 2020)
Robert Closner	Vice President, General Counsel & Company Secretary (ceased employment 13 Aug 2020)
Kari Plaster	Chief Human Resources Officer
Brendan Ryan	Chief Business Development Officer (ceased employment 14 Sep 2020)

1.3 REMUNERATION OUTCOMES

The table below summarises actual remuneration earned by senior executives who were KMP. This information is relevant as it provides shareholders with a view of the remuneration actually paid to executives for performance for the year ended 31 December 2020. This differs from the remuneration details prepared in accordance with statutory obligations and accounting standards, which are reported on page 29 of this Report. The remuneration calculations reported there are based on the Accounting Standards principle of "accrual accounting" and, consequently do not necessarily reflect the amount of compensation an executive actually realised in a particular year.

Compensation represents base salary. Short Term Incentives ("STI") represent the cash paid in respect of the executive's STI award earned for the prior year's performance but paid in the current reporting year, Long Term Incentives ("LTI cash") refers to cash rights granted in 2017 which vested in 2020. See table 5.4 for movements in Cash Rights. "Other" represents benefits such as US 401(k) retirement plan contributions, car allowances, relocation pay, tax preparation service reimbursements, accrued and unused vacation as of the date of ceased employment, sign-on bonuses and other bonuses granted and paid in 2020.

Sr. Executive Remuneration US$	Compensation[1]	STI [2]	LTI cash	Other	Total
Jeffrey Olsen	558,173	494,775	132,755	34,053	1,219,756
Denis Despres	330,769	184,800	66,378	26,245	608,192
Miguel Desdin	351,923	168,960	-	29,850	550,733
Nora Pincus [3]	120,000	-	-	41,435	161,435
Robert Closner [4]	46,380	81,802	-	7,388	135,570
Kari Plaster	255,144	92,104	-	27,132	374,380
Brendan Ryan [5]	228,462	165,840	66,378	21,824	482,504

(1) Due to COVID-19, the Senior Executives agreed to reduce their compensation as follows:
- Mr. Olsen and Mr. Despres received 50% of their agreed upon compensation for the two weeks ending 10 April 2020 and did not receive any further compensation until 2 July 2020.
- Mr. Ryan received 50% of his agreed upon compensation for the two weeks ending 10 April 2020 and subsequently received 25% of his compensation from that date until 2 July 2020.
- Ms. Plaster and Mr. Desdin received 63% of their agreed upon compensation for the two weeks ending 10 April 2020 and subsequently received 25% of their compensation from that date until 2 July 2020.

(2) Represents the cash paid in respect of the executive's STI earned for the prior year's performance but paid in the current reporting year. For further details of the STI plan, see section 3.2.

(3) Ms. Pincus was hired on 13 August 2020, as such, her actual remuneration reflects partial year of earnings from her date of hire. Ms. Pincus was given a $75,000 sign-on bonus that will be paid in two installments, one payment of $30,000 upon her joining the Company and a second payment of $45,000 to be paid on her first anniversary.

(4) Mr. Closner's direct employment with the Company ceased on 15 February 2020; however, he retained the role of Company Secretary through 13 August 2020. Therefore, Mr. Closner's remuneration reported above reflects his earnings from 1 January 2020 to 15 February 2020 along with 2019 STI (paid in 2020) and his accrued and unused vacation is included in the "Other" category.

(5) Mr. Ryan ceased employment on 14 September 2020.

1.4 EXECUTIVE REMUNERATION STRATEGY

The Board recognises that appropriate remuneration for BLY executives and other employees is linked to the attraction, development, performance and retention of top-level talent and human capital. Given the current economic climate and the ongoing skills shortage, it is essential that adequate measures are in place to attract, motivate, reward and retain the required skills. In order to meet the strategic objectives of a high-performance organisation, the remuneration philosophy is positioned to reward strong performance and to maintain that performance over time.

The primary objectives of Boart Longyear's policy are to:

- attract, motivate, reward and retain key talent;
- promote the organisation's strategic objectives, within its risk appetite;
- promote positive outcomes across the geographies where we operate; and
- promote an ethical culture and behaviour that are consistent with Company values and which encourages responsible corporate citizenship.

2. REMUNERATION FRAMEWORK AND STRATEGY

This section outlines the Company's remuneration governance framework and strategy and explains how the Board and Remuneration Committee make remuneration decisions that underpin the remuneration for senior executives, including the use of external remuneration consultants.

The diagram below illustrates the primary design features of the Company's executive remuneration strategy and how the components of overall remuneration have been designed to support them:

Attraction and Retention	Best Practice	Fairness and Alignment	Pay for Performance
▪ Accurate and up-to-date market information and information on trends is a crucial factor in determining the quantum of the remuneration packages. ▪ Remuneration levels are competitive with similar roles in the markets in which the Company competes for talent. ▪ Fixed and at-risk remuneration is appropriately industry and market competitive. ▪ Long-term incentive compensation provides for meaningful retention. ▪ The long-term incentive component is delivered through the Management Incentive Plan and equity incentive plans.	▪ Reward packages and practices reflect local and international best practice. ▪ There is a significant amount of total executive remuneration which is at-risk and dependent upon achieving challenging key business objectives and safety targets. ▪ Performance management assists in indicating the overall total rewards for each Executive Committee member. ▪ Compensation is relevant and meaningful to the executive receiving it.	▪ Remuneration Committee regularly performs executive compensation benchmarking utilising independent compensation consultants. ▪ Reward measures for executives are aligned with, linked to and influenced by the interests and strategies of the Company and its shareholders. ▪ The aspiration is that our remuneration philosophy, policy and practices, as well as the processes to determine individual pay levels are transparent. ▪ Where performance achievements are subsequently found to have been misstated, clawback provisions are made for redress.	▪ The framework encourages consistency, and allows for differentiation where it is fair, rational and explainable. ▪ Incentive based compensation is designed to reward executives for delivered performance against important Company, safety, financial and strategic objectives. ▪ Incentive plans utilise an appropriate mix of challenging performance measures designed to deliver value to executives when performance is achieved over short and longer terms. ▪ Incentive based compensation provides for upside potential with strong performance.

2.1 HOW REMUNERATION DECISIONS ARE MADE

Board Responsibility

The Board acknowledges its responsibility for the remuneration arrangements of the Executive team and ensures that those arrangements are equitable and aligned with the long-term interests of the Company and its shareholders. In performing this function and making decisions about executive remuneration, the Board is informed by and considers input from management but retains independent decision-making authority. To assist in making decisions related to remuneration, the Board has established a Remuneration Committee.

Remuneration Committee

The Remuneration Committee has been established to assist the Board with remuneration issues and is responsible for ensuring that the Company compensates appropriately and consistently with market practices. The Remuneration Committee also seeks to ensure that the Company's remuneration programs and strategies will attract and retain high-calibre Directors, executives and employees, motivate them to maximise the Company's long-term business and create value for shareholders, and support the Company's remuneration related principles.

The Remuneration Committee's responsibilities include:

- reviewing strategic objectives;
- reviewing, monitoring and overseeing the implementation of the executive remuneration policy;
- reviewing all aspects of remuneration of the CEO and the proposed remuneration of other KMP, including any proposed change to the terms of their employment and any proposed termination payments;
- reviewing executive incentive plans, including equity-based plans and including consideration of performance thresholds and regulatory and market requirements;
- developing performance thresholds for the CEO and reviewing proposed performance thresholds for other KMP;
- reviewing and approving performance achievement relative to executive incentive plans;
- overseeing strategies for recruitment, retention and succession planning for Directors and key executive positions;
- reviewing the composition of the Board and monitoring the performance of the Board and the Directors;
- overseeing the Company's compliance and ethics program, including compliance with legal and regulatory requirements other than those related to accounting or financial reporting (which are the responsibility of the Audit Committee), and from time to time, discuss with management the Company's compliance and ethics program, as well as the status of pending litigation and/or investigations related to the compliance hotline as well as environmental issues and other areas of oversight, as may be appropriate;
- overseeing the Company's policies and initiatives related to Corporate, Environmental and Social Responsibility and General Corporate Governance;
- overseeing the Company's compliance with the Code of Conduct, including periodically reviewing and updating the Code of Conduct, and evaluating any actual or potential conflicts of interest of directors, and management's activities to monitor compliance with the Code of Conduct;
- identifying the qualities and characteristics the Board needs and drafting recruitment plans to draw qualified board director candidates to them;
- arranging for board trainings and development; and
- reviewing and implementing board policies and procedures.

The charter of the Remuneration Committee is set out in full on the Company's website at www.boartlongyear.com.

The Remuneration Committee members as at the date of this Report are Mr. Tye Burt, Chairman of the Committee, and Messrs. Jason Ireland and Conor Tochilin. The CEO, the Chief Human Resources Officer and other members of senior management attend meetings of the Remuneration Committee, as appropriate, to provide information necessary for the Remuneration Committee to discharge its duties. Individual executives do not attend or participate in discussions where recommendations regarding their own circumstances are determined.

Use of Remuneration Consultants and/or External Advisors

Where appropriate, the Board seeks and considers advice from independent remuneration consultants and external advisors. Remuneration consultants are engaged by, and report directly to, the Remuneration Committee and support it in assessing market practice so that base salary and targeted short-term and long-term compensation are in line with comparable roles. When remuneration consultants are engaged, the Remuneration Committee ensures their independence, as necessary, from Company management in accordance with the assignment or advice being sought. Thus, the Remuneration Committee may determine that complete independence from management is required, or it may direct the consultant to work with Company management to obtain relevant information or input to formulate advice or recommendations to the Remuneration Committee.

The Remuneration Committee has also established a formal protocol that summarises the policy and procedures the Company has adopted to govern the relationship between the independent remuneration consultant, the Remuneration Committee and management. The protocol was developed in compliance with the obligations under Part 2D.8 of the *Corporations Act 2001* (Cth) and ensures that the remuneration consultant remains free from any undue influence by any member of the KMP to whom the recommendations relate. Consultant remuneration recommendations are provided directly to the Remuneration Committee.

In 2020, the Remuneration Committee relied on the external review of Certent as subject matter experts as well as key Centerbridge Partners in the creation of the Equity Incentive Plan. While no awards under this plan were granted in 2020, the new plan has been communicated to relevant employees and will be administered by Certent.

In addition, the Remuneration Committee continued to rely on the independent market review of KMP compensation obtained from Mercer Consulting. The Company also utilises the AON Radford Network, FW Cook's Director Compensation Report Studies, and Egon Zehnder for global rewards benchmarking, workforce metrics and analytics.

2.2 REMUNERATION COMPENSATION STRATEGY

There are several components of an executive's total compensation opportunity: fixed compensation, short and long-term incentives as well as non-monetary benefits.

Fixed Remuneration: guaranteed package delivered as a cash salary and mix of compulsory and discretionary benefits reflects market-relatedness in conjunction with the individual's background, competence and potential. This component provides:

- A predictable base level of compensation commensurate with the executive's scope of responsibilities, leadership skills, values, performance and contributions to the Company.
- Targets near the median of the competitive talent market using external benchmarking data. Since the majority of the Company's executives (and a majority of the executive KMP) are located in the US, the competitive talent market is determined to be the US market.
- Variability around the median based on the experience, performance, skills, position, business unit size and/or complexity and unique market considerations, where necessary.

Short-Term Incentive Program: creates a high-performance culture by providing a cash bonus annually. This is determined based on role and responsibility as well as achievement against predetermined performance metrics for business and personal goals.

- This component of compensation is "at-risk" and earned when certain performance metrics are achieved.
- Key performance metrics are determined annually, in alignment with the Company's business strategy. They include some measure of the following (or related) metrics: cash return on investment, adjusted EBITDA, safety performance, and individual strategic goals.
- These metrics are designed to reflect corporate as well as business unit level performance. This helps to ensure rewards are relevant and affordable as well as reflective of performance. The metrics weight performance in areas which build and promote safety and collaboration and ensure alignment to business strategy and shareholder interests.
- Individual strategic goals can include financial, operational, strategic or project-based targets. Examples include items such as, milestone achievement, revenue growth, cost control goals, cash flow generation, geographic expansion, and productivity programs.
- The STI is awarded in cash and will either be paid all at once, or in a staggered fashion, dependent on key business factors at the discretion of the Board.

Long-Term Incentive Program: based on the individual's performance and value to the business. It is achieved through achievement and alignment with shareholder interests.

- This component of compensation is "at-risk" and earned only if challenging performance metrics are achieved and/or continued service requirements are met over a multi-year performance period.
- In January of 2018, the long-term incentive plan ("LTIP") design changed, with the termination of the LTIP and approval of the Management Incentive Plan ("MIP"). LTIP was replaced with the new MIP. The MIP is driven by Total Enterprise Value ("TEV"). The MIP creates value for participants when specific criteria are reached for performance as well as time vesting. The MIP enables cash and/or share releases to participants as and when its shareholders monetise their shareholdings at various volumes.
- Effective 30 July 2020, shareholders approved a Long-Term Equity Incentive Plan ("Equity Incentive Plan"). The Equity Incentive plan allows the Remuneration Committee to grant incentive performance stock units to senior leaders, or others, as appropriate. The Remuneration Committee will set performance metrics that management and senior leaders will have to achieve to vest in the stock units. The Equity Incentive Plan will terminate 10 years after the Effective Date. No performance stock units were awarded under the Equity Incentive Plan during the year ended 31 December 2020.

Other Benefits (Monetary and Non-monetary): provided to ensure executive compensation remains relevant and executives are well cared for.

Non-monetary Benefits include: meaningful work, access to continuous learning and professional growth, recognition and appreciation, career advancement and in some cases flex schedules and/or tele-commuting.

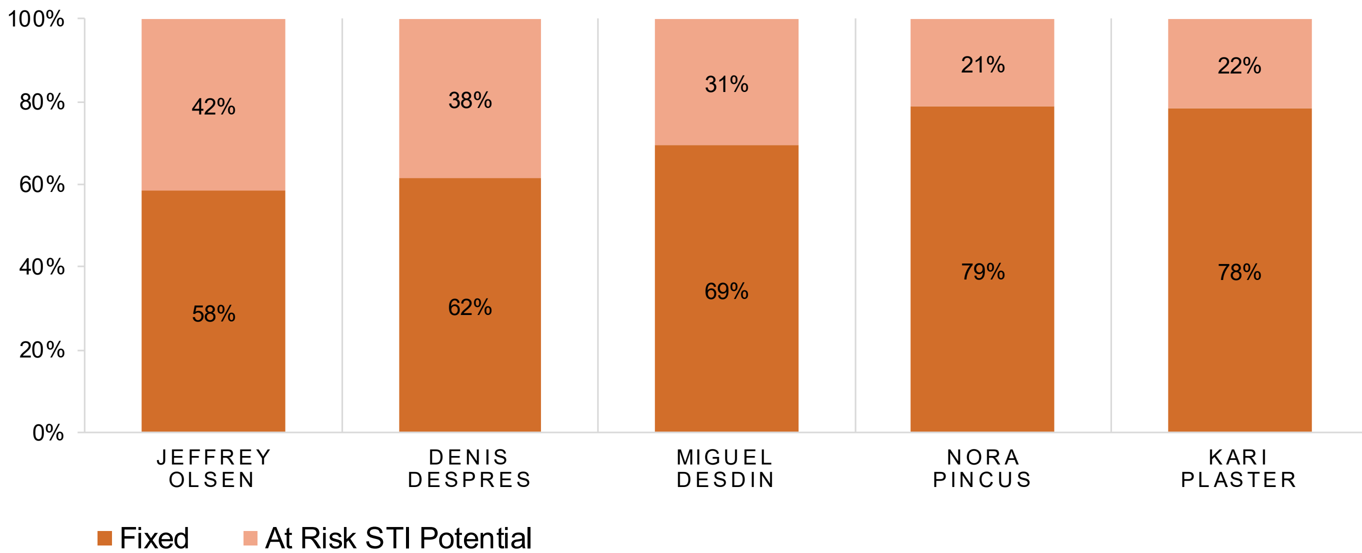
Additional Monetary Benefits include: various types of insurance: D&O, life, and regionally based health and welfare insurance for employee and family members; as well as vehicle allowances and/or other regionally based perks.

3. COMPONENTS OF EXECUTIVE REMUNERATION

Total remuneration for the CEO and senior executives is made up of fixed remuneration (consisting primarily of base salary and superannuation contributions (or the foreign equivalent, such as the United States' 401(k) payments) and variable "at-risk" remuneration. The variable remuneration has two "at-risk" components:

- STI – being an annual bonus granted under the performance-related Company's CBP; and
- LTI – being incentives which are tied to vesting conditions, such as EBITDA performance hurdles, and TEV.

The relevant proportion of fixed to at-risk components for senior executive remuneration during 2020 are shown below. The table illustrates the annualised remuneration mix for executive KMP, including annualised fixed salary and target STI (assuming 100% of target bonus performance is achieved).



3.1 FIXED REMUNERATION

The fixed component of executive remuneration consists primarily of base salary. Senior executives also receive other benefits, such as a vehicle allowance. In addition, the Company contributes to retirement programs, such as the United States' 401(k) defined contribution retirement plan.

Base salaries are reviewed annually by the Remuneration Committee (or, for the CEO, by the Board) and may be adjusted as appropriate to maintain market competitiveness and/or to make adjustments based on merit in accordance with the CEO's recommendation. Base salaries are benchmarked against external data.

3.2 SUMMARY OF THE SHORT-TERM INCENTIVE PROGRAM

The Short-Term Incentive program, or Corporate Bonus Plan ("CBP"), provides certain employees with the potential to receive an annual bonus if the Company meets annual financial and safety objectives, which are reviewed and approved by the Remuneration Committee.

Potential target incentives under the CBP range between 10% and 100% of an employee's base salary depending on the employee's role. The actual bonus that an employee will receive under the CBP (if any) will vary depending on the Company's and the individual's performance against established annual objectives and targets, as detailed more fully below.

There are four key Company performance components: (1) cash return on investment; (2) adjusted EBITDA; (3) Safety; and (4) an individual component. Each component has a target level of performance and a maximum stretch level of performance whereby superior results can drive a pay-out up to 200% of that component of the bonus. All bonuses awarded under the CBP are paid in cash.

The CBP performance components for 2020 and their relative weighting are:

(1) Corporate Financial Target - Cash Return on Investment ("CRI") - 25% of the Company's CBP opportunity is linked to the Company's CRI performance. For the purposes of calculating CRI, the last twelve month adjusted EBITDA is divided by Gross Fixed Assets plus net working capital ("NWC"). Gross Fixed Assets plus NWC is calculated by using fixed assets balance at the first of the year and then adding current year capital expenditures plus closing trade receivables and closing inventory. This amount is then reduced by current year sales of fixed assets and closing trade payables.

    The CRI metric was selected to ensure appropriate focus on the critical need to generate cash to fund ongoing operations and reduce debt.

(2) Corporate Financial Target – Adjusted EBITDA - 60% of the Company's CBP opportunity is linked to the Company's Adjusted EBITDA performance. For the purposes of calculating Adjusted EBITDA, Statutory EBITDA plus significant items, impairment of assets and other significant non-restructuring transactions outside the ordinary course of business equals Adjusted EBITDA.

(3) Corporate Non-Financial Target - Safety - 15% of the Company's CBP opportunity is dependent upon the Company's overall safety performance.

    The Board and management believe that a component of the CBP based on safety results appropriately focuses Company employees on adopting safe work practices, continuously identifying ways to reduce or eliminate hazards or unsafe behaviours and getting employees home safely every day. Further, safety is paramount to the Company's customers, and the Company's ability to secure or retain work is impacted by its safety performance.

    For 2020, the Board agreed on the recommendation of its Audit, Safety and Risk Committee to use TCIR, LTIR, Critical Risk Incident Rate and a set of leading indicators as the measurements of safety performance for the CBP.

(4) Individual Strategic Objectives - 100% of the Individual Strategic Objective CBP opportunity is dependent upon performance against strategic objectives relevant to the employee's operational or functional responsibility. Examples of strategic objectives may include operational or functional cost targets, geographic or targeted market segment or customer growth, new product introductions, leadership, talent retention and development and specific project or initiative progress. Individual objectives carry individual proportions of 100%.

    Strategic objectives are utilised to reinforce continued focus on critical initiatives and operational or functional priorities that have a positive impact on current and/or future business performance. Stretch performance on strategic objectives can be achieved to a maximum of 200% of the weighting of this component. Depending on the nature of the objective, stretch performance can be defined when the objective is approved at the beginning of the year, or in some circumstances be determined by the CEO and approved by the Board at the end of the year. The Board has discretion to modify the amount of the strategic objective award up or down as appropriate.

COVID-19 impact on 2020 CBP

Financial targets for the 2020 CBP were set prior to the onset of COVID-19, which had a material, negative impact on revenue in all regions. In the Remuneration Committee's opinion, management's actions to preserve value in the business, in the face of extenuating circumstances, warranted an uplift to the CBP. Leadership took swift and difficult decisions to reduce pay across the business. The Executive Committee took pay-cuts from April to June of 2020 ranging from 75% to 100%. They also instituted pay-cuts across the rest of the business, trying at all times to exclude field related employees.

These COVID-19 mitigation measures were taken by management to address operational delays and shutdowns as the pandemic spread across the globe. The measures included entering new geographies, managing capital expenditures, and reducing operating expenses whilst supporting ongoing activities of our key customers. The objective of the measures was to preserve liquidity whilst recognising the longer-term fundamentals of the industry. Safety and environmental values were never compromised.

