Sonic – Tasmania, Australia

1H 2013 Results
August 2013

BOART LONGYEAR™

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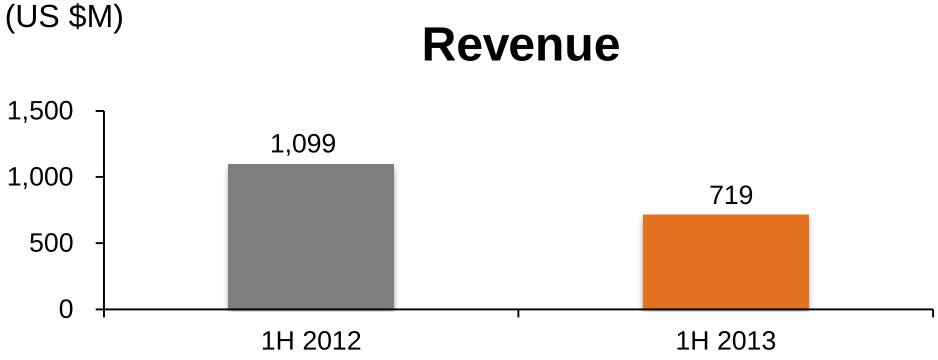
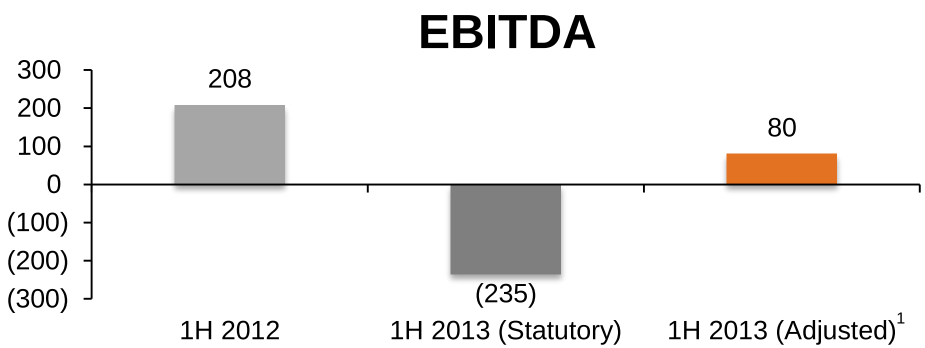
- All references to dollars are to United States currency unless otherwise stated.

1H 2013 – Consolidated Results Summary

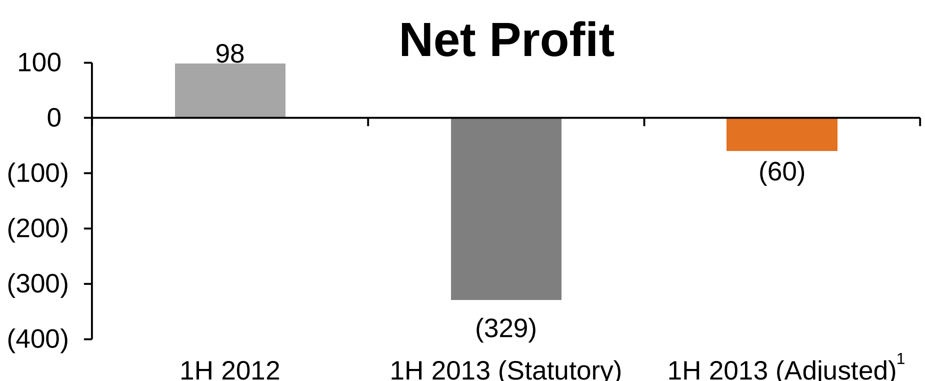
(US $M)



- Sector-wide decline driven by reduced customer spend
- Stable demand for underground applications and products
- Drill rig utilisation down ~25% year over year



- Further cost reductions announced and underway with $90M of annual “run-rate” reductions to be realised in 2014
- Approximately $297M of the $315M restructuring and impairment adjustments were non-cash



- No interim dividend to be paid

[1] The income statement is presented on both a statutory and an adjusted basis. The adjusted measure excludes the impact of $315M ($269M net of tax) of restructuring and related impairment charges, of which US$297 million were non-cash. See appendix for reconciliation.

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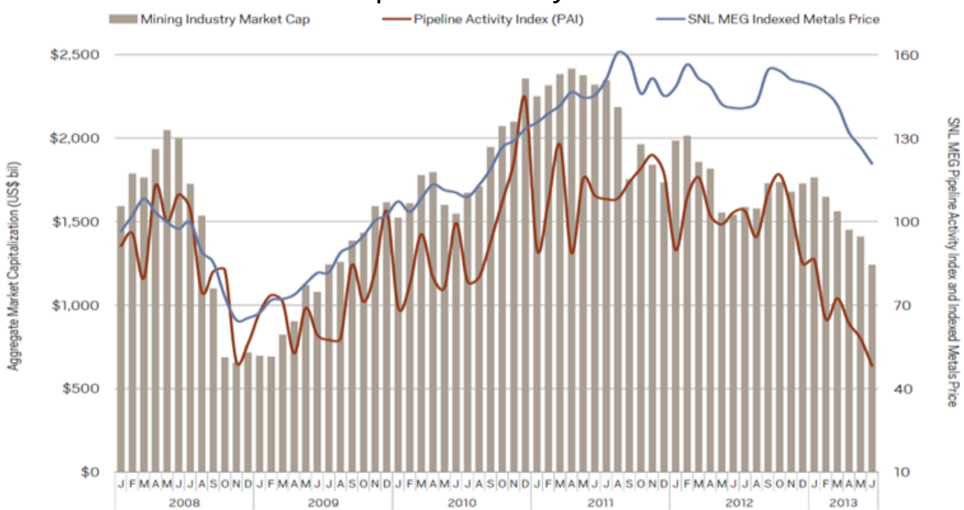
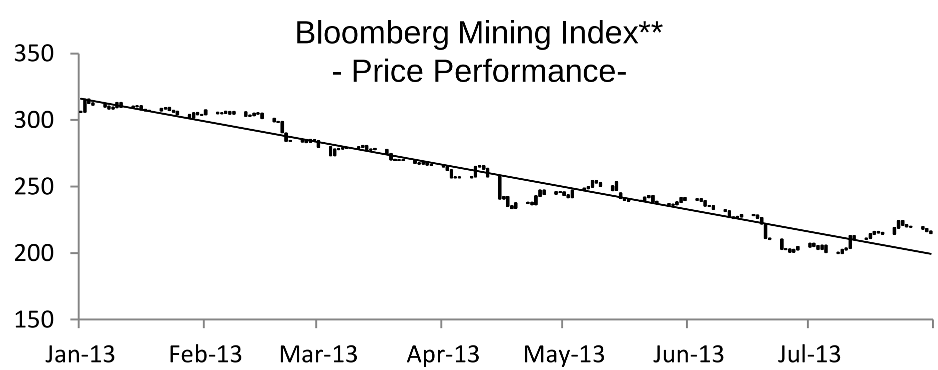
Industry indicators continue to decline...

Mining Performance

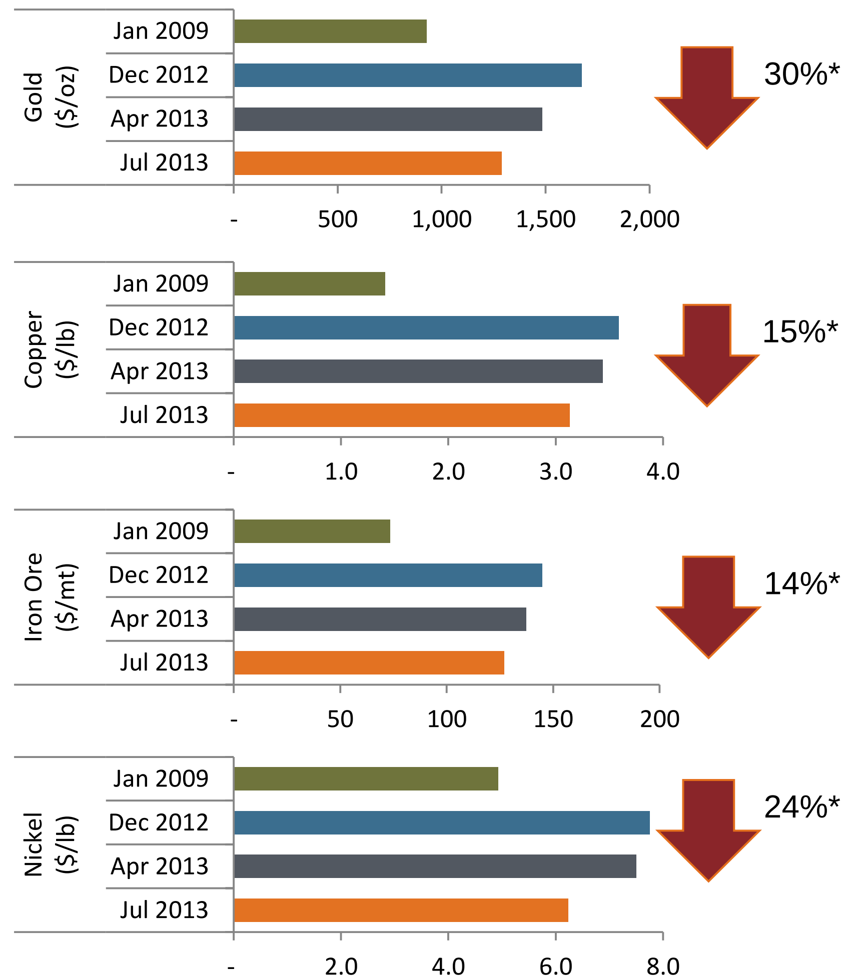
SNL MEG*
- Pipeline Activity Index-





* Source: SNL Metals Economics Group
**Source: Bloomberg

Key Commodity Trends



Source: Bloomberg & BLY Analysis
*Percentage change is from Dec 2012 to July 2013

