

NOTICE OF 2014 ANNUAL GENERAL MEETING

Boart Longyear Limited ABN 49 123 052 728

Notice is given that the 2014 Annual General Meeting of shareholders of Boart Longyear Limited ("Company") will be held at the Museum of Sydney, located at the corner of Bridge and Phillip Streets, Sydney NSW 2000 on Monday, 19 May 2014, commencing at 1.00 p.m. (Sydney time).

BUSINESS OF THE MEETING

A. CONSIDERATION OF REPORTS

To receive and consider the Financial Report, the Directors' Report and the Independent Audit Report of the Company for the financial year ended 31 December 2013.

The Annual Report, which contains the Financial Report for the year ended 31 December 2013, is available to all shareholders on the website of the Company at ir.boartlongyear.com

B. QUESTIONS AND COMMENTS

Following the consideration of Reports, the Chairman will give shareholders a reasonable opportunity to ask questions about, or comment on, the performance and affairs of the Company.

The company's auditor will attend the Meeting and will be available to answer questions relevant to the:

- (a) conduct of the audit;
- (b) preparation and content of the Independent Audit Report;
- (c) accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- (d) independence of the auditor in relation to the conduct of the audit.

C. ITEMS FOR APPROVAL

1. Election of Mr Rex McLennan

To consider and, if thought fit, to pass the following as an ordinary resolution of the Company:

"That Mr Rex McLennan, having been appointed as an additional director to the Board of the Company on 24 August 2013 in accordance with the Company's Constitution and having offered himself for election and being eligible, is hereby elected as a director of the Company in accordance with ASX Listing Rule 14.4."

2. Election of Mr Peter Day

To consider and, if thought fit, to pass the following as an ordinary resolution of the Company:

“That Mr Peter Day, having been appointed as an additional director to the Board of the Company on 25 February 2014 in accordance with the Company’s Constitution and having offered himself for election and being eligible, is hereby elected as a director of the Company in accordance with ASX Listing Rule 14.4.”

3. Re-election of Mr Roger Brown

To consider and, if thought fit, to pass the following as an ordinary resolution of the Company:

“That Mr Roger Brown, having retired by rotation in accordance with the Company’s Constitution and having offered himself for re-election and being eligible, is hereby elected as a director of the Company in accordance with ASX Listing Rule 14.4.”

4. Re-election of Mr Roy Franklin

To consider and, if thought fit, to pass the following as an ordinary resolution of the Company:

“That Mr Roy Franklin, having retired by rotation in accordance with the Company’s Constitution and having offered himself for re-election and being eligible, is hereby elected as a director of the Company in accordance with ASX Listing Rule 14.4.”

5. Approval of cancellation of CEO Sign-On Equity Grant

To consider, and if thought fit, pass the following resolution as an ordinary resolution of the Company:

“That approval is given for all purposes, including ASX Listing Rule 6.23.2, for the cancellation of all share rights granted under the Long Term Incentive Plan to Mr Richard O’Brien in 2013 in connection with his appointment as the Company’s President and Chief Executive Officer (‘Sign-On Equity Grant’).”

Voting exclusion:

In accordance with the ASX Listing Rules and the Corporations Act, the Company will disregard any votes cast on item 5:

- by or on behalf of Mr O’Brien and his associates, regardless of the capacity in which the vote is cast; or
- as a proxy by a person who is a member of the Company’s key management personnel (KMP) at the date of the AGM or their closely related parties (such as close family members and any controlled companies of those persons).

However, votes will not be disregarded if they are cast as proxy for a person entitled to vote on item 5:

- in accordance with the directions on the proxy form; or
- by the Chairman of the meeting pursuant to an express authorisation to exercise the proxy even though item 5 is connected with the remuneration of a member of the Company’s KMP.

6. Approval of partial conversion of CEO Strategic Retention Grant into options

To consider, and if thought fit, pass the following resolution as an ordinary resolution of the Company:

That approval is given for all purposes, including ASX Listing Rule 10.14, for the grant of 9,104,258 options to Mr Richard O'Brien in partial substitution of the cash incentive granted to him on 31 January 2014 ("Strategic Retention Grant") on the terms set out in the Explanatory Statement attached to the Notice of Meeting."

Voting exclusion applicable to items 6 and 7:

In accordance with the ASX Listing Rules and the Corporations Act, the Company will disregard any votes cast on items 6 and 7:

- by or on behalf of Mr O'Brien or a director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and their associates, regardless of the capacity in which the vote is cast; or
- as a proxy by a person who is a member of KMP at the date of the AGM or their closely related parties.

However, votes will not be disregarded if they are cast as proxy for a person entitled to vote on items 6 and 7:

- in accordance with the directions on the proxy form; or
- by the Chairman of the meeting pursuant to an express authorisation to exercise the proxy even though items 6 and 7 are connected with the remuneration of a member of the Company's KMP and the shareholder has ticked the box on the proxy form acknowledging that the Chairman may vote as he decides.

