

**BOART LONGYEAR LIMITED**  
**EXPLANATORY MEMORANDUM**  
**ABN 49 123 052 728**

**NOTICE IS GIVEN OF A SCHEME MEETING TO BE HELD ON 6 DECEMBER 2018  
COMMENCING AT 11.00AM (ADELAIDE TIME) AT THE ADELAIDE CONVENTION CENTRE,  
RIVERBANK ROOM 1, NORTH TERRACE, ADELAIDE SOUTH AUSTRALIA 5000 AUSTRALIA**

**THIS EXPLANATORY MEMORANDUM COMPRISES:**

- A scheme booklet to explain the proposed scheme of arrangement between Boart Longyear Limited and its shareholders
- An information memorandum for the listing of Boart Longyear Incorporated (the proposed holding company of Boart Longyear Limited) on ASX

**THE DIRECTORS OF BOART LONGYEAR LIMITED UNANIMOUSLY RECOMMEND THAT  
SHAREHOLDERS VOTE IN FAVOUR OF THE SCHEME RESOLUTION**

**THE INDEPENDENT EXPERT HAS CONCLUDED THE RE-DOMICILIATION IS IN THE BEST  
INTERESTS OF BOART LONGYEAR SHAREHOLDERS**

This is an important document and requires your immediate attention.

You should read the whole of this document before you decide whether and how to vote on the Scheme Resolution. If you are in doubt as to what you should do, please consult your financial or other professional adviser.

**Attention! This investment falls outside AFM supervision.  
No prospectus required for this activity.**



# DISCLAIMER AND IMPORTANT NOTICE

## General

This Explanatory Memorandum is important. You should read this Explanatory Memorandum and the accompanying appendices in its entirety before making a decision as to how to vote on the Scheme Resolution.

## Purpose of the Explanatory Memorandum

The purpose of this Explanatory Memorandum is to explain the terms of the Re-domiciliation and the manner in which the Re-domiciliation will be considered and implemented (if approved), to set out certain information required by law and to provide all other information (other than information previously disclosed to Boart Longyear Shareholders) which is known to Boart Longyear, and which is material to the decision of Boart Longyear Shareholders whether or not to vote in favour of the Scheme Resolution.

This Explanatory Memorandum contains the explanatory statement required by section 412(1) of the Corporations Act in relation to the Scheme.

This Explanatory Memorandum is also an information memorandum for the listing of Boart Longyear 'Canada' on ASX and the official quotation of Boart Longyear 'Canada' CDIs on ASX.

This Explanatory Memorandum is not a prospectus lodged under Chapter 6D of the Corporations Act in respect of Boart Longyear Securities. Section 708(17) of the Corporations Act provides that an offer of securities does not need disclosure under Chapter 6D if it is made under a compromise or arrangement under Part 5.1 of the Corporations Act, approved at a meeting held as a result of an order made by the Court under section 411(1) or section 411(1A) of the Corporations Act.

## Preparation and responsibility

This Explanatory Memorandum (other than the Boart Longyear 'Canada' Information and Independent Expert's Report) has

been prepared by Boart Longyear. Boart Longyear takes responsibility for the content of this Explanatory Memorandum other than the Independent Expert's Report.

Boart Longyear 'Canada' has prepared and is responsible for the Boart Longyear 'Canada' Information. None of Boart Longyear, nor any of its subsidiaries, directors, officers, employees or advisers assumes any responsibility for the accuracy or completeness of the Boart Longyear 'Canada' Information.

Grant Thornton Corporate Finance Pty Ltd ACN 003 265 987 (**Grant Thornton**) has prepared the Independent Expert's Report. Grant Thornton takes responsibility for the Independent Expert's Report. None of Boart Longyear, Boart Longyear 'Canada' nor any of their subsidiaries, directors, officers, employees or advisers assumes any responsibility for the accuracy or completeness of the Boart Longyear 'Canada' Information.

## Court

The fact that the Court, under section 411(1) of the Corporations Act, has ordered that the Scheme Meeting be convened and has approved the Explanatory Memorandum required to accompany the Notice of the Scheme Meeting does not mean that the Court:

- has approved or will approve the terms of the Re-domiciliation;
- has formed any view as to the merits of the Re-domiciliation or as to how Boart Longyear Shareholders should vote; or
- has prepared, or is responsible for, the content of this Explanatory Memorandum.

## Regulatory Authorities

A copy of this Explanatory Memorandum was provided to ASIC for examination in accordance with section 411(2) of the Corporations Act and registered by ASIC in accordance with section 412(6) of the Corporations Act. Boart Longyear has asked ASIC to provide

a statement, in accordance with section 411(17)(b) of the Corporations Act, that ASIC has no objection to the Scheme. If ASIC provides that statement, it will be produced to the Court on the Second Court Date.

A copy of this Explanatory Memorandum has also been lodged with ASX. Boart Longyear 'Canada' will also progress an application to for Boart Longyear 'Canada' CDIs to be admitted to trading on ASX.

The fact that ASX may admit Boart Longyear 'Canada' to the ASX does not make any statement regarding, and should not be taken in any way as an indication of, the merits of an investment in Boart Longyear 'Canada'.

None of ASIC, ASX nor any of their officers takes any responsibility for the contents of this Explanatory Memorandum.

## No investment advice

This Explanatory Memorandum has been prepared without reference to the investment objectives, financial and taxation situation or particular needs of any Boart Longyear Shareholder or any other person. The information and recommendations contained in this Explanatory Memorandum do not constitute, and should not be taken as, financial product advice. Before making any investment decision you should carefully consider whether that decision is appropriate in light of your particular investment needs, objectives and financial circumstances. The Boart Longyear Board encourages you to consult an independent and appropriately licensed and authorised professional adviser before making any investment decision and any decision as to whether or not to vote in favour of the Re-domiciliation.

## Forward looking statements

Certain statements in this Explanatory Memorandum relate to the future. These statements may include, without limitation, any statements preceded by, followed by, or including words such as "target", "believe", "expect", "aim", "intend", "may", "anticipate", "estimate", "plan", "project", "will",

"can have", "likely", "should", "would", "could" and other words and terms of similar meaning or the negative thereof. These forward looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual results, performance or achievements of Boart Longyear or Boart Longyear 'Canada' to be materially different from future results, performance or achievements expressed or implied by such statements. Such forward looking statements are based on numerous assumptions regarding present and future business strategies, an assessment of present economic and operating conditions and the environment in which the New Boart Group will operate in the future, which may prove to be incorrect. Certain important factors that could cause actual results, performance or achievements to differ materially from those in the forward looking statements include, among others, the risk factors described in this Explanatory Memorandum, and other unknown risks and uncertainties. Forward looking statements should, therefore, be construed in light of such risk factors and reliance should not be placed on forward looking statements.

Other than as required by law, neither Boart Longyear nor Boart Longyear 'Canada' nor any other person, gives any representation, assurance or guarantee that the occurrence of the events, results and outcomes expressed or implied in any forward looking statements in this Explanatory Memorandum will actually occur.

The forward looking statements in this Explanatory Memorandum reflect views held only at the date of this Explanatory Memorandum. Subject to the Corporations Act, the ASX Listing Rules or any other applicable laws, Boart Longyear and their directors and officers and Boart Longyear 'Canada' and their directors and officers disclaim any obligation or undertaking to disseminate after the date of this Explanatory Memorandum any updates or revisions to any forward looking statements to reflect any change in expectations in relation to those statements or any change in events, conditions or circumstances on which any such statement is based.

## **Estimates and rounding**

Unless otherwise indicated, all references to estimates (and derivations of the same) in this Explanatory Memorandum are references to estimates by Boart Longyear as appropriate. Boart Longyear estimates are based on views at the date of this Explanatory Memorandum and actual facts or outcomes may be materially different.

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Explanatory Memorandum are subject to the effect of rounding.

Accordingly, the actual calculation of these figures, amounts, percentages, prices, estimates, calculations of value and fractions may differ from the figures, amounts, percentages, prices, estimate, calculations of value and fractions set out in this Explanatory Memorandum.

Any discrepancies between totals in tables or financial statements, or in calculations, graphs or charts are due to rounding.

## **Timetable and dates**

All times and dates referred to in this Explanatory Memorandum are Adelaide, Australia time, unless otherwise indicated. All times and dates relating to the implementation of the Re-domiciliation referred to in this Explanatory Memorandum may change and, among other things, are subject to all the necessary approvals from regulatory authorities.

## **External websites**

Unless expressly stated otherwise, the content of Boart Longyear's website (<https://www.boartlongyear.com/>) does not form part of this Explanatory Memorandum and Boart Longyear Shareholders should not rely on any such content.

## **Further information**

Boart Longyear Shareholders requiring assistance in understanding the matters raised in this document should call the Shareholder Information Line on 1800 781 633 (within Australia) or

+61 1800 781 633 (from outside Australia) on Business Days from 8.30am to 5.30pm (Sydney time) Monday to Friday.

## **Date of this Explanatory Memorandum**

This Explanatory Memorandum is dated 26 October 2018. Unless otherwise indicated, all information included in this Explanatory Memorandum (including views, recommendations and statements of intention) is current as at that date.

# CHAIRMAN'S LETTER

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26 October 2018

Dear Boart Longyear Shareholder,

I am pleased to invite you to attend the Scheme Meeting to consider and vote on the proposal to transfer Boart Longyear's domicile from Australia to Canada (the **Re-domiciliation**).