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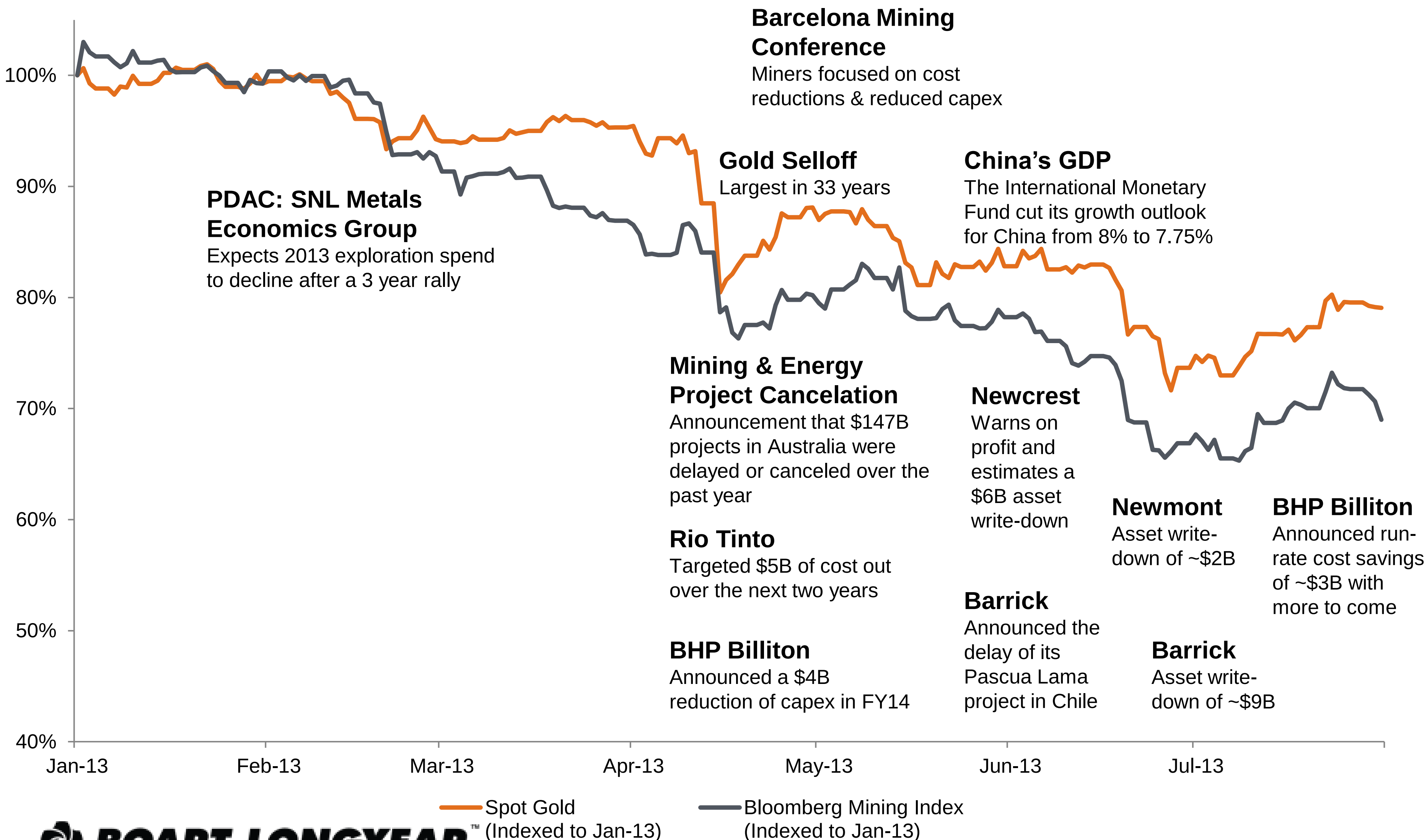
…driving key events in the mining industry…



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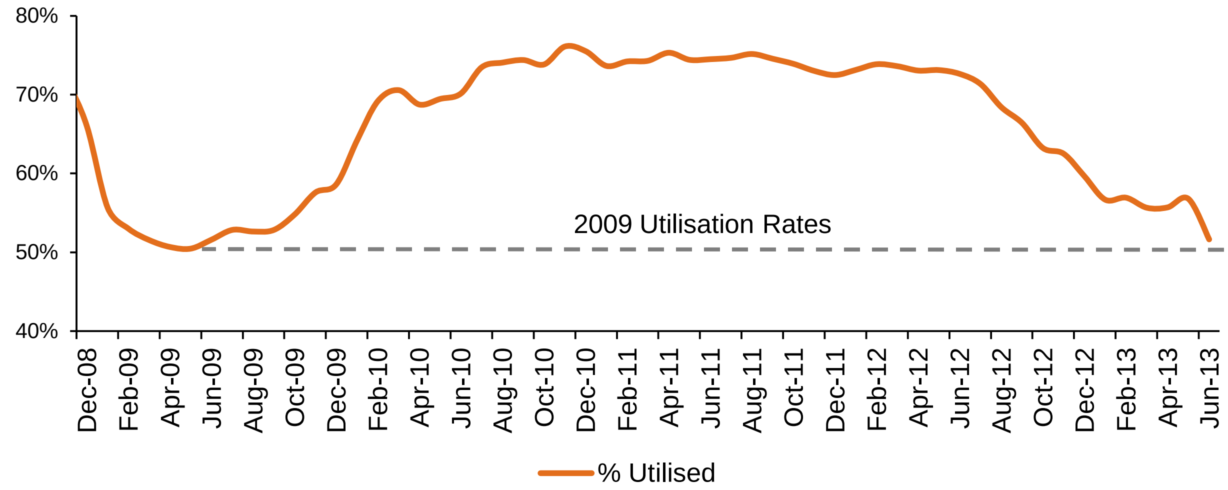
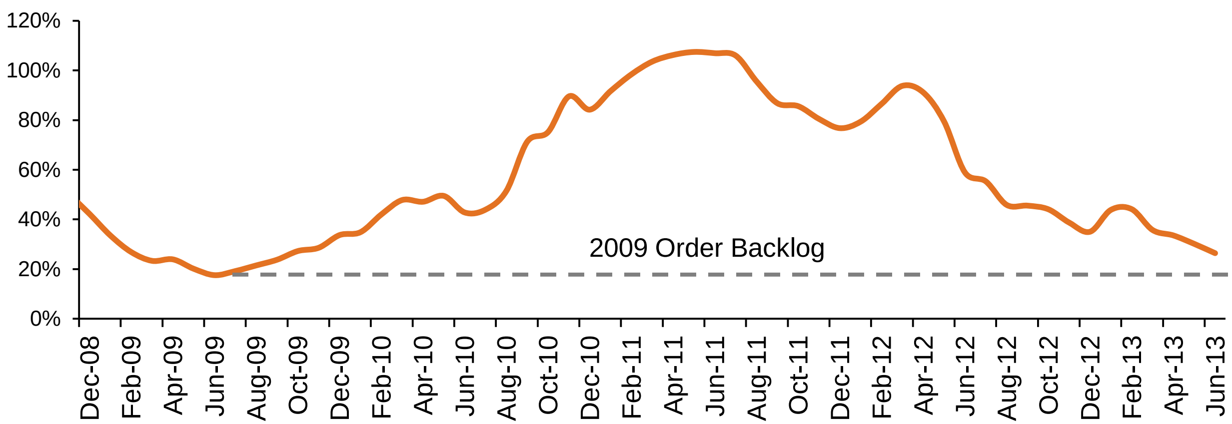
…which continue to impact demand for our services and products.

Drilling Services Historical Utilisation



- Decrease in utilisation driven by market conditions
- Excess capacity likely to create 2H pricing headwinds

Products Historical Order Backlog (Indexed to Jan-08)



- Declining global utilisation rates resulting in reduced demand for products
- Inventory in place to fill existing customer demand