7. Approval of annual Long Term Incentive Plan grant to CEO

To consider, and if thought fit, pass the following resolution as an ordinary resolution of the Company:

"That approval is given for all purposes, including ASX Listing Rule 10.14 and Part 2D.2 of the Corporations Act, for the grant of long term cash rights with an initial value of \$US625,000, 1,621,020 Performance Share Rights and 3,242,040 Retention Share Rights under the Long Term Incentive Plan and 1,621,020 options under the Option Plan to Mr Richard O'Brien as the long term incentive component of his remuneration for the financial year ending 31 December 2014 on the terms (including termination entitlements) set out in the Explanatory Statement attached to the Notice of Meeting."

A voting exclusion applies to this item as outlined under item 6.

8. Approval of termination benefits

To consider, and if thought fit, pass the following resolution as an ordinary resolution of the Company:

"That, for a period of 3 years commencing from the date this resolution is passed for the purposes of Part 2D.2 of the Corporations Act, approval is granted to give benefits to any current or future employee holding a managerial or executive office in the Boart Longyear group of companies ("Group") in connection with that person ceasing to hold a managerial or executive office in the Group on the terms set out in the Explanatory Statement attached to the Notice of Meeting."

Voting exclusion:

In accordance with the Corporations Act, the Company will disregard any votes cast on item 8 as a proxy by a person who is a member of KMP at the date of the AGM or their closely related parties. However, votes will not be disregarded if they are cast as proxy for a person entitled to vote on item 8:

- in accordance with the directions on the proxy form; or

- by the Chairman of the meeting pursuant to an express authorization to exercise the proxy even though item 8 is connected with the remuneration of the Company's KMP.

If you are not currently a member of KMP but consider that you could become a member and you wish to preserve the benefit of this resolution, you and your associates should not vote on this item.

9. Remuneration Report

To consider and, if thought fit, to pass the following resolution as an ordinary resolution of the Company:

"That the Remuneration Report for the financial year ended 31 December 2013 (set out in the Directors' Report) is adopted."

Note - The vote on this resolution is advisory only and does not bind the Directors or the Company.

Voting Exclusion

In accordance with the Corporations Act, the Company will disregard any votes cast on item 9:

- by or on behalf of a member of KMP named in the Remuneration Report or their closely related parties, regardless of the capacity in which the vote is cast; or
- as a proxy by a person who is a member of KMP at the date of the AGM or their closely related parties.

However, votes will not be disregarded if they are cast as proxy for a person entitled to vote on item 9:

- in accordance with the directions on the proxy form; or
- by the Chairman of the meeting pursuant to an express authorisation to exercise the proxy even though item 9 is connected with the remuneration of the Company's KMP.

Important note:

The Chair of the Meeting intends to vote all available proxies in favour of each resolution.

By order of the Board



Fabrizio Rasetti
Company Secretary
17 April 2014

Entitlement to attend and vote

In accordance with Reg 7.11.37 of the *Corporations Regulations 2001*, the Board has determined that persons who are registered holders of shares of the Company as at 7.00pm (Sydney time) on Saturday 17 May 2014 will be entitled to attend and vote at the Meeting as a shareholder. Accordingly, transactions registered after that time will be disregarded for determining which shareholders are entitled to attend and vote at the Meeting.

Voting by proxy

A shareholder entitled to attend and vote at the Meeting may appoint an individual or a body corporate as a proxy. If a body corporate is appointed as a proxy, that body corporate must ensure that it appoints a corporate representative in accordance with section 250D of the *Corporations Act* to exercise its powers as proxy at the Meeting.

A proxy need not be a shareholder of the Company.

A shareholder may appoint up to two proxies and specify the proportion or number of votes each proxy may exercise. If the shareholder does not specify the proportion or number of votes to be exercised, each proxy may exercise half of the shareholder's votes.

Details for completion and lodgement of proxies are on the reverse side of the proxy form. To be effective, the proxy must be received at the share registry of the Company no later than 1.00 p.m. (Sydney time) on Saturday 17 May 2014. Proxies must be received before that time by one of the following methods:

Online	At www.linkmarketservices.com.au
By post:	Link Market Services Limited Locked Bag A14 Sydney South NSW 1235 Australia
By facsimile:	In Australia (02) 9287 0309 From outside Australia +61 2 9287 0309
By delivery:	Link Market Services Limited Level 12, 680 George Street Sydney NSW 2000 or 1A Homebush Bay Drive, Rhodes, NSW 2138

Voting by Attorney

A proxy form and the original power of attorney, if any, under which the proxy form is signed (or a certified copy of that power of attorney or other authority) must be received by the Company no later than 1:00 p.m. (Sydney time) on Saturday 17 May 2014, being 48 hours before the Meeting.