As announced on 23 August 2018, the decision to re-domicile to Canada reflects the Company's commitment under the Restructuring Support Agreement to take all requisite steps to re-domicile its business to the United States (State of Delaware), the United Kingdom or Canada as soon as possible after the implementation of the 2017 Recapitalisation, unless Boart Longyear determined jointly with the Major Shareholders that the Re-domiciliation would not be in the best interests of Boart Longyear

Canada was chosen after a review of the benefits and disadvantages of remaining incorporated in Australia as compared to a re-domicile to each of Canada, the United Kingdom, and the United States.

## Overview of the Re-domiciliation

Under the Re-domiciliation eligible Boart Longyear Shareholders will acquire the same proportionate interests they presently hold in Boart Longyear in a new holding company incorporated in British Columbia, Canada, Boart Longyear Incorporated (**Boart Longyear 'Canada'**). Boart Longyear 'Canada' will become listed on ASX and Boart Longyear will become a wholly owned subsidiary of Boart Longyear 'Canada'.

To effect this Re-domiciliation, a requisite majority of Boart Longyear Shareholders must vote to approve the Scheme at a scheme meeting to be held on 6 December 2018 (**Scheme Meeting**). The Scheme must then also be approved by the Court.

The details of the Re-domiciliation, including its implications are explained in this Explanatory Memorandum. I recommend that you read it in detail and encourage you to attend the Scheme Meeting (in person or by proxy).

## Directors Recommendation

The Boart Longyear Board unanimously recommends that you approve the Re-domiciliation and vote in favour of the Scheme Resolution at the Scheme Meeting.

## Independent Expert opinion

The Boart Longyear Board commissioned Grant Thornton to prepare the Independent Expert's Report. The Independent Expert's opinion is that the Re-domiciliation is in the best interests of Boart Longyear Shareholders.

A copy of the Independent Expert's Report is contained in Appendix A.

## Overview of advantages, disadvantages and risks associated with the Re-domiciliation

In making its recommendation, the Boart Longyear Board has taken into account what it considers to be the advantages, disadvantages and key risks associated with the Re-domiciliation. Section 5 sets out these matters in some detail, but we assess the key advantages, disadvantages and risks associated with the Re-domiciliation to be as set out below.

Advantages	Disadvantages	Associated Risks
<ul style="list-style-type: none"> <li>✓ Potential for improved access to capital</li> <li>✓ Improved liquidity</li> <li>✓ Reduced cost of insurance</li> <li>✓ Streamlined company structure</li> <li>✓ Retention of ASX listing and familiarity with local exchange</li> <li>✓ Comparable shareholder protection</li> <li>✓ Familiar jurisdiction</li> </ul>	<ul style="list-style-type: none"> <li>✗ Additional cost and administrative burden to implement the Scheme</li> <li>✗ For Australian based shareholders a change in jurisdiction</li> <li>✗ Ineligible Foreign Shareholders will not be able to receive Boart Longyear 'Canada' CDIs</li> </ul>	<ul style="list-style-type: none"> <li>○ The Re-domiciliation may fail to realise the full anticipated benefits</li> <li>○ The exact value of Boart Longyear 'Canada' CDIs is not certain</li> </ul>

You are also encouraged to consider:

- the taxation report summarising the **Australian tax implications** for certain eligible Scheme Shareholders who dispose of their Boart Longyear Shares and acquire Boart Longyear 'Canada' CDIs under the Scheme (see Section 9); and
- the **comparison of Australian and Canadian company rules** (Section 8.4), particularly in the context of the explanation of CDI arrangements in Appendix E.

### Governance and management

It is proposed that, conditional on the implementation of the Re-domiciliation, the current Boart Longyear Directors will be appointed as directors of Boart Longyear 'Canada'.

There are no proposed changes to Boart Longyear's senior management as a result of the Re-domiciliation.

### Centerbridge, Ascribe and Ares' statement of support

Boart Longyear's Major Shareholders, being Centerbridge, Ascribe and Ares which have a corresponding 50.85%, 21.4% and 9.74% relevant interest in Boart Longyear Shares<sup>1</sup>, have informed Boart Longyear of their intentions to vote their Boart Longyear Shares in favour of the Re-domiciliation.

### Your vote is important

On behalf of the Boart Longyear Board, I recommend the Re-domiciliation to you and urge you to support this proposal by voting in favour of the Scheme Resolution at the Scheme Meeting to be held at the Adelaide Convention Centre, Riverbank Room 1, North Terrace, Adelaide South Australia 5000 Australia at 11.00 (Adelaide time) on 6 December 2018.

Section 2.3 provides further information on how you can vote by proxy, by attorney, or if you are a body corporate, a corporate representative, or by attending the Scheme Meeting.

<sup>1</sup> Based on substantial holding notices lodged with ASX as at the date of this Explanatory Memorandum.

### **What happens if the Scheme Resolution is passed?**

If the Scheme Resolution is passed by the requisite majorities of Boart Longyear Shareholders, the Court approves the Scheme, all other Conditions Precedent to the Scheme are satisfied or waived and the Scheme becomes Effective:

- Scheme Shareholders (other than Ineligible Foreign Shareholders) will receive one (1) Boart Longyear 'Canada' Share (to be held in the form of one (1) Boart Longyear 'Canada' CDI) for each Boart Longyear Share which they hold;
- Ineligible Foreign Shareholders will receive the net proceeds of the sale of the Boart Longyear 'Canada' CDIs they would otherwise have been entitled to pursuant to the Sale Facility. See Sections 3.13(c) and 3.14 for more information regarding the entitlement of Ineligible Foreign Shareholders; and
- Boart Longyear 'Canada' will apply to be listed as an ASX-listed company and Boart Longyear will be de-listed from ASX.

### **Further information**

If you have any questions about the Explanatory Memorandum or the Re-domiciliation, please call the Shareholder Information Line on 1800 781 633 (within Australia) or +61 1800 781 633 (from outside Australia) from 8.30am to 5.30pm (Sydney time) Monday to Friday or consult an independent and appropriately licensed and authorised professional adviser.

I look forward to your continuing involvement with the New Boart Group.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'MRandolph', with a stylized flourish at the end.

Marcus Randolph  
Chairman  
Boart Longyear Limited

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## 1. WHAT ARE THE KEY DATES?

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Event	Indicative date
<b>Date of this Explanatory Memorandum</b>	26 October 2018
<b>Proxy Forms cut-off date</b> Latest time and date by which the Proxy Forms must be received by the Registry	11.00am on 4 December 2018
<b>Voting Record Date</b> Time and date for determining eligibility to vote at the Scheme Meeting	6.30pm on 4 December 2018
<b>Date of Scheme Meeting</b> To be held at the Adelaide Convention Centre, Riverbank Room 1, North Terrace, Adelaide South Australia 5000 Australia.	11.00am on 6 December 2018

### Following Boart Longyear Shareholder approval of the Re-domiciliation

Event	Indicative date
<b>Second Court Hearing</b> Date of the Second Court Hearing for approval of the Scheme	19 December 2018
<b>Scheme Effective Date</b> Boart Longyear Shares are suspended from trading at the close of trading on ASX	20 December 2018
<b>Listing of Boart Longyear 'Canada' on ASX</b> Boart Longyear 'Canada' CDIs commence trading on ASX on a deferred settlement basis <sup>2</sup>	21 December 2018
<b>Record Date</b> Time and date for determining entitlements to Boart Longyear 'Canada' CDIs	6.30pm on 24 December 2018
<b>Implementation Date</b> The date of transfer of all Boart Longyear Shares to Boart Longyear 'Canada' and issue of Boart Longyear 'Canada' Shares (to be held in the form of Boart Longyear 'Canada' CDIs)	3 January 2018

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<sup>2</sup> Assuming Boart Longyear 'Canada' is admitted to the official list of ASX.



Event	Indicative date
<b>Commencement of normal trading</b> Boart Longyear 'Canada' CDIs commence trading on ASX on a normal settlement basis and despatch of holding statements	4 January 2018

This timetable is indicative only and, among other things, is subject to all necessary Court and regulatory approvals and the satisfaction (or waiver, if applicable) of Conditions Precedent to the Scheme. Boart Longyear has the right to vary any or all of these dates and times, subject to the approval of the variation by ASX, ASIC, or the Court, where required. Any variation to the timetable set out above will be announced to ASX and notified on Boart Longyear's website (<https://www.boartlongyear.com>).

## 2. WHAT TO DO AND HOW TO VOTE

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### 2.1 Read the Explanatory Memorandum

You should read this Explanatory Memorandum in full, including the advantages, disadvantages and risks of the Re-domiciliation in Section 5, before making any decision on how to vote on the Scheme Resolution.

It is important that you consider the information disclosed in light of your own particular investment needs, objectives and financial circumstances.

### 2.2 Entitlement to Attend and Vote

In accordance with Regulation 7.11.37 of the Corporations Regulations, the Boart Longyear Board has determined that persons who are registered holders of Boart Longyear Shares as at 6.30 pm on Tuesday 4 December 2018 will be entitled to attend and vote at the Scheme Meeting as a Boart Longyear Shareholder. Accordingly, transactions registered after that time will be disregarded for determining which Boart Longyear Shareholders are entitled to attend and vote at the Scheme Meeting.

### 2.3 Voting

A Boart Longyear Shareholder entitled to attend and vote at the Scheme 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 Scheme Meeting.

A proxy need not be a Boart Longyear Shareholder.

A Boart Longyear Shareholder may appoint up to two proxies and specify the proportion or number of votes each proxy may exercise. If the Boart Longyear Shareholder does not specify the proportion or number of votes to be exercised, each proxy may exercise half of the Boart Longyear 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 Registry no later than 11.00am on Tuesday, 4 December 2018. Proxies must be received before that time by one of the following methods:

Online                      At [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

By post:                      Boart Longyear Limited  
                                    c/ - Link Market Services Limited  
                                    Locked Bag A14  
                                    Sydney South NSW 1235  
                                    Australia

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  
                                    Australia

or

1A Homebush Bay Drive  
Rhodes, NSW 2138  
Australia

**2.4 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 Boart Longyear no later than 11.00am on Tuesday, 4 December 2018, being not more than 48 hours before the Scheme Meeting.