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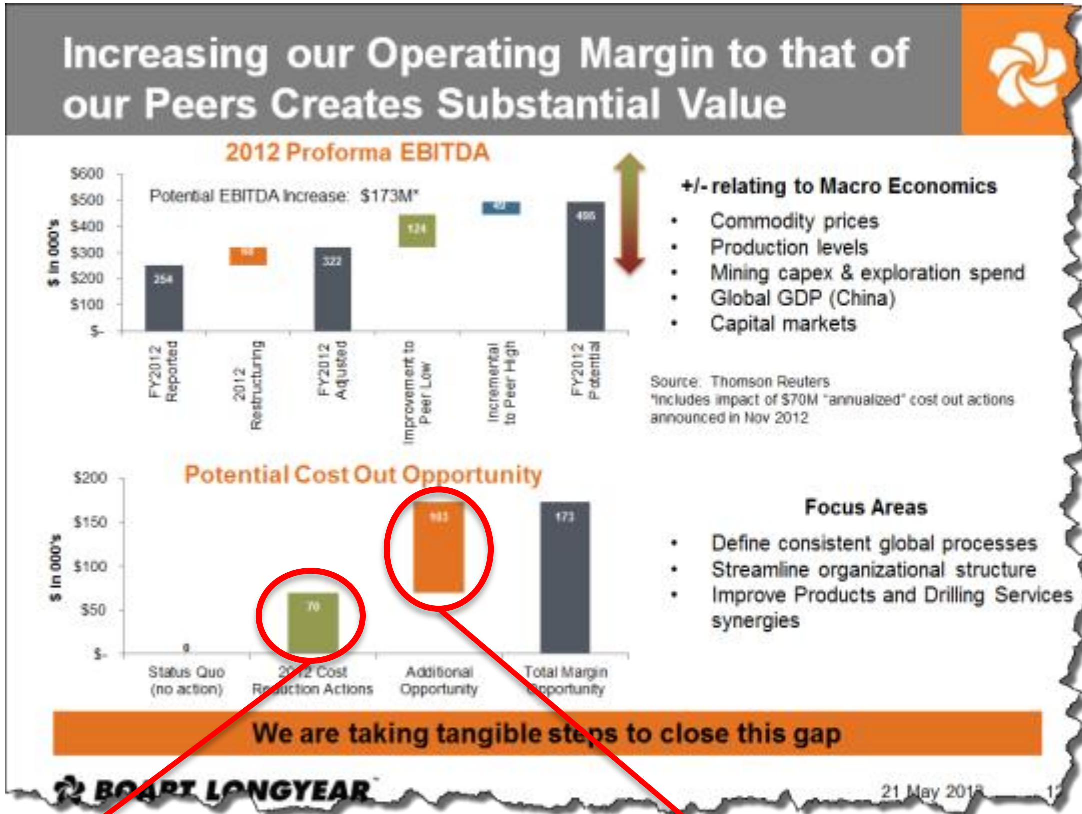
Key Focus Areas

1. Continue to reduce costs
2. Improve organisational efficiencies
3. Generate cash to reduce debt
4. Explore refinancing alternatives

Clear Results and Ongoing Focus on Reducing Costs



May 2013 AGM Presentation

Year-to-date SG&A of $110M is down $45M from 1H 2012. We remain on track to realise at least the $70M announced last year

We recently announced actions to further reduce costs by ~$90M

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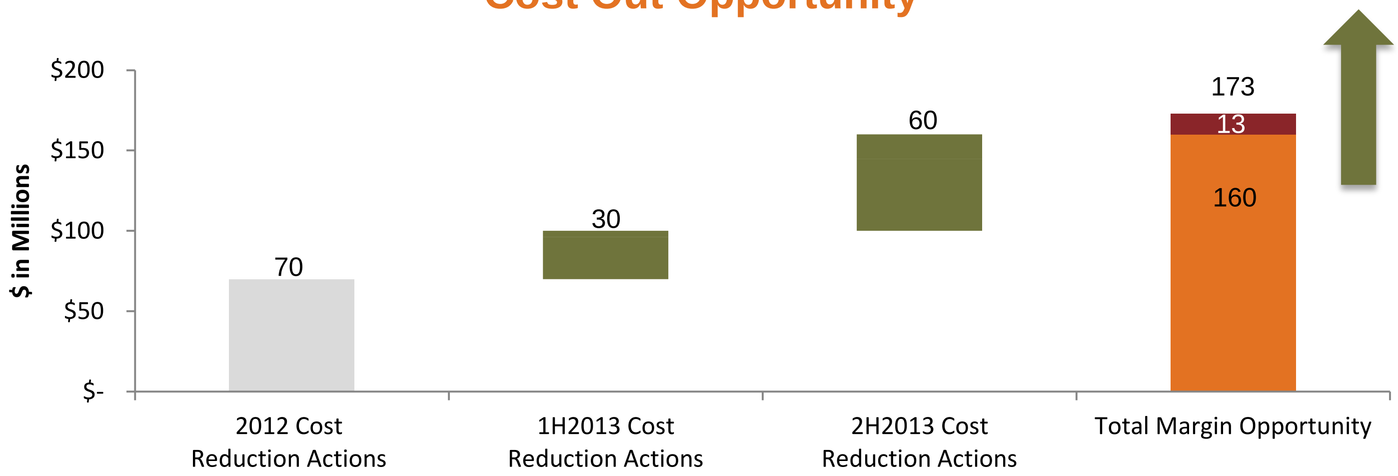
Improve Operating Margins
Drive Costs Out of the Business

Cost Out Opportunity



Focus Areas

- Streamline organisational structure
  - Consolidated Drilling Services operations: 23 zones to 11 territories
  - Consolidating facilities around the world
- Improve Products and Drilling Services synergies
  - Consolidated maintenance groups: reducing costs through process efficiency
  - Consolidated supply chain groups: reducing inventory and stocking locations
- Improve processes and efficiencies across the globe

Steps to improve margins continue

Financial Overview

Jay Clement – Acting CFO

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1H 2013 Consolidated Overview

(US $M)

ADJUSTED[1]

	1H 2012	1H 2013	% Change
Revenue	1,099	719	-35%
Gross Margin	312	134	-57%
Gross Margin as a % of Revenue	28%	19%	
EBIT / Op Profit	149	8	-95%
EBIT / Op Profit % of Revenue	14%	1%	
EBITDA	209	80	-62%
EBITDA as a % of Revenue	19%	11%	
NPAT	98	(60)	NMF
NPAT as a % of Revenue	9%	-8%	
EPS (cents)	21.6	(13.3)	NMF
Cash from Operations[2]	62	34	-45%
Net Debt[3]	373	564	51%
Headcount	11,440	7,147	-38%

STATUTORY

	1H 2012	1H 2013	% Change
Revenue	1,099	719	-35%
Gross Margin	312	134	-57%
Gross Margin as a % of Revenue	28%	19%	
EBIT / Op Profit	148	(307)	NMF
EBIT / Op Profit % of Revenue	13%	-43%	
EBITDA	208	(235)	NMF
EBITDA as a % of Revenue	19%	-33%	
NPAT	98	(329)	NMF
NPAT as a % of Revenue	9%	-46%	
EPS (cents)	21.5	(72.5)	NMF
Cash from Operations[2]	61	16	-74%
Net Debt[3]	373	564	51%
Headcount	11,440	7,147	-38%

Significant restructuring and impairment charges impact statutory results

[1] The income statement is presented on both a statutory and an adjusted basis. The adjusted measure excludes the impact of $315M ($269M net of tax) of restructuring and related impairment charges, of which US$297 million were non-cash. See appendix for reconciliation.
[2] Before interest and tax payments
[3] Excludes contingent liabilities relevant to determining bank covenant compliance. See footnotes #1 and #15 in the financial statements.

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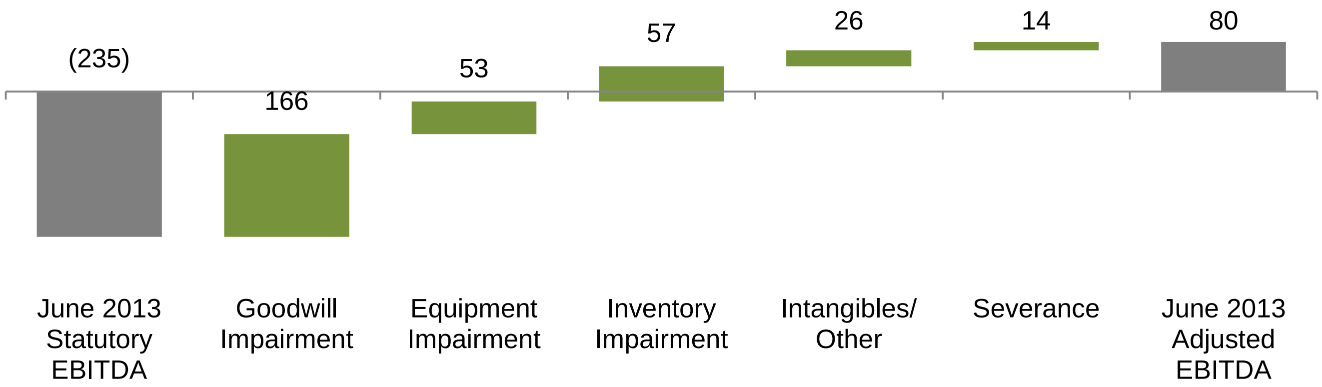
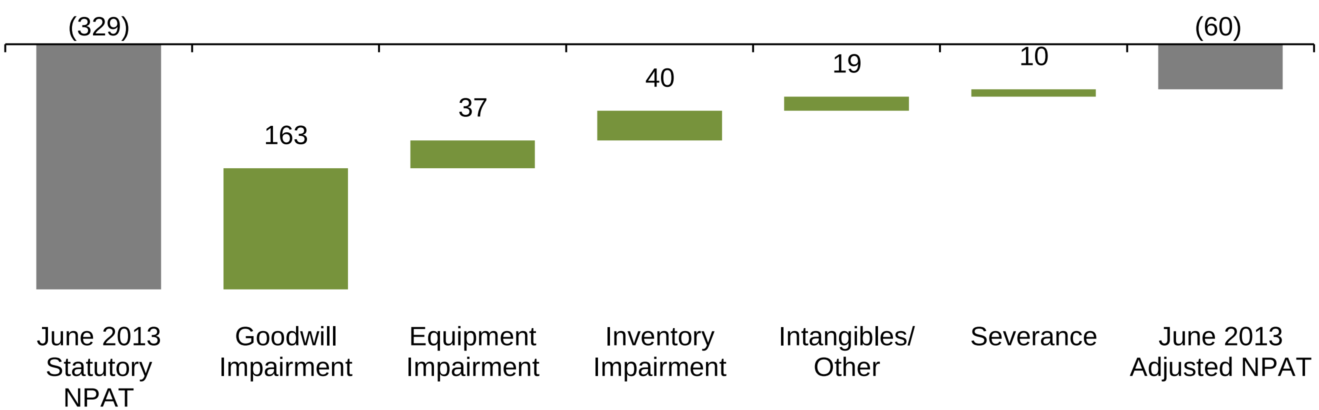
Reconciliation: Statutory to Adjusted EBITDA and NPAT