Corporate Representatives

A body corporate that is a shareholder, or that has been appointed as a proxy, is entitled to appoint any person to act as its representative at the Meeting. The appointment of the representative must comply with the requirements under section 250D of the *Corporations Act 2001*. The representative should bring to the Meeting a properly executed "Certificate of Appointment of Corporate Representative" (available from the Company's share registry) confirming its authority to act as the company's representative.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Company's shareholders in relation to the business to be conducted at the Company's 2014 Annual General Meeting and forms part of the Notice of Meeting.

The purpose of this Explanatory Statement is to provide shareholders with information they may reasonably require to decide how to vote upon the resolutions. The Directors recommend that shareholders read this Explanatory Statement before determining whether or not to support a resolution.

All nine resolutions proposed are ordinary resolutions. An ordinary resolution requires a simple majority of votes cast by shareholders entitled to vote on the resolution.

Ordinary Business

Resolution 1: Election of Mr Rex McLennan

Mr Rex McLennan was appointed a Non-Executive Director of the Company on 24 August 2013. In accordance with Clause 44(d) of the Company's Constitution and ASX Listing Rule 14.4, Mr McLennan offers himself for election.

Mr McLennan is a former senior public company executive with over 30 years of progressive leadership experience in large, multinational resource companies. He most recently served as Chief Financial Officer of Viterro Inc., a leading global agricultural products company primarily involved in the distribution, marketing and processing of grain and oilseeds. Viterro was acquired in December, 2012 by Glencore International, and Mr McLennan completed his role as CFO at that time.

His professional career also includes prior senior executive finance roles. He served as Executive Vice President and Chief Financial Officer for major gold producer Placer Dome, Inc. prior to its acquisition by Barrick Gold in 2005 and subsequently held the same role with the Vancouver Organizing Committee (VANOC) for the 2010 Olympic Winter Games, where he led and successfully completed the development of the 2010 games operations budget, risk management and related financial functions from 2005-07. Mr McLennan also has significant experience in the energy resources industry, having held progressive leadership roles earlier in his career at Imperial Oil Limited, Exxon's Canadian public oil company, in the upstream Heavy Oil/Oil Sands development group in Calgary, Canada, and subsequently in the Corporate Finance and Treasury groups in Toronto.

Mr McLennan holds a Master of Business Administration from McGill University in Finance/Accounting and a Bachelor of Science in Mathematics/Economics from the University of British Columbia. He is a member of the Canadian Institute of Corporate Directors (ICD) and a graduate of the ICD Director's Education Program, University of Toronto, Rotman School of Business, obtaining his ICD.D designation in 2013.

Mr McLennan is Chairman of the Finance Committee and a member of the Audit, Compliance and Risk Committee.

The Directors, with Mr McLennan abstaining, unanimously recommend that shareholders vote in favour of this resolution.

Resolution 2: Election of Mr Peter Day

Mr Peter Day was appointed a Non-Executive Director of the Company on 25 February 2014. In accordance with Clause 44(d) of the Company's Constitution and ASX Listing Rule 14.4, Mr Day offers himself for election.

Mr Day's professional career includes senior executive roles in finance and general management in mining, manufacturing, food and financial services industries at companies including Bonlac Foods, Rio Tinto, CRA and Comalco. He was Chief Financial Officer for Amcor for seven years until 2007.

Mr Day is a former Chairman of the Australian Accounting Standards Board and was Deputy Chairman of the Australian Securities & Investments Commission. He is a non-executive director of Alumina Limited, Ansell Limited and SAI Global, each of which is listed on the ASX. He also is a member of the Takeovers Panel.

Mr Day received his Bachelor of Laws LLB (Hons) from Queen Victoria University in Manchester, England, and his Master of Administration from Monash University in Melbourne. Mr Day is a Chartered Accountant (FCA) and a member of CPA Australia (FCPA).

Mr Day is a member of the Company's Audit, Risk & Compliance Committee.

The Directors, with Mr Day abstaining, unanimously recommend that shareholders vote in favour of this resolution.

Resolution 3: Re-election of Mr Roger Brown

Mr Brown was appointed a non-executive director on 1 July 2010. ASX Listing Rule 14.4 and Clause 46 of the Company's Constitution require directors to retire by rotation in line with their length of service. Mr Brown, who currently serves as Chairman of the Remuneration Committee and is a member of the Environment, Health & Safety Committee, retires by rotation and, being eligible, offers himself for re-election.

Mr Brown currently holds board positions with McDermott International, Inc. (New York Stock Exchange) and Ultra Petroleum Corporation (New York Stock Exchange). His professional experience includes serving as President of the Smith Technologies division of Smith International, Inc., a Fortune 500 company that was a leading worldwide supplier of products and services to the oil and gas industrial markets prior to its acquisition by Schlumberger Limited.

Mr Brown received his Bachelor of Science in Economics, History, and Political Science and his Juris Doctor from the University of Oklahoma.

The Directors, with Mr Brown abstaining, unanimously recommend that shareholders vote in favour of this resolution.