**2.5 Corporate Representatives**

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

**2.6 Further information**

If you have any additional questions in relation to this Explanatory Memorandum or the Re-domiciliation, please call the Shareholder Information Line on 1800 781 633 (within Australia) or +61 1800 781 633 (from outside Australia) on Business Days from 8.30am to 5.30pm (Sydney time) Monday to Friday.

Alternatively, you should consult an independent and appropriately licensed and authorised professional adviser.

### 3. OVERVIEW OF THE SCHEME

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#### 3.1 Background to the Re-domiciliation?

In the Restructuring Support Agreement that the Company entered into in relation to the 2017 Recapitalisation, Boart Longyear agreed to take all requisite steps to re-domicile its business to the United States (state of Delaware), the United Kingdom or Canada (or such other jurisdiction as the parties agreed) as soon as possible after the implementation of the Recapitalisation, unless Boart Longyear and the Major Shareholders jointly determined in their reasonable discretion that the re-domiciliation would not be in the best interests of Boart Longyear.

Since then, the Company has reviewed the benefits and disadvantages of remaining incorporated in Australia as compared to a re-domicile to each of Canada, the United Kingdom, and the United States. The Company's analysis included a review of several factors including but not limited to, the existing business substance in each jurisdiction, political stability, the general regulatory environment, the ease and access to the applicable legal system, the sophistication of the applicable financial markets (specifically within the mining sector), and the foreign exchange risk.

On 23 August 2018, the Boart Longyear Board announced the outcome of that review and that it had determined that Boart Longyear 'Canada' should be incorporated in British Columbia, Canada and listed on ASX.

#### 3.2 What is the Re-domiciliation?

If the Re-domiciliation is implemented, Boart Longyear will become a wholly-owned subsidiary of Boart Longyear 'Canada' and those Boart Longyear Shareholders who are Scheme Shareholders (other than Ineligible Foreign Shareholders) will hold Boart Longyear 'Canada' CDIs instead of Boart Longyear Shares. Boart Longyear 'Canada' will apply to be listed on ASX and Boart Longyear will be delisted from ASX. Boart Longyear 'Canada' will effectively replace Boart Longyear as the listed entity on ASX.

A Boart Longyear 'Canada' CDI is a CHESS Depository Interest (**CDI**) over a Boart Longyear 'Canada' Share. Boart Longyear 'Canada' CDIs will be able to be traded on ASX using CHESS, whereas Boart Longyear 'Canada' Shares cannot be traded on ASX. Each Boart Longyear 'Canada' CDI will represent a beneficial interest in one Boart Longyear 'Canada' Share. A Boart Longyear 'Canada' CDI has the same economic benefits (such as dividends, bonus issues, rights issues) as a Boart Longyear 'Canada' Share, and substantially the same voting rights. Trading in Boart Longyear 'Canada' CDIs is not substantially different to trading in other CHESS approved securities (such as Boart Longyear Shares).

All Scheme Shareholders (other than Ineligible Foreign Shareholders) will receive one Boart Longyear 'Canada' Share (to be held in the form of a Boart Longyear 'Canada' CDI) for each Boart Longyear Share held on the Record Date. There is no option for Scheme Shareholders to elect to receive cash instead of Boart Longyear 'Canada' CDIs. However, once Boart Longyear 'Canada' CDIs have commenced trading on ASX, Boart Longyear 'Canada' CDIs will be able to be bought and sold on ASX.

Ineligible Foreign Shareholders will not receive Boart Longyear 'Canada' CDIs and instead will receive the net proceeds of the sale of the Boart Longyear 'Canada' CDIs to which they would otherwise have been entitled under the Sale Facility (see Section 3.14 for more information).

### 3.3 What is the opinion of the Independent Expert?

The Independent Expert has concluded that the Scheme is in the best interests of Boart Longyear Shareholders. A copy of the Independent Expert's Report is set out in Appendix A to this Explanatory Memorandum.

### 3.4 What are the consequences of Boart Longyear re-domiciling to Canada

As Boart Longyear 'Canada' is a company incorporated in British Columbia, Canada, its general corporate activities (apart from any offering of securities in Australia) are not regulated by the Corporations Act or ASIC, but instead are regulated by the British Columbia Business Corporations Act (**BCBCA**).

Under the Re-domiciliation, all Scheme Shareholders (other than Ineligible Foreign Shareholders) will receive Boart Longyear 'Canada' CDIs on the Implementation Date.

For further information on the implications of Boart Longyear 'Canada' being a Canadian company and the ability to convert Boart Longyear 'Canada' CDIs to Boart Longyear 'Canada' Shares, see Appendix E.

### 3.5 What are the Conditions Precedent to the Re-domiciliation?

The Re-domiciliation is conditional upon the satisfaction or waiver of the following Conditions Precedent:

No.	Condition Precedent	Status
1.	<b>(Independent Expert's Report)</b> the Independent Expert's Report concludes that the Scheme is in the best interests of the Boart Longyear Shareholders	Satisfied at the date of this Explanatory Memorandum.
2.	<b>(Orders convening the Meeting)</b> the Court makes orders convening the Scheme Meeting under section 411(1) of the Corporations Act.	Satisfied at the date of this Explanatory Memorandum.
3.	<b>(Scheme Resolution)</b> the Scheme Resolution is approved by the requisite majorities of Boart Longyear Shareholders at the Scheme Meeting.	The Scheme Meeting to consider the Scheme Resolution will be held at 11.00am on Thursday 6 December 2018 at the Adelaide Convention Centre, Riverbank Room 1, North Terrace, Adelaide South Australia 5000 Australia.
4.	<b>(No legal restraint)</b> no temporary restraining order, preliminary or permanent injunction or other order being issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the implementation of the Re-domiciliation.	As at the date of this Explanatory Memorandum, Boart Longyear is not aware of anything that will cause this condition not to be satisfied.
5.	<b>(ASX Admission)</b> ASX approves the admission of Boart Longyear 'Canada' to the official list of ASX and official quotation of Boart Longyear 'Canada' CDIs, subject to any conditions that	Boart Longyear will apply for the official quotation of the Boart Longyear 'Canada' CDIs on ASX as soon as practicable and, in any event, within seven days of this Explanatory

No.	Condition Precedent	Status
	ASX may reasonably require.	Memorandum.
6.	<b>(Court approval)</b> the Scheme is approved by the Court in accordance with section 411(4)(b) of the Corporations Act and an office copy of the order of the Court is lodged with ASIC.	Court approval of the Scheme will be sought at the Second Court Hearing on Wednesday 19 December 2018.
7.	<b>(FIRB approval)</b> before 8:00am (Sydney time) on the Second Court Date, Boart Longyear 'Canada' is notified by the Federal Treasurer that the Commonwealth of Australia has no objections (unconditionally or on conditions acceptable to Boart Longyear 'Canada' acting reasonably) to Boart Longyear 'Canada' acquiring all of the Shares (or is precluded from objecting because the time for doing so has passed).	Satisfied as at the date of this Explanatory Memorandum.
8.	<b>(Other authorisations)</b> before 8:00am on the Second Court Date, all authorisations which Boart Longyear 'Canada' and Boart Longyear agree in writing are necessary for implementation of the Scheme are obtained.	Refer to Section 10.7.

Boart Longyear has obtained all required approvals from its lenders for the Re-domiciliation.

### 3.6 What vote is required to approve the Scheme?

For the Scheme to proceed, it must be approved by:

- (a) a majority in number (more than 50%) of those Boart Longyear Shareholders present and voting at the Scheme Meeting in person, by proxy, by attorney or (in the case of a corporate Boart Longyear Shareholder) by a corporate representative; and
- (b) at least 75% of the total number of votes cast on the Scheme Resolution at the Scheme Meeting by Boart Longyear Shareholders,

(the **requisite majorities**).

### 3.7 What happens if I do not vote at the meeting or do not vote in favour of the Re-domiciliation?

If you do not vote at the Scheme Meeting, or vote against the Scheme Resolution, then the Re-domiciliation may not be approved.

The Re-domiciliation cannot be implemented unless the Scheme Resolution is passed by the requisite majorities of Boart Longyear Shareholders at the Scheme Meeting.

However, even if you do not vote, or vote against Scheme Resolution, the Re-domiciliation may still be approved. If the Scheme Resolution is passed by the requisite majorities of Boart Longyear Shareholders, then, subject to the Court approving the Scheme and all other Conditions Precedent to the Scheme being satisfied or waived, the Re-domiciliation will be implemented and be binding on all Boart Longyear Shareholders, including those who did not vote or voted against the Scheme Resolution.

### 3.8 What are the key steps to the Scheme taking effect?

If the Scheme Resolution is passed by the requisite majorities of Boart Longyear Shareholders, then, subject to the Court approving the Scheme and all other Conditions Precedent to the Scheme being satisfied or waived, Boart Longyear will lodge the Court order approving the Scheme with ASIC upon which the Scheme will become Effective.