(US $M)

EBITDA



NPAT



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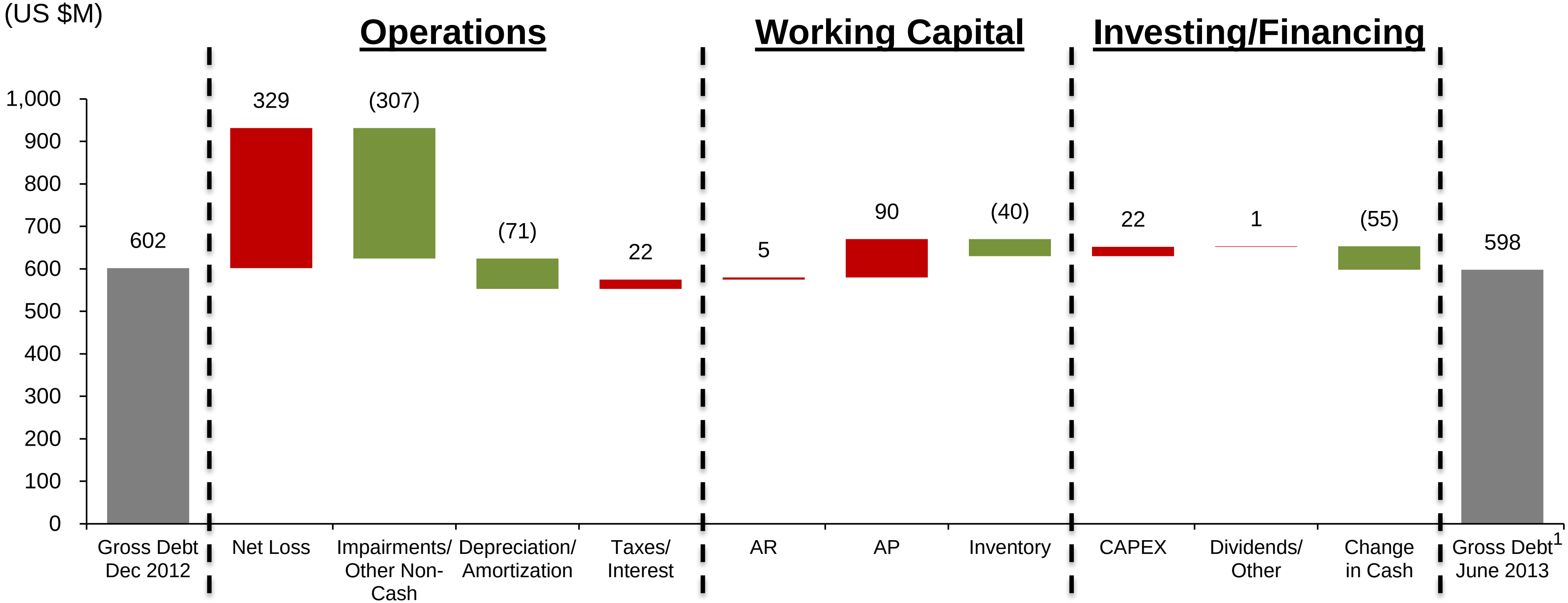
1H 2013: Debt Bridge

(US $M)



Impairment & Restructuring:
- Goodwill: $166M
- Equipment: $53M
- Inventory: $57M
- Other: $39M

Accounts Payable:
- No seasonal uplift
- Minimal purchasing levels due to sales being fulfilled with existing stock

Inventory:
- Continue to focus on cash generation through inventory release

Capex:
- Full year 2013 forecast remains $50M

[1] Excludes contingent liabilities relevant to determining bank covenant compliance. See footnote #1 and #15 in financial statements.

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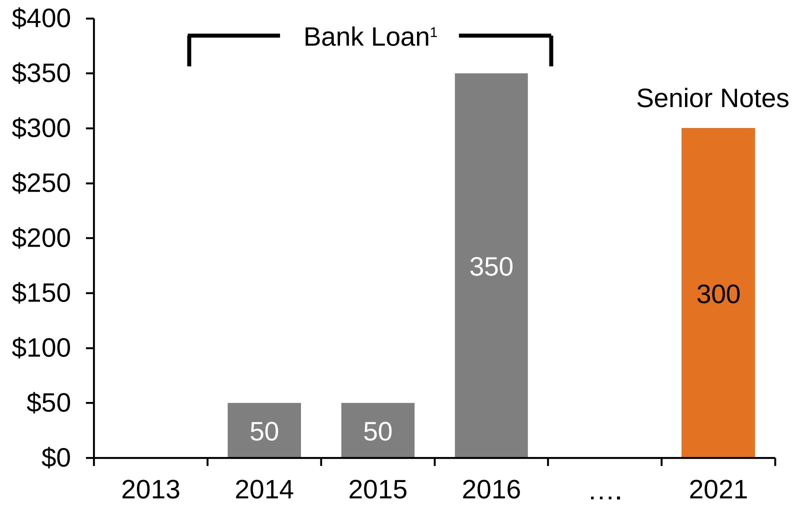
Debt

(US $M)

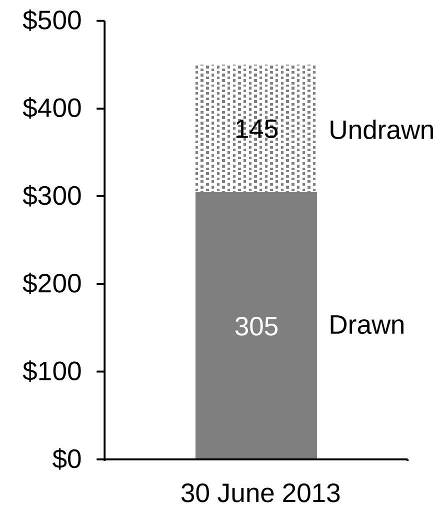
Debt Maturity



[1] Scheduled reductions in commitments under bank loan facility (per amendment dated 29 June 2013):

	2014		2015	
	15-Jun	15-Aug	15-Jun	15-Aug
Commitment Reduction	$25M	$25M	$25M	$25M

Bank Loan Facility



Proactively exploring debt alternate financing arrangements in debt capital markets to ensure capital availability through industry cycle

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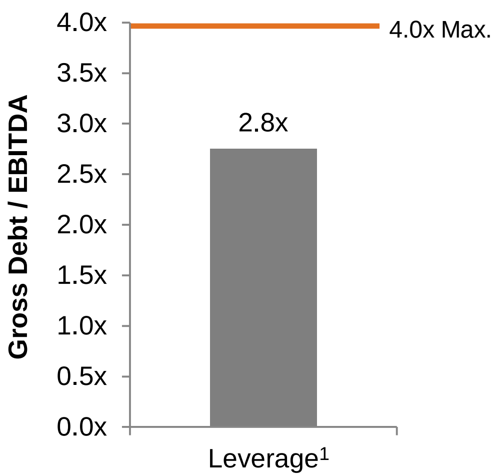
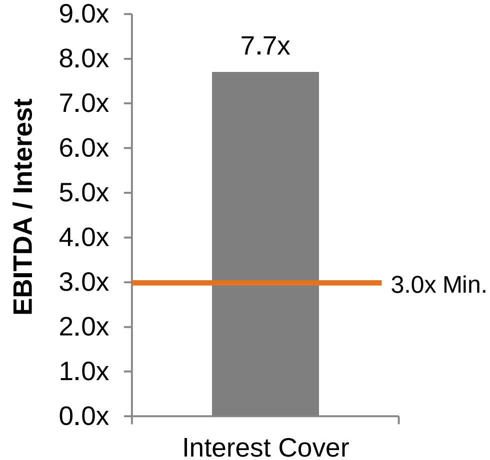
Bank Debt Covenant Compliance

Compliant
(as of 30 June 2013)





Leverage Ratio (per amendment dated 29 June 2013):

Reporting Period	Maximum Leverage Ratio	
	30-Jun	31-Dec
2013	4.00x	4.75x
2014	4.75x	4.00x
2015	4.00x	3.50x
2016	3.50x	

Exploring alternative funding options to provide enhanced covenant flexibility

- Focused on ensuring the Company has adequate liquidity to manage the business in the ordinary course despite market uncertainty
- Also focused on ensuring ongoing covenant compliance
- Engaged with bank lending group to finalize refinancing alternatives and will update the market at the appropriate time

[1] At 30 June includes \$14.8M of contingent liabilities. An additional ~\$24M of contingent liabilities was posted in August 2013

Tax

Significant assessments received from Canada Revenue Agency (CRA) related to:

- Transfer pricing for goods produced in Canada
- Royalties paid to US affiliate for company intellectual property
- Management fees paid to US affiliate for services provided to Canada

Audit Period	Assessed	Company Action	Impact
2005 – 2006	C$69M	Appealing since assessment is disproportionate to global income for period	Security of ~50% of assessment (~C$37M) posted to appeal assessment
2007 – 2009	Audits nearing completion and assessments expected by end of 2013		