Resolution 4: Re-election of Mr Roy Franklin

Mr Franklin was appointed a non-executive director of the Company on 15 October 2010. ASX Listing Rule 14.4 and Clause 46 of the Company's Constitution require directors to retire by rotation in line with their length of service. Mr Franklin, who currently serves as Chairman of the Environment Health & Safety Committee and is a member of the Audit, Compliance & Risk Committee and Finance Committee, retires by rotation and, being eligible, offers himself for re-election.

Mr Franklin is currently Chairman of the Board for Keller Group PLC (London Stock Exchange) and a director of Santos Ltd. (ASX), Statoil ASA (Oslo Stock Exchange) and Cuadrilla Resources. He previously has held directorships on a other corporate boards, including International Energy Group and Novera Energy. His professional experience includes appointments as chief executive of Paladin Resources from 1997 to 2006, managing director of Clyde Petroleum from 1991 to 1997 and executive roles with British Petroleum earlier in his career.

Mr Franklin received his Bachelor of Science in Geology from the University of Southampton (United Kingdom).

The Directors, with Mr. Franklin abstaining, unanimously recommend that shareholders vote in favour of this resolution.

Resolution 5: Approval of cancellation of CEO Sign-On Equity Grant

Shareholder approval is sought for the cancellation of all share rights granted to Mr Richard O'Brien in 2013 in connection with his appointment as CEO ("Sign-On Grant").

The Sign-On Grant was made pursuant to shareholder approval obtained at last year's Annual General Meeting. The applicable terms and conditions were outlined in the Company's 2013 Notice of Meeting, as well as an ASX announcement dated 4 March 2013 that summarised the key terms of Mr O'Brien's employment. The Sign-On Grant comprised a grant of rights to fully paid ordinary shares in the Company under the Company's Long Term Incentive Plan. It had a target value of US\$5 million, which included the US\$2.5 million value of Mr O'Brien's annual long term incentive grant for 2013.

In light of the Strategic Retention Grant he received in January 2014, which is discussed in the explanatory statements to Resolution 6 below, Mr O'Brien has requested that the share rights awarded him in the Sign-On Grant be cancelled. The Company does not believe that shareholder approval is required for the cancellation of the rights but seeks shareholder approval in the interests of transparency and good governance and to ensure compliance with ASX Listing Rule 6.23.2.

The proposed cancellation of the Sign-On Grant share rights would include the 315,000 share rights that were due to vest on 1 April 2014. Further, Mr O'Brien has agreed that he still will be required to purchase and hold 472,500 shares in the Company as at 1 April 2016, which was a requirement of the Sign-On Grant, even if the share rights are cancelled. To date, Mr O'Brien has purchased 300,000 Company shares.

The Directors, with Mr O'Brien abstaining, unanimously recommend that shareholders vote in favour of this resolution.

Resolution 6: Approval of partial conversion of CEO Strategic Retention Grant into options

Background

The Board considers that Mr O'Brien's skills, focus and leadership are critical to achieving the Company's near and long term objectives, and on 31 January 2014, made a one-off cash grant to Mr O'Brien of US\$5 million ("Strategic Retention Grant"). The grant was made following a detailed review of Mr O'Brien's compensation structure with the assistance of independent compensation advisors, which led the Board to conclude that, as a result of the dramatic changes to the Company's business environment since the commencement of his employment, Mr O'Brien's initial remuneration package no longer was effective to incentivise or retain him.

The Strategic Retention Grant was made in the form of cash rights divided into three equal portions due to vest on the date of the 2014 Annual General Meeting, 1 April 2015 and 1 April 2016, respectively. Vesting may be deferred if it were to result in the Company breaching any financial covenants and in such an event vesting would be deferred until such time as the Company's financial position would accommodate payment.

Mr O'Brien and the Board believe conversion of a portion of the Strategic Retention Grant from cash rights into options to acquire shares in the Company will strengthen alignment with shareholders and, accordingly, seek shareholder approval to do so. Any portion of the grant

that is converted will be subject to the same vesting conditions applicable to the cash portion of the Strategic Retention Grant, including that the three tranches of options will vest on the date of the 2014 Annual General Meeting, 1 April 2015 and 1 April 2016.

Overview of proposal

Mr O'Brien and the Board seek shareholder approval for the conversion of 50% of the value of the Strategic Retention Grant, or US\$2.5 million, into options. The options do not have an issue price payable. The number of options to be granted will be 9,104,258. This number has been determined by:

- Calculating A\$0.292 as the Volume Weighted Average Price ("VWAP") (rounded to the nearest half-cent) for the Company's ordinary shares based on the 5 trading days up to and including 11 April 2014 (being the 5 trading days immediately preceding the finalisation and printing of this Notice of Meeting);
- Converting the US \$2.5 million value to A\$2,658,443.22 based on the Australian/U.S. currency exchange rate on 11 April 2014; and
- Dividing Australian A\$2,658,443.22 by the VWAP of A\$0.292 above, to arrive at 9,104,258 options to acquire shares in the Company.