The Remuneration Committee decided to increase the CBP performance payout to a company-wide 59% (compared to a possible 200%) to better reflect the efforts and sacrifices of employees to preserve value. This outcome recognised a performance achievement of both the CRI and EBITDA KPI's at a minimal level of achievement, while reflecting actual performance on safety and environmental KPI's.

3.3 EXECUTIVE REMUNERATION CLAWBACK POLICY

The Company has an incentive compensation clawback policy applicable to current and former senior executives, including the KMP listed in this report, as well as any other management of the Company who participated in the Company's incentive compensation plans. The policy is applicable to incentive compensation including bonuses, awards or grants of cash or equity under any of the Company's short or long-term incentive or bonus plans where bonuses, awards or grants are based in whole or in part on the achievement of financial results. If the Board determines that a covered employee was overpaid as a result of his or her fraud or willful misconduct that requires a restatement of the reported financial results, the Board may seek to recover the amount of the overpayment by a repayment or through a reduction or cancellation of outstanding future bonus or awards. The Board can make determinations of overpayment at any time through the third fiscal year following the year for which the inaccurate performance criteria were measured.

4. PERFORMANCE AND RISK ALIGNMENT

Below is a summary of the year-over-year operating performance which underpins the compensation program.
Net debt excludes the impact of recapitalisation transactions, letters of credit, CRA & IRS obligations, strategic asset acquisitions and disposals, equity raise, and potential asset backed loans. Dividends per share are calculated as basic EPS divided by closing share price.

Financial Year	Closing Share Price[1] $A	Dividend p/share US$	EPS % [2]	Revenue US$ millions	Adj. EBITDA [3] US$ millions	CRI	ROE [2]	Net Debt US$ millions [2]
2020	0.43	-	(343.3%)	657	60	7.2%	(23.2%)	855
2019	1.63	-	(56.7%)	745	87	10.2%	(16.1%)	781
2018	1.20	-	(69.8%)	770	81	9.6%	(16.6%)	689
2017	3.00	-	(210.2%)	739	43	4.8%	(50.6%)	600
2016	37.50	-	(185.6%)	642	32	3.2%	(60.6%)	681

(1) On 30 October 2019 the Company completed a consolidation of the issued capital on a basis that every 300 shares be consolidated into 1 share. Closing share price for each year has been adjusted for the share consolidation.
(2) The comparative information has been restated as a result of additional accreted interest recorded on the Senior Secured Notes as discussed in Note 1.
(3) Adjusted EBITDA is earnings before interest, tax, depreciation, amortisation, and before significant and other non-recurring items.

4.1 PERFORMANCE AGAINST SHORT-TERM INCENTIVE MEASURES

As noted above, a combination of financial and non-financial measures are used to measure performance for STI awards. Business and individual performance against those measures was measured on a weighted average basis. The average proportion of STI awarded to KMPs, 2016 through 2020, is below:

	2016	2017	2018	2019	2020
% of target STI awarded	90%	53%	103%	72%	65%

STI earned during the year ended 31 December 2020:

STI Earned in 2020	STI Earned as % of Target [1]	STI Earned US$	Target STI US$	% of STI Forfeited	% of Max STI Forfeited [2]
Jeffrey Olsen	59%	398,250	675,000	41%	71%
Denis Despres	74%	206,500	280,000	26%	63%
Miguel Desdin	65%	155,760	240,000	35%	68%
Nora Pincus [3]	65%	32,450	50,000	35%	68%
Kari Plaster	61%	70,493	116,000	39%	70%

(1) Calculated by multiplying the Individual Strategic Objective percentage achieved by the company-wide CBP performance payout of 59%.
(2) The maximum potential award assuming superior performance against all CBP metrics is 200% of target STI.
(3) Ms. Pincus' earned STI was prorated from her start date of 13 August 2020 to 31 December 2020.

4.2 EMPLOYEE AND DIRECTOR TRADING IN COMPANY SECURITIES

Under the Company's Securities Trading Policy, Directors and employees (including senior executives) are prohibited from entering into transactions that limit the economic risk of holding unvested rights or options that have been received as part of their remuneration. The Company treats compliance with this policy as a serious issue and takes appropriate measures to ensure the policy is adhered to, including imposing appropriate sanctions where an employee is found to have breached the policy.

Further restrictions also apply to Directors and senior executives with respect to their dealing in the Company's shares and other securities under the Securities Trading Policy, which may be found in the Corporate Governance section on the Company website at www.boartlongyear.com.

5. EXECUTIVE REMUNERATION IN DETAIL

Details of each senior executive's remuneration during the years ended 31 December 2020 and 2019 are set out in the table below. The remuneration calculations reported in this table are based on the Accounting Standards principle of "accrual accounting" and, consequently do not necessarily reflect the amount of compensation an executive actually realised in a particular year.

	Cash-based compensation									
	Short term benefits [1]			Post-employment benefits		Other long-term benefits		Termination Benefits		
	Compensation[2] US$	Annual bonus [3] US$	Other [4] US$	Super-annuation benefits [5] US$	Other US$	Retention Cash Rights[6] US$	Perform-ance Cash Rights US$	Temination US$	Other US$	Total US$
Jeffrey Olsen										
2020	532,212	398,250	25,803	8,250	-	-	-	-	-	964,515
2019	675,000	494,775	31,319	8,250	-	550,685	-	-	-	1,760,029
Denis Despres										
2020	315,385	206,500	19,495	6,750	-	-	-	-	-	548,129
2019	400,000	184,800	189,511	8,250	-	-	-	-	-	782,561
Miguel Desdin										
2020	336,539	155,760	21,600	8,250	-	-	-	-	-	522,149
2019	384,616	168,960	241,227	8,250	-	-	-	-	-	803,053
Nora Pincus [7]										
2020	120,000	32,450	38,320	3,115	-	-	-	-	-	193,885
Robert Closner [8]										
2020	46,380	-	3,249	-	-	-	-	-	4,139	53,768
2019	263,609	81,802	24,968	-	-	77,439	-	-	-	447,818
Kari Plaster										
2020	243,990	70,493	21,739	5,392	-	-	-	-	-	341,615
2019	290,000	92,104	20,800	8,250	-	-	-	-	-	411,154
Brendan Ryan [9]										
2020	213,077	-	15,200	6,624	-	-	-	-	-	234,901
2019	400,000	165,840	20,948	8,250	-	-	-	-	-	595,038

(1) There were no non-monetary benefits provided.

(2) Compensation for 2020 was reduced for an agreed upon plan for COVID-19 effects. See more detail in Senior Executive Remuneration table on page 21 and also in the Changes in 2020 on page 20.

(3) The 2020 amount represents cash STI payments earned by the executive during the year ended 31 December 2020, which are expected to be paid in 2021 and were approved by the Board in February 2021. The 2019 amount represents cash STI payments earned by the executive during the year ended 31 December 2019, which were paid in 2020.

(4) Includes sign-on bonuses, automotive allowances, relocation and reimbursements of financial and tax preparation assistance.

(5) Includes 401(k) plan matching contributions made by the employing entity in the United States.

(6) In March 2017, Mr. Olsen, Mr. Despres, and Mr. Ryan received long-term retention cash rights. These vested and were paid during 2020.

(7) Ms. Pincus was hired on 13 August 2020, as such her reported remuneration received reflects a partial year of earnings from her date of hire. The "Other" column includes the first of her two part sign-on bonuses of $30,000. (Ms. Pincus will receive an additional amount of $45,000 on the anniversary of her hire date).

(8) Mr. Closner's direct employment with the Company ceased on 15 February 2020 but he retained the role of Company Secretary through 13 August 2020. Therefore, Mr. Closner's remuneration reported above reflects his earnings from 1 January 2020 to 15 February 2020. The amount in Mr. Closner's "Termination Benefits - Other" represents the payment for accrued and unused vacation for 2020.

(9) Mr. Ryan ceased employment on 14 September 2020.

5.1 SERVICE CONTRACTS AND TERMINATION PROVISIONS

Name and position held at the end of the financial year	Duration of contract	Notice period by Company	Notice period by executive	Termination payments (where these are in addition to statutory entitlements)
Chief Executive Officer	No fixed term	None required	180 days	For termination with cause, statutory entitlements only For termination without cause: • 12 months' salary • Pro-rata bonus to termination date • Waiver of medical insurance premiums for 12 months
Chief Legal Officer, General Counsel and Company Secretary	No fixed term	None required	90 days	For termination with cause, statutory entitlements only For termination without cause: • One month per year of service with a minimum of 12 months and a maximum of 24 months. • Pro-rata bonus to termination date • Waiver of medical insurance premiums for 12 months
Chief Financial Officer; Chief Human Resources Officer; Chief Operating Officer	No fixed term	None required	90 days	For termination with cause, statutory entitlements only For termination without cause: • 12 months' salary • Pro-rata bonus to termination date • Waiver of medical insurance premiums for 12 months

The executive employment contracts listed above contain a twelve-month non-competition and non-solicitation covenant in the Company's favour. The Company may, at its option, extend the term of the covenants upon an executive's termination of employment for up to an additional twelve months in exchange for monthly payments of the executive's base salary at the time of termination for the term of the extension.

5.2 SPECIAL STRATEGIC RETENTION AWARDS FOR KEY EMPLOYEES (including the KMP)

In 2018, the Board approved a one-time additional bonus incentive for certain members of senior leadership. This performance bonus was payable upon the Company achieving specific performance metrics for the fiscal year ending 2020. As these performance metrics weren't achieved as of 31 December 2020, there will be no distributions to KMPs as a result of this incentive award. Therefore, the Company did not recognise an expense or accrue a liability for this one-time bonus incentive.

5.3 SHARE HOLDINGS

Shareholdings as at the end of the financial year and activity during the financial year, are as follows:

	Balance 1 January 2020	Granted as remuneration	Net other change during year	Cessation as Executive & Non-executive Director	Balance 31 December 2020	Balance held nominally
Kevin McArthur	-	428,796	-	-	428,796	-
Tye Burt	-	260,851	-	-	260,851	-
Kyle Cruz [1]	-	-	-	-	-	-
Jason Ireland	23,731	-	-	-	23,731	-
James Kern	202,602	-	-	-	202,602	-
Rubin McDougal [2]	-	165,835	-	-	165,835	-
Robert Smith	23,731	-	-	-	23,731	-
Conor Tochilin [3]	-	-	-	-	-	-
Richard Wallman [4]	534,203	-	-	(534,203)	-	-
Jeffrey Olsen	271,872	-	-	-	271,872	-
Denis Despres	65,778	-	-	-	65,778	-
Miguel Desdin	65,282	-	-	-	65,282	-
Nora Pincus [5]	-	-	-	-	-	-
Robert Closner [6]	286	-	-	(286)	-	-
Kari Plaster	10,425	-	-	-	10,425	-
Brendan Ryan [7]	61,464	-	-	(61,464)	-	-

(1) Mr. Cruz retired 17 January 2020.
(2) Mr. McDougal was appointed effective 1 March 2020.
(3) Mr. Tochilin was appointed effective 17 January 2020.
(4) Mr. Wallman retired 29 February 2020.
(5) Ms. Pincus appointed effective 13 August 2020.
(6) Mr. Closner ceased employment effective 13 August 2020.
(7) Mr. Ryan ceased employment effective 14 September 2020.

5.4 CASH RIGHTS

Cash rights as at the end of the financial year, and activity during the year, are as follows:

Name	Grant date	Vesting date	Held at the beginning of the financial year	Number of Cash Rights granted as remuneration	Number of Cash Rights vested [1]	Value of Cash Rights vested US$ [1]	Number of Cash Rights forfeited	Value of Cash Rights forfeited US$	Held at the end of the financial year
Jeffrey Olsen	15-Mar-17	15-Mar-20	132,755	-	132,755	132,755	-	-	-
Brendan Ryan	15-Mar-17	15-Mar-20	66,378	-	66,378	66,378	-	-	-
Robert Closner	15-Mar-17	15-Mar-20	7,965	-	-	-	7,965	7,965	-
Denis Despres	15-Mar-17	15-Mar-20	66,378	-	66,378	66,378	-	-	-

(1) On 31 December 2017 the LTIP ceased. At that time, retention-based awards under the LTIP were calculated on a pro-rata basis as of 31 December 2017 and employees agreed to be paid the pro-rata retention-based awards on the original payment date per the award agreement.

5.5 SHARE RIGHTS

At 31 December 2018, Robert Closner held 126,530 retention share rights. The rights were granted on 1 July 2015 and vested on 15 March 2019. Robert received $385 in cash in consideration for his share rights. There were no outstanding share rights as at 31 December 2019 or 31 December 2020.

5.6 OPTIONS

Name	Effective grant date	Vesting date	Fair Value per Option at Grant Date USD$	Held at the beginning of the financial year	Number of options granted as remuneration	Exercise price per option USD$	Number of options forfeited	Options held at the end of the financial year	Vested and exercisable as at 31 Dec 2020
Jeffrey Olsen	1-Apr-14	1-Apr-17	0.25	1,081	-	96.00	-	1,081	1,081

The options listed above vested on 1 April 2017 and expire on 1 April 2024.

6. NON-EXECUTIVE DIRECTORS' FEE STRUCTURE

Non-Executive Directors ("NED") are remunerated by a fixed annual base fee with additional fees paid for serving on Board committees. NED who are also employees of Centerbridge or Ascribe do not receive any Director fees. The Chairman may attend any committee meetings but does not receive any additional committee fees in addition to base fees.

The fees are determined within a maximum aggregate fee pool that is approved by shareholders. The approved fee pool limit is US$2.0 million, which aside from changing the currency exchange rate at the 2015 general meeting, has not changed in quantum since the Company's initial public offering in 2007. During the financial year, US$1.0 million of the pool was utilised for Non-Executive Director fees, being approximately 50% of the fee pool limit.

No share rights were awarded as remuneration in 2020.

6.1 COMPONENTS OF NON-EXECUTIVE DIRECTOR REMUNERATION

Component	**Explanation**
Board fees	Current base fees per annum are: • US$160,000 for Non-Executive Directors other than the Chairman of the Board and the resident Australian Directors; • US$300,000 for the Board Chairman (paid in cash and shares); and • AUD$200,000 for the resident Australian Directors.
Committee fees	Current committee fees for Non-Executive Directors (other than the Chairman of the Board) are: • US$7,500 annually for committee members; and • US$15,000 annually for committee chairs. Where the Board Chairman sits on a committee, he or she does not receive any additional fee.
Other fees/benefits	Non-Executive Directors are entitled to be reimbursed for all reasonable out-of-pocket expenses incurred in carrying out their duties, including travel costs. The Chairman of the Board also is entitled to reimbursement for office and secretarial support. Non-Executive Directors may also, with the approval of the Board, be paid additional fees for extra services or special exertions for the benefit of the Company. Non-Executive Directors are not entitled to receive any performance-related remuneration, such as short-term or long-term incentives.
Post-employment benefits	Compulsory superannuation contributions for Australian-resident Non-Executive Directors are included in the base fee and additional committee fees set out above. Non-Executive Directors do not receive any retirement benefits other than statutory superannuation contributions.

6.2 REMUNERATION PAID TO NON-EXECUTIVE DIRECTORS

Details of Non-Executive Directors' remuneration for the year ended 31 December 2020 and 2019 are set out in the table below.

Non Executive Directors Remuneration US$	**Fees [1] (Including committee fees)**	**Superannuation Contributions**	**Shares**	**Total**
Marcus Randolph				
2019 (up to 1 September 2019)	319,983 [2]	1,154	-	321,137
Kevin McArthur				
2020	118,750	-	150,000 [3]	268,750
2019	62,500	-	37,500	100,000
Tye Burt				
2020	95,052	-	68,437	163,489
2019	41,946	-	22,813	64,759
Jason Ireland				
2020	110,915	-	-	110,915
2019	139,057	-	-	139,057
James Kern				
2020	132,604	-	-	132,604
2019	167,500	-	-	167,500
Rubin McDougal				
2020	83,854	-	43,752	127,606
Robert Smith				
2020	110,530	-	-	110,530
2019	138,410	-	-	138,410
Richard Wallman				
2020 (up to 29 February 2020)	29,167	-	-	29,167
2019	175,000	-	-	175,000

Mr. Cruz and Mr. Tochilin are not included in the table above as they are employees of Centerbridge Partners and therefore did not receive Director fees.

(1) All Non-executive Directors agreed to receive no fees for the months of April and May and half of their fees for the month of June due to COVID-19. Fees paid in shares were not reduced during 2020.

(2) Mr. Randolph's remuneration for 2019 includes director fees of $225,000 and cash salary of $94,983 up to 1 September 2019 (date retired).

(3) Mr. McArthur has received issued shares for $112,500 of his Board fees earned in 2020. The remaining $37,500 of the fees to be paid in shares have been earned and Mr. McArthur is entitled to the shares as of 31 December 2020; however, the shares will not be issued until he leaves the Board, as determined by an agreement between Mr. McArthur and the Company.

Board of Directors

A brief summary of the Directors' work experience and qualifications is as follows.

Kevin McArthur
Kevin McArthur was appointed as a Director of the Company and Chairman of the Board on 1 September 2019. As Chairman of the Board, Mr. McArthur brings more than 35-years' experience in the global mining industry and over 20 years in CEO and Director positions. Most recently he held roles as the Founder, President and CEO of Tahoe Resources Inc. and prior to that was the President & CEO of Goldcorp Inc.

Mr. McArthur is a graduate of the University of Nevada where he received a Bachelor of Mining Engineering.

Tye Burt
Tye Burt was appointed as a Director of the Company on 23 August 2019. Mr. Burt is Chair of the Company's Remuneration Committee and is a member of the Audit Safety and Risk Committee. Mr. Burt's career includes more than 30-years' experience in the global mining and finance industries in both executive management roles and serving on several boards. From 2005 to 2012, Mr. Burt held the role of President and CEO of Kinross Gold Corporation. Prior to joining Kinross Gold, Mr. Burt held the position of Vice Chairman and Executive Director of Corporate Development at Barrick Gold Corporation. Other previous positions include: Chairman, Deutsche Bank Canada and Deutsche Bank Securities Canada; global Managing Director, global metals and mining for Deutsche Bank AG; and Managing Director and Co-head of the global mining group at BMO Nesbitt Burns.

Mr. Burt is a graduate of Osgoode Hall Law School in Toronto and a member of the Law Society of Ontario. He holds a Bachelor of Arts from the University of Guelph.

Jason Ireland
Jason Ireland was appointed as a Director of the Company on 1 September 2017. He is a member of the Remuneration Committee. Mr. Ireland is based in Sydney, Australia and is a Partner of McGrathNicol. He has over 25 years of experience in strategic reviews and implementation of performance improvement and restructuring initiatives across a range of industries. In the past ten years, he has spent considerable time in the mining services sector, advising boards and financiers on operations in key mining regions around the world. Prior to joining McGrathNicol in 2005, Mr. Ireland was a Senior Manager at KPMG.

Mr. Ireland holds a Bachelor of Business from Charles Sturt University and is a member of Chartered Accountants Australia and New Zealand and a Registered Liquidator.

James Kern
James Kern was appointed as a Director of the Company on 20 February 2018. He is a member of the Audit, Safety & Risk Committee. Mr. Kern has served as Managing partner of Majestic Ventures 1 LLC, a consulting and investment partnership focused on early stage growth companies, since 2014. In addition, he currently serves on boards of THL Credit Inc. (NASDAQ), a middle market lending company, and Basic Energy Services (NYSE), an oilfield services company.

From 2010 to 2014, Mr. Kern was a Managing Director at Nomura Securities, serving as Head of Global Finance Financial Institution Group ("FIG") and Specialty Finance Investment Banking for the Americas. He previously served as Managing Director at J.P. Morgan securities within the FIG practice and was focused on Asset Management and Specialty Finance clients. From 1994-2008, he was a Senior Managing Director at Bear Stearns, where he held several positions, including Head of Strategic Finance-FIG, head of Corporate Derivatives and was a founding member of the firm's Structured Equity Products group.

Mr. Kern has a B.S. from the Marshall School of Business at the University of Southern California.

Rubin McDougal
Rubin McDougal was appointed as a Director of the Company on 1 March 2020. Mr. McDougal joins the Board having served on previous public and private company boards and has held both Audit and Risk Committee Chair positions. Mr. McDougal is the Chair of the Company's Audit, Safety and Risk Committee. He has also held several international company senior finance positions including Chief Financial Officer positions.

Mr. McDougal has a master's degree in Business Administration from Western Michigan University and a Bachelor of Arts in Marketing from the University of Utah.

Jeffrey Olsen
Jeffrey Olsen was appointed President and Chief Executive Officer on 1 March 2016 after serving as Chief Financial Officer since 2014. Before joining Boart Longyear, he served as Chief Commercial Officer for Rio Tinto's Iron & Titanium business since 2010. Prior to that time, he was Chief Financial Officer for Rio Tinto's Borax and Minerals divisions for approximately eight years and held other financial roles at Rio Tinto. Mr. Olsen's experience also includes financial roles at General Chemical Corporation and Xerox Corporation in the United States.

Mr. Olsen holds a Bachelor of Arts degree from the University of Utah and a Master of Business Administration from the Simon School of Business at the University of Rochester.

Robert Smith
Robert Smith was appointed as a Director of the Company on 1 September 2017. He is a member of the Audit, Safety & Risk Committee. Mr. Smith is a Partner of McGrathNicol. Based in Melbourne, Australia, he specialises in business restructuring and performance improvement and has led numerous complex assignments often involving prominent listed entities and/or multi-lender banking syndicates. Mr. Smith's experience covers a wide variety of industries, including mining and mining services, energy, power and utilities, manufacturing, retail, media, information technology and financial services. Prior to joining McGrathNicol in 2009, Mr. Smith was an Associate Director in Ernst & Young's Transaction and Assurance divisions. Mr. Smith began his career as an accountant with Arthur Andersen.