An overview of the key steps to implementing the Scheme is as follows:

Event	Detail
Scheme becomes Effective	<p>The Scheme will become Effective on the Scheme Effective Date (expected to be 20 December 2018).</p> <p>At the close of trading on ASX on the Scheme Effective Date, Boart Longyear Shares will be suspended from trading on ASX .</p>
Following the Scheme Effective Date	<p>On the Business Day following the Scheme Effective Date (expected to be 21 December 2018):</p> <ul style="list-style-type: none"> <li>Boart Longyear 'Canada' will be admitted to the official list of ASX;</li> <li>Boart Longyear 'Canada' CDIs will commence trading on ASX on a deferred settlement basis; and</li> <li>Boart Longyear will be delisted from ASX.</li> </ul>
Implementation Date	<p>On the Implementation Date which is expected to be 3 January 2018:</p> <ul style="list-style-type: none"> <li>Boart Longyear will transfer the Boart Longyear Shares held by each Scheme Shareholder to Boart Longyear 'Canada' without the need for any further act by a Scheme Shareholder;</li> <li>Boart Longyear 'Canada' will issue to the Authorised Nominee one (1) Boart Longyear 'Canada' Share for each Boart Longyear Share held by a Scheme Shareholder on the Record Date;</li> <li>each Scheme Shareholder will receive one (1) Boart Longyear 'Canada' CDI for every Boart Longyear Share held by that Scheme Shareholder on the Record Date; and</li> <li>in the case of Ineligible Foreign Shareholders, the Boart Longyear 'Canada' CDIs to which those shareholders would otherwise have been entitled will be transferred to the Sale Agent, who will sell them on the Ineligible Foreign Shareholder's behalf, with the net proceeds of sale being remitted to the Ineligible Foreign Shareholder.</li> </ul>
Despatch of confirmation of allotment statements	<p>Subject to the steps and approvals noted above, it is proposed that confirmation of allotment statements for Boart Longyear 'Canada' CDIs will be despatched on the Implementation Date.</p>

3.9 **What will happen to Boart Longyear following implementation of the Re-domiciliation?**

If the Re-domicile is implemented, Boart Longyear 'Canada' will own all of the Boart Longyear Shares and will operate the business of the New Boart Group in a manner consistent with past practice and in accordance with the existing strategy of Boart Longyear.

Following implementation of the Re-domicile, Boart Longyear will pass a special resolution to convert from a public company to a proprietary company limited by shares and lodge all necessary documentation with ASIC to effect such conversion.

3.10 **What are the tax implications of the Re-domiciliation?**

The Scheme may have taxation implications for Boart Longyear Shareholders. Accordingly, Boart Longyear Shareholders should refer to the summary of certain taxation implications for Scheme Shareholders in Section 9 of this Explanatory Memorandum.

3.11 **Are Boart Longyear Shareholders required to make any cash payments to participate in the Re-domiciliation?**

Boart Longyear Shareholders are not required to make any cash payments to Boart Longyear or Boart Longyear 'Canada' to participate in the Re-domiciliation.

3.12 **Impact of the Re-domiciliation on securities other than Shares**

In addition to Shares, Boart Longyear has the following securities on issue as at the date of this Explanatory Memorandum:

Security	Number	Exercise price	Expiry date
Quoted Ordinary Warrants <sup>3</sup>	602,739,409	A\$0.021	13 September 2024
Unquoted Class A 7% Warrants <sup>4</sup>	84,832,619	US\$0.006	1 September 2024
Unquoted Class B 7% Warrants <sup>4</sup>	43,509,750	US\$0.010	1 September 2024
Unquoted Boart Longyear Options <sup>5</sup>	27,828,976	Between A\$0.192 to A\$0.32	Between 15 March 2024 and 1 April 2026

The Ordinary Warrants, Class A 7% Warrants and Class B 7% Warrants (together the **Warrants**) will continue in existence on implementation of the Scheme. Boart Longyear 'Canada' has entered into a deed poll dated 19 October 2018 (the **Assumption Deed Poll**) pursuant to which it has agreed to assume the obligations of Boart Longyear under the Warrants from the Implementation Date subject to the Scheme becoming Effective. This means that if a Warrant is exercised after the Implementation Date, then the holder

<sup>3</sup> The terms of the Ordinary Warrants are set out in the prospectus dated 24 August 2017 lodged by Boart Longyear with ASIC and available at [www.asx.com.au](http://www.asx.com.au).

<sup>4</sup> The terms of the Class A 7% Warrants and Class B 7% Warrants are set out in the Notice of Meeting and Explanatory Statement dated 12 May 2017 and available at [www.asx.com.au](http://www.asx.com.au).

<sup>5</sup> For further information please refer to the Appendix 3B lodged by Boart Longyear with ASX on 16 July 2018.



of that Warrant will be issued with a Boart Longyear 'Canada' Share which may be held in the form of a CDI.

Boart Longyear has also made a number of grants of LTIP Units under the Boart Longyear Limited Management Incentive Plan (**MIP**). 8,500 LTIP Units of a total of 10,000 have been issued as at the date of this Explanatory Memorandum. The implementation of the Scheme will have no impact on the LTIP Units. Under the Assumption Deed Poll Boart Longyear 'Canada' has agreed to assume the obligations of BLY under the MIP from the Implementation Date subject to the Scheme becoming Effective. As such, if an LTIP Unit vests and the Board determines to satisfy that grant with securities, the holder of the LTIP Unit will be issued Boart Longyear 'Canada' Shares which may be held in the form of CDIs.

The Boart Longyear Options will be cancelled on the Effective Date in accordance with the terms of the Boart Longyear Limited Option Plan. Consideration will only be payable by Boart Longyear on the cancellation of the Boart Longyear Options if the Fair Market Value of a Boart Longyear Share on the Effective Date exceeds the exercise price of the relevant Boart Longyear Option. Fair Market Value will be the closing price of Boart Longyear Shares on ASX on the Effective Date. As the exercise prices of the Boart Longyear Options range from A\$0.192 to A\$0.32 per Boart Longyear Option and the closing price of Boart Longyear Shares on ASX on Monday, 22 October 2018, was A\$0.004, it is likely that the Boart Longyear Options will be cancelled for no consideration.

### 3.13 **Who is entitled to participate in the Re-domiciliation?**

#### (a) Record Date

If the Scheme becomes Effective, those Boart Longyear Shareholders on the BLY Share Register as at the Record Date will become entitled to the Boart Longyear 'Canada' Shares CDIs in respect of the Boart Longyear Shares they hold at that time (except for Ineligible Foreign Shareholders who will receive cash pursuant to the Sale Facility).

For the purposes of determining which Scheme Shareholders will be eligible to receive the Boart Longyear 'Canada' CDIs (or the net proceeds of sale under the Sale Facility in the case of Ineligible Foreign Shareholders) and participate in the Scheme, any dealing in Boart Longyear Shares will only be recognised if:

- (i) in the case of dealings of the type to be effected by CHESS, the transferee is registered in the BLY Share Register as the holder of Boart Longyear Shares on or before the Record Date; and
- (ii) in all other cases, registrable transmission applications or transfers in respect of those dealings are received on or before 7.00pm (Sydney time) on the Record Date at the Registry.

Subject to the Corporations Act, ASX Listing Rules and the constitution of Boart Longyear, Boart Longyear must register the registrable transmission applications or transfers of the kind recognised above by no later than 7.00pm (Sydney time) on the Record Date.

Boart Longyear will not accept for registration or recognise for any purpose any transmission application or transfer in respect of Boart Longyear Shares received after 7.00pm (Sydney time) on the Record Date or received prior to that time but not in registrable form.

#### (b) Scheme Shareholders

Based on the information available to Boart Longyear 'Canada' as at the date of this Explanatory Memorandum, Scheme Shareholders whose addresses are shown in the BLY Share Register on the Record Date as being in the following jurisdictions will be entitled to receive Boart Longyear 'Canada' CDIs pursuant to the Scheme: Australia, New Zealand, Switzerland, China, Hong Kong, Malaysia, Spain, United Kingdom, Israel, Luxembourg, Germany, the Netherlands, Panama, Canada or the states of Arizona, Florida, Illinois, Michigan, Minnesota, Nevada, New Mexico, New York, Texas, Utah and Washington in the United States of America and any other person or jurisdiction in respect of which Boart Longyear is satisfied, acting reasonably, that it is not prohibited and not unduly onerous or impractical to issue the Boart Longyear 'Canada' CDIs to that Scheme Shareholder pursuant to the Scheme with a registered address in such jurisdiction.

(c) Ineligible Foreign Shareholders

Restrictions in certain countries make it impractical or unlawful to offer or receive securities in certain countries. For this reason, the entitlement of Scheme Shareholders who are Ineligible Foreign Shareholders to Boart Longyear 'Canada' CDIs will be dealt with under the Re-domiciliation via the Sale Facility as described below in Section 3.14.

If you are an Ineligible Foreign Shareholder, you will not be eligible to receive Boart Longyear 'Canada' CDIs under the Re-domiciliation. The Boart Longyear 'Canada' CDIs to which Ineligible Foreign Shareholders would otherwise be entitled will be transferred to the Sale Agent and sold on ASX. The net proceeds of sale (after deduction of any applicable fees, brokerage, taxes and charges) will be remitted to the Ineligible Foreign Shareholders as soon as is reasonably practicable after the sale of all such Boart Longyear 'Canada' CDIs (and no later than 10 Business Days after the settlement of such sales).

3.14 **Sale Facility and sale of Boart Longyear 'Canada' CDIs to which Ineligible Foreign Shareholders would otherwise be entitled**

As noted above, the Boart Longyear 'Canada' CDIs that would have otherwise been issued under the Scheme to Ineligible Foreign Shareholders (if they were eligible Scheme Shareholders) (the **Sale Securities**) will be transferred to the Sale Agent to deal with in accordance with the Sale Facility.