On vesting, the options will be exercisable for 10 years. The option strike price will be set based on the average of the daily volume-weighted average sale prices (rounded to the nearest half cent) per share of the Company's ordinary shares sold on the ASX in the ordinary course of trading over the 10 trading day period commencing on the first trading day following the Annual General Meeting. Each option will entitle Mr O'Brien to acquire one share in the Company, subject to exercise and payment of the exercise price. The options do not carry any dividend or voting rights and will be granted as part of Mr O'Brien's remuneration package.

Cessation of employment

If Mr O'Brien is terminated for cause, the options, whether vested or unvested, will lapse. If, prior to the vesting date for a tranche of options, Mr O'Brien resigns (other than for "Good Reason," as defined in his employment agreement), then any unvested options will be forfeited. Unless the Board determines otherwise, if Mr O'Brien's employment ceases for any other reason prior to the vesting date for a tranche, the options in the tranche will remain on foot and will vest on the relevant vesting date, subject to their terms.

Change of control

If the Board considers that there is likely to be a change in control of the Company or Group or any other event or circumstance occurs that the Board determines should be treated as a change of control, or if the Company is delisted from the ASX or other public exchange and not subsequently relisted on another exchange, the Board may in its sole discretion determine to alter the timing of vesting.

Forfeiture

The Strategic Retention Grant is subject to the terms of the Company's Clawback Policy. The Policy outlines circumstances in which the Company is entitled to take action to clawback compensation, including by reducing or cancelling the Strategic Retention Grant.

In addition, the Board may deem any unvested options to have lapsed if, in the Board's opinion, Mr O'Brien has acted fraudulently or dishonestly or is in breach of any of his material obligations to the Group.

What if approval is not obtained?

If the conversion of the Strategic Retention Grant into options is not approved, the Strategic Retention Grant will remain in effect as a grant of cash rights according to its original terms.

Other information

- Mr O'Brien is the only Director entitled to participate in the Company's employee incentive schemes.
- The ASX Listing Rules require this notice of meeting to state the number and price of securities received by Mr O'Brien since the last shareholder approval. Mr O'Brien has not previously received any options under the Option Plan. However, 3,779,000 share rights were issued to Mr O'Brien under the Long Term Incentive Plan at no cost pursuant to the shareholder approval obtained at the 2013 Annual General Meeting. As set out in explanatory note 5 above, Mr O'Brien and the Company are seeking shareholder approval of the cancellation of those rights. Details of Mr O'Brien's total equity holdings are provided in the Remuneration Report for the financial year ended 31 December 2013.
- No loans will be made available by the Company in relation to the grant of options to Mr O'Brien.
- If shareholder approval is obtained, the options will be granted to Mr O'Brien as soon as possible after the Annual General Meeting. In any event, they will not be granted more than 12 months after the date of the Annual General Meeting.

The Directors, with Mr O'Brien abstaining, unanimously recommend that shareholders vote in favour of this resolution.

Resolution 7: Approval of annual long term incentive grant to CEO under the Long Term Incentive Plan and the Option Plan

Under his employment agreement, Mr O'Brien is entitled to receive annual long term incentive ("LTI") grants with a target level of compensation of approximately US\$2,500,000. For his 2014 grant, the Board proposes that 25% (or US\$625,000) will be in the form of cash rights under the Long Term Incentive Plan ("LTIP") and the remaining 75% (or US\$1,875,000) will be in the form of share rights under the LTIP and options under the Option Plan. Rights and options do not have an issue price payable.

Shareholder approval is sought for Mr O'Brien's 2014 LTI grant. The share rights and options components of the CEO's 2014 LTI grant are described in the table below. If shareholder approval is not granted, Mr O'Brien's 2014 LTI award will be provided in cash rights and/or other forms of compensation as determined by the Board.

Number	Award type	Granted under
1,621,020 ⁽¹⁾	Rights to acquire fully paid ordinary shares in the Company subject to a 3 year service condition and a separate performance condition ("Performance Share Rights"). On vesting, fully paid shares will be allocated automatically without further action required by Mr O'Brien.	LTIP
3,242,040 ⁽²⁾	Rights to acquire fully paid ordinary shares in the Company subject to a 3 year service condition ("Retention Share Rights"). On vesting fully paid shares will be allocated automatically without further action required by Mr O'Brien.	LTIP
1,621,020 ⁽³⁾	Options to acquire fully paid ordinary shares in the Company subject to a 3 year service condition ("Options").	Option Plan

	<p>Options expire if they are not exercised within 10 years from the date of the grant.</p> <p>Options will have an exercise price of A\$0.32 based on the 5-day volume weighted average price beginning from the first trading day following the release of the Company's annual results.</p>	
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The methodology used to calculate the number of LTIP share rights and options to be granted to Mr O'Brien is identical to that employed for other management recipients of 2014 LTI grants. Some nominal rounding has been applied to the amounts above.