Mr. Smith is a member of Chartered Accountants Australia and New Zealand, a Member of the Australian Institute of Company Directors and a Registered Liquidator. He holds a Bachelor of Commerce from the University of Melbourne and a Graduate Diploma in Applied Finance and Investment.

Conor Tochilin
Conor Tochilin was appointed as a Director of the Company on 17 January 2020. Mr. Tochilin is a Managing Director at Centerbridge Partners, L.P., a major shareholder in the Company. Centerbridge Partners, L.P. manages approximately $29 billion of assets with a focus on credit, special situations, and private equity. Prior to joining Centerbridge Partners, L.P., Mr. Tochilin was an Associate at TPG-Axon Capital Management in New York and London and a Business Analyst in McKinsey's Corporate Finance Practice in New York.

Mr. Tochilin holds an A.B. in Economics and Philosophy, magna cum laude, from Harvard College, where he was elected to Phi Beta Kappa, a J.D. from Harvard Law School, and an M.B.A. from Harvard Business School.

Company Secretaries

Robert Closner
Robert Closner was appointed Vice President, General Counsel in October 2017 and later appointed as Company Secretary on 7 December 2017. He began his career as an associate at one of the leading law firms in Toronto, Canada and prior to joining Boart Longyear served as the General Counsel and Corporate Secretary of Ivernia Inc. Since joining the Company in 2008, Mr. Closner has served in several key leadership positions including Regional General Counsel, responsible for the Americas where he oversaw compliance matters, provided legal guidance and corporate commercial support. Prior to his Vice President appointment, Mr. Closner held the position of Interim Chief Commercial Officer. Mr. Closner ceased employment on 15 February 2020 and was formally released from his role of Company Secretary on 13 August 2020.

Nora Pincus
Nora Pincus joined Boart Longyear as Chief Legal Officer, General Counsel and Company Secretary replacing Mr. Robert Closner, with effect from 13 August 2020.

Ms. Pincus is an experienced corporate attorney whose practice prior to joining Boart Longyear focused on representing domestic and international mining and energy companies in operational matters, mergers and acquisitions, financings and capital market transactions. Prior to joining Boart Longyear, Ms. Pincus was a partner at the law firms Dorsey & Whitney and Parsons Behle and Latimer.

Ms. Pincus holds a Bachelor of Arts in history and economics from the University of Utah and a Juris Doctorate from the University of Denver.

Philip Mackey
Philip Mackey was appointed Company Secretary on 29 January 2016. He has over three decades of company secretarial and commercial experience and is a member of the Company Matters' secretariat team. Previously, he served as Company Secretary of ASX & SGX dual listed Australand Group Limited and Deputy Company Secretary of AMP Limited. Mr. Mackey's commercial experience includes appointment as Chief Operating Officer (Specialised Funds) of Babcock & Brown and at Bressan Group. He is a Fellow of Governance Institute Australia and a Graduate Member of the Australian Institute of Company Directors.

DIRECTORS' MEETINGS

The following tables set out for each Director the number of meetings (including meetings of Board committees) held and the number of meetings attended during the financial year while he/she was a Director or committee member. The tables do not reflect the Directors' attendance at committee meetings in an "ex-officio" capacity. The tables also do not reflect special or informal meetings of the Board or its committees.

	Board of Directors		Remuneration, Nominations & Governance Committee		Audit, Safety & Risk Committee	
	Held	Attended	Held	Attended	Held	Attended
Tye Burt	6	6	7	7	4	4
Kyle Cruz [1]						
Jason Ireland	6	6	7	7		
James Kern	6	6			4	4
Kevin McArthur	6	6				
Rubin McDougal [2]	5	5			3	3
Robert Smith	6	6			4	4
Conor Tochilin [3]	6	6	7	7		
Richard Wallman [4]					1	1
Jeffrey Olsen	6	6				

(1) Mr. Cruz retired 17 January 2020
(2) Mr. McDougal was appointed effective 1 March 2020
(3) Mr. Tochilin was appointed effective 17 January 2020
(4) Mr. Wallman retired 29 February 2020

DIRECTORS' SHAREHOLDINGS

The following table sets out each Director's relevant interest in shares, debentures, and rights or options over shares or debentures of the Company or a related body corporate as at the date of this report.

	Fully paid ordinary shares	Rights offering ordinary shares	Rights and options	Total
Kevin McArthur	428,796	-	-	428,796
Tye Burt	260,851	-	-	260,851
Jason Ireland	23,731	-	-	23,731
James Kern	202,602	-	-	202,602
Rubin McDougal	165,835	-	-	165,835
Jeffrey Olsen	271,872	-	1,081	272,953
Robert Smith	23,731	-	-	23,731
Conor Tochilin	-	-	-	-

The Board adopted a Non-Executive Director shareholding guideline which recommends that Non-Executive Directors acquire and hold at least 30,000 Company shares within five years of their appointment. The target share amount was established to be roughly equivalent to one year's Directors' fees and was based on the value of the Company shares at the time. The target shareholding amount may be adjusted from time to time to track movements in the Company's share price.

GRANTS OF SHARES, RIGHTS OVER SHARES AND OPTIONS GRANTED TO DIRECTORS AND EXECUTIVES

At the Annual General Meeting of Shareholders held in May 2018, shareholders approved a Non-Executive Director share purchase plan (the “NED Share Plan”) which allows current and future Non-Executive Directors to elect to receive up to 100% of their director fees in shares in the Company in lieu of cash payments. The election of Non-Executive Directors to receive all or a portion of their compensation in shares of the Company in lieu of cash pursuant to the NED Share Plan does not result in any additional remuneration for the Non-Executive Directors. It is merely a mechanism for the Non-Executive Directors to elect to invest some of the fees to which they are otherwise entitled in the Company.

If a Director elects to participate in the NED Share Plan, NED Shares are issued quarterly (or at other intervals in compliance with insider trading laws and the requirements of the Company’s Securities Trading Policy) at predetermined dates throughout the year. Following issue, Non-Executive Directors are not able to deal in the shares for a 12-month period. After this period, they will be free to deal in the shares subject to the Company’s Securities Trading Policy and any minimum shareholding requirements adopted by the Board.

The number of NED Shares to be allocated to Non-Executive Directors who elect to participate in the NED Share Plan each quarter is calculated by dividing the amount of director's fees which the relevant Non-Executive Director has elected to contribute to the NED Share Plan by the arithmetic average of the daily volume weighted average sale price of the Company’s shares sold on ASX on the ordinary course of trading during the five trading days preceding the issue date of the shares.

During 2020, Mr. McArthur, Mr. Burt and Mr. McDougal participated in the NED Share Plan and received $150,000, $68,437, and $43,753 of their director compensation in shares, respectively. The shares for $37,500 of Mr. McArthur’s fees will be issued when Mr. McArthur leaves the Board.

During 2019, Mr. McArthur and Mr. Burt participated in the NED Share Plan and received $37,500 and $22,813 of their director compensation in shares, respectively. The shares for these fees were issued in 2020.

Shares and rights granted to executives of the Company are included in the Remuneration Report. As of 31 December 2020, Mr. Olsen held 1,081 of vested options. The options were granted on 1 April 2014 and vested on 1 April 2017. They have an exercise price of $96 USD and expire on 1 April 2024. No shares or interests have been issued during the financial year as a result of the exercise of options.

DIRECTORS’ AND OFFICERS’ INTERESTS IN CONTRACTS

Except as noted herein, no contracts involving Directors’ or officers’ interests existed during, or were entered into, since the end of the financial year other than the transactions detailed in the financial statements.

INDEMNIFICATION OF DIRECTORS, OFFICERS AND AUDITORS

The Directors and officers of the Company are indemnified by the Company to the maximum extent permitted by law against liabilities incurred in their respective capacities as Directors or officers. In addition, during the financial year, the Company paid premiums in respect of contracts insuring the Directors and officers of the Company and any related body against liabilities incurred by them to the extent permitted by the *Corporations Act 2001* (Cth). The insurance contracts prohibit disclosure of the nature of the liability and the amount of the premium.

The Company has not paid any premiums in respect of any contract insuring Deloitte Touche Tohmatsu against a liability incurred in the role as an auditor of the Company.

EXECUTIVE MANAGEMENT TEAM

Jeffrey Olsen
Jeffrey Olsen's experience and qualifications are summarised on page 35.

Miguel Desdin
Miguel Desdin was appointed the Company's Chief Financial Officer in January 2019. Prior to joining Boart Longyear Mr. Desdin served seven years as CFO and Senior Vice President of TPC Group, a two-billion-dollar chemical company based in Houston, Texas where he also served as interim CEO. Previous to that, Mr. Desdin served as Senior Vice President and Chief Financial Officer of Furmanite Corporation, and Corporate Controller of Celanese Corporation. Mr. Desdin's career has led him through several key executive and financial roles within the industrial chemicals and related industries including working for Great Lakes Chemical Corporation and AlliedSignal, Inc. where he began his career in finance.

He earned his MBA in Finance from the Wharton School at the University of Pennsylvania, and a Bachelor of Science in Industrial and Systems Engineering from the University of Florida.

Denis Despres
Denis Despres was appointed the Company's Chief Operating Officer on 1 September 2016. He began his career with Boart Longyear in 1981 and held various positions with progressive responsibility in the Company's Drilling Services and Products divisions over the next 26 years, including as Senior VP, Drilling Services. After leaving Boart Longyear in 2007, Mr. Despres founded his own drilling business, which was acquired by Major Drilling in 2010. He most recently served as Major's Chief Operating Officer prior to rejoining Boart Longyear.

Mr. Despres studied in Ontario, Canada, and received a diploma in Mechanical Engineering Technology from Algonquin College, a Bachelor of Engineering from Lakehead University and a Master of Business Administration from Queen's University, all of which are in Ontario, Canada.

Nora Pincus
Nora Pincus' experience and qualifications are summarised on page 35.

Kari Plaster
Kari Plaster was appointed Chief Human Resources Officer on 30 October 2017. Most recently, Ms. Plaster served as CEO and Founder of Kindling Potential, a private coaching and consulting business using brain-based strategies to help businesses and people to thrive. Prior to this, Ms. Plaster held several senior HR roles within Rio Tinto including General Manager, Leadership Model; VP HR, HSE Governance and External Relations; and Americas Director, Capability Development. She has worked in many different locations and businesses including Kennecott Utah Copper, US Borax and Iron Ore Company of Canada.

Ms. Plaster holds a Bachelor of Science Degree from Boise State University in Criminal Justice Administration and has designed and attended several senior leadership programs for Rio Tinto in cooperation with Duke's Corporate Education Programs.

AUDITOR

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 41 of this report.

NON-AUDIT SERVICES

Details of amounts paid or payable for non-audit services provided during the year by the auditor are outlined in Note 7 to the financial statements.

The auditor of Boart Longyear Limited is Deloitte Touche Tohmatsu. The Company has employed Deloitte Touche Tohmatsu on assignments additional to their audit duties where their expertise and experience with the Company are important. These assignments principally have been related to tax advice and tax compliance services, the magnitude of which is impacted by the global reach of the Company.

The Company and its Audit, Safety & Risk Committee ("Audit Committee") are committed to ensuring the independence of the external auditor. Accordingly, significant scrutiny is given to non-audit engagements of the external auditor. The Company has a formal pre-approval policy that requires the pre-approval of non-audit services by the Chairman of the Audit Committee. Additionally, the total annual fees for such non-audit services cannot exceed the auditor's annual audit fees without the approval of the Audit Committee. The Audit Committee believes that the combination of these two approaches results in an effective procedure to control services performed by the external auditor.

None of the services performed by the auditor undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing economic risks and rewards.

The Directors are satisfied that the provision of non-audit services during the year by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* (Cth) and are of the opinion that the services, as disclosed in Note 7 to the financial statements, do not compromise the external auditor's independence.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

ROUNDING OF AMOUNTS

Boart Longyear Limited is a company of a kind referred to in ASIC Corporations (Rounding in Financial / Directors' Report) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' Report and Financial Report. Amounts in the Directors' Report and the Financial Report are presented in US dollars and have been rounded off to the nearest thousand dollars in accordance with that Instrument, unless otherwise indicated.

REMUNERATION

The Remuneration Report is included beginning at page 20 and forms part of this Directors' Report.

Signed in accordance with a resolution of the Directors.

On behalf of the Directors

Kevin McArthur
Chairman

26 February 2021

Deloitte.

Deloitte Touche Tohmatsu
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The Directors
Boart Longyear Limited
26 Butler Boulevard
Adelaide Airport SA 5650
Australia

26 February 2021

Dear Directors

Boart Longyear Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Boart Longyear Limited.

As lead audit partner for the audit of the financial report of Boart Longyear Limited for the financial year ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) The auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

A T Richards

A T Richards
Partner
Chartered Accountants

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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Independent Auditor's Report
to the members of Boart Longyear Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Boart Longyear Limited (the "Company") and its subsidiaries (the "Group"), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the Group incurred a loss after tax for the year ended 31 December 2020 of $98.8 million (31 December 2019: $56.6 million as restated) and, as of that date, the Group had net liabilities of $469.4 million (31 December 2019: $382.2 million).

As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Our procedures in relation to going concern included, but were not limited to:

- Reviewing management's assessment in relation to going concern and inquiring of management and the Directors in relation to events and conditions that may impact the assessment on the Group's ability to pay its debts as and when they fall due;

- Challenging the assumptions contained in management's cash flow including the timing of expected cash flows, and the status of progress in relation to the agreement with the Group's debt providers to remove the obligation to pay cash interest on the Senior Secured Notes;

- Performing sensitivity analyses to evaluate the impact of changing key assumptions on the cash flow forecast;

- Reviewing papers submitted to and minutes of the Board and the Board sub-committees' meetings with particular regard to items related to the Group's budget, forecast cash flow and status of evaluation of options in regard to a future refinancing or recapitalisation; and

- Assessing the adequacy of the disclosures related to going concern in Note 1 to the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Taxation The Group operates across a large number of jurisdictions, each with its own taxation regime and is subject to periodic challenges by local tax authorities on a range of tax matters during the normal course of business including application of transfer pricing rules, indirect taxes, and transaction-related tax matters as disclosed in Notes 10, 22 and 28. As at 31 December 2020, the Group has recorded an income tax expense of \$5.3 million, current and non-current tax receivables of \$0.5 million and \$1.6 million and a net current tax payable of \$8.3 million.	Our procedures performed in conjunction with internal tax specialists, included but were not limited to: • Testing key controls relating to the accounting for and the disclosure of tax related transactions and matters. • Obtaining an understanding of the process that management has taken to determine the taxation balances recognised in the financial statements. • Assessing the appropriateness of the treatment of selected specific transactions in the Group's tax expense calculations and the rationale on which deferred tax assets and liabilities were recognized; • Evaluating the Group's tax obligations; • Evaluating the appropriateness of management's assumptions and estimates in relation to the likelihood of generating future taxable income to support the recognition of deferred income tax assets with reference to forecast taxable income;

<table>
<tr><th>Key Audit Matter</th><th>How the scope of our audit responded to the Key Audit Matter</th></tr>
<tr><td>Taxation (continued)

In notes 10, 22 and 28, the Group has disclosed its assessment of tax-related contingent liabilities and that the Group is subject to certain tax audits that arise in the normal course of its business.
As at 31 December 2020, the Group has recorded a provision for tax contingencies of $49.4 million.

Due to the number of jurisdictions and the complexity in tax laws in those jurisdictions significant judgment is required in estimating tax exposures and/or contingent liabilities</td><td>• Evaluating the consistency of the forecast used by management to derive forecast taxable income to support the recognition of deferred tax assets against the forecast used for assessing the carrying value of intangible assets and property, plant and equipment;
• Challenging and evaluating management's assessment of uncertain tax positions including contingent liabilities and conclusions on complex tax arrangements through the review of assumptions and calculations by the Tax specialist, enquiries of the Group Taxation department, and obtaining and considering the Group's correspondence with local tax authorities; and
• Assessing the adequacy of the Group's disclosures regarding current and deferred taxes, uncertain tax positions and tax-related contingencies.</td></tr>
<tr><td>Impairment of assets

In the financial year ended 31 December 2020, the Group recognised an impairment of $6.8 million against property, plant, and equipment and leased assets in its Latin American Drilling Services Cash Generating Unit (LAM CGU) as disclosed in Note 16.

The Company has goodwill of $105.1 million at 31 December 2020 which is split between goodwill in the North American Drilling Services Cash Generating Unit (NAM CGU) of $100.9 million and goodwill in the Global Data Services CGU (GDS CGU) of $4.2 million, as disclosed in Notes 16 and 18.

As part of the Group's annual impairment assessment management tested the NAM CGU in accordance with the requirement of AASB136 Impairment of Assets to test goodwill at least annually.

The Group also tested the LAM CGU due to the degree of uncertainty associated with the impacts of COVID-19 in this region.

As disclosed in Note 16, significant judgement is required in the determination of the recoverable amount of property, plant and equipment and lease assets.</td><td>Our procedures included but were not limited to:

• Updating our understanding of the Group's processes and controls over the assessment of the recoverable amount of property, plant and equipment and lease assets.
• Assessing the identification and evaluation of cash-generating units, allocation of assets and costs to these cash-generating units.
• Challenging the key assumptions used in the future cash flow forecasts with reference to past performance, external data and the assumptions made in relation to revenue growth and gross margins in the Group's forecasts.
• Evaluating historical accuracy of forecast cash flows.
• Involving our internal valuation specialists to assist us in evaluating the models against AASB136 Impairment of Assets.
• Assessing the accuracy of the Group's discounted cash flow model including testing the mathematical accuracy of the impairment models.
• Reviewing and challenging the appropriateness of the Group's sensitivity analysis in relation to key assumptions to assess the extent of change in those assumptions that either individually or collectively would be required for the assets to be impaired.
• Assessing the adequacy of the disclosures included in Notes 16 and 18.</td></tr>
</table>

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report and Review of Operations, which we obtained prior to the date of this auditor's report, and also includes the following information which will be included in the Company's annual report (but does not include the financial report and our auditor's report thereon): Company overview, Chairman's Report, CEO's Report and Shareholder Information, which is expected to be made available to us after that date.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Company overview, Chairman's Report, CEO's Report and Shareholder Information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action.

Directors' Responsibilities for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that
includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Deloitte.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 20 to 38 of the Directors' Report for the year ended 31 December 2020.

In our opinion, the Remuneration Report of Boart Longyear Limited, for the year ended 31 December 2020, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

A T Richards

A T Richards
Partner
Chartered Accountants
Perth, 26 February 2021

DIRECTORS' DECLARATION

The Directors declare that:

(a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

(b) in the Directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as stated in Note 1 to the financial statements;

(c) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards, and giving a true and fair view of the financial position and performance of the consolidated entity; and

(d) the Directors have been given the declarations required by section 295A of the Corporations Act 2001.

(e) there are reasonable grounds to believe that the Company and the group entities identified in Note 29 will be able to meet any obligation or liabilities to which they are or may become subject to by virtue of the deed of cross guarantee between the Company and those group entities pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016-785. Refer to Note 1 for additional information.

Signed in accordance with a resolution of the Directors made pursuant to section 295(5) of the Corporations Act 2001.

On behalf of the Directors

Kevin McArthur
Chairman

26 February 2021

	Note	2020 US$'000	2019 US$'000 (Restated[1])
Continuing operations			
Revenue	**3**	657,265	744,982
Cost of goods sold		(559,753)	(606,326)
Gross margin		97,512	138,656
Other income	**4**	5,821	6,788
General and administrative expenses		(69,847)	(82,997)
Sales and marketing expenses		(17,049)	(20,331)
Other expenses	**4**	(17,116)	(14,962)
Operating (loss) profit		(679)	27,154
Interest income	**5**	43	50
Finance costs	**5**	(92,877)	(75,364)
Loss before taxation		(93,513)	(48,160)
Income tax expense	**10**	(5,253)	(8,456)
Loss for the year attributable to equity holders of the parent		(98,766)	(56,616)
Loss per share:			
Basic loss per share	**11**	(112.3) cents	(64.6) cents
Other comprehensive loss			
Loss for the year attributable to equity holders of the parent		(98,766)	(56,616)
Items that may be reclassified subsequently to profit or loss			
Exchange gain (loss) arising on translation of foreign operations		8,629	(1,566)
Items that will not be reclassified subsequently to profit or loss			
Actuarial gain (loss) related to defined benefit plans	**23**	3,140	(1,910)
Income tax on income and expense recognised directly through equity	**10**	(861)	(1,047)
Other comprehensive loss for the year, net of tax		10,908	(4,523)
Total comprehensive loss for the year attributed to equity holders of the parent		(87,858)	(61,139)

(1) The comparative information has been restated as a result of additional accreted interest recorded on the Senior Secured Notes as discussed in Note 1.

See accompanying Notes to the Consolidated Financial Statements included on pages 53 to 103.

