Anti-Money Laundering Policy

Policy Number: LEG-0001-11-07
Effective Date: 10-July-2007

1. PURPOSE

Boart Longyear is committed to complying fully with anti-money laundering and anti-terrorism laws. This commitment applies throughout Boart Longyear regardless of where we conduct business.

This policy applies to (i) all directors, officers and employees of Boart Longyear; (ii) to each domestic and foreign subsidiary, partnership, venture or other business affiliate that is effectively controlled by Boart Longyear directly or indirectly, and (iii) to any third party distributors, resellers, and agents (“third parties”) operating on Boart Longyear’s behalf.

2. POLICY STATEMENT

2.1 Money Laundering

Money laundering is the process by which one conceals the existence of an illegal source of income and then disguises that income to make it appear legitimate. Many countries, including the United States, Australia, European Union State Members, and others have enacted strict laws and regulations intended to address this problem. In such countries, the violation of money laundering laws is a felony, which may lead to substantial penalties. Boart Longyear is subject to such money laundering legislation.

For example, it is unlawful in the United States for any person to engage in financial transactions involving the proceeds of a “specified unlawful activity” either: (i) with the intent to promote a “specified unlawful activity” or (ii) with the knowledge that the transaction is designed in whole or in part to conceal or disguise the nature, location, source, ownership or control of the proceeds or to avoid a state or local reporting requirement. Similarly, Australian anti-money laundering legislation prohibits receiving, possessing, concealing, disposing, importing or engaging in bank transactions involving the proceeds of predicate offenses or involving property intended to be used as an instrumentality of such an offense.

In the United States, the list of “specified unlawful activities” is extensive and not limited to activities commonly associated with money laundering, such as narcotic or arms distribution. “Specified unlawful activities” include domestic and foreign anti-corruption, tax evasion, fraud, extortion and many other offenses.

In Australia, predicate offenses are defined as all offenses with a minimum penalty of 12 months imprisonment. Predicate offenses could also include foreign offenses, which, if committed in Australia, would qualify as predicate offenses under Australian law.
Use by Boart Longyear of proceeds tainted by illegality can also give rise to liability. It is important to understand that the actions of third parties, whether inside or outside of the United States and Australia, could be the basis for money laundering violations, under U.S. and Australian money laundering legislation, in which Boart Longyear or its employees could be implicated.

Under United States law, “knowledge” of potential illegal activity which could form the basis for money laundering charges, is broader than actual knowledge. It includes “willful blindness.” “Willful blindness” is the sense that “I do not want to know about this” with the result that such suspicious facts and circumstances are ignored and not properly investigated. Under Australian law, negligent acts could also lead to liability for money laundering.

Employees should contact the Legal Department if they are aware of suspicious circumstances leading them to believe that a transaction might involve the payment or receipt of proceeds of any unlawful activity.

2.2 Transportation of Cash

The United States Treasury Department has issued regulations that require any person who knowingly transports or causes to be transported currency or other monetary instruments in an aggregate amount exceeding $10,000 on any one occasion, from any place within the United States to any place outside the United States, or vice versa, to file a Form 4790 with the United States Customs and Border Protection Service. Failure to file the required Form 4790 subjects the persons involved to both criminal and civil penalties.

Monetary instruments include:

- US or foreign coins and currency;
- Traveler checks in any form;
- Negotiable instruments (including checks, promissory notes, and money orders) that are either in bearer form, endorsed without restriction, made out to a fictitious payee, or otherwise in such form that title thereto passes upon delivery;
- Incomplete instruments (including checks, promissory notes, and money orders) signed, but with the payee’s name omitted; and
- Securities or stock in bearer form or otherwise in such form that title thereto passes upon delivery. However, the term “monetary instruments” does not include:
  - Checks or money orders made payable to the order of a named person which have not been endorsed or which bear restrictive endorsements;
  - Warehouse receipts; or
  - Bills of lading.

The United States Internal Revenue Service has issued regulations that require any person in a trade or business who receives more than $10,000 in cash in a single transaction or in related transactions to file a Form 8300 reporting such cash transactions. Failure to file the required reports can subject the persons involved to civil and criminal penalties.
Similar laws may be in place in other countries in which Boart Longyear conducts business. Employees should contact the Legal Department for more information pertaining to laws in those countries regarding money laundering and applicable reporting requirements.

3. AREAS OF PARTICULAR CONCERN

Boart Longyear can be liable not only for the actions of its own employees but also in certain circumstances for the actions of its intermediaries, including agents, consultants, lobbyists, representatives or other third parties. Such liability may arise if Boart Longyear has “knowledge” that a transaction might involve the payment or the receipt of proceeds of any unlawful activity. If there are “red flags” that raise questions, then there is a duty to inquire.

3.1 Red flags for money laundering concerns include, but are not limited to:

- Refusal to disclose the source of funds or the beneficial owners of such funds
- Uncertain or unrelated qualifications of a participant for a proposed transaction, e.g., if the principal business of such participant appears to be unrelated to such transaction
- Large cash payments
- Payments to and from offshore jurisdictions
- Complicated payment and transaction structures, including the use of multiple parties in transactions where payments and shipments are made to or from third parties which are not parties to the underlying contract
- Criminal connections of transaction participants

Proceeding with a transaction involving any red flags is not permissible unless the issues raised by the red flags are resolved and the transaction is authorized by the Legal Department.

3.2 Hypothetical Situation, Red Flags and Response

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<tr>
<th>Situation</th>
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<td>A customer, operating in China, requests that a contract be signed with a Delaware company, explaining that the Delaware company will make payment to Boart Longyear and will then resell Boart’s equipment to the Chinese entity. The Delaware company has no office or employees and maintains a bank account in a tax haven or off-shore jurisdiction.</td>
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<th>Red Flags</th>
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<td>The customer may be using the Delaware intermediary to avoid payment or reduce the amount of customs duties and/or taxes in violation of Chinese law. By agreeing to this transaction structure, Boart Longyear may expose itself to liability under local law and U.S. money laundering laws.</td>
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<th>Response</th>
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<td>Careful due diligence must be done before Boart Longyear could proceed with such a transaction, if at all.</td>
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4. REVISION HISTORY

<table>
<thead>
<tr>
<th>Revision</th>
<th>Date</th>
<th>Comment</th>
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<tbody>
<tr>
<td>001</td>
<td>August 3, 2010</td>
<td>Corrected formatting</td>
</tr>
<tr>
<td>002</td>
<td>October 13, 2010</td>
<td>Added definition of monetary instruments</td>
</tr>
<tr>
<td>003</td>
<td>July 23, 2012</td>
<td>Global Policy project</td>
</tr>
<tr>
<td>004</td>
<td>August 28, 2018</td>
<td>Inserted “(iii) to third party distributors, resellers, and agents (“third parties”) operating on Boart Longyear's behalf” under Section 1</td>
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<td>Corrected formatting</td>
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