- Assessments includes taxes, penalties and interest
- “Competent authority” process expected to require 2+ years
    - Settlement among taxing jurisdictions
    - Protects against double taxation
- Security is considered debt under bank agreement and may impact liquidity

Northern Canada

Business Overview

Alan Sides

Sr. Vice President - Drilling Services

Operations

(US $M)

Drilling Services	1H 2012	1H 2013	% Change
Revenue	**817**	**538**	*-34%*
EBITDA[1]	**177**	**84**	*-53%*
EBITDA as a % of Revenue	*22%*	*16%*	

- Cost: Global actions flowing through P&L
- Utilisation: At early 2009 levels
- Markets: Recent key wins – Chile, Saudi Arabia, Democratic Republic of Congo
- Price: Expect increasing pressure in 2H through 2014
- Categories: Exploration slow, underground strong, water well flat

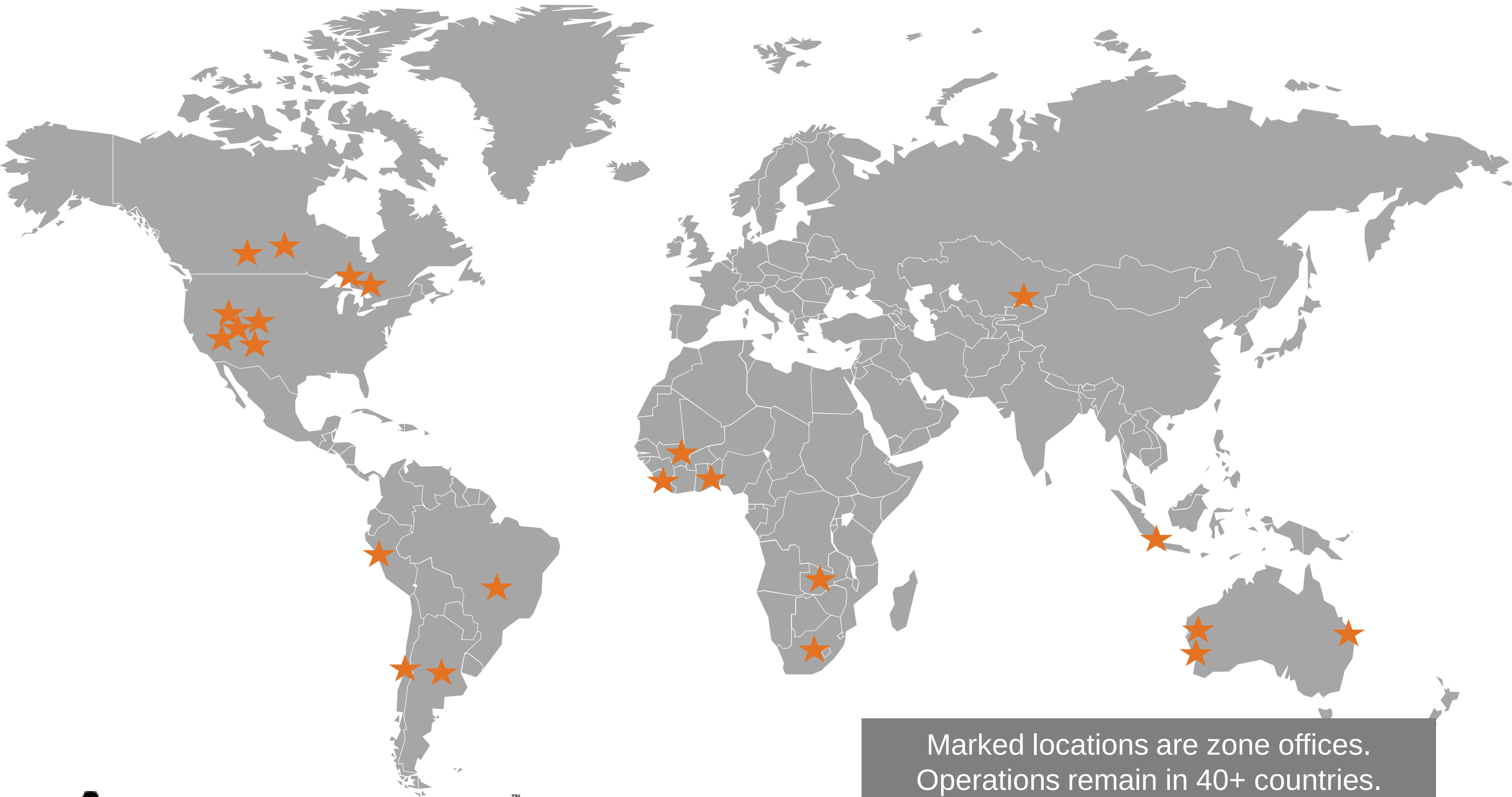
Products	1H 2012	1H 2013	% Change
Revenue	**282**	**181**	*-36%*
EBITDA[1]	**68**	**22**	*-68%*
EBITDA as a % of Revenue	*24%*	*12%*	

- Global Utilisation: Continues to decrease
- Price: 1H stable, down less than 1%
- Categories: Surface exploration slow, underground steady
- Backlog: Slightly above 2009 record low levels
- New products: Selective R&D investment continues including underground drill control interface and quiet rock drill

[1] 1 Does not include restructuring and impairment charges

Driving Cost and Efficiencies
Drilling Services Zone Restructure - Before

23 Zones Globally



Marked locations are zone offices.
Operations remain in 40+ countries.

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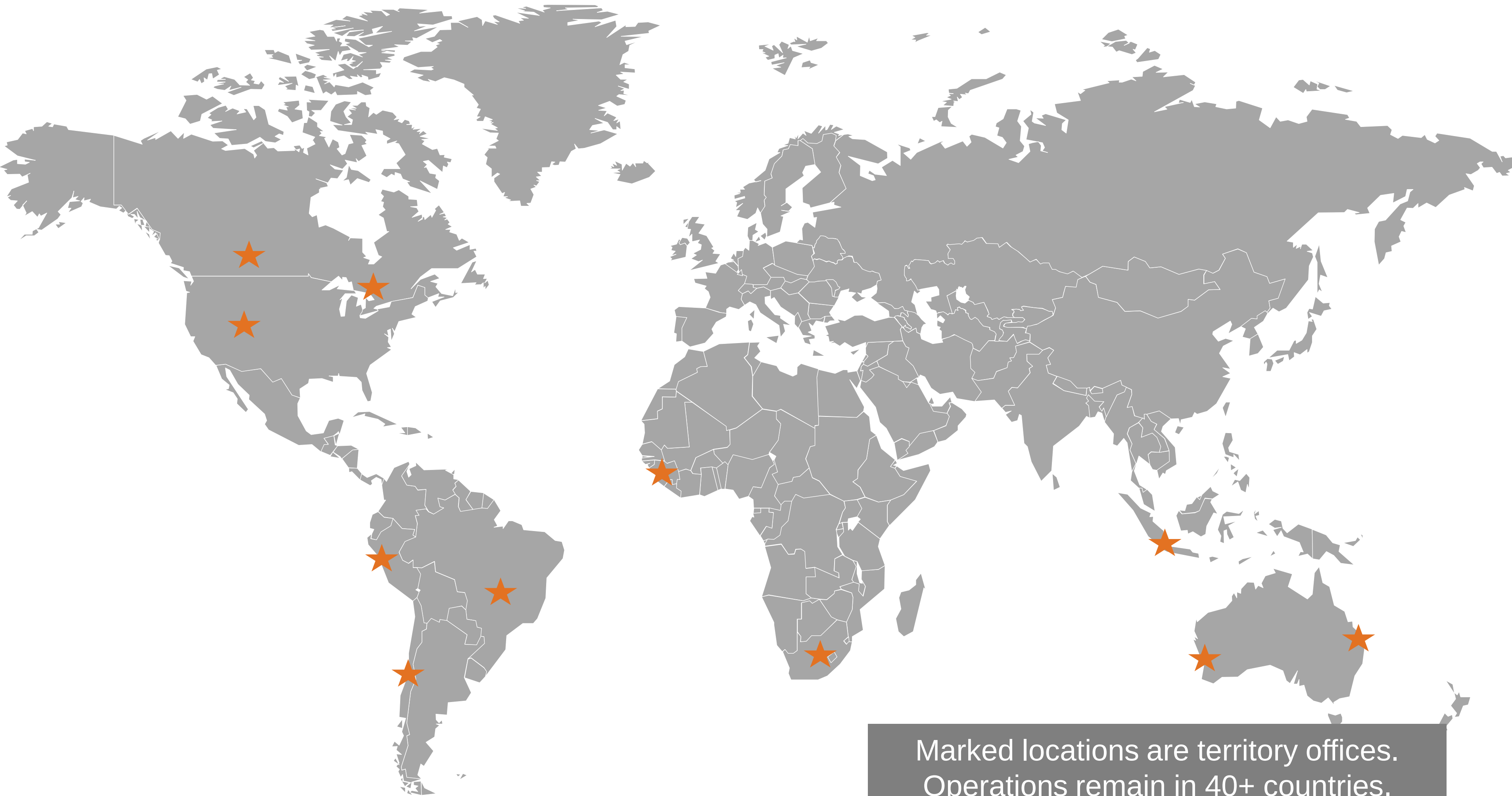
Driving Cost and Efficiencies
Drilling Services Zone Restructure - After

11 Territories Globally



Marked locations are territory offices.
Operations remain in 40+ countries.