	Note	2020 US$'000	2019 US$'000 (Restated[1])
Current assets			
Cash and cash equivalents	33	23,513	20,240
Trade and other receivables	12	109,566	113,738
Inventories	13	158,327	163,088
Current tax receivable	10	499	2,504
Prepaid expenses and other assets		10,129	13,574
		302,034	313,144
Asset classified as held for sale	15	365	-
Total current assets		302,399	313,144
Non-current assets			
Property, plant and equipment	17	151,973	165,037
Goodwill	18	105,115	104,458
Other intangible assets	19	31,566	27,634
Deferred tax assets	10	13,252	16,875
Non-current tax receivable	10	1,567	10,811
Other assets		3,761	4,008
Total non-current assets		307,234	328,823
Total assets		609,633	641,967
Current liabilities			
Trade and other payables	20	98,015	111,123
Provisions	22	13,866	14,437
Current tax payable	10	8,265	5,424
Loans and borrowings	21	10,235	8,328
Total current liabilities		130,381	139,312
Non-current liabilities			
Loans and borrowings	21	868,331	793,388
Deferred tax liabilities	10	18,692	16,878
Provisions	22	61,625	74,544
Total non-current liabilities		948,648	884,810
Total liabilities		1,079,029	1,024,122
Net liabilities		**(469,396)**	**(382,155)**
Equity			
Issued capital	24	1,469,393	1,468,776
Reserves		(117,560)	(117,797)
Other equity		(128,790)	(137,182)
Accumulated losses		(1,692,944)	(1,595,565)
Total deficiency in equity		(469,901)	(381,768)
Non-controlling interest		505	(387)
Total equity		**(469,396)**	**(382,155)**

(1) The comparative information has been restated as a result of additional accreted interest recorded on the Senior Secured Notes as discussed in Note 1.

See accompanying Notes to the Consolidated Financial Statements included on pages 53 to 103.

	Issued capital US$'000	Foreign currency translation reserve US$'000	Equity-settled compensation reserve US$'000	Other [2] equity US$'000	Accumulated losses US$'000	Total attributable to owners of the parent US$'000	Non Controlling Interest US$'000	Total equity US$'000
Balance at 1 January 2019 - as restated[1]	1,468,776	(127,239)	11,008	(137,182)	(1,538,809)	(323,446)	2,430	(321,016)
Loss for the period - as restated[1]	-	-	-	-	(56,616)	(56,616)	-	(56,616)
Other comprehensive loss for the period - net of tax	-	(1,566)	-	-	(2,957)	(4,523)	-	(4,523)
Total other comprehensive loss	-	(1,566)	-	-	(59,573)	(61,139)	-	(61,139)
Non-controlling interest	-	-	-	-	2,817	2,817	(2,817)	-
Balance at 31 December 2019 - as restated [1]	**1,468,776**	**(128,805)**	**11,008**	**(137,182)**	**(1,595,565)**	**(381,768)**	**(387)**	**(382,155)**
Balance at 1 January 2020 - as restated[1]	1,468,776	(128,805)	11,008	(137,182)	(1,595,565)	(381,768)	(387)	(382,155)
Loss for the period	-	-	-	-	(98,766)	(98,766)	-	(98,766)
Other comprehensive gain for the period - net of tax	-	8,629	-	-	2,279	10,908	-	10,908
Total other comprehensive loss	-	8,629	-	-	(96,487)	(87,858)	-	(87,858)
Shares issued	332	-	-	-	-	332	-	332
Shares issued to directors	285	-	-	-	-	285	-	285
Expiration of unexercised equity-settled awards	-	-	(8,392)	8,392	-	-	-	-
Non-controlling interest	-	-	-	-	(892)	(892)	892	-
Balance at 31 December 2020	**1,469,393**	**(120,176)**	**2,616**	**(128,790)**	**(1,692,944)**	**(469,901)**	**505**	**(469,396)**

(1) The comparative information has been restated as a result of additional accreted interest recorded on the Senior Secured Notes as discussed in Note 1.
(2) Other equity represents the Company's reorganisation reserve on creation of the Company in 2007 and the expiration of unexercised equity-settled awards.

See accompanying Notes to the Consolidated Financial Statements included on pages 53 to 103.

	Note	2020 US$'000	2019 US$'000 (Restated[1])
Cash flows from operating activities			
Loss for the year		(98,766)	(56,616)
Adjustments provided by operating activities:			
Income tax expense recognised in profit		5,253	8,456
Finance costs recognised in profit	**5**	92,877	75,364
Depreciation and amortisation	**6**	40,964	39,348
Interest income recognised in profit	**5**	(43)	(50)
Gain on sale or disposal of non-current assets	**6**	(1,998)	(3,161)
Other non-cash items		12,545	(6,623)
Shares issued		285	-
Shares issued to directors		332	-
Impairment of current and non-current assets		8,825	9,972
Non-cash foreign exchange loss (gain)		1,550	(167)
Changes in net assets and liabilities, net of effects from acquisition and disposal of business:			
(Increase) decrease in assets:			
Trade and other receivables		5,291	2,184
Inventories		(3,757)	6,415
Other assets		59	1,161
(Decrease) increase in liabilities:			
Trade and other payables		(8,951)	7,798
Provisions		3,097	(7,056)
Cash provided by operations		57,563	77,025
Interest paid		(7,624)	(30,840)
Interest received	**5**	43	50
Income taxes paid		(603)	(10,927)
Net cash flows generated in operating activities		**49,379**	**35,308**

(1) The comparative information has been restated as a result of additional accreted interest recorded on the Senior Secured Notes as discussed in Note 1.

See accompanying Notes to the Consolidated Financial Statements included on pages 53 to 103.

	Note	2020 US$'000	2019 US$'000 (Restated[1])
Cash flows from investing activities			
Purchase of property, plant and equipment		(25,127)	(47,061)
Proceeds from sale of property, plant and equipment		5,214	5,815
Intangible costs paid		(6,999)	(3,625)
Net cash flows used in investing activities		**(26,912)**	**(44,871)**
Cash flows from financing activities			
Payments for debt issuance costs		(153)	(1,432)
Proceeds from borrowings		62,521	31,350
Repayment of borrowings		(81,314)	(40,881)
Net cash flows used in financing activities		**(18,946)**	**(10,963)**
Net increase (decrease) in cash and cash equivalents		3,521	(20,526)
Cash and cash equivalents at the beginning of the year		20,240	38,942
Effects of exchange rate changes on the balance of cash held in foreign currencies		(248)	1,824
Cash and cash equivalents at the end of the year	**33**	**23,513**	**20,240**

(1) The comparative information has been restated as a result of additional accreted interest recorded on the Senior Secured Notes as discussed in Note 1.

See accompanying Notes to the Consolidated Financial Statements included on pages 53 to 103.

1. GENERAL INFORMATION

Boart Longyear Limited (the “Parent”) is a public company listed on the Australian Securities Exchange Limited (“ASX”) and is incorporated in Australia. Boart Longyear Limited and subsidiaries (collectively referred to as the “Company”) operate in four geographic regions, which are defined as North America, Latin America, Asia Pacific, and Europe/Africa (“EMEA”).

Boart Longyear Limited’s registered office and its principal place of business are as follows:

Registered office	**Principal place of business**
26 Butler Boulevard	2455 South 3600 West
Burbridge Business Park	Salt Lake City, Utah 84119
Adelaide Airport, SA 5650	United States of America
Tel: +61 (8) 8375 8375	Tel: +1 (801) 972 6430

Basis of Preparation

This financial report is a general-purpose financial report which:

- has been prepared in accordance with the requirements of applicable accounting standards including Australian interpretations and the *Corporations Act 2001*, Accounting Standards and Interpretations, and comply with other requirements of the law. Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Company comply with IFRS. The financial report includes the consolidated financial statements of the Company. For purposes of preparing the consolidated financial statements, the Company is a for-profit entity;

- is presented in United States dollars, which is Boart Longyear Limited’s functional and presentation currency. All values have been rounded to the nearest thousand dollars (US’000) unless otherwise stated, in accordance with ASIC Corporations (Rounding in Financial/Directors’ Reports) instrument 2016/191. The financial statements were authorised for issue by the Directors on 26 February 2021;

- applies accounting policies in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported. These accounting policies have been consistently applied by each entity in the Company;

- is prepared by combining the financial statements of all of the entities that comprise the consolidated entity, Boart Longyear Limited and subsidiaries as defined in *AASB 10 ‘Consolidated Financial Statements’*. Consistent accounting policies are applied by each entity and in the preparation and presentation of the consolidated financial statements; Subsidiaries are all entities for which the Company (a) has power over the investee (b) is exposed or has rights, to variable returns from involvement with the investee and (c) has the ability to use its power to affect its return. All three of these criteria must be met for the Company to have control over the investee. Subsidiaries are fully consolidated from the date on which control is transferred to the Company until such time as the Company ceases to control such entity.

- all inter-company balances and transactions, and unrealised income and expenses arising from inter-company transactions, are eliminated.

- does not early adopt Accounting Standards and Interpretations that have been issued or amended but are not yet effective. Refer to Note 35 for further details.

The financial report has been prepared on a historical cost basis, except for the revaluation of certain financial instruments that are stated at fair value. Cost is based on fair values of the consideration given in exchange for assets. The financial report has also been prepared on the basis that the Company is a going concern, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

1. GENERAL INFORMATION (CONTINUED)

Going Concern

The financial report has been prepared on the going concern basis which contemplates the realisation of assets and the settlement of liabilities in the ordinary course of business. The Directors consider that current and expected liquidity from operating cashflow, cash on hand and available drawings under the Company's Asset Backed Revolver Bank Loan will be adequate to enable the Company to meet its debts and obligations as and when they fall due for the twelve months from the date of issuance of this financial report, subject to the matters described below.

As at 31 December 2020 the Company had net liabilities of $469.4 million (31 December 2019: $382.2 million as restated) and incurred a loss after tax for the year then ended of $98.8 million (31 December 2019: $56.6 million as restated).

The Company had total loans and borrowings at 31 December 2020 of $878.6 million (31 December 2019: $801.7 million as restated) maturing in the period July 2022 to December 2022 (further details are set out in Note 21).

As described below, during the period to 31 December 2020, the Company was impacted by the COVID-19 global pandemic with the slowing or in some cases ceasing of exploration activity. The Company implemented its business continuity plan which included ceasing all non-essential international and domestic travel, temporary salary reductions for employees, and amending the terms of the Company's Senior Secured Notes to satisfy interest payments of $12.7 million due at both June 2020 and December 2020 by way of payment-in-kind rather than payment of cash.

Despite the difficult trading conditions, the Company generated statutory EBITDA for the year ended 31 December 2020 of $40.3 million (31 December 2019: $66.5 million) and net cash inflows from operations of $49.4 million (31 December 2019: $35.3 million).

The majority of the Company's debt facilities as set out in Note 21 of this report mature in late December 2022. The Company's ability to refinance or renew this debt when it becomes due will depend on a number of circumstances including the Company's ability to generate cash flows, its success in managing the matters identified below, and the prevailing market conditions at the time the debt matures.

As announced to ASX on 7 January 2021, the Company engaged Rothschild & Co as advisor to support the Company's evaluation of potential options in anticipation of the maturation of the Company's debt facilities through the second half of 2022 including for refinancing or recapitalisation. At the date of this report the evaluation of options is ongoing.

The Company has prepared detailed cash flow forecasts for the period to 1 March 2022 modelling the financial impact of ongoing actions to improve operational performance and cash flows, financial results, and liquidity.

In preparing those forecasts the Company has used best estimate assumptions. The Directors have assessed the Company's cash flow forecasts and revenue projections based on the level of market activity across the Company's operations delivered in the months subsequent to June 2020 following the recovery from the low levels of activity experienced in March, April and May 2020 as a result of COVID-19.

The cash flow forecasts contain certain assumptions which are inherently uncertain and are subject to variation due to factors which are outside the control of the Company, the key assumptions being:

- Achieving the key assumptions underpinning the forecast EBITDA performance;
- Working capital movements in respect of inventory, receivables and payables;
- That the timing and outcome of the tax audits detailed in Note 10 are in line with the Directors' best estimates; and
- There is no further significant slowdown or ceasing of exploration activity as a result of government imposed closures or customers choosing to reduce their exposure across their operations by delaying projects as a result of COVID-19.

The Company's cash flow forecast for the period to 1 March 2022 specifically assumes that cash interest due on the Senior Secured Notes in June 2021 and December 2021 of $14.3 million and $14.5 million, respectively, is not paid on the basis that either agreement is reached with the Senior Secured Note holders to satisfy the interest obligation through payment-in-kind and/or deferral of payment to at least March 2022 or a broader refinance/restructure of the Company's debt facilities is agreed in a form acceptable to the Senior Secured Note holders such that the obligation to pay cash interest is removed.

In the Directors' opinion, the ability of the Company to continue as a going concern is dependent on:

- Securing an agreement to remove the obligation to pay cash interest on the Senior Secured Notes in June 2021 and December 2021; and

1. GENERAL INFORMATION (CONTINUED)

Going Concern (Continued)

- The ongoing support of the Company's debt providers, including negotiating a refinancing or recapitalisation of the debt facilities, which currently expire in the second half of 2022.

The Directors believe that at the date of signing the financial report the Company will be successful in reaching an agreement with the debt providers with respect to the removal of the obligation to pay cash interest on the Senior Secured Notes through either a separate agreement specifically in relation to the interest payable on the Senior Secured Notes and/or a refinancing or recapitalisation and accordingly have prepared the financial report on the going concern basis.

However, at the date of signing the financial report no agreement has been reached with the Company's debt providers and therefore a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern and therefore whether the Company will realise its assets and settle its liabilities and commitments in the normal course of business and in the amounts stated in the financial report. The financial report does not include adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.

Impact of COVID-19

On 11 March 2020, the World Health Organization designated COVID-19 as a global pandemic. COVID-19 has surfaced in nearly all regions of the world, which has driven the implementation of significant, government-imposed measures to prevent or reduce its spread. As a result of the COVID-19 pandemic, the Company implemented its business continuity plan. The plan included measures required to protect the health and well-being of employees while ensuring ongoing operations sustainability; transitioning of corporate and regional office staff to work from home; and ceasing all non-essential international and domestic travel.

Government Assistance
In response to the COVID-19 pandemic, many governments implemented legislation to help businesses experiencing financial difficulty stemming from the pandemic. The Company has been successful in securing a number of government relief packages which have improved liquidity and/or reduced operating expenses.

The Company recognised subsidies of $6.7 million under the Canada Employee Wage Subsidy program to cover a portion of eligible employee wages in Canada for the year ended 31 December 2020. These subsidies were recognised as a deduction to employee salaries reducing the Company's current year operating loss. As of 31 December 2020, the Company had received $6.2 million in funds under the Canada Employee Wage Subsidy program increasing the Company's cash flows provided by operations.

The Company also received payroll tax relief deferrals of $2.7 million in the United States in accordance with the Coronavirus Aid, Relief, and Economic Security Act Employee Retention Payroll Tax Credit. Although the expense associated with the payroll taxes was recognised during the year, the deferral of these payments has improved the Company's cash flows provided by operations.

Deferred Rent and Rent Relief
To preserve cash and improve liquidity, the Company was able to successfully defer rent payments and/or receive rent abatements on several lease contracts. The Company has elected to apply the practical expedient offered by *COVID-19-Related Rent Concessions (Proposed amendment to AASB 16)*. Under this practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications. Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all of the following criteria are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same, or less than, the consideration for the lease immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- There is no substantive change to the other terms and conditions of the lease.

The impact of applying this practical expedient was immaterial to the Company's Condensed Consolidated Statement of Profit or Loss for the year ended 31 December 2020.

1. GENERAL INFORMATION (CONTINUED)

Restatement of prior periods

Following the amendment to the Senior Secured Notes as announced to the ASX on 19 June 2020, the Company became aware that it had not been accounting correctly for the Applicable Premium following its addition to the Senior Secured Notes as part of the 2017 Debt Restructure. The Applicable Premium was negotiated into the terms of the Senior Secured Notes as part of the settlement with First Pacific Advisors as announced to the market on 9 August 2017 and becomes payable at the maturity of the notes due December 2022 (as well as in certain circumstances if the Senior Secured Notes are redeemed prior to maturity). The Applicable Premium had not been considered in determining the finance costs and Loans and Borrowings for the periods ended 31 December 2017 through to 31 December 2019. As a result, the Company has restated affected comparative financial information in these consolidated financial statements.

The following tables illustrate the effects of this restatement on the Company's consolidated financial statements for those line items affected (these revisions have no net impact on the Company's net cash amounts provided by or used in operating, financing or investing activities for any of the periods previously reported):

Consolidated Statement of Profit or Loss and Other Comprehensive Income	**Year ended 31 December 2019**		
	As previously reported	**Adjustment**	**As restated**
Finance costs	(64,119)	(11,245)	(75,364)
Loss before taxation	(36,915)	(11,245)	(48,160)
Loss for the period attributable to equity holders of the parent	(45,371)	(11,245)	(56,616)
Loss per share	(51.8) cents	(12.8) cents	(64.6) cents

Consolidated Statement of Financial Position:	**Balance at 31 December 2019**		
	As previously reported	**Adjustment**	**As restated**
Loans and borrowings (non-current)	775,985	17,403	793,388
Accumulated losses	(1,578,162)	(17,403)	(1,595,565)

	Balance at 31 December 2018		
	As previously reported	**Adjustment**	**As restated**
Loans and borrowings (non-current)	720,268	6,158	726,426
Accumulated losses	(1,532,651)	(6,158)	(1,538,809)

1. GENERAL INFORMATION (CONTINUED)

Key Judgements and Estimates

In applying Australian Accounting Standards, management is required to make judgments, estimates and form assumptions that affect the application of accounting policies and reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements, and the reported revenue and expenses during the periods presented herein. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, contingent liabilities, revenues and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the respective periods in which they are revised if only those periods are affected, or in the respective periods of the revisions as well as future periods if the revision affects both current and future periods.

The key judgments, estimates and assumptions that have or could have the most significant effect on the amounts recognised in the financial statements, are found in the following notes:

Note 1	Going Concern
Note 10	Income Tax
Note 13	Inventories
Note 16	Impairment of Assets
Note 22	Provisions
Note 28	Contingent Liabilities

Foreign Currency

The Company's presentation currency is the US dollar. The financial statements of the Company and its subsidiaries have been translated into US dollars using the exchange rates at each balance sheet date for assets and liabilities and at average exchange rates for revenue and expenses throughout the period. The effects of exchange rate fluctuations on the translation of assets and liabilities are recorded as movements in the Foreign Currency Translation Reserve ("FCTR").

The Company determines the functional currency of its subsidiaries based on the currency used in their primary economic environment, and, as such, foreign currency translation adjustments are recorded in the FCTR for those subsidiaries with a functional currency different from the US dollar. The cumulative currency translation is transferred to the income statement when a subsidiary is disposed of or liquidated.

Transaction gains and losses, and unrealised translation gains and losses on short-term inter-company and operating receivables and payables denominated in a currency other than the functional currency, are included in other income or other expenses in profit or loss. Where an inter-company balance is, in substance, part of the Company's net investment in an entity, exchange gains and losses on that balance are taken to the FCTR.

Other Accounting Policies

Significant and other accounting policies that summarise the measurement basis used and are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements.

2. SEGMENT REPORTING

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance is based on the Company's two general operating activities: Global Drilling Services and Global Products. The Global Drilling Services segment provides a broad range of drilling services to companies in mining, energy and other industries. The Global Products segment manufactures and sells drilling equipment and performance tooling to customers in the drilling services and mining industries.

Information regarding these segments is presented below. The accounting policies of the reportable segments are the same as the Company's accounting policies. Segment profit shown below is consistent with the income reported to the chief operation decision maker for the purposes of resource allocation and assessment of segment performance. Segment profit represents earnings before interest and taxes.

Segment revenue and results

	Segment Revenue				Segment Profit	
	2020 US$'000		2019 US$'000		2020 US$'000	2019 US$'000 (Restated[3])
Global Drilling Services		456,267		516,313	8,511	58,289
Global Products revenue						
Products third party revenue	200,998		228,669			
Products inter-segment revenue [1]	56,407		56,898			
Total Global Products		257,405		285,567	16,381	14,554
Less Global Product sales to Global Drilling Services		(56,407)		(56,898)		
Total third party revenue		657,265		744,982		
Total segment profit					24,892	72,843
Unallocated costs [2]					(25,571)	(45,689)
Finance costs					(92,877)	(75,364)
Interest income					43	50
Loss before taxation					(93,513)	(48,160)

(1) Transactions between segments are carried out at arm's length and are eliminated on consolidation.
(2) Unallocated costs include corporate general and administrative costs as well as other expense items such as foreign exchange gains or losses.
(3) The comparative information has been restated as a result of additional accreted interest recorded on the Senior Secured Notes as discussed in Note 1.

Other segment information

	Depreciation and amortisation of segment assets		Additions to non-current assets	
	2020 US$'000	2019 US$'000	2020 US$'000	2019 US$'000
Global Drilling Services	30,593	28,515	26,016	52,794
Global Products	6,585	7,350	10,944	29,438
Total of all segments	37,178	35,865	36,960	82,232
Unallocated [1]	3,786	3,483	2,120	10,612
Total	40,964	39,348	39,080	92,844

(1) Unallocated additions to non-current assets relate to the acquisition of general corporate assets such as software and hardware.

2. SEGMENT REPORTING (CONTINUED)

Geographic information

The Company's two business segments operate in four principal geographic areas – North America, Asia Pacific, Latin America and EMEA. The Company's revenue from external customers and information about its segment assets by geographical locations are detailed below:

	Revenue from external customers		Non-current assets [1]	
	2020 US$'000	2019 US$'000	2020 US$'000	2019 US$'000
North America	291,489	341,041	198,323	214,841
Asia Pacific	170,548	172,001	50,775	44,967
Latin America	66,865	97,555	13,268	23,005
EMEA	128,363	134,385	31,616	29,135
Total	657,265	744,982	293,982	311,948

(1) Non-current assets excluding deferred tax assets and post-employment assets.