- (1) The proposed number of Performance Share Rights represents 25% of Mr O'Brien's total targeted share right value and is equivalent to US\$468,750. That value was converted to A\$524,205.45 using the Australian/U.S. currency exchange rate on 28 February 2014 and then divided by A\$0.32338, which was the 5-day volume weighted average price beginning from the first trading day following the release of the Company's 2013 annual results.
- (2) The proposed number of Retention Share Rights was determined using the same methodology described in note (1) above. It represents 50% of Mr O'Brien's total targeted share right value and is equivalent to US\$937,500.
- (3) The proposed number of Options also was determined using the same methodology as in note (1) above and represents 25% of his total targeted share right value, which is equivalent to US\$468,750.

Securities granted under the LTIP and the Option Plan as part of Mr O'Brien's remuneration package do not carry any dividend or voting rights until they vest.

Long-term cash rights granted under the LTIP will be settled in cash if they vest. Half of Mr O'Brien's long-term cash rights will be subject to the same conditions as his Performance Share Rights ("Performance Cash Rights") and the other half will be subject to the same conditions as his Retention Share Rights ("Retention Cash Rights").

Performance condition for Performance Rights

The Board has determined that Performance Share Rights and Performance Cash Rights (collectively, "Performance Rights") will be subject to a Net Debt Reduction hurdle set by the Board for the period from 1 January 2014 to 31 December 2016. The vesting outcome that can be earned is from 0% to 150% of the target award amount, depending on achievement against the Net Debt Reduction metrics. The target award amount of Performance Share Rights is 1,621,020, as outlined above, and US\$312,500 for the Performance Cash Rights.

The Net Debt Reduction metrics are set at threshold, target and stretch levels that reflect the commercial imperatives of the Company. Failure to reach the threshold will result in nil vesting. The Company currently expects that details of and achievement against the Net Debt Reduction hurdle set by the Board will be disclosed in the Company's Remuneration Report each year.

The number of shares or amount of cash that are allocated to Mr O'Brien to satisfy any Performance Rights that vest after testing of the Net Debt Reduction hurdle may also then be modified by a factor of +/- 10%, depending on the Company's relative total shareholder return ("TSR") performance, in accordance with the table below.

Relative weighted TSR percentile performance of Boart Longyear	Multiplier
≥ 75%	1.10
55% - 74%	1.05
45% - 54%	1.00
25% - 44%	0.95
< 25%	0.90

Boart Longyear's TSR will be tested against a comparator group comprised of several of its primary drilling competitors, as listed below, and the companies comprising the BBG World Mining Index as at 1 January 2014. The individual weighting of each member of the drilling peer group will be determined by the Board having regard to its enterprise value.

Type	Weight	Peer
Drilling Peers	75%	MAJOR DRILLING GROUP INTL CABO DRILLING CORP AJ LUCAS GROUP LTD SWICK MINING SERVICES LTD FORACO INTERNATIONAL SA AUSDRILL LTD LAYNE CHRISTENSEN COMPANY ENERGOLD DRILLING CORP CAPITAL DRILLING LTD ORBIT GARANT DRILLING INC
Mining Index	25%	BBG WORLD MINING INDEX

The comparator group may be adjusted to take into account events during the performance period including but not limited to takeovers, mergers, de-mergers or de-listings.

Cessation of employment

In general, any unvested Performance Rights and Retention Rights (collectively, "Rights") will lapse on the date of Mr O'Brien's termination unless the Board determines otherwise. However, where Mr O'Brien ceases employment because of death or disablement, unvested Rights may vest on the date of cessation of employment at the discretion of the Board. In the event his employment ceases due to (1) "special circumstances" (which is defined to include redundancy, retirement or other circumstances that are considered by the Board to be extraordinary), (2) a termination without cause or (3) Mr O'Brien's resignation for "Good Reason" (as summarised in the note to resolution 8):

- Retention Rights will be pro-rated having regard to the portion of the vesting period served and will vest on the date of cessation of employment unless the Board determines otherwise; and
- Performance Rights will remain on foot and be tested against the performance condition in the ordinary course unless the Board determines otherwise. To the extent the performance condition is satisfied, the Performance Rights will vest on a pro-rata basis having regard to the portion of the vesting period served.

In relation to Mr O'Brien's proposed grant of Options:

- if he is terminated for cause, the Options, whether vested or unvested, will lapse;

- where he resigns other than for “Good Reason”, unvested Options will lapse (although the Board has discretion to determine otherwise and could determine that the Options will remain on foot or vest on an accelerated basis) and
- in all other employment cessation cases where Options are unvested, a pro rata portion (determined by reference to the proportion of the vesting period served by Mr O’Brien) will remain on foot and vest and become exercisable in due course (although the Board has the discretion to determine otherwise and may exercise its discretion to determine that all of the unvested Options remain on foot or that some or all of the unvested Options lapse, or that they vest on an accelerated basis).