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Driving Cost and Efficiencies
Improve Synergies: Products & Drilling Services

Consolidate Maintenance Groups
- Over 40% reduction in employees
- New costing process
- Implementing models to reduce downtime & increase productivity
- Global coverage
- Elimination of duplicate sites

Consolidate Supply Chain Groups
- Over 30% reduction in employees
- Consistent controls on inventory
- Reduction in inventory
- Over 30% of stocking locations will be consolidated

LF230 Coring Rig – Canada

Richard O’Brien
President & CEO

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Key Performance Indicators

	2013				2012		2009
	Mid-Aug	Mid-May	Mid-Feb		June		June
Rig Count	~1,035	~1,040	1,065		~1,200		~1,200
Rig Utilisation	~50%	~60%	58%		~70%		~50%
Product Backlog	~$20M	~$35M	$51M		~$62M		~$18M
Headcount	~6,300	~8,000	8,680		~11,400		~6,100
Net Debt[1]	~$545M	~$585M	$554M		~$373M		~$750M

Positive

- Underground business remains stable
- Selective R&D investment continues
- Key Drilling Services project wins
- Opportunities to take cost out remains

Weaknesses

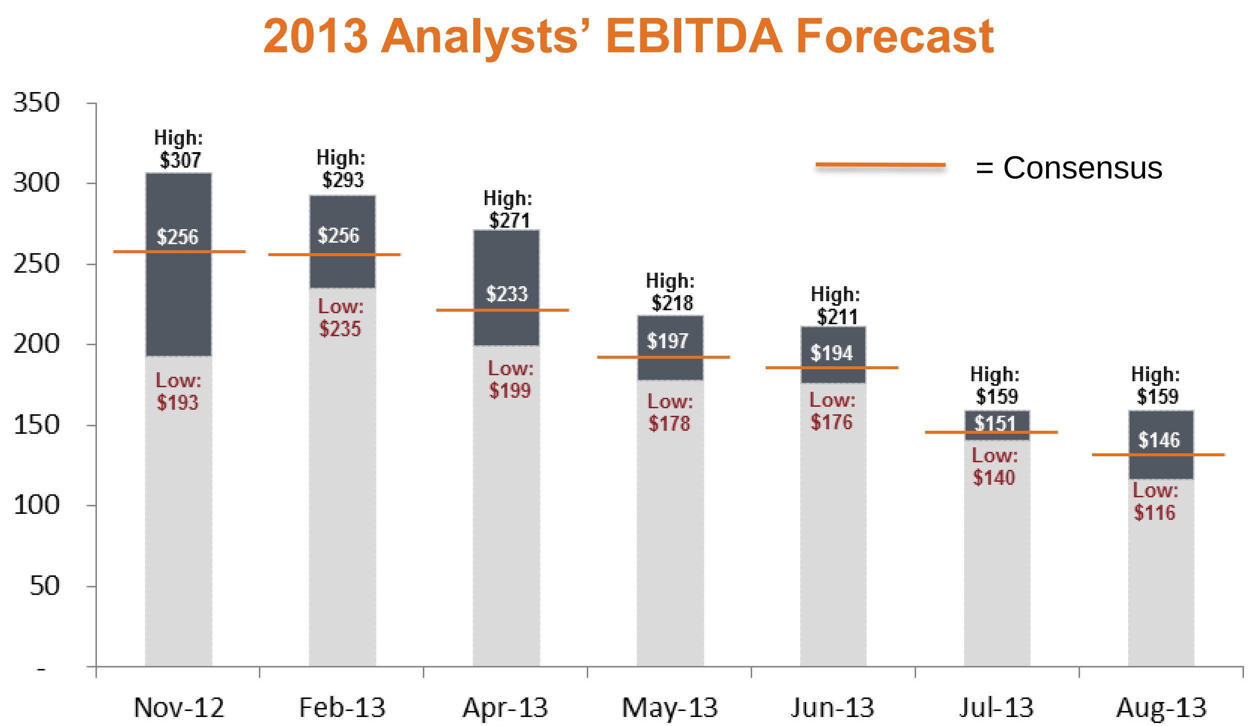
- Commodity prices volatile
- Miners continue to cut costs and pull back on jobs
- Global rig utilisation continues to decline
- 2H pricing pressure
- Additional inventory obsolescence non-cash expense in 2H

Focus on reducing cost and paying down debt

[1] Excludes contingent liabilities relevant to determining bank covenant compliance. See footnote #1 and #15 in financial statements.

Analyst Consensus Appears to be Lagging Current Market Conditions

(US $M)



- Company expects the 2H 2013 results to be lower than the 1H 2013
- Analyst expectations may not adequately reflect the risk of price erosion in the 2H and may assume larger benefit of cost savings initiative

Low end of estimates are consistent with the Company's current view. Further industry volatility could impact results.

Roadmap to Improve Performance

Shareholder Value

2H12

- Underperformed expectations
- Initiated actions to remove $70M of run rate cost ✓

1H13

- New leadership ✓
- Launched operational business review ✓
- Reduced overhead & infrastructure ✓
- Consolidated manufacturing & maintenance ✓
- Reduced capex ✓
- Initiated actions to remove $90M of run rate costs ✓

2H13

- Position business to perform better "Through-the-Cycle"
- Increase capital structure flexibility
- Improve cash flow and reduce debt levels
- Increase operational and functional efficiencies and reduce costs
- Greater focus on returns

2014+

Evaluate Strategic Options

Improve the Balance Sheet

FIX the Core – Improve Margins & Returns

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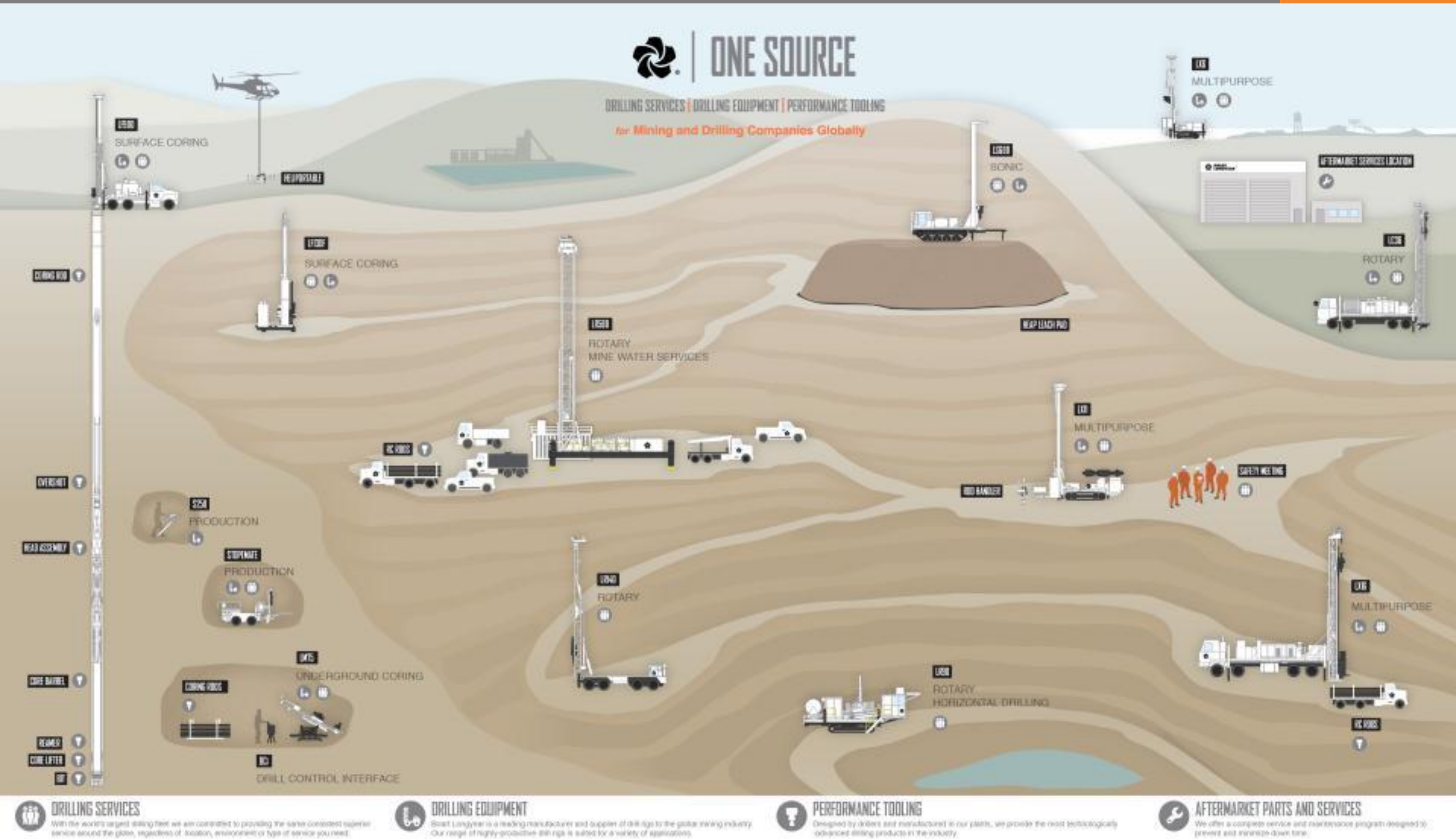
QUESTIONS?