3. REVENUE

Boart Longyear operates two different business units throughout various geographical locations – Global Drilling Services and Global Products, which includes our Geological Data Services.

Global Drilling Services

The Company performs various types of drilling services within the mining and minerals industry. Contracts entered into can cover services which involve different processes and continuous drilling services activities in a sequential set of mobilisation, drilling, and demobilisation activities which are invoiced to the customer as those activities progress. These processes and activities are highly inter-related, and the Company provides a significant service of integration of such activities. Where this is the case, these activities and processes are accounted for as one performance obligation.

Revenue from services rendered is recognised in the statement of profit and loss and other comprehensive income over time. Boart Longyear has a contractual right to consideration from a customer for an amount that corresponds directly with the value to the customer of the performance completed to date (for example, number of meters drilled). As a result, Boart Longyear applies the practical expedient under AASB 15.B16 to recognise revenue at the amount which it has the right to invoice.

Customers are generally invoiced on a fortnightly basis and revenue is recognised in the accounting period in which the right to invoice is obtained. Payment is received following invoice according to standard payment terms, which are generally between 30 to 60 days. There are no significant financing components. Most drilling services contracts do not include variable payment terms. Where variable payment terms exist, these are usually in the form of penalties for late completion. Variable consideration is only recognised to the extent that it is considered highly probable that such amounts will not reverse in the future and is estimated using the expected value approach.

Global Products

The Company manufactures, distributes and sells equipment that is necessary for the mining and mineral industry. Sales orders are completed across multiple geographies for products, such as large drill rigs, and drilling components, such as bits and coring rods. Each product promised to the customer is distinct under the contract according to AASB 15.27 and gives rise to a separate performance obligation. Revenue is recognised when control of the products has transferred to the customer. Transfer of control happens at the point the products are delivered to the customer for drilling rigs and at the point the products are shipped to the customer's specific location for drilling components. The transaction price is allocated to each product on stand-alone basis.

Payment is received following invoice according to standard payment terms, which are generally between 30 to 60 days. There are no significant financing components and there is no significant reversal of variable consideration expected at the point of revenue recognition.

The components of revenue are as follows:

	2020 US$'000	2019 US$'000
Revenue from the rendering of services	456,267	516,313
Revenue from the sale of goods	200,998	228,669
	657,265	744,982

There was one customer that contributed 12% of the Company's revenue in 2020 and no customer contributed 10% or more to the Company's revenue in 2019.

4. OTHER INCOME / EXPENSE

The components of other income are as follows:

	2020 US$'000	2019 US$'000
Gain on disposal of property, plant and equipment	1,998	3,161
Gain on disposal of scrap	570	610
Other [1]	3,253	3,017
Total other income	5,821	6,788

(1) Other income includes a $2.0 million gain on the sale of a net smelter return royalty.

The components of other expense are as follows:

	2020 US$'000	2019 US$'000
Amortisation of intangible assets [1]	1,818	2,587
Value added tax	280	-
Loss on foreign currency exchange differences	4,087	3,879
Impairment of Latin America property, plant and equipment [2]	6,807	-
Impairment of property, plant and equipment [2]	1,492	-
Impairment of Intangible Assets [3]	-	5,787
Other	2,632	2,709
Total other expenses	17,116	14,962

(1) Total amortisation of intangible assets for the year is $3.4 million, as presented in Note 19. Amortisation expense of $1.6 million for development assets was recorded within research and development expenses, while $1.8 million of amortisation was recorded within other expenses. In the year ended 31 December 2019 amortisation totaled $4.6 million, while $2.0 million was recorded in research and development, and $2.6 million was recorded within other expenses.

(2) Fixed asset impairments of $8.3 million were recorded during the year ended 31 December 2020. These impairments were recorded within other expenses. Impairments of $0.2 million in the year ended 31 December 2019 were recorded in general and administrative expenses. See Note 17.

(3) Total impairment of intangible assets for the year ended 31 December 2020 was $0.5 million, as presented in Note 19. Patent impairments of $0.4 million and development asset impairments of $0.1 million were recorded within general and administrative expenses. In the year ended 31 December 2019, $2.5 million of patent impairments were recorded within general and administrative expenses, and $0.7 million of development asset impairments were recorded within research and development expenses, while the remaining $5.8 million of impairments were recorded within other expense. See Note 19.

5. INTEREST INCOME / FINANCE COSTS

Interest income is as follows:

	2020 US$'000	2019 US$'000
Interest income:		
Bank deposits	43	50

Finance costs are as follows:

	2020 US$'000	2019 US$'000
Finance costs:		(Restated[1])
Interest on loans and bank overdrafts	62,496	59,588
Debt modification[2]	11,786	-
Applicable premium	13,729	11,245
Amortisation of debt issuance costs	1,148	1,374
Interest on lease liabilities	3,191	3,157
Other	527	-
Total finance costs	92,877	75,364

(1) The comparative information has been restated as a result of additional accreted interest recorded on the senior secured notes as discussed in Note 1.
(2) See Note 21.

6. LOSS FOR THE YEAR

Loss for the year includes the following:

(a) Gains and losses

Loss for the year includes the following gains and (losses):

	2020 US$'000	2019 US$'000
Gain on disposal of property, plant and equipment	1,998	3,161
Net foreign exchange losses	(4,087)	(3,879)
Net change in bad debt expense	(564)	305

(b) Employee benefits expenses

	2020 US$'000	2019 US$'000
Salaries and wages	(215,825)	(244,125)
Post-employment benefits:		
Defined contribution plans	(9,867)	(9,046)
Defined benefit plans	(1,374)	(1,514)
Termination benefits	(1,911)	(3,222)
Other employee benefits [1]	(56,635)	(64,025)
	(285,612)	(321,932)

(1) Other employee benefits include items such as medical benefits, workers' compensation, other fringe benefits and state taxes.

(c) Other

	2020 US$'000	2019 US$'000
Depreciation of non-current assets	(37,591)	(34,764)
Amortisation of non-current assets	(3,373)	(4,584)
Rental expense	(18,179)	(16,491)

7. REMUNERATION OF AUDITORS

	2020 US$'000	2019 US$'000
Company auditor's remuneration		
Audit and review of the financial report:		
Auditor of the parent entity	783	833
Related practices of the parent entity auditor	710	771
	1,493	1,604
Non-audit services:		
Tax Consultation	44	96
Tax Compliance	199	269
Tax Audit Support	196	298
	439	663
Total remuneration to Company auditor	1,932	2,267

Boart Longyear Limited's auditor is Deloitte Touche Tohmatsu. The Company has employed Deloitte Touche Tohmatsu on assignments in addition to their audit duties where their expertise and experience with the Company are important. These assignments principally have been related to tax advice and tax compliance services, the magnitude of which is impacted by the global reach of the Company.

The Board and its Audit, Safety & Risk Committee are committed to ensuring the independence of the external auditor. Accordingly, significant scrutiny is given to non-audit engagements of the external auditor. The Company has a formal pre-approval policy which requires the pre-approval of non-audit services by the Chairman of the Audit Committee. Additionally, the total annual fees for such non-audit services cannot exceed the auditor's annual audit fees without the approval of the Audit Committee. The Audit Committee believes that the combination of these two approaches results in an effective procedure to pre-approve services performed by the external auditor.

8. KEY MANAGEMENT PERSONNEL COMPENSATION

The aggregate compensation made to key management personnel of the Company is set out below.

	2020 US$'000	2019 US$'000
Short-term employee benefits	3,498	5,301
Post-employment benefits	38	42
Other long-term benefits	-	628
Termination benefits	4	-
Share-based payments	262	60
Total key management personnel compensation	3,802	6,031

9. EMPLOYEE LONG TERM INCENTIVE PAYMENTS

In January of 2018, the long-term incentive plan ("LTIP") design changed, with the termination of the LTIP and approval of the Management Incentive Plan ("MIP"). LTIP was replaced with the new MIP. The MIP is driven by Total Enterprise Value ("TEV"). The MIP creates value for participants when specific criteria are reached for performance as well as time vesting. The MIP enables cash and/or share releases to participants as and when its shareholders monetise their shareholdings at various volumes.

No trigger events have taken place since the implementation of the MIP, so no amounts have been recorded in the financial statements from 1 January 2018 to 31 December 2020.

Effective 30 July 2020, shareholders approved a Long-Term Equity Incentive Plan ("Equity Incentive Plan"). The Equity Incentive Plan allows the Company's Remuneration Nominations and Governance Committee to grant incentive performance stock units to senior leaders, or others, as appropriate. This Committee will set performance metrics that management and senior leaders will have to achieve to receive their awards. The Plan will terminate 10 years after the Effective Date.

No performance stock units were awarded under the Equity Incentive Plan during the year ended 31 December 2020.

As at 31 December 2020, the Company had 43,158 vested and unexpired options. The options have grant dates varying from 15 March 2014 to 19 May 2014 and will expire on various dates in years 2024 through 2026. They have exercise prices varying from USD $57.60 to USD $96.00. On 15 March 2020, 46,992 options were forfeited as the performance conditions were not met.

As at 31 December 2020, the Company had no outstanding share or cash rights.

10. INCOME TAXES

Income Taxes

The Company is subject to income taxes in Australia and other jurisdictions around the world in which the Company operates. Significant judgment is required in determining the Company's tax assets and liabilities. Judgments are required about the application of income tax legislation and its interaction with income tax accounting principles. Tax positions taken by the Company are subject to challenge and audit by various income tax authorities in jurisdictions in which the Group operates.

Judgment is also required in assessing whether deferred tax assets and certain deferred tax liabilities are recognised on the Statement of Financial Position. Deferred tax assets, including those arising from unrecouped tax losses, capital losses, foreign tax credits and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits. Assumptions about the generation of future taxable profits and repatriation of retained earnings depend on management's estimates of future cash flows.

These judgments and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and tax liabilities recognised on the Statement of Financial Position. In such circumstances, some or all of the carrying amount of recognised deferred tax assets and tax liabilities may require adjustment, resulting in a corresponding credit or charge to the Statement of Profit or Loss and Other Comprehensive Income.

Current and deferred taxation

Income tax expense includes current and deferred tax expense (benefit) and is recognised in Statement of Profit or Loss and Other Comprehensive Income except to the extent that (1) amounts relate to items recognised directly in equity, in which case the income tax expense (benefit) is also recognised in equity, or (2) amounts that relate to a business combination, in which case the income tax expense (benefit) is recognised in goodwill.

Current income tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Management periodically evaluates provisions taken in tax returns with respect to situations in which applicable tax regulation is open to interpretation. The Company establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

10. INCOME TAXES (CONTINUED)

Deferred income tax is provided on all temporary differences for which transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred but have not reversed at the balance sheet date. Temporary differences are differences between the Company's taxable income and its profit before taxation, as reflected in profit or loss, that arise from the inclusion of profits and losses in tax assessments in periods different from those in which they are recognised in profit or loss.

Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they likely will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying temporary differences can be deducted. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that sufficient taxable profit will be available to all or part of the deferred tax asset to be realised.

Tax consolidation

The Company includes tax consolidated groups for the entities incorporated in Australia and the United States. The Parent Entity and its wholly-owned Australian resident entities are part of the same tax-consolidated group and are therefore taxed as a single entity. The head entity within the tax-consolidated group is Boart Longyear Limited. Companies within the US group also form a tax-consolidated group within the United States.

Tax expense (benefit) and deferred tax assets/liabilities arising from temporary differences of the members of each tax-consolidated group are recognised in the separate financial statements of the members of that tax-consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amounts in the separate financial statements of each entity. Tax credits of each member of the tax-consolidated group are recognised by the head entity in that tax-consolidated group.

Entities within the Australian tax-consolidated group have entered into tax-funding arrangements with the head entity. Under the terms of the tax-funding arrangements, the tax-consolidated groups and each of the entities within the tax-consolidated group agrees to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax asset of the entity. Such amounts are reflected in amounts receivable or payable to other entities in the tax-consolidated group.

Uncertain Tax Positions

The Company is subject to income taxes in Australia and other foreign jurisdictions and the calculation of the Company's tax charge involves a degree of estimation and judgement in respect to certain items. In addition, there are transactions and calculations relating to the ordinary course of business for which the ultimate tax determination is uncertain. As a result, a provision is recognised in accordance with IFRIC 23 *Uncertainty over income tax treatments* for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases, is based on specialist independent tax advice. Uncertain tax items for which a provision is made relate principally to the interpretation of tax legislation regarding arrangements entered into by the Company. Due to the uncertainty associated with such tax items, there is a possibility that, on conclusion of open tax matters at a future date, the final outcome may differ significantly. Provisions for uncertain tax positions and tax contingencies are presented in non-current provisions. Refer to Note 22.

10. INCOME TAXES (CONTINUED)

(a) Income tax expense is comprised of:

	2020 US$'000	2019 US$'000 (Restated[2])
Income tax expense:		
Current tax expense	1,187	8,160
Adjustments recognised in the current year in relation to the current tax of prior years	(49)	(1,597)
Deferred tax expense	4,115	1,893
	5,253	8,456

(b) Reconciliation of the prima facie income tax expense on pre-tax accounting profit to the income tax expense in the financial statements:

	2020 US$'000	2019 US$'000 (Restated[2])
Loss before taxation	(93,513)	(48,160)
Income tax benefit calculated at Australian rate of 30%	(28,054)	(14,448)
Impact of non-Australia tax rates	2,390	3,528
Net non-deductible/non-assessable items	24,415	9,486
Net unrecognised tax losses and tax credits for the current year [1]	9,511	10,864
Recognition of deferred tax assets arising in prior years	(1,211)	(90)
Other	(1,749)	713
	5,302	10,053
Over provision from prior years	(49)	(1,597)
Income tax expense per the Consolidated Statement of Profit or Loss and Other Comprehensive Income	5,253	8,456

(1) Due to the group being in a tax loss position in many jurisdictions during the current financial year, the Company has not recognised a tax benefit for current period losses.
(2) The comparative information has been restated as a result of additional accreted interest recorded on the Senior Secured Notes as discussed in Note 1.

(c) Income tax recognised directly in equity during the period:

The following current and deferred amounts were charged directly through equity during the year:

	2020 US$'000	2019 US$'000
Deferred tax recognised in equity:		
Actuarial movements on defined benefit plans	(861)	(1,047)

10. INCOME TAXES (CONTINUED)

(d) Tax assets and liabilities:

	2020 US$'000	2019 US$'000
Tax assets:		
Income tax receivable attributable to:		
Other entities [1]	2,066	13,315
Current tax liabilities:		
Income tax payable attributable to:		
Parent	1,508	1,387
Entities other than parent and entities in the consolidated group	6,757	4,037
	8,265	5,424

(1) The income tax receivable for 2020 is $2.1 million (2019: $13.3 million) of which $0.5 million is classified as current tax receivable and $1.6 million is classified as non-current tax receivable (2019: $2.5 million and $10.8 million respectively).

(e) Deferred tax balances:

Deferred tax comprises:	2020 US$'000	2019 US$'000
Temporary differences	(17,426)	(13,291)
Unused tax losses and credits	11,986	13,288
	(5,440)	(3)

(f) Provision for tax contingencies:

	2020 US$'000	2019 US$'000
Provision for tax contingencies [1]	49,427	63,792

(1) See Note 22.

10. INCOME TAXES (CONTINUED)

2020	Opening balance US$'000	Recognised in income US$'000	FX differences US$'000	Acquired/ disposed US$'000	Recognised in equity US$'000	Closing balance US$'000
Deferred tax assets (liabilities) temporary differences						
Property, plant and equipment	3,735	(2,043)	(314)	-	-	1,378
Provisions	660	174	(56)	-	-	778
Doubtful debts	-	176	-	-	-	176
Other intangible assets	(17,378)	(2,005)	-	-	-	(19,383)
Accrued liabilities	179	161	(15)	-	-	325
Pension	(1,546)	(173)	130	-	(861)	(2,450)
Inventories	2,117	(113)	(178)	-	-	1,826
Investments in subsidiaries	(240)	240	-	-	-	-
Unrealised foreign exchange	(1,163)	555	-	-	-	(608)
Other	345	215	(28)	-	-	532
	(13,291)	(2,813)	(461)	-	(861)	(17,426)
Unused tax losses and credits:						
Tax losses	13,288	(1,302)	-	-	-	11,986
	(3)	(4,115)	(461)	-	(861)	(5,440)

Presented in the statement of financial position as follows:	
Deferred tax asset	13,252
Deferred tax liability	(18,692)
	(5,440)

Where deferred tax assets have been recognised, it is considered probable that the Company will generate sufficient future taxable income to utilise the assets.

10. INCOME TAXES (CONTINUED)

2019	Opening balance US$'000	Recognised in income US$'000	FX differences US$'000	Acquired/ disposed US$'000	Recognised in equity US$'000	Closing balance US$'000
Deferred tax assets (liabilities) temporary differences						
Property, plant and equipment	4,087	(257)	(95)	-	-	3,735
Provisions	2,744	(2,020)	(64)	-	-	660
Doubtful debts	16	(16)	-	-	-	-
Other intangible assets	(16,471)	(907)	-	-	-	(17,378)
Accrued liabilities	2,464	(2,228)	(57)	-	-	179
Pension	(346)	(161)	8	-	(1,047)	(1,546)
Inventories	1,977	186	(46)	-	-	2,117
Investments in subsidiaries	-	(240)	-	-	-	(240)
Unrealised foreign exchange	(275)	(888)	-	-	-	(1,163)
Other	682	(321)	(16)	-	-	345
	(5,122)	(6,852)	(270)	-	(1,047)	(13,291)
Unused tax losses and credits:						
Tax losses	8,329	4,959	-	-	-	13,288
	3,207	(1,893)	(270)	-	(1,047)	(3)

Presented in the statement of financial position as follows:	
Deferred tax asset	16,875
Deferred tax liability	(16,878)
	(3)

Unrecognised deferred tax assets	2020 US$'000	2019 US$'000
Tax benefit of unused losses [1]	279,420	282,843
Tax benefit of unused capital losses [2]	508,434	388,707
Unused tax credits [3]	13,842	15,939
Tax benefit of temporary differences	45,938	49,526
	847,634	737,015

(1) $49.9 million of the tax benefit of unused losses expire within 3-20 years and $229.5 million related to tax losses that do not expire (2019: $79.0 million and $203.8 million respectively).
(2) The tax basis was established with reference to historic 2007 initial public offering values. Capital losses can only be offset against capital gains in most jurisdictions.
(3) All of the unused tax credits of $13.8 million will expire within 1-10 years and remaining credits have no expiry date.

Canadian income tax audits

As previously disclosed by the Company, the Canada Revenue Agency (“CRA”) has reassessed the 2007 through 2016 tax years. The Company has resolved the 2007 through 2009 tax years, resulting in a final assessment of additional tax, penalties and interest of C$7.4 million, all of which has been settled at the end of 2020. Tax years 2010 through 2017 remain in various stages of audit or appeal with the CRA or are proceeding under the mutual agreement procedure, which is a negotiation between Canada and Switzerland on the allocation of taxable profits between the countries. The remaining unsettled tax, penalties and interest for these years could result in a maximum remaining assessment of C$46 million. After the application of tax credits and payments, the maximum future cash outlay could be C$35 million for the remaining 2010-2016 unsettled issues. The Company plans to vigorously dispute these reassessments. Due to the uncertainty surrounding these audits, a provision for the estimated outcome has been recognised as a non-current provision. Refer to Note 22.

11. LOSS PER SHARE

	2020 US cents per share	2019 US cents per share (Restated[1])
Basic loss per share	(112.3)	(64.6)

Basic loss per share

The loss and weighted average number of ordinary shares used in the calculation of basic loss per share are as follows:

	2020 US$'000	2019 US$'000 (Restated[1])
Loss used in the calculation of basic EPS	(98,766)	(56,616)

	2020 '000	2019 '000
Weighted average number of ordinary shares for the purposes of basic loss per share	87,974	87,656

(1) The comparative information has been restated as a result of additional accreted interest recorded on the Senior Secured Notes as discussed in Note 1.

12. TRADE AND OTHER RECEIVABLES

Trade receivables are recorded at amortised cost. The Company reviews collectability of trade receivables on an ongoing basis and provides allowances for credit losses when there is evidence that trade receivables may not be collectible. These losses are recognised in the income statement within operating expenses. When a trade receivable is determined to be uncollectible, it is written off against the allowance for doubtful accounts. Subsequent recoveries of amounts previously written off are recorded in other income in profit or loss.

	2020 US$'000	2019 US$'000
Trade receivables	98,589	102,054
Loss allowance	(1,519)	(1,015)
Goods and services tax receivable	10,924	10,183
Other receivables	1,572	2,516
	109,566	113,738

The ageing of trade receivables is detailed below:

	2020 US$'000	2019 US$'000
Current	93,676	90,525
Past due 0 - 30 days	1,787	8,655
Past due 31 - 60 days	819	1,325
Past due 61 - 90 days	602	480
Past due 90 days	1,705	1,069
	98,589	102,054

The Company measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Company's policy requires customers to pay the Company in accordance with agreed payment terms. The Company's settlement terms are generally 30 to 60 days from date of invoice. All credit and recovery risk associated with trade receivables has been provided for in the statement of financial position. Trade receivables have been aged according to their original due date in the above ageing analysis. No interest is charged on trade receivables.

Credit risk management

The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, when appropriate, as a means of mitigating the risk of financial loss from defaults.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on accounts receivable. The Company holds security for a number of trade receivables in the form of letters of credit, deposits, and advance payments.

The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. No derivative financial instruments were entered into during 2020 or 2019.