Change of control

Both the rules of the Option Plan and the LTIP contain provisions relating to the treatment of Rights or Options in the event of a change of control.

For Rights, if a change of control occurs, or if Boart Longyear is delisted (i.e., ceases to be listed on the ASX), then unvested Rights will become vested Rights on the date of the change of control. Performance Rights eligible to vest on the date of the change of control will also be measured against the relevant performance criteria through the date of the change of control.

For Options, upon or in anticipation of a change of control, the Board in its discretion may cancel Mr O’Brien’s Options in exchange for a cash payment and/or any substitute consideration with a value equal to the number of underlying shares (to the extent the Options are vested and assuming the occurrence of the change in control), multiplied by the difference, if any, between the fair market value per share (as defined by the Option Plan Rules) on the date of the change of control and the exercise price of the Options. If the fair market value per share on the date of the change of control does not exceed the exercise price of the Options, the Board may cancel the options without any payment of consideration.

In the event of a change of control, and assuming Mr O’Brien remains employed, then Options that are unexpired as of the date of the change of control shall vest and become exercisable in full.

Forfeiture

The 2014 LTI grant is subject to the terms of the Company’s Clawback Policy. The Policy outlines circumstances in which the Company is entitled to take action to clawback compensation, including by cancelling or reducing the LTI grant.

In addition, the Board may deem any unvested Rights or Options to have lapsed if, in the Board’s opinion, Mr O’Brien has acted fraudulently or dishonestly or is in breach of any of his material obligations to the Group.

Termination benefits

At the 2013 Annual General Meeting, shareholder approval was obtained for termination benefits to be given to Mr O’Brien in accordance with the terms of his employment agreement and the LTIP.

Given the restructure of Mr O’Brien’s remuneration arrangements (such as the grant of Options and Retention Rights as part of his LTI), the cessation of employment arrangements proposed for the 2014 LTI grant are not all covered by the termination benefits approval that was obtained last year.

If the 2014 LTI grant is approved, shareholders will thereby be approving the provision to Mr O’Brien of any termination benefits under the 2014 LTI grant that are described in the “Cessation of employment” section above (although these benefits also would be covered in any event if Resolution 8 is approved). Mr O’Brien also will continue to be able to receive any termination benefits that were approved last year.

The value of any termination benefits under the 2014 LTI grant cannot be determined in advance. This is because their value at the date of cessation of employment will depend on a number of factors, including:

- the portion of the vesting period served;
- the Company's share price at the time of vesting;
- the manner in which the Board exercises its discretion and the number of Rights and Options that vest or remain on foot; and
- the level of achievement against performance conditions applying to the LTIP Performance Rights.

Other information

- Mr O'Brien is the only Director entitled to participate in the Company's LTIP and Option Plan.
- The ASX Listing Rules require this notice of meeting to state the number and price of securities received by Mr O'Brien since the last shareholder approval. This information is outlined in the Explanatory Statement to Resolution 6.
- No loans will be made available by the Company in relation to the grant of options to Mr O'Brien.
- If shareholder approval is obtained, the cash rights, share rights and options will be granted to Mr O'Brien as soon as possible after the Annual General Meeting. In any event, they will not be granted more than 12 months after the date of the Annual General Meeting.

The Directors, with Mr O'Brien abstaining, unanimously recommend that shareholders vote in favour of this resolution.

Resolution 8: Approval of termination benefits

At the Company's 2011 Annual General Meeting, shareholders provided approval for a period of 3 years, for the purposes of sections 200B and 200E of the Corporations Act, to provide termination benefits to any current or future personnel who hold a managerial or executive office in the Group arising under:

- a relevant employment agreement;
- the LTIP; or
- the Option Plan (which was then called the 2009 Option Plan).

Any termination benefits validly extended to an executive of the Group in accordance with the approval given in 2011 do not require further shareholder approval (as explained in the Notice of Meeting for the 2011 Annual General Meeting). This includes the termination entitlements extended to Jeffrey Olsen and Kent Hoots in accordance with the terms approved at the 2011 AGM.

Shareholder approval is now sought for a further three year period commencing from the date of this Annual General Meeting to provide termination entitlements as described below to any current or future personnel who hold a managerial or executive office in the Group.

Shareholder approval of this resolution would assist the Company to recruit and retain senior executives on market competitive terms by allowing the Company to provide termination benefits without the delay and contingency of further shareholder approval. At the same time, shareholder interests will be protected because the termination benefits the Company can extend (without further shareholder approval) are clearly explained in advance.

Details of the Termination Benefits

Employment agreements

The Company seeks shareholder approval to give termination benefits not to exceed the following to a Group executive under an existing or future employment agreement in the event of the executive's termination of employment without cause or resignation for 'Good Reason':

- statutorily required compensation for accrued and unpaid salary and vacation time;
- 12 months of base salary;
- pro-rata payment of annual cash bonuses under the Company's short term incentive arrangements, based on the proportion of the year actually worked and subject to the achievement of specified corporate and personal performance goals, applied at the normal testing date;
- payment for 12 months of premiums under the Group's U.S. medical plans;
- the option to extend an employee's non-competition and non-solicitation covenants by up to another 12 months by paying an additional month's base salary for each month the covenants are extended; and
- in the case of Mr O'Brien only, reimbursement of relocation expenses not to exceed US\$50,000

(for the purpose of this Resolution 8, the "Maximum Employment Contract Termination Benefits").