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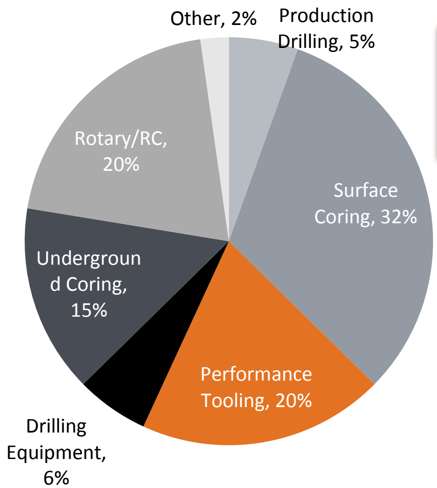
Appendix

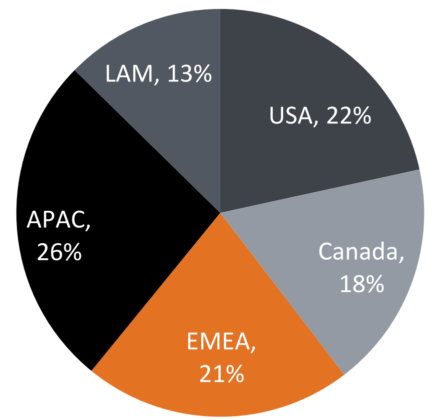
Diversified End Market Exposure

1H 2013 Total BLY Revenue – Products & Services



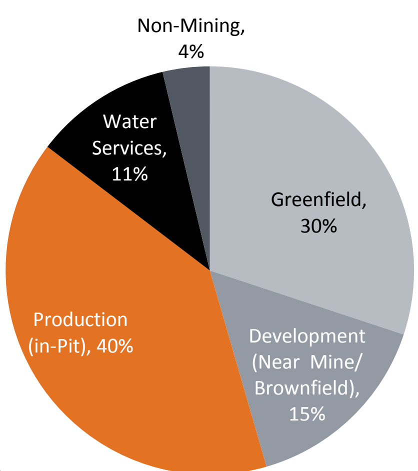
Over 25% of total revenue comes from non-exploration

1H 2013 Total BLY Revenue by Region – Products & Services



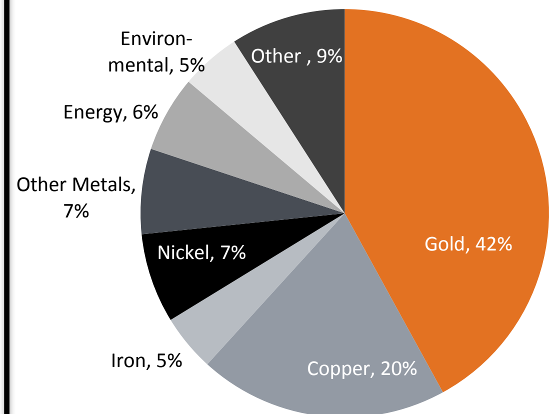
Global revenue base

1H 2013 Drilling Services Revenue by Stage



Diversified exploration revenue from all mining stages

1H 2013 Drilling Services Revenue by Commodity

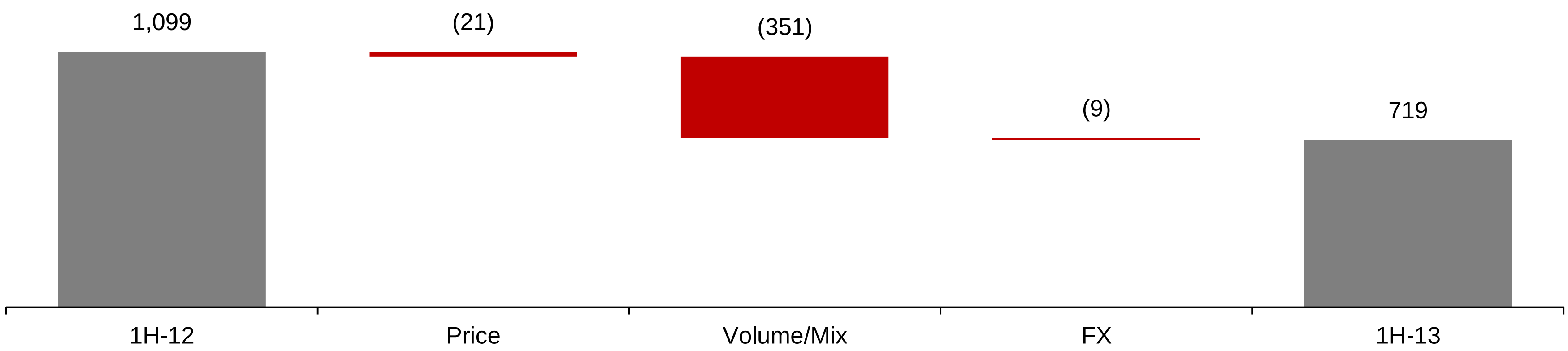


Gold, Copper, Iron, and Nickel: ~75% of revenue

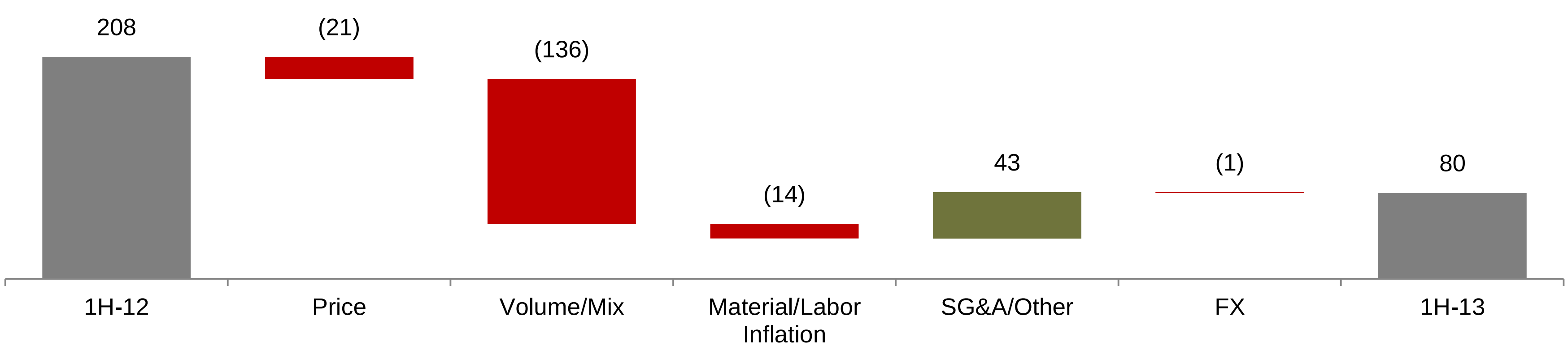
1H 2013 Consolidated Overview

(US $M)

Revenue Bridge



Adjusted[1] EBITDA Bridge

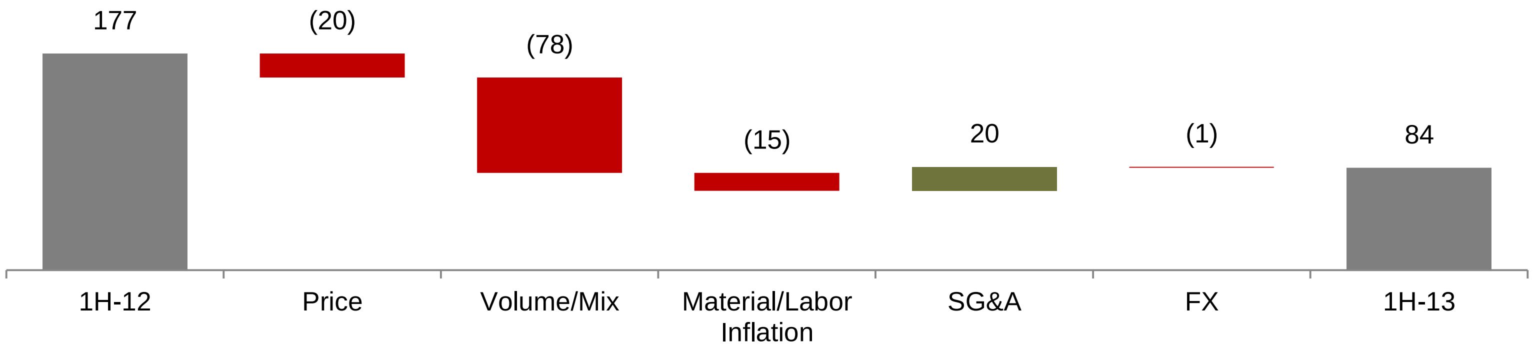


1 The income statement is presented on both a statutory and an adjusted basis. The adjusted measure excludes the impact of $315M ($269M net of tax) of restructuring and related impairment charges, of which $18M was paid in cash in 2013. See appendix for reconciliation.