13. INVENTORIES

Inventories are measured at the lower of cost or net realisable value. The cost of most inventories is based on a standard cost method, which approximates actual cost on a first-in first-out basis, and includes expenditures incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overhead expenses (including depreciation) based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Allowances are recorded for inventory considered to be excess or obsolete and damaged items are written down to the net realisable value. Due to the decline in the demand for products, and consumables used in our Global Drilling Services business, and the high inventory balances across the group and the speed at which inventory is turning in the current market, significant judgment is required in determining net realisable value of inventory. For the period ended 31 December 2020, the Company updated some of the key assumptions used to estimate the allowance for excess or obsolete inventory, resulting in an increase to obsolescence expense of $5.0 million recognised in 2020. The impacts of this change in estimate were recognised prospectively in the current period Consolidated Statement of Profit or Loss as a component of COGS in accordance with AASB 8, *Accounting policies, changes in accounting estimates and errors*.

	2020 US$'000	2019 US$'000
Raw materials	19,244	28,938
Work in progress	6,960	5,404
Finished products	132,123	128,746
	158,327	163,088

The allowance for excess or obsolete inventory was $23.5 million and $20.3 million as at 31 December 2020 and 2019, respectively The change in accounting estimate described in the preceding paragraph contributed to the increase in the allowance.

14. FINANCIAL RISK MANAGEMENT

Capital risk management

The Company manages its capital to ensure that entities in the Company will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balances.

The capital structure of the Company consists of debt, which includes the loans and borrowings disclosed in Note 21, cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued capital, reserves, and accumulated losses/retained earnings.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed throughout these notes.

Credit risk management

The Company reviews the recoverable amount of each trade debt on an individual basis at the end of the reporting period to ensure that adequate loss allowance is made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced. Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

Of the outstanding loans and borrowings, Centerbridge Partners, L.P. accounted for $292.4 million of Term Loans outstanding with $51.0 million of accreted interest. Centerbridge Partner, L.P., and Ascribe Capital hold $17.3 million of the backstop ABL with $5.4 million of accreted interest. There are no significant concentrations of credit risk. The carrying amount reflected above represents the Company's maximum exposure to credit risk for trade and other receivables.

14. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk management objectives

The Company's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

Market risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

Foreign currency risk management

Company subsidiaries undertake certain transactions denominated in currencies other than their functional currency, hence exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters. The Company did not utilise any derivative instruments during the years ended 31 December 2020 or 2019.

The most significant carrying amounts of monetary assets and monetary liabilities (which include intercompany balances with other subsidiaries) that: (1) are denominated in currencies other than the functional currency of the respective Company subsidiary; and (2) cause foreign exchange rate exposure, as at 31 December are as follows:

	Assets		Liabilities	
	2020 US$'000	2019 US$'000	2020 US$'000	2019 US$'000
Australian Dollar	95,684	48,180	95,895	83,294
Canadian Dollar	331	46	9,080	11,269
Euro	2,274	9,942	10,947	19,334
US Dollar	471,190	451,962	173,796	187,169

Foreign currency sensitivity

The Company is mainly exposed to exchange rate fluctuations in the Australian Dollar (AUD), Canadian Dollar (CAD), Euro (EUR) and United States Dollar (USD). The Company is also exposed to translation differences as the Company's presentation currency is different from the functional currencies of various subsidiaries. However, this represents a translation risk rather than a financial risk and consequently is not included in the following sensitivity analysis.

The following tables reflect the Company's sensitivity to a 10% change in the exchange rate of each of the currencies listed above. This sensitivity analysis includes only outstanding monetary items denominated in currencies other than the respective subsidiaries' functional currencies and remeasures these at the respective year end to reflect a 10% decrease in the indicated currency against the respective subsidiaries' functional currencies. A positive number indicates an increase in net profit and/or net assets.

	10% decrease in AUD		10% decrease in CAD	
	2020 US$'000	2019 US$'000	2020 US$'000	2019 US$'000
Net profit	1,701	4,428	792	1,013
Net assets	18	3,191	792	1,013

	10% decrease in EUR		10% decrease in USD	
	2020 US$'000	2019 US$'000	2020 US$'000	2019 US$'000
Net profit	766	44	5,845	9,957
Net assets	766	44	(27,036)	(24,072)

In management's opinion, the sensitivity analysis is not fully representative of the inherent foreign exchange risk as the year-end exposure may not reflect the exposure during the year.

14. FINANCIAL RISK MANAGEMENT (CONTINUED)

Forward foreign exchange contracts

There were no open forward foreign currency contracts as at 31 December 2020 or 2019.

Interest rate risk management

Most of the Company's loan portfolio is at fixed interest rates, as such it has less exposure to variable interest rates than fixed interest rates.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Company's Treasurer and Board.

The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Liquidity risk

The following tables reflect the expected maturities of non-derivative financial liabilities as at 31 December 2020 and 2019. These are based on the undiscounted expected cash flows of financial liabilities based on the maturity profile per the loan agreement. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount on the balance sheet.

	Weighted average effective interest rate %	Less than 1 month US$'000	1 to 3 months US$'000	3 months to 1 year US$'000	1 - 5 years US$'000	5+ years US$'000	Adjust-ment US$'000	Total US$'000
31 December 2020								
Non-interest bearing payables	-	68,648	29,367	-	-	-	-	98,015
Variable interest rate instruments	3.7%	71	143	642	23,407	-	(1,334)	22,929
Fixed interest rate instruments	10.0%	-	-	28,825	947,132	-	(160,353)	815,604
Leases	8.7%	216	23	9,128	21,632	5,622	-	36,621
Equipment financing	9.5%	69	137	657	2,549	-	-	3,412
		69,004	29,670	39,252	994,720	5,622	(161,687)	976,581
31 December 2019								
Non-interest bearing payables	-	76,338	34,785	-	-	-	-	111,123
Variable interest rate instruments	5.3%	154	308	1,386	37,786	-	(4,733)	34,901
Fixed interest rate instruments [1]	9.8%	-	-	-	902,824	-	(170,639)	732,185
Leases	6.6%	774	1,447	6,107	20,872	7,435	-	36,635
		77,266	36,540	7,493	961,482	7,435	(175,372)	914,844

(1) The comparative information has been restated as a result of additional accreted interest recorded on the Senior Secured Notes as discussed in Note 1.

14. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk (continued)

The following tables reflect the expected maturities of non-derivative financial assets. These are based on the undiscounted expected cash flows of the financial assets.

	Less than 1 month US$'000	1 to 3 months US$'000	3 months to 1 year US$'000	Total US$'000
2020				
Non-interest bearing receivables	59,300	38,545	11,721	109,566
Cash	23,513	-	-	23,513
	82,813	38,545	11,721	133,079
2019				
Non-interest bearing receivables	56,586	45,269	11,883	113,738
Cash	20,240	-	-	20,240
	76,826	45,269	11,883	133,978

The liquidity risk tables are based on the Company's intent to collect the assets or settle the liabilities in accordance with the contractual terms.

Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

- Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements.
- The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.
- The fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analyses using prices from observable current market transactions.

Management considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements materially approximate their fair values.

15. ASSETS CLASSIFIED AS HELD FOR SALE

Based on current market conditions and future outlook, the Company has classified certain property, plant and equipment assets in the amount of $0.4 million as held for sale as at 31 December 2020 (31 December 2019: $0.0 million). These assets consist primarily of excess rigs and ancillary equipment. The opportunity for a gain by the disposition of these targeted assets allows the Company to rationalise its assets, raise capital and eliminate ongoing costs associated with maintaining these assets.

16. IMPAIRMENT OF ASSETS

The Company's property, plant and equipment and other non-current assets, including goodwill and intangible assets, are reviewed at each reporting date to determine whether there is an indication of potential impairment.

During the half-year period ended 30 June 2020, the Company identified the global economic impact of COVID-19 as a potential indicator of impairment. Accordingly, an impairment risk assessment was performed for the Company's Cash Generating Units ("CGU") at 30 June 2020. As a result of the impairment risk assessments and analyses, the Company recorded impairment charges of $6.8 million against property, plant, and equipment in the Latin America Drilling Services CGU and recognised these impairment charges in other expenses as of 30 June 2020. The impairment charges recorded at 30 June 2020 continue to be recognised in other expenses as of 31 December 2020.

Impairment by cash-generating units

Goodwill and intangible assets in the EMEA, Latin America and Asia Pacific Drilling Services CGUs have been fully impaired. For the North America Drilling Services CGU and Geological Data Services CGU, the Company performed a goodwill impairment test as at 31 December 2020. The recoverable amount of the North America Drilling Services CGU exceeded its carrying amount by approximately 17.6% resulting in no impairment to the North America Drilling Services CGU for the year ended 31 December 2020. The recoverable amount for the Geological Data Services CGU exceeded the carrying amount by over 100% resulting in no impairment to the Geological Data Services CGU. Consequently, no goodwill impairments were recorded for the year ended 31 December 2020 and 2019.

In addition to testing the North America Drilling Services CGU and the Geological Data Services CGU, the Company performed an additional year-end impairment analysis on the Latin America Drilling Services CGU due to the ongoing negative impacts of COVID-19 in that region. The recoverable amount of the Latin America Drilling Services CGU exceeded its carrying amount by approximately 1.5% resulting in no additional impairment to the Latin America Drilling Services CGU for the year ended 31 December 2020. The key assumptions considered in these value-in-use models are included below.

Revenue growth rate. In determining the growth rates applied to revenue through the mining cycle, management considered the following taking into account the best available information given the current uncertain economic environment:

- Average revenue growth over previous mining cycles;
- Rates of inflation in the countries where the Company does business; and
- Price and volume expectations over the forecast period.

Discount rate and terminal growth rate. The Company used a post-tax discount rate of 14.1% for Latin America Drilling Services and 10.8% for North America Drilling Services. These rates reflect an underlying global discount rate of 11.5% adjusted for regional variations in the required equity rate of return. The terminal growth rate of 2.5% and 3.0% in North America and South America, respectively, does not exceed the long-term average growth rate for the industry in these regions.

Expenses. In determining gross margin and SG&A expenses, management has considered the impacts of recent programs and other initiatives already taken within the business and similar future initiatives to reduce operational costs. The recoverable value assessment of the Latin America and North America Drilling Services CGUs is based on gross margin increasing as a result of the reduction in costs and improved market conditions.

Working capital and capital expenditures. Working capital and capital expenditure assumptions are in line with historic trends given the level of utilisation and operating activity.

Other economic factors. As part of the impairment test, management considered several different scenarios that consider the impact on the value-in-use calculations if key assumptions were to vary from those used in the calculations. These change scenarios assessed the impact of a 20.0% decrease to revenue, a 10.0% increase to SG&A expense, a 2.0% reduction to gross margin and a 1.0% reduction to terminal growth rate assumptions. The recoverable amount of the North America Drilling Services CGU exceeds its carrying value under the 10.0% increase in SG&A expense and 1.0% reduction to terminal growth rate scenarios; however, an impairment would be triggered under the 20.0% decrease to revenue and 2.0% reduction to gross margin scenarios. In the Latin America Drilling Services CGU, the carrying value of the CGU exceeds the recoverable amount under all change scenarios and each scenario would result in a further impairment of the CGU.

16. IMPAIRMENT OF ASSETS (CONTINUED)

Each of the change scenarios tested assumes that a specific assumption moves in isolation while all other assumptions are held constant. A change in one of the aforementioned assumptions could be accompanied by a change in another assumption which may increase or decrease the net impact on the calculation.

17. PROPERTY, PLANT AND EQUIPMENT

The Company's assets are held in various differing geographical, political and physical environments across the world, therefore, the estimation of useful lives of assets is an area of judgment. Our current estimate has been based on historical experience. In addition, the condition of the assets is assessed at least annually and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Costs include expenditures that are directly attributable to the acquisition of the asset, including the costs of materials and direct labour and other costs directly attributable to bringing the asset to a working condition for the intended use. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate assets.

Subsequent costs related to previously capitalised assets are capitalised only when it is probable that they will result in commensurate future economic benefit and the costs can be reliably measured. All other costs, including repairs and maintenance, are recognised in profit or loss as incurred.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each item of property, plant and equipment. Leasehold improvement assets are depreciated over the shorter of the lease terms or their useful lives. Items in the course of construction or not yet in service are not depreciated.

The following useful lives are used in the calculation of depreciation:

Buildings	20 - 40	years
Plant and machinery	5 - 10	years
Drilling rigs	5 - 12	years
Other drilling equipment	1 - 5	years
Office equipment	5 - 10	years
Computer equipment:		
Hardware	3 - 5	years
Software	1 - 7	years

Depreciation methods, useful lives and residual values are reassessed at each reporting date.

17. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Land and Buildings US$'000	Plant and Equipment US$'000	Right of Use Assets US$'000	Construction in Progress US$'000	Total US$'000
Balance at 1 January 2019	49,041	649,408	-	9,341	707,790
Additions	-	2,921	14,042	45,773	62,736
Adoption of AASB 16	-	-	26,483	-	26,483
Disposal	(31)	(32,176)	(785)	-	(32,992)
Asset Classification Transfer	(57)	(6,171)	6,228	-	-
Transfer from CIP	1,280	31,741	-	(33,021)	-
Currency movements	364	(3,402)	264	1,232	(1,542)
Balance at 31 December 2019	50,597	642,321	46,232	23,325	762,475
Additions	-	1,207	7,118	23,734	32,059
Disposal	(5,908)	(41,220)	(23)	(376)	(47,527)
Asset Classification Transfer	1,135	1,843	(2,978)	-	-
Transfer from CIP	336	32,941	-	(33,277)	-
Currency movements	1,261	14,706	1,521	2,437	19,925
Balance at 31 December 2020	47,421	651,798	51,870	15,843	766,932
Accumulated depreciation and impairment:					
Balance at 1 January 2019	(27,461)	(566,231)	-	-	(593,692)
Depreciation	(2,065)	(23,424)	(9,275)	-	(34,764)
Impairment	-	(210)	-	-	(210)
Disposal	31	29,656	282	-	29,969
Asset Classification Transfer	259	-	(259)	-	-
Currency movements	(391)	3,025	(1,375)	-	1,259
Balance at 31 December 2019	(29,627)	(557,184)	(10,627)	-	(597,438)
Depreciation	(2,672)	(25,635)	(9,284)	-	(37,591)
Impairment	(779)	(5,518)	(1,645)	(376)	(8,318)
Disposal	5,735	37,775	60	376	43,946
Asset Classification Transfer	(961)	(978)	1,939	-	-
Currency movements	(803)	(14,332)	(423)	-	(15,558)
Balance at 31 December 2020	(29,107)	(565,872)	(19,980)	-	(614,959)
Net book value at 31 December 2019	**20,970**	**85,137**	**35,605**	**23,325**	**165,037**
Net book value at 31 December 2020	**18,314**	**85,926**	**31,890**	**15,843**	**151,973**

Property, plant and equipment is reviewed at each reporting date to determine whether there is any indication of impairment. Assets are first considered individually to determine whether there is any impairment related to specific assets due to factors such as technical obsolescence, declining market value, physical condition or salability within a reasonable timeframe. The revised carrying values are then included in the assessment of the recoverable value of the relevant cash generating unit to which the property, plant, and equipment relates. As a result of this exercise, the Company recorded an impairment loss as at 31 December 2020 and 31 December 2019 of $1.5 million and $0.2 million, respectively, on property, plant, and equipment. In addition, the Company recorded a $6.8 million impairment charge to property, plant, and equipment in the Latin America Drilling Services CGU as disclosed in Note 16.

18. GOODWILL

Goodwill resulting from business combinations is recognised as an asset at the date that control is acquired. Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the previously held equity interest in the acquiree (if any) over the net amounts of the identifiable assets acquired and the liabilities assumed.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Company's cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the carrying value of the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Upon disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

Goodwill, intangible assets and property, plant and equipment

The Company determines whether goodwill is impaired on an annual basis and assesses impairment of all other assets at each reporting date by evaluating whether indicators of impairment exist. This evaluation includes consideration of the market conditions specific to the industry in which the group operates, the increase, or decline in demand for our drilling services and rig utilisation rates, the political environment in countries in which the group operates, technological changes, expectations in relation to future cash flows and the Company's market capitalisation. Where an indication of impairment exists the recoverable amount of the asset is determined. Recoverable amount is the greater of fair value less costs to sell and value in use. Impairment is considered for individual assets, or Cash Generating Units. Judgments are made in determining appropriate cash generating units. When considering whether impairments exist at a CGU, the Company uses the value in use methodology.

The value in use calculation requires the Company to estimate the future cash flows expected to arise from a cash-generating unit and a suitable discount rate in order to calculate present value. These estimates are subject to risk and uncertainty; hence there is a possibility that changes in circumstances will alter these projections, which may impact the recoverable amount of the assets.

Goodwill

	US$'000
Gross carrying amount:	
Balance at 1 January 2019	103,859
Currency movements	599
Balance at 31 December 2019	104,458
Balance at 1 January 2020	104,458
Currency movements	657
Balance at 31 December 2020	105,115

18. GOODWILL (CONTINUED)

Allocation of goodwill to cash-generating units

Goodwill has been allocated for impairment testing purposes to individual cash-generating units. The carrying amount of goodwill by geographic segment allocated to cash-generating units that are significant individually or in aggregate is as follows:

Goodwill by cash-generating units

	2020 US$'000	2019 US$'000
North America Drilling Services	100,862	100,549
Geological Data Services ("GDS")	4,253	3,909
Total Goodwill	105,115	104,458

The carrying amount of goodwill is tested for impairment annually at 31 December and whenever there is an indicator that the asset may be impaired. If goodwill is impaired, it is written down to its recoverable amount. See Note 16.

19. OTHER INTANGIBLE ASSETS

Trademarks and trade names

Trademarks and trade names recognised by the Company that are considered to have indefinite useful lives are not amortised. Each period, the useful life of each of these assets is reviewed to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset. Trademarks and trade names that are considered to have a finite useful life are carried at cost less accumulated amortisation and accumulated impairment losses. Such assets are tested for impairment at least annually or more frequently if events or circumstances indicate that the asset might be impaired.

Contractual customer relationships

Contractual customer relationships acquired in business combinations are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be reliably measured. Contractual customer relationships have finite useful lives and are carried at cost less accumulated amortisation and accumulated impairment losses.

Contractual customer relationships are amortised over 15 years on a straight-line basis. Amortisation methods and useful lives are reassessed at each reporting date.

Patents

Patents are measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged on a straight-line basis over estimated useful lives of 2 to 20 years. Amortisation methods and useful lives are reassessed at each reporting date.

Research and development costs

Expenditures on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, are recognised in profit or loss when incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development costs are capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Capitalised costs include the cost of materials, direct labour and overhead costs directly attributable to preparing the asset for its intended use. Other development costs are expensed when incurred.

Capitalised development costs are measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over the estimated useful lives, which on average is 15 years.

19. OTHER INTANGIBLE ASSETS (CONTINUED)

	Trademarks US$'000	Patents US$'000	Customer relationships and other US$'000	Software US$'000	Develop-ment assets US$'000	Total US$'000
Gross carrying amount:						
Balance at 1 January 2019	3,088	9,206	40,754	89,100	55,208	197,356
Additions	-	726	-	375	2,524	3,625
Disposals	(1,140)	(1)	-	-	(12,486)	(13,627)
Currency movements	(1)	(3)	109	2	(184)	(77)
Balance at 31 December 2019	1,947	9,928	40,863	89,477	45,062	187,277
Balance at 1 January 2019	1,947	9,928	40,863	89,477	45,062	187,277
Additions	-	748	-	66	6,207	7,021
Disposals	-	(143)	-	(323)	-	(466)
Currency movements	-	30	1,505	17	1,583	3,135
Balance at 31 December 2020	1,947	10,563	42,368	89,237	52,852	196,967
Accumulated amortisation:						
Balance at 1 January 2019	-	(2,372)	(36,018)	(88,092)	(33,111)	(159,593)
Amortisation for the period	-	(1,036)	(1,019)	(532)	(1,997)	(4,584)
Disposals	1,140	-	-	-	12,490	13,630
Impairment for the period	(1,140)	(2,479)	-	-	(5,332)	(8,951)
Currency movements	-	-	(108)	(4)	(33)	(145)
Balance at 31 December 2019	-	(5,887)	(37,145)	(88,628)	(27,983)	(159,643)
Balance at 1 January 2019	-	(5,887)	(37,145)	(88,628)	(27,983)	(159,643)
Amortisation for the period	-	(415)	(1,019)	(384)	(1,555)	(3,373)
Disposals	-	-	-	323	17	340
Impairment for the period	-	(387)	-	-	(120)	(507)
Currency movements	-	-	(1,502)	(17)	(699)	(2,218)
Balance at 31 December 2020	-	(6,689)	(39,666)	(88,706)	(30,340)	(165,401)
Net book value at 31 December 2019	1,947	4,041	3,718	849	17,079	27,634
Net book value at 31 December 2020	1,947	3,874	2,702	531	22,512	31,566

Other intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. As a result of the Company's review of specific intangible assets, the Company recorded an impairment loss as at 31 December 2020 and 31 December 2019 on trademarks, patents and development assets of $0.5 million and $9.0 million, respectively.

The Company recognised $6.6 million of research and development expenses in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2020 (2019: $8.1 million).

20. TRADE AND OTHER PAYABLES

Trade payables and other payables are carried at amortised cost. They represent unsecured liabilities for goods and services provided to the Company prior to the end of the financial period that are unpaid and arise when the Company becomes obligated to make future payments.