Under the Sale Facility:

- the Sale Agent will be responsible for selling the Sale Securities;
- the Sale Agent must sell the Sale Securities on ASX as soon as reasonably practicable, and in any event but, in any case within one month after the Implementation Date) in the manner and on the terms the Sale Agent thinks fit (and at the risk of the Ineligible Foreign Shareholder);
- as soon as is reasonably practicable (but, in any case within 10 Business Days after settlement of all the sales of such Sale Securities), remit to each Ineligible Foreign Shareholder the same portion of the net proceeds of all such sales (after deduction of any applicable fees, brokerage, taxes and charges) as the Sale Securities issued to the Sale Agent in respect of the Ineligible Foreign Shareholder bears to the total Sale Securities issued to and sold by the Sale Agent;
- Boart Longyear will, as soon as practicable, distribute to each Ineligible Foreign Shareholder their respective proportion of those net proceeds by (at its discretion):
  - making a deposit in Australian currency into an account with an Australian bank notified by the Ineligible Foreign Shareholder to Boart Longyear and

recorded in or for the purpose of the BLY Share Register as at the Record Date; or

- sending a cheque for the relevant share of the net proceeds of sale in Australian currency by prepaid post to the Ineligible Foreign Shareholder's address as recorded in the BLY Share Register at the Record Date.

The amount of money received by each Ineligible Foreign Shareholder will be calculated on an averaged basis so that all Ineligible Foreign Shareholders will receive the same amount for each Sale Security, subject to rounding to the nearest whole cent.

Consequently, the amount received by an Ineligible Foreign Shareholder for each Sale Security may be more or less than the actual price that is received by the Sale Agent for that particular Sale Security.

The payment of the net proceeds from the sale of Sale Securities will be in full satisfaction of the rights of Ineligible Foreign Shareholders under the Scheme. Under the Scheme, Boart Longyear Shareholders who are Ineligible Foreign Shareholders appoint Boart Longyear as their agent to receive any financial services guide or other notice given by the Sale Agent under the Corporations Act.

For further details on the Sale Facility see the terms of the Scheme set out in Appendix C.

### 3.15 **What happens if the Re-domiciliation does not proceed?**

The Re-domiciliation will not proceed if:

- Boart Longyear Shareholders do not approve the Scheme Resolution by the requisite majorities;
- the Court does not approve the Scheme; or
- any other Conditions Precedent are not satisfied or waived.

In that event:

- Scheme Shareholders will not receive Boart Longyear 'Canada' CDIs or, in the case of Ineligible Foreign Shareholders, they will not receive the net proceeds from the sale of Boart Longyear 'Canada' CDIs;
- Boart Longyear Shareholders will retain their current holding of Boart Longyear Shares (unless they sell them);
- Boart Longyear Shares will trade on the basis that the Re-domiciliation will not proceed;
- the advantages of the Re-domiciliation, as described in Section 5.2, may not be realised; and
- some of the disadvantages and risks of the Re-domiciliation, as described in Sections 5.3 and 5.4 may not arise.

## **4. WHAT IS THE BOART LONGYEAR BOARD'S RECOMMENDATION, THE MAJOR SHAREHOLDERS' INTENTIONS AND THE OPINION OF THE INDEPENDENT EXPERT?**

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### **4.1 What is the Boart Longyear Board's recommendation in respect of the Re-domiciliation?**

Each of the Boart Longyear Directors considers himself or herself justified in making a recommendation in relation to the Scheme Resolution.

The Boart Longyear Directors have unanimously concluded that the Re-domiciliation, which is to be implemented by way of the Scheme, is in the best interests of Boart Longyear Shareholders and they unanimously recommend that you vote in favour of the Scheme Resolution at the Scheme Meeting.

In making this recommendation, the Boart Longyear Directors have considered the following:

- the advantages and disadvantages of the Re-domiciliation as described in Sections 5.2 and 5.3; and
- the potential, new and existing risks associated with the Re-domiciliation and an investment in Boart Longyear 'Canada' as described in Section 5.4.

The Boart Longyear Directors consider that the advantages of the Re-domiciliation significantly outweigh the disadvantages and risks.

Each Boart Longyear Director who holds or controls Boart Longyear Shares intends to vote in favour of the Scheme Resolution in relation to the Boart Longyear Shares which they hold or control.

### **4.2 What are the Major Shareholders' intentions?**

Boart Longyear's largest shareholder, Centerbridge, which at the date of this Explanatory Memorandum has an interest in 50.85% of the Boart Longyear Shares<sup>6</sup>, has informed Boart Longyear of its intention to vote its Boart Longyear Shares in favour of the Re-domiciliation.

Each of Ascribe and Ares, which at the date of this Explanatory Memorandum have interests in 21.4% and 9.74% of Boart Longyear Shares, respectively<sup>7</sup>, have also informed Boart Longyear of their intentions to vote their Boart Longyear Shares in favour of the Re-domiciliation.

### **4.3 What is the Independent Expert's Opinion?**

The Independent Expert has concluded that the Re-domiciliation is in the best interests of Boart Longyear Shareholders.

A copy of the Independent Expert's Report, which includes the reasons for the Independent Expert's conclusion, is contained in Appendix A. Shareholders are encouraged to read the Independent Expert's Report in full.

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<sup>6</sup> Based on substantial holding notices lodged with ASX as at the date of this Explanatory Memorandum.

<sup>7</sup> Based on substantial holding notices lodged with ASX as at the date of this Explanatory Memorandum.

## 5. **ADVANTAGES, DISADVANTAGES AND RISKS ASSOCIATED WITH THE RE-DOMICILIATION**

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### 5.1 **Introduction**

Boart Longyear Shareholders should carefully consider the following advantages and disadvantages of the Re-domiciliation, as well as the risks associated with the Re-domiciliation and an investment in Boart Longyear 'Canada' in deciding whether or not to vote in favour of the Scheme Resolution.

As noted in Section 4.1, the Boart Longyear Board considered both the advantages and disadvantages of the Re-domiciliation as part of the process they undertook to make the recommendation to approve the Re-domiciliation.

### 5.2 **What are the advantages of the Re-domiciliation?**

The Boart Longyear Board believes that the implementation of the Re-domiciliation has the following advantages:

(a) Potential for improved access to capital

The future growth of Boart Longyear may require access to capital markets which are able to provide competitive funds in the form of equity and debt. A change in domicile to Canada potentially increases the attractiveness of Boart Longyear to a more diverse financial market which has a strong interest in mining across the world. It also potentially makes Boart Longyear more attractive to those Canadian institutional investors and pooled funds who limit the foreign issuers in their "Canadian equity" portfolios to manage their international market risk. As a Canadian incorporated company Boart Longyear 'Canada' should have broader access to the capital pools of Canadian institutional investors. Greater access to capital and debt markets could also allow Boart Longyear 'Canada' to limit some of its exposure to financial risk.

(b) Improved liquidity

Boart Longyear's operations are heavily concentrated in North America. In 2017, operations in North America accounted for approximately 50% of total global revenue. Conversely, Australian operations accounted for approximately 15% of total global revenue. Currently, Boart Longyear's capital structure does not align its external debt to the jurisdictions where the majority of its revenue is earned. The business is expected to have its most significant profits in the U.S. and Canada so it is preferable to, as much as possible, have the debt allocated to those jurisdictions which have the ability to repay it. The Re-domiciliation will allow for the efficient reallocation of some of the Company's existing debt which will permit the Company to service the debt in a more efficient manner.

(c) Reduced cost of insurance

The market for insurance in Australia has proven very expensive to Boart Longyear and the cost to maintain its current levels of insurance is expected to increase in the coming years. The Re-domiciliation would allow the Company to take advantage of more competitive and cost effective insurance markets in North America.

(d) Streamlined company structure

The Company is planning to restructure the Boart Longyear group to be more efficient and cost effective and to enhance cash management flexibility. The restructure would involve:

- (i) Reducing complexity – Unnecessary and burdensome intercompany debt obligations and instruments may be eliminated and where appropriate legal entities may be realigned into consolidated tax groups; and
- (ii) Eliminating unneeded legal entities – Superfluous legal entities may be eliminated to reduce administrative and entity maintenance expense.

As noted in Section 5.2(b) above, the Re-domiciliation will allow for the efficient reallocation of certain debt. Boart Longyear may be able to reduce the need to duplicate certain additional legal consents and agreements necessary to facilitate aspects of this corporate restructure by obtaining such consents and agreements concurrently with the consents and agreements necessary for the reallocation of the debt.

- (e) Retention of ASX listing and familiarity with local exchange

Boart Longyear 'Canada' will apply for listing on ASX. Therefore following the implementation of the Re-domiciliation, Scheme Shareholders (other than Ineligible Foreign Shareholders) will continue to be able to hold their interests on the exchange with which they are most familiar.

Boart Longyear 'Canada' will be required to comply with the ASX Listing Rules, including disclosure requirements under the continuous disclosure rules and lodgement of financial statements and quarterly reports.

- (f) Comparable shareholder protection

Boart Longyear 'Canada' is regulated by the BCBCA and will continue to be subject to the rules and policies of ASX. The regulatory environment in Canada is comparable to that in Australia. Securityholders in Boart Longyear 'Canada' will have similar regulatory protection to that currently available under the Corporations Act to Boart Longyear. Section 8.4 of this Explanatory Memorandum sets out a comparative table of the differences between the Corporations Act and the BCBCA.

- (g) Familiar jurisdiction

The common law legal system in Canada, both federally and provincially, is considered to be a relatively predictable one and is comparable to Australia. It is however more familiar to the management team and the majority of the Company's shareholder base. The Company believes those regimes will provide the most suitable framework for stabilising and rebuilding the Company over the medium to long term. A not insignificant advantage in this regard is that the re-domicile will mean that senior management will have ready access to legal, accounting and other resources in time zones where they are located. Boart Longyear anticipates that this will over time result in reductions in its overhead costs.