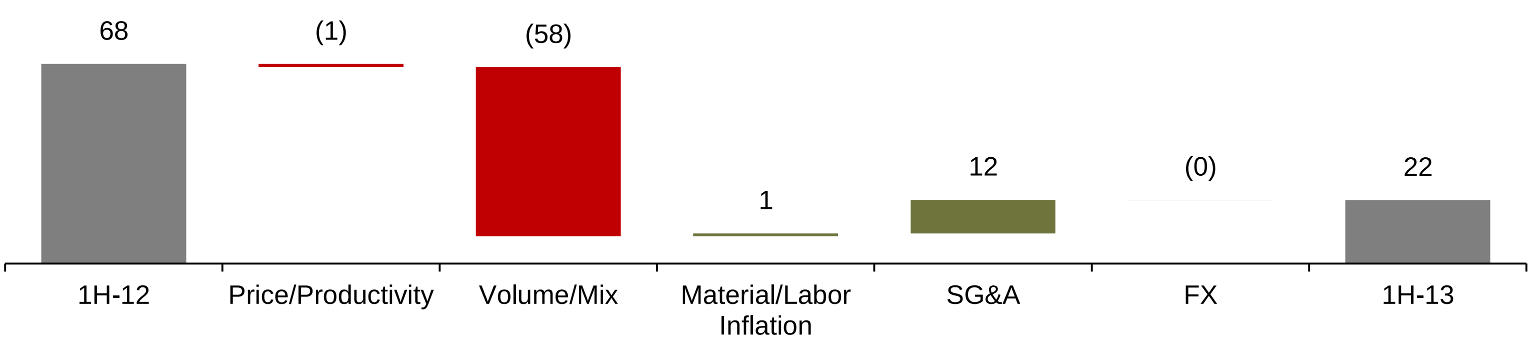
EBITDA
Operating Divisions

(US $M)

Drilling Services EBITDA[1] Bridge



Products EBITDA[1] Bridge



[1] Does not include restructuring and impairment charges

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Reconciliation: Statutory to EBITDA

(US $M)

$ in Millions	Statutory 1H 2012	Restructuring Charges	Adjusted 1H 2012	Statutory 1H 2013	Restructuring Charges	Adjusted 1H 2013
Revenue	1,099	-	1,099	719	-	719
EBIT	148	1	149	(307)	315	8
Cash from Operations[2]	61	1	62	16	18	34
EBITDA	208	1	209	(235)	315	80
NPAT	98	1	98	(329)	269	(60)

1 The income statement is presented on both a statutory and an adjusted basis. The adjusted measure excludes the impact of $315M ($269M net of tax) of restructuring and related impairment charges, of which $18M was paid in cash in 2013.

2 Before interest and tax payments

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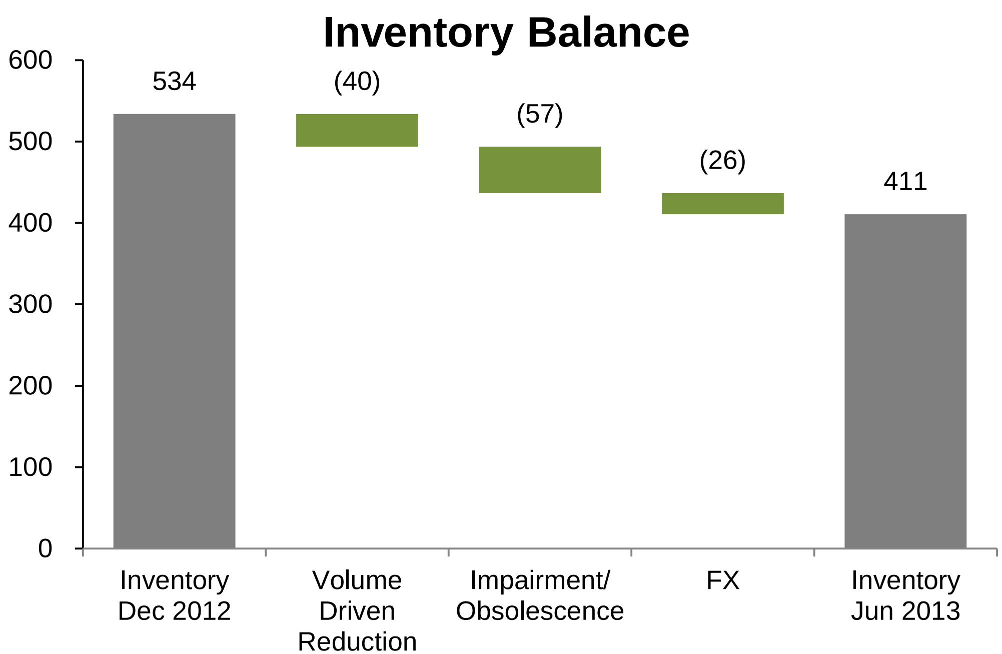
Inventory

(US $M)



- Peaked at ~$570M in October 2012
- Progress being made: ~$66M reduction through 1H 2013
- Additional $10M - $15M of non-cash expense expected in 2H 2013 related to this policy

Income Statement

	Half-year ended 30 June 2013 US$'000	Half-year ended 30 June 2012 US$'000
Continuing operations		
Revenue	718,863	1,098,795
Cost of goods sold	(584,463)	(786,738)
Gross margin	134,400	312,057
Other income	327	440
General and administrative expenses	(85,538)	(122,762)
Selling and marketing expenses	(24,611)	(31,958)
Other expenses	(331,135)	(9,729)
Operating (loss) profit	(306,557)	148,048
Interest income	924	1,741
Finance costs	(16,671)	(14,039)
(Loss) Profit before taxation	(322,304)	135,750
Income tax expense	(7,090)	(38,019)
(Loss) Profit for the period attributable to equity holders of the parent	(329,394)	97,731
(Loss) Earnings per share		
Basic (loss) earnings per share	(72.5) cents	21.5 cents
Diluted (loss) earnings per share	(72.5) cents	21.3 cents
Other comprehensive (loss) income		
(Loss) profit for the period attributable to equity holders of the parent	(329,394)	97,731
Exchange differences arising on translation of foreign operations	(83,070)	(12,073)
Other comprehensive loss for the period, net of tax	(83,070)	(12,073)
Total comprehensive (loss) income for the period attributable to equity holders of the parent	(412,464)	85,658

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Balance Sheet

	30 June 2013 US$'000	31 December 2012 US$'000
Current assets		
Cash and cash equivalents	34,181	89,628
Trade and other receivables	250,524	260,502
Inventories	410,571	533,690
Current tax receivable	44,343	39,331
Prepaid expenses and other assets	27,171	42,021
	766,790	965,172
Asset classified as held for sale	25,897	33,997
Total current assets	792,687	999,169
Non-current assets		
Property, plant and equipment	505,083	628,691
Goodwill	104,356	290,786
Other intangible assets	103,595	128,158
Deferred tax assets	217,079	192,352
Other assets	10,798	11,582
Total non-current assets	940,911	1,251,569
Total assets	1,733,598	2,250,738
Current liabilities		
Trade and other payables	195,907	284,251
Provisions	27,677	36,271
Current tax payable	104,330	97,486
Loans and borrowings	175	189
Total current liabilities	328,089	418,197
Non-current liabilities		
Loans and borrowings	597,779	601,733
Deferred tax liabilities	6,262	7,757
Provisions	84,126	87,634
Total non-current liabilities	688,167	697,124
Total liabilities	1,016,256	1,115,321
Net assets	**717,342**	**1,135,417**
Equity		
Issued capital	1,128,043	1,122,189
Reserves	(19,009)	70,914
Other equity	(137,182)	(137,182)
Accumulated (loss) profit	(254,510)	79,496
Total equity	**717,342**	**1,135,417**

BOART LONGYEAR™

Cash Flow Statement (1 of 2)

	Half-year ended 30 June 2013 US$'000	Half-year ended 30 June 2012 US$'000
Cash flows from operating activities		
(Loss) Profit for the year	(329,394)	97,731
Adjustments provided by operating activities:		
Income tax expense recognised in profit	7,090	38,019
Finance costs recognised in profit	16,671	14,039
Investment revenue recognised in profit	(924)	(1,741)
(Gain) loss on disposal of non-current assets	(327)	270
Impairment of current and non-current assets	299,400	205
Depreciation and amortisation	71,467	59,658
Foreign exchange loss (gain) on intercompany balances	3,593	(620)
Share-based compensation	(999)	3,249
Long-term compensation - cash rights	(16)	2,118
Changes in net assets and liabilities, net of effects from acquisition and disposal of businesses:		
(Increase) Decrease in assets:		
Trade and other receivables	(4,760)	(137,354)
Inventories	39,568	(93,294)
Other assets	14,370	(21,099)
(Decrease) Increase in liabilities:		
Trade and other payables	(90,430)	97,476
Provisions	(9,108)	1,995
Cash generated from operations	16,201	60,652
Interest paid	(16,089)	(13,591)
Interest received	924	1,741
Income taxes paid	(29,780)	(24,945)
Net cash flows (used in) provided by operating activities	**(28,744)**	**23,857**

BOART LONGYEAR™

Cash Flow Statement (2 of 2)

	Half-year ended 30 June 2013 US$'000	Half-year ended 30 June 2012 US$'000
Cash flows from investing activities		
Purchase of property, plant and equipment	(17,498)	(114,322)
Proceeds from sale of property, plant and equipment	12,200	605
Intangible costs paid	(4,403)	(16,814)
Net cash flows used in investing activities	**(9,701)**	**(130,531)**
Cash flows from financing activities		
Purchase shares for LTIP	-	(9,039)
Proceeds from borrowings	103,006	219,461
Repayment of borrowings	(106,056)	(75,761)
Payments for debt issuance costs	(1,473)	-
Dividends paid	(4,612)	(25,825)
Net cash flows (used in) provided by financing activities	**(9,135)**	**108,836**
Net (decrease) increase in cash and cash equivalents	**(47,580)**	**2,162**
Cash and cash equivalents at the beginning of the period	**89,628**	**82,286**
Effects of exchange rate changes on the balance of cash held in foreign currencies	**(7,867)**	**(698)**
Cash and cash equivalents at the end of the period	**34,181**	**83,750**

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