"Good Reason" is defined in the Company's standard executive contracts to include any of the following:

- a material, adverse change in title, authority or duties without the executive's consent;
- a reduction of base salary or target annual bonus without the executive's consent;
- a material breach of the employment agreement by the Company;
- if the executive is a director of the Company, involuntary removal from the Board other than for cause;
- relocation to an office outside of the United States;
- relocation within the United States unless the Group reimburses the executive for relocation expenses; or
- the failure of the Company to procure the assumption of the employment agreement by any successor.

The amount payable to a Group executive on termination under the existing or future employment agreement provisions described above would be calculated using the base salary and other remuneration elements applicable for that Group executive at the time of their termination.

Extension of termination benefits equal to the Maximum Employment Contract Termination Benefits would be exceptional for employees not reporting to the CEO. The entry into employment agreements for senior executives reporting to the CEO requires the Board's approval.

Long-Term Incentive Plan

In the event of cessation of employment of a Group executive, their termination benefits under the LTIP may include the Board's exercise of discretion to enable some or all of their unvested rights to remain on foot, or the early vesting of all or a portion of their unvested rights, depending on the circumstances of cessation.

More specifically, subject to the terms and conditions of each grant, the Board may exercise its discretion to determine that some or all unvested rights will remain on foot or vest on an accelerated basis where an employee ceases to be an employee by reason of:

- death or disablement; or

- “Special Circumstances” which is defined to include redundancy, retirement or other circumstances that are considered by the Board to be extraordinary.

These discretions are likely to be exercised consistently with the treatment that is described for Mr O’Brien’s 2014 LTI Grant (see Resolution 7 above, “Cessation of employment” section).

In determining whether to exercise its discretion in a particular case and the proportion of unvested rights that will vest, if any, the Board will take into account all factors it considers relevant.

Option Plan

The cessation treatment that applies to Options granted under the Option Plan to Group executives will be the same as is disclosed in relation to Mr O’Brien’s 2014 LTI Grant (see Resolution 7 above, “Cessation of employment” section). The treatment may include allowing unvested Options to remain on foot or early vesting of all or a portion of unvested Options, depending on the circumstances of cessation.

Value of the Termination Benefits

The value of the termination benefits for which the Company is seeking approval is the maximum benefit that could be provided under the:

- relevant employment agreements up to the Maximum Employment Contract Termination Benefits;
- LTIP; and
- Option Plan

described above, assuming the Board exercised its discretion in favour of an executive. The Board would only exercise its discretion to award the maximum benefit possible where it considers it appropriate to do so in all the circumstances. Executives may receive minor incidental benefits approximating up to \$5,000, such as retirement gifts or retention of Company property (e.g., a phone or laptop computer), and approval is also sought for those.

The value of the benefits payable to executives upon termination of their employment cannot be determined in advance. Various matters will, or are likely to, affect that value. For example, the value of monthly severance payments and pro-rata annual bonuses will depend on the Group executive’s base salary at the date of termination of employment. Similarly, the value of the benefits that may be provided on termination of employment under the LTIP and Option Plan will depend on factors such as:

- the portion of the vesting period served;
- the Company’s share price at the time of vesting;
- the manner in which the Board exercises its discretion and the number of Rights and Options that vest or remain on foot;
- the level of achievement against performance conditions applying to the LTIP Performance Rights; and
- other factors that cannot be ascertained at this point in time.

The Directors unanimously recommend that shareholders vote in favour of the resolution.

Resolution 9: Remuneration Report

Section 250R(2) of the *Corporations Act* 2001 requires that the Company put to a shareholder vote a resolution that the Remuneration Report be adopted. The vote is advisory only and does not bind the Directors or the Company, although the Company takes the outcome of the vote into consideration in determining remuneration policy going forward.

As set out in the Remuneration Report, the Company’s remuneration philosophy and practices aim to set board and executive compensation at levels that are fair and reasonable and competitive with relevant market practice as well as to assist the Company to recruit,

retain and motivate skilled and talented people across the Company's operations. Wherever possible, the Company's remuneration practices and governance are consistent with best practice for Australian listed companies, adapted where necessary to the needs of a multinational company operating in some 40 countries worldwide and headquartered in the U.S. These policies and practices are overseen by the Board's Remuneration Committee.

The Remuneration Report is available on pages 43 to 74 in the Company's 2013 Annual Report, which can be viewed on the website at ir.boartlongyear.com.

The Directors unanimously recommend that shareholders vote in favour of this resolution.