### 5.3 What are the disadvantages?

- (a) Additional cost and administrative burden to implement the Scheme

The Re-domiciliation, if approved, will result in additional costs and administrative burdens to complete the transaction (including listing fees payable by Boart Longyear 'Canada' to ASX). Additional costs may also be incurred as a result of the

Re-domiciliation, for example, to comply with the regulatory regime in Canada. It is noted however that Boart Longyear has or will incur some of these additional costs regardless of whether the Scheme is approved.

(b) Change in jurisdiction

Upon completion of the Re-domiciliation, Scheme Shareholders (other than Ineligible Foreign Shareholders) will become securityholders in Boart Longyear 'Canada'. Further, Boart Longyear 'Canada', as a company incorporated in Canada, will not be subject to many of the provisions of the Corporations Act to which Boart Longyear is currently subject and to which Boart Longyear Shareholders are familiar.

Currently, Australian resident Boart Longyear Shareholders wishing to take action to enforce the provisions of Boart Longyear's constitution or corporations or securities laws as they relate to Boart Longyear, may take action in Australian courts, applying Australian law. After implementation of the Re-domiciliation, such actions in relation to Boart Longyear 'Canada' will be determined in accordance with Canadian law. An Australian securityholder will be entitled to seek enforcement of applicable laws in the same manner as a Canadian shareholder.

Although some of the material differences between Australian company law and Canadian corporate law as they relate to Boart Longyear and Boart Longyear 'Canada' respectively could be viewed as advantageous to current Boart Longyear Shareholders, others could be viewed as disadvantageous.

Some Boart Longyear Shareholders may not be familiar with the Canadian provisions to which Boart Longyear 'Canada' will be subject and should refer to Section 8.4.

(c) Ineligible Foreign Shareholders will not be able to receive Boart Longyear 'Canada' CDIs

A Boart Longyear Shareholder will be an Ineligible Foreign Shareholder if their address as shown in the Register at the Record Date is a place outside of Australia, New Zealand, Switzerland, China, Hong Kong, Malaysia, Spain, Great Britain, Israel, Luxembourg, Germany, the Netherlands, Panama, Canada or the states of Arizona, Florida, Illinois, Michigan, Minnesota, Nevada, New Mexico, New York, Texas, Utah and Washington in the United States of America or such other country or jurisdiction as agreed to by Boart Longyear and Boart Longyear 'Canada'. The Boart Longyear 'Canada' CDIs to which an Ineligible Foreign Shareholder would have been entitled under the Scheme will be issued to the Sale Agent appointed by Boart Longyear, who will sell those Boart Longyear 'Canada' CDIs on market and distribute the net proceeds of such sale (after deducting any applicable brokerage, stamp duty and other taxes and charges) to Ineligible Foreign Shareholders.

Ineligible Foreign Shareholders should refer to Section 3.13(c) and 3.14 on what they will receive under the Re-domiciliation.

(d) Taxation implications

The Scheme may have adverse taxation implications for individual Boart Longyear Shareholders. Accordingly, Boart Longyear Shareholders should refer to the summary of certain taxation implications for Scheme Shareholders in Section 9.

#### 5.4 What are the risks in connection with the Re-domiciliation?

Boart Longyear and Boart Longyear Shareholders are already subject to a number of risks, including those described in Sections 5.4(a) and 5.4(b) below.

If the Re-domiciliation is implemented, Boart Longyear 'Canada' and holders of Boart Longyear 'Canada' CDIs will be subject to these existing risks. In addition to these existing risks, there are other risks associated with the Re-domiciliation as well as additional risks associated with an investment in Boart Longyear 'Canada'. These additional risks are set out below in Section 5.4(c). These Sections do not provide an exhaustive list of these additional risks to which Boart Longyear 'Canada' could be exposed nor all the risks of the Re-domiciliation but only those risks that are considered material.

(a) Risks associated with the Re-domiciliation

(i) Re-domiciliation may fail to realise anticipated advantages

The Re-domiciliation may fail to realise all of the anticipated advantages for the New Boart Group, either in a timely manner or at all.

Some of the potential advantages of the Re-domiciliation may not be achieved as a result of circumstances outside the control of Boart Longyear or Boart Longyear 'Canada'.

(ii) The exact value of Boart Longyear 'Canada' CDIs is not certain

Under the terms of the Re-domiciliation, Scheme Shareholders (other than Ineligible Foreign Shareholders) will receive one Boart Longyear 'Canada' CDI for each Boart Longyear Share they hold at the Record Date. The exact value of the Boart Longyear 'Canada' CDIs that would be realised by individual Boart Longyear 'Canada' CDI Holders will be dependent on the price at which Boart Longyear 'Canada' CDIs trade after the Implementation Date.

(b) Existing risks applying to Boart Longyear

Boart Longyear is currently exposed to certain risks in operating its business that will also be faced by Boart Longyear 'Canada' and the New Boart Group following the Re-domiciliation. These risks include the following:

(i) Market risk

Boart Longyear's operating results, financial condition and ability to achieve shareholder returns are linked to underlying market demand for drilling services and drilling products. Demand for 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. There have been significant declines in Boart Longyear's financial performance as a result of the global contraction in exploration and development spending in the commodities sector, and the subsequent impact on mining customers. Mineral exploration, production and development activities remain uncertain and could remain at depressed levels for an extended period of time or decline further, resulting in adverse effects on Boart Longyear's operating results, liquidity and financial condition.

(ii) Operational risk

The majority of Boart Longyear's drilling contracts are either short-term or may be cancelled upon short notice by Boart Longyear's customers and portions of Boart Longyear's products backlog may be subject to cancellation.



(iii) Risks relating to liquidity and indebtedness

As at 30 June 2018, Boart Longyear had net debt of US\$649.7 million with US\$688 million in gross debt and US\$38.3 million of cash on hand (including US\$6.1 million of restricted cash). The Company also has availability under an asset backed loan facility.

The Company remains highly leveraged even after completion of the 2017 Recapitalisation. While interest on all of the Company's debt facilities (other than the PNC ABL) may be payable in kind until December 2018, interest on the 10% Secured Notes is payable in cash thereafter. At that point, absent a refinancing, the Company may be required to dedicate a significant portion of its cash flow from operations to fund the payment of interest, reducing the availability of cash flow to fund working capital, capital expenditures, development activity, acquisitions and other general corporate purposes.

(iv) Tax risk

Boart Longyear's unsettled assessments with the Canada Revenue Agency (**CRA**) will, if upheld, result in federal and provincial tax liabilities (including interest) of up to CAD\$24.9 million.

The outcome and timing of any resolution of the Canadian reassessments are unknown. Interest will continue to accrue on all disputed and unpaid amounts until they are paid, or, alternatively, until the disputes are resolved in the Company's favour.

The Company has recorded a tax provision related to the CRA's audits of the 2007 through 2014 tax years. The provision reflects the uncertainties regarding the outcome of those audits. While the Company believes it is appropriately reserved in respect of the CRA tax disputes, the resolution of those disputes on terms substantially as assessed by the CRA could be material to the Company's financial position or results of operations.

Boart Longyear is also responding to audits that are underway by the Australian Taxation Office (**ATO**). The resolution of existing and potential assessments by the ATO may adversely affect Boart Longyear's liquidity.

(v) Government and regulatory risk

Changes in, or failure to comply with, the laws, regulations, policies or conditions of any jurisdiction in which Boart Longyear conducts business could have a material adverse effect on Boart Longyear's financial condition, liquidity, results of operations and cash flows. Boart Longyear's operations are subject to numerous laws, regulations and guidelines (including anti-bribery, tax, health and safety, and environmental regulations) that could result in material liabilities or increases in Boart Longyear's operating costs or lead to the decline in the demand for Boart Longyear's services or products.

(c) Additional risks to Boart Longyear 'Canada' as a result of the Re-domiciliation

(i) Loss of demand and liquidity

As a result of the Re-domiciliation, Boart Longyear will re-domicile to Canada and will become a subsidiary of a new parent Canadian company. The re-domicile may lead to a potential loss of demand for Boart Longyear 'Canada' CDIs from Australian investors. There may be a potential reduction

in liquidity of Boart Longyear 'Canada' Shares when traded on ASX in the form of CDIs.

(ii) Changes to tax environment

While Boart Longyear has not identified any specific tax risks associated with the Re-domiciliation, there may be unexpected tax risks associated with the change in jurisdiction from Australia to Canada.

## 6. OVERVIEW OF BOART LONGYEAR

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### 6.1 Background and overview

Boart Longyear is a leading integrated provider of drilling services, drilling equipment and performance tooling for mining and mineral drilling companies globally.

Boart Longyear provides drilling services, drilling equipment and performance tooling to mining and drilling companies globally by offering an extensive portfolio of technologically advanced and innovative drilling services and products and operates in five geographic regions, which are defined as North America, Latin America, Europe, Asia Pacific, and Africa.

Boart Longyear is an Australian company which is listed on ASX.

### 6.2 Operations

Boart Longyear is a global mineral exploration company founded in 1890. It is headquartered in Salt Lake City, Utah, United States. Regional offices and operations are located in the Asia-Pacific region, North and South America, Europe, and Africa. The Company provides mineral exploration services and drilling products for the global mining industry and also has a presence in drilling water exploration, environmental sampling, energy, and oil sands exploration.

### 6.3 Board of Directors and management

#### (a) Board of Directors

As at the date of this Explanatory Memorandum, the Boart Longyear Board consists of the following persons:

- Mr Marcus Randolph
- Mr Kyle Cruz
- Mr Jason Ireland
- Mr James Kern
- Ms Gretchen McClain
- Mr Jeffrey Olsen
- Mr Robert Smith
- Mr Richard Wallman
- Mr Eric Waxman

Further information about the Boart Longyear Directors, their experience and qualifications can be obtained by visiting Boart Longyear's website (<https://www.boartlongyear.com/company>).