	2020 US$'000	2019 US$'000
Current		
Trade payables	59,412	65,177
Accrued payroll and benefits	21,387	23,655
Goods and services tax payable	7,446	4,457
Accrued interest	245	420
Accrued legal and environmental [1]	637	6,339
Professional fees	3,100	3,242
Accrued drilling costs	2,502	2,538
Other sundry payables and accruals	3,286	5,295
	98,015	111,123

(1) Accrued legal and environmental costs of $5.3 million as at 31 December 2020 were reclassified from Trade and Other Payables to Provisions. See Note 22.

No interest is charged on the trade payables for this period. Thereafter, various percentages of interest may be charged on the outstanding balance based on the terms of the specific contracts. The Company has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

Goods and services tax
Revenue, expenses and assets are recognised net of the amount of Goods and Services Tax (“GST”), except:

- where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

21. LOANS AND BORROWINGS

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. Debt issuance costs are amortised using the effective interest rate method over the life of the borrowing. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

	2020	2019
Unsecured - at amortised cost	**US$'000**	**US$'000**
		(Restated[1])
Non-current		
Senior notes	88,882	88,882
Accreted interest	4,547	3,159
Secured - at amortised cost		
Current		
Lease liabilities	9,372	8,328
Equipment finance	863	-
Non-current		
Senior notes	217,035	217,035
Term loans	292,441	292,441
Accreted interest	125,600	68,240
Debt modification[2]	11,786	-
Applicable premium	31,148	17,403
Revolver bank loans	67,929	79,904
Debt issuance costs	(835)	(1,605)
Original issue discount	-	(400)
Lease liabilities	27,249	28,329
Equipment finance	2,549	-
	878,566	801,716
Disclosed in the financial statements as:		
Current borrowings	10,235	8,328
Non-current borrowings	868,331	793,388
	878,566	801,716
A summary of the maturity of the Company's borrowings is as follows:		
Less than 1 year	10,236	8,328
Between 1 and 2 years	848,111	6,897
Between 2 and 3 years	7,142	772,447
Between 3 and 4 years	5,213	4,436
More than 4 years	8,699	11,613
	879,401	803,721
Original issue discount	-	(400)
Debt issuance costs	(835)	(1,605)
	878,566	801,716

(1) The comparative information has been restated as a result of additional accreted interest recorded on the Senior Secured Notes as discussed in Note 1.
(2) Debt modification relates to the amendment to the Senior Secured Notes during the period.

21. LOANS AND BORROWINGS (CONTINUED)

Senior notes

Senior Unsecured Notes
The Company has $88.9 million of senior unsecured notes outstanding as at 31 December 2020 and 2019. These notes carry an interest rate of 1.5%, per annum, which is payable-in-kind (i.e. non-cash) until maturity in December 2022. The Company may redeem all or a portion of the notes prior to maturity subject to certain conditions, including in certain cases the payment of premiums or make-whole amounts.

Senior Secured Notes
The Company has $217.0 million of senior secured notes outstanding as at 31 December 2020 and 2019. These notes carried an interest rate of 12% per annum which was payable-in-kind until 31 December 2018 and thereafter in cash at the reduced interest rate of 10% per annum with a scheduled maturity date of December 2022. The Company may redeem all or a portion of the notes prior to maturity subject to certain conditions, including in certain cases the payment of premiums or make-whole amounts.

On 19 June 2020 the Company received consent from the holders of the Senior Secured Notes and also received the ASX relief necessary to implement amendments to satisfy the interest payments due in respect of the notes on 30 June 2020 and 31 December 2020 by way of payment in-kind rather than by payment of cash (PIK Notes). As a result of these amendments, the Company recorded a modification loss of $11.8 million within finance costs in the Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2020 with an offsetting increase to loans and borrowings in the Condensed Consolidated Statement of Financial Position as of 31 December 2020. These amendments were treated as a modification as the difference between the net present value of the cash flows under the amended Senior Secured Notes compared to the net present value of the cash flows under the original terms of the Senior Secured Notes was not considered “substantial” as defined by AASB 9 *Financial Instruments.* The debt modification loss, recorded to comply with AASB 9, is an adjustment to the amortised cost of the Senior Secured Notes. The adjustment equals the difference between the present value of the cash flows under the original terms and the most recent modified terms, discounted at the original effective interest rate.

The current rate of interest applicable in respect of the notes is 10%. The interest entitlement for those noteholders who agree to take interest by way of PIK Notes was 12% and 14.5% for 30 June 2020 and 31 December 2020, respectively. Non-consenting Senior Secured Note holders will continue to receive interest in cash at the stated rate of 10% per annum.

The Senior Secured Notes include a premium, payable at the maturity of the notes due December 2022 (as well as in certain circumstances if the Senior Secured Notes are redeemed prior to maturity). The premium is expressed as a percentage of the principal redeemed or repaid and includes PIK Interest. The premium percentage increases over time from 0.9% to 24.4% of the principal balance, depending on the timing of repayment. Together, the debt modification, stated terms, and the applicable premium result in an effective interest rate on the Senior Secured Notes of 14.4% per annum.

With respect to the senior notes issued by the Company, the indenture governing those senior notes includes covenants that restrict the Company’s ability to engage in certain activities, including incurring additional indebtedness and making certain restricted payments as well as a limitation on the amount of secured debt the Company may incur. The senior notes contain certain provisions that provide the note holders with the ability to declare a default, and accelerate the notes, should a default occur under either of the Term Loans that results in acceleration of such Term Loans. The senior notes do not require maintenance or testing of financial covenant ratios.

21. LOANS AND BORROWINGS (CONTINUED)

Revolver Bank Loans

ABL
The Company has an asset-based revolver bank loan with an available facility of $75.0 million of which $23.0 million was drawn as at 31 December 2020 ($34.9 at 31 December 2019).

ABL	2020 US$m	2019 US$m
Available facility	75.0	75.0
Drawn	23.0	34.9
Letters of credit	5.8	5.6
Availability block	10.0	10.0
Borrowing base adjustment	10.0	-
Minimum liquidity	8.3	-
Undrawn	17.9	24.5
	75.0	75.0

As at 31 December 2020, $5.8 million (31 December 2019: $5.6 million) of outstanding letters of credit were drawn under the facility. Interest on drawn amounts and letters of credit are based on a base rate plus margin (30-day USD LIBOR plus 3.5%).

The facility has an "availability block" of $10.0 million that will release when the business reaches certain Net Debt/EBITDA leverage ratios. Borrowing on this facility is also limited to the lower of the Lender's commitment or the borrowing base that supports the Asset Based Loan. This "borrowing base" is made up of eligible receivables and inventory. As of 31 December 2020, the borrowing base was $55.0 million which reduced collateral availability by $10.0 million.

The asset-based revolver bank loan also includes a "Springing Dominion"/Minimum liquidity covenant that requires the Company to maintain on the last day of any month 15% of the lesser of "borrowing base" or "facility capacity" less the "availability block" ($8.3 million at 31 December 2020). If a trigger event occurs the agent can provide an activation notice that will allow them to access all funds deposited into "Blocked Bank Accounts." These funds will become the property of the agent and will be applied to outstanding advances.

The facility is secured by a first lien on the accounts receivable, inventories, deposit accounts and cash ("working capital assets") of the ABL borrower and guarantors, and a third lien over substantially all of the other tangible and intangible assets ("non-working capital assets") of the ABL borrower and guarantors, including equipment, intellectual property and the capital stock of subsidiaries (but excluding real property).

Scheduled maturity date of the facility is July 2022. As at 31 December 2020 the Company was in compliance with all of its debt covenants.

Backstop ABL
The term loan facility has an interest rate of 11% per annum payable-in kind or 10% per annum payable in cash at the option of the borrower. It is secured by substantially the same collateral as the ABL credit facility and contains a maturity of October 2022. As at 31 December 2020 and 2019, the amount outstanding under this facility was $45.0 million.

As at 31 December 2020, the Company was in compliance with all of its debt covenants (see page 86).

Term Loans

The Company has a term loan facility which is structured as Tranche A and Tranche B loans. As part of the Recapitalisation in September 2017, the Company restructured its Term Loans. Interest on Term Loans A and B was reduced from 12% to 10% payable-in-kind through to December 2018 and 8% payable-in-kind thereafter. Maturity was extended until December 2022. The term loan tranches are structured to accrete interest, which is payable to the term loan lender, Centerbridge Partners, L.P., a related party.

21. LOANS AND BORROWINGS (CONTINUED)

Since inception and until 31 December 2018, interest of $47.6 million and $34.8 million had accreted for Tranche A and Tranche B loans, respectively. On 31 December 2018, the issuer of these loans was changed from Boart Longyear Management Pty. Ltd. to BL Capital Management LLC and the accreted interest to 31 December 2018 was capitalised to the principal balance. No changes to interest rates or maturity dates were made.

Tranche A
As at 31 December 2020 and 2019, the amount outstanding was $132.5 million, respectively. This tranche contains a maturity of December 2022 and is non-callable for the first 4 years. It is secured by a first lien on the Working Capital Assets of the Term Loan A guarantors that are not ABL guarantors, a second lien on the Working Capital assets of the Term Loan A issuer and the Term Loan A guarantors that are also ABL guarantors, and a second lien on substantially all of the Non-Working Capital Assets of the Term Loan A issuer and guarantors, including equipment, intellectual property, the capital stock of subsidiaries and certain owned real property.

Tranche B
As at 31 December 2020 and 2019, the amount outstanding under Tranche B was $159.9 million, respectively. This tranche contains a maturity of December 2022 and is non-callable for the life of the loan. It is secured by a second lien on the Working Capital Assets of the Term Loan B and Senior Secured Notes guarantors that are not ABL guarantors, a third lien on the Working Capital Assets of the Term Loan B and Senior Secured Notes issuer and the Term Loan B and Senior Secured Notes guarantors that are also ABL guarantors, and a first lien on substantially all of the Non-Working Capital Assets of the Term Loan B and Senior Secured Notes issuer and guarantors, including equipment, intellectual property, the capital stock of subsidiaries and certain owned real property.

The Company's Term Loans, ABL, and Backstop ABL require that obligors under the term loans account for at least 60% of consolidated Group EBITDA and total Tangible Assets. This covenant is tested at each publicly released financial report.

The Group's position in relation to these metrics was as follows:

Metric	Target Range	2020	2019
% of Consolidated EBITDA	Equal or more than 60%	112%	71%
% of Consolidated Tangible Assets	Equal or more than 60%	67%	73%

21. LOANS AND BORROWINGS (CONTINUED)

Further details around the Issuer/Borrower and Guarantors of the Company's debt instruments are included below:

Description	Issuer/Borrower	Guarantors
Senior Secured Notes	Boart Longyear Management Pty Limited	*Australia:* Boart Longyear Australia Pty Limited, Boart Longyear Limited, Boart Longyear Investments Pty Limited and Votraint No. 1609 Pty Limited *Canada:* Boart Longyear Canada, Boart Longyear Manufacturing Canada Ltd. and Longyear Canada, ULC *Chile:* Boart Longyear Chile Limitada *Peru:* Boart Longyear S.A.C. *Switzerland:* Boart Longyear Suisse Sarl *United States:* Boart Longyear Company, Boart Longyear Manufacturing and Distribution Inc., Longyear Holdings, Inc., BLY IP Inc., BL Capital Management LLC, BLY US Holdings Inc. and Longyear TM, Inc.
Senior Unsecured Notes	Boart Longyear Management Pty Limited	*Australia:* Boart Longyear Australia Pty Limited, Boart Longyear Limited, Boart Longyear Investments Pty Limited and Votraint No. 1609 Pty Limited *Canada:* Boart Longyear Canada, Boart Longyear Manufacturing Canada Ltd. and Longyear Canada, ULC *Chile:* Boart Longyear Chile Limitada *Peru:* Boart Longyear S.A.C. *Switzerland:* Boart Longyear Suisse Sarl *United States:* Boart Longyear Company, Boart Longyear Manufacturing and Distribution Inc., Longyear Holdings, Inc., BL Capital Management LLC, BLY US Holdings Inc. and Longyear TM, Inc.
Term Loan A	BL Capital Management LLC	*Australia:* Boart Longyear Management Pty Limited, Boart Longyear Australia Pty Limited, Boart Longyear Limited, Boart Longyear Investments Pty Limited and Votraint No. 1609 Pty Limited *Canada:* Boart Longyear Canada, Boart Longyear Manufacturing Canada Ltd. and Longyear Canada, ULC *Chile:* Boart Longyear Chile Limitada *Peru:* Boart Longyear S.A.C. *Switzerland:* Boart Longyear Suisse Sarl *United States:* Boart Longyear Company, Boart Longyear Manufacturing and Distribution Inc., Longyear Holdings, Inc., BLY IP Inc., BLY US Holdings Inc. and Longyear TM, Inc.
Term Loan B	BL Capital Management LLC	*Same as Term Loan A*
ABL	Boart Longyear Management Pty Limited	*Australia:* Boart Longyear Australia Pty Limited, Boart Longyear Limited, Boart Longyear Investments Pty Limited and Votraint No. 1609 Pty Limited *Canada:* Boart Longyear Canada, Boart Longyear Manufacturing Canada Ltd. and Longyear Canada, ULC *Chile:* Boart Longyear Chile Limitada *Peru:* Boart Longyear S.A.C. *Switzerland:* Boart Longyear Suisse Sarl *United States:* Boart Longyear Company, Boart Longyear Manufacturing and Distribution Inc., Longyear Holdings, Inc., BLY IP Inc., BL Capital Management LLC, BLY US Holdings Inc. and Longyear TM, Inc.
Backstop ABL	Boart Longyear Management Pty Limited	*Same as ABL*

22. PROVISIONS

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Employee benefits
Liabilities for employee benefits for wages, salaries, annual leave, long service leave, and sick leave represent present obligations resulting from employees' services provided and are calculated based on rates that the Company expects to pay as at the reporting date, including costs such as workers' compensation insurance and payroll tax, when it is probable that settlement will be required and they are capable of being reliably measured.

Liabilities recognised in respect of short-term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Company in respect of services provided by employees up to the reporting date.

Non-accumulating non-monetary benefits, such as medical care, housing, cars and free or subsidised goods and services, are expensed based on the net marginal cost to the Company as the benefits are provided to the employees.

Provisions are recognised for amounts expected to be paid under short-term cash bonus or profit-sharing plans if the Company has present legal or constructive obligations to pay these amounts as a result of past service provided by employees and the obligations can be reliably estimated.

Warranties
The Company provides statutory product warranties through its contracts with customers and does not offer the option to purchase warranties separately.

The Company maintains warranty reserves for products it manufactures. A provision is recognised when the following conditions are met: (1) the Company has an obligation as a result of an implied or contractual warranty; (2) it is probable that an outflow of resources will be required to settle the warranty claims; and (3) the amount of the claims can be reliably estimated.

Legal contingencies
The Company has provided for certain legal contingencies to the extent they are probable to incur an outflow of economic benefits to require the settlement of related obligations. Legal contingencies of $5.3 million are comprised of both legal and environmental costs, which were reclassified from Trade and Other Payables as at 31 December 2020. See Note 20.

The following table reflects the provision balances:

	2020 US$'000	2019 US$'000
Current		
Employee benefits	10,158	8,820
Restructuring and termination costs [1]	3,116	4,684
Warranty [2]	592	933
	13,866	14,437
Non-current		
Employee benefits	534	403
Provision for legal contingencies	5,333	-
Pension and post-retirement benefits [3]	6,331	10,349
Provision for tax contingencies	49,427	63,792
	61,625	74,544
	75,491	88,981

(1) The provision for restructuring and termination costs represent the present value of management's best estimate of the costs directly and necessarily caused by the restructuring that are not associated with the ongoing activities of the entity, including termination benefits.
(2) The provision for warranty claims represents the present value of management's best estimate of the future outflow of economic benefits that will be required under the Company's warranty program.
(3) Full actuarial valuations of the defined benefit pension and post-retirement benefit plans are performed annually by qualified independent actuaries for the Company's 31 December year-end closing. See Note 23.

22. PROVISIONS (CONTINUED)

The following table reflects the provision rollforwards:

	Warranty US$'000	Restructuring and Termination US$'000	Tax US$'000
Balance at 1 January 2020	933	4,684	63,792
Additional provisions recognised	50	-	1,251
Reductions arising from payments	(382)	(42)	(1,800)
Reductions resulting from remeasurement	-	(650)	-
Amounts reclassified from tax receivables	-	-	(14,498)
Foreign exchange	(9)	(876)	682
Balance at 31 December 2020	592	3,116	49,427

23. PENSION AND POST-RETIREMENT BENEFITS

Defined contribution pension plans and post-retirement benefits

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The amount recognised as an expense in profit or loss in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the statement of financial position.

Defined contribution plans

Pension costs represent actual contributions paid or payable by the Company to the various plans. As at 31 December 2020 and 2019, there were no significant outstanding/prepaid contributions. Company contributions to these plans were $9.9 million and $9.0 million for the years ended 31 December 2020 and 2019, respectively.

The assets of the defined contribution plans are held separately in independently administered funds. The charge in respect of these plans is calculated on the basis of contributions payable by the Company during the fiscal year.

Defined benefit pension plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any fund assets is deducted.

The discount rate is the yield at the balance sheet date on high quality corporate bonds that have maturity dates approximating the terms of the Company's defined benefit obligations. The weighted-average maturity profile of the defined benefit obligations in North America was 11.0 years for both 2020 and 2019, and in Europe was 19.8 and 14.7 years for 2020 and 2019. The calculation is performed by a qualified actuary using the projected unit credit method. Actuarial gains and losses arising from experience adjustments and related changes in actuarial assumptions are charged or credited to retained earnings.

The Company provides defined contribution and defined benefit pension plans for the majority of its employees. It also provides post-retirement medical arrangements in North America.

The Company's accounting policy for defined benefit pension plans requires management to make annual estimates and assumptions about future returns on classes of assets, future remuneration changes, employee attrition rates, administration costs, changes in benefits, inflation rates, exchange rates, life expectancy and expected remaining periods of service of employees. In making these estimates and assumptions, management considers advice provided by external advisers, such as actuaries. Where actual experience differs to these estimates, actuarial gains and losses are recognised directly in equity.

23. PENSION AND POST-RETIREMENT BENEFITS (CONTINUED)

Full actuarial valuations of the defined benefit pension plans were performed as at various dates and updated to 31 December 2020 by qualified independent actuaries. The estimated market value of the assets of the funded pension plans was $173.3 million and $207.9 million as at 31 December 2020, and 2019, respectively. The market value of assets was used to determine the funding level of the plans. The market value of the assets of the funded plans was sufficient to cover 90% in 2020 and 2019 of the benefits that had accrued to participants after allowing for expected increases in future earnings and pensions. Entities within the Company are paying contributions as required by statutory requirements and in accordance with local actuarial advice.

The majority of the defined benefit pension plans are funded in accordance with minimum funding requirements by local regulators. The assets of these plans are held separately from those of the Company, in independently administered funds, in accordance with statutory requirements or local practice throughout the world.

The majority of the defined benefit pension plans are closed to new participants. Under the projected unit credit method, service cost will increase as the participant ages until retirement when it goes to zero. In addition, changes to the discount rate can increase or decrease service cost.

Company contributions to these plans were $3.0 million and $2.7 million during the years ended 31 December 2020 and 2019, respectively. Contributions in 2021 are expected to be $2.4 million.

The principal assumptions used to determine the actuarial present value of benefit obligations and pension costs are detailed below (shown in weighted averages):

	2020		2019	
	North America	Europe	North America	Europe
Discount rates	2.5%	1.0%	3.3%	0.4%
Expected Average Rate Increases:				
Salaries	3.5%	3.0%	3.5%	3.0%
Pensions in payment	-	1.5%	-	1.5%
Healthcare costs (initial)	5.0%	-	5.0%	-
Healthcare costs (ultimate)	5.0%	-	5.0%	-

Amounts recognised in profit or loss in respect of these defined benefit plans are as follows:

	2020			2019		
	Pension Plan US$'000	Post-retirement medical Plan US$'000	Total US$'000	Pension Plan US$'000	Post-retirement medical Plan US$'000	Total US$'000
Current service cost	1,014	-	1,014	1,088	-	1,088
Net interest expense	351	9	360	415	11	426
Total charge to profit and loss account	1,365	9	1,374	1,503	11	1,514

For the financial years ended 31 December 2020 and 2019, charges of approximately $1.1 million and $1.3 million, respectively, have been included in cost of goods sold and the remainder in general and administrative or sales and marketing expenses.