#### (b) Management

As at the date of this Explanatory Memorandum, the senior management team of Boart Longyear consists of the following persons:

- Mr Jeffrey Olsen – President and Chief Executive Officer

- Mr Robert Closner – Vice President and General Counsel
- Mr Denis Despres – Chief Operating Officer
- Ms Kari Plaster – Vice President of Human Resources
- Mr Brendan Ryan – Chief Financial Officer

#### 6.4 **Historical financial information**

The historical financial information for Boart Longyear is contained in the audited consolidated financial statements for Boart Longyear and its controlled entities for the half year ended 30 June 2018, and the years ended 31 December 2017, 31 December 2016 and 31 December 2015. Boart Longyear will provide a copy of these statements free of charge to anyone who requests a copy.

Boart Longyear Shareholders may also view complete copies of these statements on ASX's website at [www.asx.com.au](http://www.asx.com.au) or Boart Longyear's website at [www.boartlongyear.com](http://www.boartlongyear.com).

#### 6.5 **Update on financial information since last annual report**

Other than as disclosed in this Explanatory Memorandum and in announcements to ASX, within the knowledge of the Boart Longyear Board, the financial position of Boart Longyear has not materially changed since 30 June 2018, being the date of the balance sheet for the half year accounts of Boart Longyear for the half year ended 30 June 2018.

#### 6.6 **Capital structure**

As at the date of this Explanatory Memorandum, the corporate structure of Boart Longyear is as follows:

Securities	Number
Boart Longyear Shares	26,289,795,231
Quoted Ordinary Warrants	602,739,409
Unquoted Boart Longyear Options	27,828,976
Unquoted Class A 7% Warrants	84,832,619
Unquoted Class B 7% Warrants	43,509,750

The number of Boart Longyear Shares on issue will change if any of the Warrants or Boart Longyear Options are exercised or vest.

As outlined in Section 3.12, Boart Longyear has also made a number of grants of LTIP Units under the MIP. The implementation of the Scheme will have no impact on the LTIP Units. Under the Assumption Deed Poll Boart Longyear 'Canada' has agreed to assume the obligations of Boart Longyear under the MIP from the Implementation Date, subject to the Scheme becoming Effective. As such, if an LTIP Unit vests and the Board determines to satisfy that grant with securities, the holder of the LTIP Unit will be issued Boart Longyear 'Canada' Shares which may be held in the form of CDIs.

Based on substantial holding notices lodged with ASX as at the date of this Explanatory Memorandum, the following persons have substantial holdings (as defined in the Corporations Act) of Boart Longyear Shares:

Substantial holder	Relevant interest
Ares	9.74%
Ascribe	21.40%
Centerbridge	50.85%

## 7. OVERVIEW OF BOART CANADA FOLLOWING IMPLEMENTATION OF THE SCHEME

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### 7.1 Introduction

Boart Longyear 'Canada' was incorporated on 9 August 2018 in Canada as a limited company under the BCBCA.

Boart Longyear 'Canada' was incorporated for the sole purpose of the Re-domiciliation. As a result, prior to implementation of the Re-domiciliation, Boart Longyear 'Canada' has not conducted and will not conduct any business other than performing the acts which are detailed in this Explanatory Memorandum.

As at the date of this Explanatory Memorandum, Boart Longyear 'Canada' has one ordinary share on issue which is held by SE Corporate Services Ltd.<sup>8</sup> (**Subscriber Share**). The Subscriber Share was issued upon the incorporation of Boart Longyear 'Canada'. Boart Longyear 'Canada' currently has no other securities outstanding. Following the Re-domiciliation, the Subscriber Share will be re-purchased by Boart Longyear 'Canada'.

Boart Longyear 'Canada' is not currently listed on any securities exchange, but will apply to be admitted to the official list of ASX. Boart Longyear 'Canada' will also be registered in Australia as a foreign company under section 601CD of the Corporations Act. Boart Longyear has been appointed as the local agent in Australia for Boart Longyear 'Canada'.

Boart Longyear 'Canada' is authorised to issue an unlimited number of ordinary shares.

If the Re-domiciliation is implemented, on the Implementation Date, all of the Boart Longyear 'Canada' CDIs will be owned by Scheme Shareholders (other than Ineligible Foreign Shareholders) in approximately the same percentages as their existing holdings in Boart Longyear, subject to the provisions of the Scheme dealing with Ineligible Foreign Shareholders and the impact of rounding. Boart Longyear 'Canada' will in turn become the holder of all of the Boart Longyear Shares.

### 7.2 Boart Longyear 'Canada' Board

The Boart Longyear 'Canada' Board will remain the same as the Boart Longyear Board detailed in Section 6.3.

### 7.3 Management of Boart Longyear 'Canada'

There are no proposed changes to Boart Longyear's senior management as a result of the Re-domiciliation.

### 7.4 Dividend policy

Boart Longyear does not currently pay dividends.

The Board Longyear 'Canada' Board will review the amount of any future dividends to be paid having regard to the company's profits, its financial position and the board's assessment of the capital required to grow the business of Boart Longyear 'Canada'.

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<sup>8</sup> SE Corporate Services Ltd is a wholly owned subsidiary of Stikeman Elliot LLP.

**7.5 Principal activities of Boart Longyear 'Canada' following implementation of the Re-domiciliation**

The principal activities of Boart Longyear 'Canada' will be the same as the principal activities of Boart Longyear, as set out in Section 6.

**7.6 Boart Longyear 'Canada' intentions for business, assets and employees of Boart Longyear following implementation**

**(a) Introduction**

The statements set out in this Section 7.6 are statements of current intention only, which may change as new information becomes available or as circumstances change, and the statements in this Section 7.6 should be read in this context.

**(b) Boart Longyear de-listed**

If the Scheme is implemented, Boart Longyear will request ASX to remove Boart Longyear from its official list.

**(c) Boart Longyear's business, assets and employees**

If the Re-domiciliation is implemented, Boart Longyear 'Canada':

- does not intend to make any changes to Boart Longyear's operations;
- continue the business of Boart Longyear;
- not make any major changes to the business of Boart Longyear or redeploy any of the fixed assets of Boart Longyear; and
- does not intend to make any changes to the corporate and head office functions of Boart Longyear.

**7.7 Audit standards**

Following listing on ASX, Boart Longyear 'Canada's auditor will apply the Australian Auditing Standards.

**7.8 Capital structure**

The capital structure of Boart Longyear 'Canada' following the implementation of the Scheme and assuming that prior to the Record Date: (a) no Warrants are converted into Boart Longyear Shares; and (b) no Boart Longyear Shares are issued on the conversion of the Boart Longyear Options, will be as follows:

<b>Shares</b>	<b>Number</b>
Boart Longyear 'Canada' Shares to be issued to Scheme Shareholders	26,289,795,231
<b>Total issued capital</b>	26,289,795,231
<b>Other securities</b>	<b>Number</b>
Quoted Ordinary Warrants	602,739,409
Unquoted Class A 7% Warrants	84,832,619

Unquoted Class B 7% Warrants	43,509,750
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As set out in Section 3.12, the Boart Longyear Options will be cancelled on the Effective Date in accordance with the terms of the Boart Longyear Limited Option Plan.

#### 7.9 **Risks involved in an investment in Boart Longyear 'Canada'**

As noted in Section 5.4(b), holders of securities in Boart Longyear 'Canada' will be subject to the existing risks of an investment in Boart Longyear. There are also additional or increased risks of an investment in Boart Longyear 'Canada' which are set out in Section 5.4(c).

In addition, there may be additional risks associated with the change in jurisdiction from Australia to Canada. Boart Longyear Shareholders should refer in this regard to Section 8.4 of this Explanatory Memorandum.



## **8. IMPLICATIONS OF BOART LONGYEAR 'CANADA' BEING A CANADIAN COMPANY**

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### **8.1 Overview**

Following implementation of the Re-domiciliation, Scheme Shareholders (other than Ineligible Foreign Shareholders) will receive securities in Boart Longyear 'Canada', which is a company incorporated in Canada and which will be listed on ASX.

This Section includes a summary of the rights attaching to Boart Longyear 'Canada' Shares, including under the Articles. The Restructuring Support Agreement required the Articles to include a number of provisions. By agreement, only some of these provisions have been adopted by Boart Longyear 'Canada' and those are summarised in this Section. A copy of the Articles is available on Boart Longyear's website (<https://www.boartlongyear.com/>).

This Section also provides an overview of the consequences of Boart Longyear 'Canada' being a limited company incorporated in British Columbia, Canada, including a summary of the applicable laws that will apply to Boart Longyear 'Canada'. Further information on the CDI arrangements applying to Boart Longyear 'Canada' CDIs is set out in Appendix E.

### **8.2 Listing of Boart Longyear 'Canada' on ASX**

Boart Longyear 'Canada' will apply to ASX for admission to the official list of ASX as a standard (full) ASX listing and for official quotation of the Boart Longyear 'Canada' CDIs on ASX within 7 days after the date of this Explanatory Memorandum. It is expected that on or about 21 December 2018 Boart Longyear 'Canada' will be admitted to the official list of ASX and Boart Longyear 'Canada' CDIs will commence trading on ASX on a deferred settlement basis on 21 December 2018. Normal settlement trading (T+2) of Boart Longyear 'Canada' CDIs is expected to commence on 4 January 2018.

It is the responsibility of each Scheme Shareholder (who is not an Ineligible Foreign Shareholder) to determine their entitlement to Boart Longyear 'Canada' CDIs before trading in those securities to avoid the risk of selling Boart Longyear 'Canada' CDIs they do not or will not own. If a Scheme Shareholder sells Boart Longyear 'Canada' CDIs without receiving confirmation of their own entitlement, they do so at their own risk.