23. PENSION AND POST-RETIREMENT BENEFITS (CONTINUED)

Changes in the present value of the defined benefit obligations were as follows:

	2020			2019		
	Pension Plan US$'000	Post-retirement Medical Plan US$'000	Total US$'000	Pension Plan US$'000	Post-retirement Medical Plan US$'000	Total US$'000
Opening defined benefit obligation	217,974	321	218,295	201,885	339	202,224
Current service cost	1,014	-	1,014	1,088	-	1,088
Interest cost	5,273	9	5,282	6,363	11	6,374
Actuarial (gains) losses arising from demographic assumptions	(624)	-	(624)	168	-	168
Actuarial losses arising from financial assumptions	10,362	11	10,373	18,285	11	18,296
Assets distributed on settlements	(48,109)	-	(48,109)	-	-	-
Exchange differences on foreign plans	4,923	12	4,935	2,110	14	2,124
Benefits paid	(11,442)	(50)	(11,492)	(11,925)	(54)	(11,979)
Closing defined benefit obligation	179,371	303	179,674	217,974	321	218,295

Changes in the fair value of the plan assets were as follows:

	2020			2019		
	Pension Plan US$'000	Post-retirement Medical Plan US$'000	Total US$'000	Pension Plan US$'000	Post-retirement Medical Plan US$'000	Total US$'000
Opening fair value plan of assets	207,946	-	207,946	193,542	-	193,542
Expected return on plan assets	5,038	-	5,038	6,032	-	6,032
Actuarial gains arising from financial assumptions	13,275	-	13,275	16,601	-	16,601
Administrative expenses paid from the trust	(1,310)	-	(1,310)	(1,215)	-	(1,215)
Exchange differences on foreign plans	4,887	-	4,887	2,261	-	2,261
Contributions from the employer	2,916	50	2,966	2,650	54	2,704
Distribution of assets from settled plan	(47,967)	-	(47,967)	-	-	-
Benefits paid	(11,442)	(50)	(11,492)	(11,925)	(54)	(11,979)
Closing fair value of plan assets	173,343	-	173,343	207,946	-	207,946

Assumed healthcare cost trend rates impact the amounts recognised in profit or loss. A one percentage point change in assumed healthcare cost trend rates would have the following effects:

	2020 US$'000	2019 US$'000
One percentage point increase		
Effect on the aggregate of the service cost and interest cost	-	-
Effect on accumulated post-employment benefit obligation	3	2
One percentage point decrease		
Effect on the aggregate of the service cost and interest cost	-	-
Effect on accumulated post-employment benefit obligation	(3)	(2)

24. ISSUED CAPITAL

	2020		2019	
	Shares '000	US$'000	Shares '000	US$'000
Ordinary shares				
Share capital				
Ordinary shares, fully paid	88,511	1,463,802	87,656	1,463,185
Movements in ordinary shares				
Balance at beginning of year	87,656	1,463,185	26,296,215	1,463,185
Share consolidation[1]	-	-	(26,208,559)	-
Shares issued	-	332	-	-
Shares issued to Directors	855	285	-	-
Balance at end of the year	88,511	1,463,802	87,656	1,463,185
Total shares outstanding	88,511	1,463,802	87,656	1,463,185
Balance at end of the year	88,511	1,463,802	87,656	1,463,185

	2020		2019	
	Warrants '000	US$'000	Warrants '000	US$'000
Issued Warrants				
Warrants issued but not exercised	2,440	5,591	731,082	5,591
Share consolidation[1]	-	-	(728,642)	-
Balance at end of the year	2,440	5,591	2,440	5,591
Total ordinary, convertible preference shares and warrants		1,469,393		1,468,776

(1) On 30 October 2019, the Company completed a consolidation of the Company's issued capital on a basis that every 300 shares be consolidated into 1 share.

25. DIVIDENDS

No dividend has been determined for 31 December 2020 or 31 December 2019. There are no franking credits available for the years ended 31 December 2020 or 2019.

26. COMMITMENTS FOR EXPENDITURE

The Company has the following continuing operational and financial commitments in the normal course of business:

	2020 US$'000	2019 US$'000
Capital commitments		
Purchase commitments for capital expenditures	5,485	3,531
Lease commitment for short-term and low-value leases	8,525	10,574

27. LEASE COMMITMENTS

The Company has various lease agreements in place for facilities and equipment. The terms of the leases include periods of free rent, options for the Company to extend the lease, and increasing rental rates over time, and vary by lease. These lease obligations expire at various dates through 2030. When the rate implicit in the lease is not determinable, the Company uses its incremental borrowing rate based on information available at the commencement date of the lease to determine the present value of the lease payments.

As at 31 December 2020, the Company has ROU assets with a net book value of $31.9 million and corresponding lease liabilities of $36.6 million compared to $35.6 million and $36.6 million as at 31 December 2019.

Payments for low-value and short-term leases are presented in the Consolidated Statement of Profit and Loss within expenses contributing to Operating profit (loss). Payments for low-value and short-term leases as at 31 December 2020 totaled $9.0 million compared to $8.4 million as at 31 December 2019.

ROU assets and depreciation by asset type are as follows:

	Land and Buildings US$'000	Plant and Equipment US$'000	Total US$'000
Balance at 31 December 2019			
Leased Asset Cost	29,516	16,716	46,232
Leased Asset Accumulated Depreciation	(5,363)	(5,264)	(10,627)
Net book value at 31 December 2019	24,153	11,452	35,605
Balance at 31 December 2020			
Leased Asset Cost	32,412	19,458	51,870
Leased Asset Accumulated Depreciation	(10,198)	(9,782)	(19,980)
Net book value at 31 December 2020	22,214	9,676	31,890
2019 Depreciation Expense	5,474	3,801	9,275
2020 Depreciation Expense	5,055	4,229	9,284

28. CONTINGENT LIABILITIES

The recognition of provisions for legal disputes is subject to a significant degree of judgment. Provisions are established when (a) the Company has a present legal or constructive obligation as a result of past events, (b) it is probable that an outflow of resources will be required to settle the obligation, and (c) the amount of that outflow has been reliably estimated. Balances for legal provisions are disclosed in Note 22.

Letters of credit

Standby letters of credit primarily issued in support of commitments or other obligations as at 31 December 2020 are as follows:

Subsidiary	Purpose	Expiration Date	Amount US $'000
Australia	Secure a facility rental	August 2021	526
Australia	Secure a facility rental	September 2021	474
Australia	Secure a facility rental	October 2021	61
Australia	Secure credit facility	April 2021	294
United States	Secure DS bonding program	January 2021	2,670
United States	Secure insurance program	August 2021	1,743
			5,768

Financial guarantee contract liabilities are measured initially at their fair values and subsequently at the higher of the amount recognised as a provision or the amount initially recognised less cumulative amortisation in accordance with the revenue recognition policies described in Note 3.

A summary of the maturity of issued letters of credit is as follows:

	2020 US$'000	2019 US$'000
Less than 1 year	5,768	5,348
1 to 3 years	-	271
	5,768	5,619

Guarantees

The subsidiaries of the Company provide guarantees within the normal course of business which includes payment guarantees to cover import duties, taxes, performance and completion of contracts. In addition, the Parent and certain subsidiaries are guarantors on the Company's loans and borrowings. See Note 21.

Legal contingencies

The Company is subject to certain routine legal proceedings that arise in the normal course of its business. Management believes that the ultimate amount of liability, if any, for any pending claims of any type (either alone or combined) will not materially affect the Company's operations, liquidity, or financial position taken as a whole. However, the ultimate outcome of any litigation is uncertain, and unfavourable outcomes could have a material adverse impact.

Tax and customs audits

The Company is subject to certain tax and customs audits that arise in the normal course of its business. Management believes that the ultimate amount of liability, if any, for any pending assessments (either alone or combined) would not materially affect the Company's operations, liquidity, or financial position taken as a whole. However, the ultimate outcome of these audits is uncertain and unfavourable outcomes could have a material adverse impact. See additional disclosure in Note 10.

28. CONTINGENT LIABILITIES (CONTINUED)

Other contingencies

Other contingent liabilities as at 31 December 2020 and 2019 consist of the following:

	2020 US$'000	2019 US$'000
Contingent liabilities		
Guarantees/counter-guarantees to outside parties	12,272	7,035

Except as detailed in the following table, the carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Company's maximum exposure to credit risk without taking account of the value of any collateral obtained. See Note 14.

	Maximum credit risk	
Financial assets and other credit exposure	**2020 US$'000**	**2019 US$'000**
Performance guarantees provided, including letters of credit	18,040	12,654

29. DEED OF CROSS GUARANTEE

Boart Longyear Limited, Votraint No. 1609 Pty Ltd, Boart Longyear Investments Pty Ltd. and Boart Longyear Management Pty Limited are parties to a deed of cross guarantee (‘the Deed’) under which each company guarantees the debts of the other. By entering into the Deed, the wholly owned entities have been relieved from the requirement to prepare a financial report under ASIC Corporations (Wholly-owned Companies) Instrument 2016/785.

The above companies represent a “closed group” for the purpose of the Class Order, and as there are no other parties to the Deed that are controlled by Boart Longyear Limited, they also represent the “extended closed group”.

Set out below is a consolidated statement of financial performance, a consolidated statement of comprehensive income, a consolidated statement of financial position and a summary of movements in consolidated retained earnings for the years ended 31 December 2020 and 31 December 2019 of the closed group.

a) Consolidated statement of comprehensive income

	2020 US$'000	2019 US$'000
Other income	-	169,193
General and administrative expenses	(3,359)	(3,455)
Restructuring expenses and related impairments	41,984	38,349
Other expenses	(61,138)	(11,060)
Operating (loss) profit	(22,513)	193,027
Interest income	296	4,083
Finance costs	(80,740)	(48,011)
(Loss) profit before taxation	(102,957)	149,099
Income tax benefit (expense)	659	(42,069)
(Loss) profit for the year from continuing operations	(102,298)	107,030
(Loss) profit for the year	(102,298)	107,030

Other comprehensive (loss) income	2020 US$'000	2019 US$'000
(Loss) profit for the year attributable to equity holders of the parent	(102,298)	107,030
Dividends received from related parties	-	55,321
Other comprehensive loss for the year (net of tax)	-	55,321
Total comprehensive (loss) income for the year	(102,298)	162,351

29. DEED OF CROSS GUARANTEE (CONTINUED)

b) Consolidated statement of financial position

	2020 US$'000	2019 US$'000
Current assets		
Cash and cash equivalents	395	433
Trade and other receivables	2,936	3,088
Prepaid expenses and other assets	137	115
Other Current Assets	-	4,135
Total current assets	3,468	7,771
Non-current assets		
Loans to related parties	61,382	55,042
Investment in subsidiaries	493,815	456,973
Other assets	69	63
Total non-current assets	555,266	512,078
Total assets	558,734	519,849
Current liabilities		
Trade and other payables	2,963	1,512
Provisions	516	1,253
Other financial liabilities	1,082	527
Total current liabilities	4,561	3,292
Non-current liabilities		
Loans from related parties	214,008	164,751
Loans and borrowings	512,613	448,387
Provisions	213	213
Total non-current liabilities	726,834	613,351
Total liabilities	731,395	616,643
Net liabilities	**(172,661)**	**(96,794)**
Equity		
Issued capital	3,219,853	3,219,236
Other equity	491,631	465,817
Retained earnings	(3,884,145)	(3,781,847)
Total equity	**(172,661)**	**(96,794)**

30. PARENT ENTITY DISCLOSURES

Financial position

	2020 US$'000	2019 US$'000
Assets		
Current assets [1]	143	6,623
Non-current assets [1]	466,655	459,103
Total assets	466,798	465,726
Liabilities		
Current liabilities [1]	1,009	56,065
Non-current liabilities [1]	358,356	291,291
Total liabilities	359,365	347,356
Net Assets	107,433	118,370
Equity		
Issued capital	3,219,853	3,219,236
Reserves	10,663	9,452
Accumulated losses	(3,123,083)	(3,110,318)
Total equity	107,433	118,370

(1) In 2020, the tax payables and receivables included in current assets and current liabilities for 2019 have been classified as non-current assets and liabilities for 2020.

Financial performance

	2020 US$'000	2019 US$'000
(Loss) profit for the year	(12,765)	60,232
Total comprehensive loss	(12,765)	60,232

Guarantees entered into by the parent entity in relation to debts of its subsidiaries

Other guarantees are described in Note 28.

Contractual obligations

As at 31 December 2020 and 2019, Boart Longyear Limited did not have any contractual obligations.

Guarantees entered into by the parent entity in relation to debts of its subsidiaries

The Parent has entered into agreements with the Canada Revenue Agency and Ministry of Finance for the province of Ontario to guarantee the payment of all amounts finally determined to be due and payable by its Canadian affiliates in respect of contested tax assessments for the tax years from 2007 through 2012. See Note 10. Other guarantees are described in Note 28.

31. COMPANY SUBSIDIARIES

The Company's percentage ownership of the principal subsidiaries are as follows:

Subsidiaries	Country of incorporation	Business	31 Dec 2020	31 Dec 2019
BL Capital Management LLC	USA	Holding Company	100	100
BL DDL Holdings Pty Ltd[1]	Australia	Dormant	-	100
BL Group Holdings Inc.	Cayman Island	Holding Company	100	100
BLI Zambia Ltd.	Zambia	Drilling Services	100	100
BLY Canada Inc.[3]	Canada	Holding Company	100	-
BLY Cote d'Ivoire S.A.	Ivory Coast	Drilling Services	100	100
BLY Drilling Services and Products Mexico, S.A. de C.V.[2]	Mexico	Dormant	100	100
BLY EMEA UK Holdings Ltd.	United Kingdom	Holding Company	100	100
BLY Gabon S.A.	Gabon	Drilling Services	100	100
BLY Ghana Limited	Ghana	Drilling Services	100	100
BLY Guinea S.A.[2]	Guinea	Dormant	100	100
BLY IP Inc.	USA	Holding Company	100	100
BLY Madagascar S.A.[2]	Madagascar	Dormant	100	100
BLY Mali S.A.	Mali	Drilling Services	100	100
BLY Senegal S.A.	Senegal	Drilling Services	100	100
BLY Sierra Leone Ltd.	Sierra Leone	Drilling Services	100	100
BLY US Holdings Inc.	USA	Holding Company	100	100
Boart Longyear (Cambodia) Ltd.[2]	Cambodia	Dormant	100	100
Boart Longyear (DRC) S.A.	Dem. Rep. of Congo	Drilling Services	100	100
Boart Longyear (NZ) Limited	New Zealand	Drilling Services	100	100
Boart Longyear (Vic) No. 1 Pty Ltd	Australia	Dormant	100	100
Boart Longyear (Vic) No. 2 Pty Ltd	Australia	Dormant	100	100
Boart Longyear Alberta Limited	Canada	Holding Company	100	100
Boart Longyear Argentina S.A.	Argentina	Drilling Services	100	100
Boart Longyear Australia Holdings Pty Limited[1]	Australia	Dormant	-	100
Boart Longyear Australia Pty Ltd	Australia	Drilling Services	100	100
Boart Longyear B.V.	Netherlands	Drilling Products	100	100
Boart Longyear Burkina Faso Sarl[2]	Burkina Faso	Dormant	100	100
Boart Longyear Canada	Canada	Drilling Products and Services	100	100
Boart Longyear Chile Limitada	Chile	Drilling Products and Services	100	100
Boart Longyear Colombia S.A.S.[1]	Colombia	Dormant	-	100
Boart Longyear Company	USA	Drilling Products and Services	100	100
Boart Longyear de Mexico, S.A. de C.V.	Mexico	Drilling Services	100	100
Boart Longyear Drilling Products (Wuxi) Co., Ltd.	China	Drilling Products and Services	100	100
Boart Longyear Drilling Services KZ LLP[2]	Kazakhstan	Dormant	100	100
Boart Longyear Eritrea Ltd.	Eritrea	Drilling Services	100	100
Boart Longyear Finance Ltd.	Canada	Holding Company	100	100
Boart Longyear GmbH & Co., KG	Germany	Drilling Products and Services	100	100
Boart Longyear Holdings (Thailand) Co., Ltd.[1]	Thailand	Dormant	-	100
Boart Longyear I LP[3]	Canada	Drilling Services	100	-
Boart Longyear Incorporated	Canada	Holding Company	100	100
Boart Longyear International B.V.	Netherlands	Holding Company	100	100
Boart Longyear Investments Pty Ltd	Australia	Holding Company	100	100

31. COMPANY SUBSIDIARIES (CONTINUED)

Subsidiaries	Country of incorporation	Business	31 Dec 2020	31 Dec 2019
Boart Longyear Liberia Corporation	Liberia	Dormant	100	100
Boart Longyear Limitada	Brasil	Dormant	100	100
Boart Longyear Limited	Ireland	Drilling Products	100	100
Boart Longyear LLC[1]	Russia Federation	Dormant	-	100
Boart Longyear Management Pty Ltd	Australia	Holding Company	100	100
Boart Longyear Manufacturing and Distribution Inc.	USA	Drilling Products	100	100
Boart Longyear Manufacturing Canada Ltd.	Canada	Drilling Products	100	100
Boart Longyear Netherlands BV	Netherlands	Holding Company	100	100
Boart Longyear Poland Spolka z.o.o.	Poland	Drilling Products and Services	100	100
Boart Longyear Products KZ LLP [2]	Kazakhstan	Dormant	100	100
Boart Longyear RUS[1]	Russia Federation	Dormant	-	100
Boart Longyear S.A.C.	Peru	Drilling Products and Services	100	100
Boart Longyear Saudi Arabia LLC[2]	Saudi Arabia	Dormant	100	100
Boart Longyear Sole Co., Limited	Laos	Drilling Services	100	100
Boart Longyear Suisse Sàrl	Switzerland	Holding Company	100	100
Boart Longyear Tanzania Limited[3]	Tanzania	Drilling Services	100	-
Boart Longyear Ventures Inc.	Canada	Holding Company	100	100
Boart Longyear Vermogensverwaltung GmbH	Germany	Holding Company	100	100
Boart Longyear Zambia Limited[2]	Zambia	Dormant	100	100
Cooperatief Longyear Holdings UA	Netherlands	Holding Company	100	100
Dongray Industrial Limited[1]	United Kingdom	Dormant	-	100
Geoserv Pesquisas Geologicas S.A.	Brasil	Dormant	100	100
Globaltech Corporation Pty Ltd	Australia	Holding Company	52	52
Inavel S.A.	Uruguay	Drilling Services	100	100
Longyear Canada, ULC	Canada	Drilling Products	100	100
Longyear DRC S.A.[3]	Dem. Rep. of Congo	Holding Company	100	-
Longyear Global Holdings, Inc.	USA	Holding Company	100	100
Longyear South Africa (Pty) Ltd	South Africa	Drilling Products and Services	100	100
Longyear TM, Inc.	USA	Holding Company	100	100
P.T. Boart Longyear	Indonesia	Drilling Services	100	100
Patagonia Drill Mining Services S.A.	Argentina	Dormant	100	100
Votraint No. 1609 Pty Ltd	Australia	Drilling Services	100	100

(1) This entity was merged or dissolved in 2020.
(2) This entity is currently in liquidation status.
(3) This entity was formed in 2020.

32. RELATED PARTY TRANSACTIONS

Transactions with key management personnel

a) Key management personnel compensation

Details of key management personnel compensation are disclosed in Note 8.

b) Other transactions with key management personnel of the Company

None.

c) During the year the Company incurred the following interest expenses associated with the relevant parties and corresponding debt facilities:

	Balances at 31 Dec 2020 US$'000	Interest expense for the financial year ended 31 Dec 2020 US$'000
Centerbridge		
Term Loan A	155,740	12,048
Term Loan B	187,743	14,524
Backstop ABL	17,282	1,805
Senior Secured Notes	287,618	4,410
Ascribe		
Backstop ABL	6,061	633
Senior Secured Notes	67,782	12,190
Unsecured Notes	42,543	632

33. CASH AND CASH EQUIVALENTS

Included in the cash balance as at 31 December 2020 is $0.2 million of restricted cash and as at 31 December 2019 $0.2 million of restricted cash. The Company cannot access these cash balances until certain conditions are met. These conditions pertain to the Company's ABL facility as well as restrictions to secure facility leases.

34. NON-CASH TRANSACTIONS

During the current year, the Company entered into the following non-cash financing transactions, which are not reflected in the consolidated statement of cash flows:

- $85.8 million of non-cash interest expense

35. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

Standards and Interpretations issued, but not yet effective

At the date of authorisation of the financial statements, the Company has not applied the following new and revised Australian Accounting Standard, Interpretations and amendments that have been issued, but are not yet effective.

Standard / Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 17 'Insurance Contracts'	1 January 2023	31 December 2023
AASB 2014-10 Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an investor and its Associate or Joint Venture [AASB 10 & AASB 128]	1 January 2022	31 December 2022
AASB 2015-10 Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 & AASB 128	1 January 2022	31 December 2022
AASB 2017-5 Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 & AASB 128 and Editorial Corrections	1 January 2022 Editorial Corrections apply from 1 January 2018	31 December 2022
AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current	1 January 2023	31 December 2023
AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020	1 January 2022	31 December 2022
AASB 2020-8 Amendments to Australian Accounting Standards - Interest Rate Benchmark Reform	1 January 2021	31 December 2021

35. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS (CONTINUED)

Standards and Interpretations issued and effective

The Company has adopted all the new and revised standards and interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period.

These standards and interpretations are set forth throughout the notes to the financial statements. The adoption of each standard individually did not have a significant impact on the Company's financial results or consolidated statement of financial position.

Standard / Interpretation	Effective for annual reporting periods beginning on or after	Applied in the financial year ended
AASB 2018-7 Amendments to Australian Accounting Standards - Definition of Material	1 January 2020	31 December 2020
AASB 2019-1 Amendments to Australian Accounting Standards - References to the Conceptual Framework	1 January 2020	31 December 2020
AASB 2018-6 Amendments to Australian Accounting Standards - Definition of a Business	1 January 2020	31 December 2020
AASB 2020-4 Amendments to Australian Accounting Standards - COVID-19 Related Rent Concessions	1 June 2020	31 December 2020
AASB 2019-5 Amendments to Australian Accounting Standards - Disclosure of the effect of New IFRS Standards not yet Issued in Australia	1 January 2020	31 December 2020

36. SUBSEQUENT EVENTS

As released on 7 January 2021, the Company has engaged Rothschild & Co. as an advisor to support the Company's evaluation of potential options in anticipation of the maturation of the Company's debt facilities through the second half of 2022 including for refinancing or recapitalisation. At this time there are no material developments related to the strategic review; however, the Company continues to explore various solutions to materially improve the capital structure of the business.