### **8.3 Rights attaching to Boart Longyear 'Canada' Shares**

The following is a summary of the principal rights attaching to Boart Longyear 'Canada' Shares. This summary does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Boart Longyear 'Canada' Shareholders, which can involve complex questions of law arising from the interaction of the Articles and Canadian statutory and common law requirements.

The rights attaching to Boart Longyear 'Canada' Shares arise from a combination of the Articles, the BCBCA and generally applicable Canadian law. This summary should be read in conjunction with the information set out in Appendix E.

#### **(a) General meetings**

Boart Longyear 'Canada' must hold an annual general meeting at least once per calendar year and not more than 15 months after the last annual reference date at such time and place as may be determined by the Boart Longyear 'Canada' Directors. The Boart Longyear 'Canada' Directors may, at any time, call a meeting of Boart Longyear 'Canada' Shareholders to be held at such time and place as may be determined by the Boart Longyear 'Canada' Directors. As such, meetings of Boart Longyear 'Canada' Shareholders may be held outside Australia.

(b) Quorum

A quorum for a meeting of Boart Longyear 'Canada' Shareholders is the presence of shareholder(s) who, in aggregate, hold at least 25% of the voting rights attached to issued shares entitled to be voted at the meeting (in person or represented by proxy).

(c) Voting

Subject to any special rights or restrictions as to voting attached to any Boart Longyear 'Canada' Shares (represented by Boart Longyear 'Canada' CDIs):

- on a show of hands, every person present who is a Boart Longyear 'Canada' Shareholder or proxy holder and entitled to vote on the matter, has one vote; and
- on a poll, every Boart Longyear 'Canada' Shareholder entitled to vote on the matter has one vote in respect of each Boart Longyear 'Canada' Share entitled to be voted on that matter and held by that Boart Longyear 'Canada' Shareholder and may exercise that vote either in person or by proxy.

(d) Dividends

Subject to the rights, if any, of Boart Longyear 'Canada' Shareholders holding Boart Longyear 'Canada' Shares with special right as to dividends, the Boart Longyear 'Canada' Board may from time to time declare and authorise payment of such dividends, if any, as they may consider appropriate.

(e) Winding up

Each holder of Boart Longyear 'Canada' Shares is entitled to receive, subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of Boart Longyear 'Canada', the remaining property of Boart Longyear 'Canada' upon the liquidation, dissolution or winding-up of Boart Longyear 'Canada', whether voluntary or involuntary. If Boart Longyear 'Canada' is wound up, the liquidator may, with the authority of a special resolution, after adequately providing for payment or discharge of its obligations, distribute its remaining property, either in money or in kind, among shareholders according to their respective rights. Upon application of an interested person, this may be conducted under the supervision of the courts.

(f) Transfer of shares

Generally, Boart Longyear 'Canada' Shares are freely transferrable, subject to formal requirements and to the registration of the transfer not resulting in a contravention of or failure to observe the provisions of applicable law. Applicable securities laws and rules of any stock exchange on which Boart Longyear 'Canada' Shares may be listed may also impose hold periods on such shares and certain shareholders.

(g) Future increases in capital

Subject to the BCBCA and the rights of the holders of issued Boart Longyear 'Canada' Shares (or Boart Longyear 'Canada' CDIs), if any, Boart Longyear 'Canada' may at any time and from time to time issue such number of Boart Longyear 'Canada' Shares on the terms and conditions and for the issue prices that the Boart Longyear 'Canada' Directors may determine.

(h) Variation of rights attaching to shares

Boart Longyear 'Canada' may by ordinary resolution (50%) alter the Articles (unless the BCBCA or the Articles specify another type of resolution). However, any amendment of the Articles which would adversely and disproportionately affect the rights, obligations or liabilities of any particular holder of Boart Longyear 'Canada' Shares relative to holders of Boart Longyear Shares generally would require an exceptional resolution (75%) to be passed by Boart Longyear 'Canada' Shareholders.

(i) Directors

The number of Boart Longyear 'Canada' Directors must be a minimum of one director (unless it is a public company, in which case it shall have a minimum of three directors) and a maximum of 15 directors. The Articles contain provisions relating to the annual election of directors and requires Boart Longyear 'Canada' not to change the number of directors for so long as the Director Appointment Agreements are in effect (ie, until the 2020 annual general meeting).

(j) Redemption or repurchase of Boart Longyear 'Canada' Shares

The Articles prevent Boart Longyear 'Canada' from redeeming or repurchasing Boart Longyear Shares on a non-pro rata basis (other than in respect of the Subscriber Share which will be repurchased by Boart Longyear 'Canada' following the Re-domiciliation).

(k) Pro rata offer of preference shares

All holders of Boart Longyear 'Canada' Shares will be entitled under the Articles to participate on a pro rata basis in any offering of preference shares by Boart Longyear 'Canada'.

(l) Transactions with Centerbridge

The Articles provide that Boart Longyear 'Canada' will not enter into a transaction with an affiliate of Boart Longyear 'Canada' or Centerbridge unless:

- such transaction is entered into on an arms' length basis;
- all material terms and conditions of such transaction (including the facts relating to such affiliate's interest in such transaction) are disclosed to the board of Boart Longyear 'Canada' prior to authorising and/or entering into such transaction; and
- such transaction is approved by a majority of the members of the board of Boart Longyear 'Canada' that are disinterested with respect to such transaction.

#### 8.4 Comparison of Australian and Canadian company rules

Boart Longyear is a public company registered in Victoria under the Corporations Act. Boart Longyear 'Canada' is a company which is incorporated in British Columbia, Canada and will be subject to a variety of laws and regulations including the provisions of the *Business Corporations Act* (British Columbia) (the **BCBCA**).

A comparison of some of the material provisions governing Boart Longyear and Boart Longyear 'Canada' respectively is set out below. References to 'Australian law' where they appear in this Section are references to the Corporations Act, ASX Listing Rules, ASX Settlement Operating Rules and Australian common law, as applicable. References to

'Canadian law, are references BCBCA, applicable Canadian securities law and Canadian common law, as applicable.

The comparison below is not an exhaustive statement of all relevant laws, rules and regulations and is intended as a general guide only. It should also be read in conjunction with the disclosures in Section 8.3 above. Boart Longyear Shareholders should consult with their own legal advisers if they require further information.

Requirement	Australia	Canada
<b><i>Rights attaching to shares</i></b>		
<b>Purchase of own shares</b>	<p>Under the Corporations Act, a company may buy-back its shares under a specific buy-back scheme:</p> <ul style="list-style-type: none"> <li>• if the buy-back does not materially prejudice the company's ability to pay its creditors; and</li> <li>• the company follows the procedures set out in the Corporations Act.</li> </ul> <p>Share buy-backs that intend to buyback more than 10% of the votes attaching to the smallest number of shares in the previous 12 months require approval by the company's members by way of ordinary resolution.</p> <p>The form of shareholder approval (e.g. ordinary resolution or special/unanimous resolution), if required, and the notice period and disclosure requirements to be given to shareholders will depend on the type of buy-back. Generally, buy-back schemes can be characterised as minimum holding, equal access, selective, on-market or relating to employee shares schemes.</p>	<p>Under the BCBCA, a company may repurchase its shares, if it is so authorized by, and subject to any restrictions in, its articles unless there are reasonable grounds for believing that the company is, or would after the repurchase be, unable to pay its debts as they become due in the ordinary course of its business.</p> <p>Under Canadian securities legislation, a repurchase of its shares by a company may constitute an "issuer bid" and could only be effected in accordance with the provisions of Canadian securities legislation.</p>
<b>Source and payment of dividends</b>	<p>A company must not pay a dividend unless its assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend. The dividend must be fair and reasonable to the company's shareholders as a whole and must not materially prejudice the company's ability to pay its creditors. Additionally, where a dividend is paid out of capital, the provisions of the Corporations Act relating to reductions of capital must also be complied with.</p>	<p>Under the BCBCA, a company may declare and pay a dividend, whether out of profits, capital or otherwise, by issuing shares, warrants or property, including money, unless there are reasonable grounds for believing that the company is, or would after the payment be, unable to pay its debts as they become due in the ordinary course of its business.</p>
<b>Variation of class rights</b>	<p>Under the Corporations Act, rights attaching to a class of shares may</p>	<p>The BCBCA provides that rights attaching to issued</p>

<b>Requirement</b>	<b>Australia</b>	<b>Canada</b>
	only be varied or cancelled by special resolution of the company's shareholders and a special resolution of those members holding shares in that class or otherwise with the consent in writing of the holders of 75% of that class.	shares must not be prejudiced or interfered with unless the shareholders holding that class of shares consent by a special separate resolution of such class.
<b>Capital raising</b>		
<b>Issue of new shares</b>	<p>The Corporations Act allows directors to issue shares without shareholder approval.</p> <p>Subject to specified exceptions (for pro rata issues etc), the ASX Listing Rules apply to restrict a company from issuing, or agreeing to issue, more ordinary securities than 15% of the total of the number calculated accordingly to a prescribed equation in any 12 month period unless the company has shareholder approval.</p>	As Boart Longyear 'Canada' intends to be listed on ASX, the ASX Listing Rules regarding restrictions on the issue of new securities will continue to apply to Boart Longyear 'Canada'.
<b>Continuous disclosure</b>	Under the ASX Listing Rules, a company is required to disclose to ASX any information concerning the company that a reasonable person would expect to have a material effect on the price or the value of its shares (or options).	As an ASX-listed company, Boart Longyear 'Canada' will need to comply with the continuous disclosure regime under the ASX Listing Rules.
<b>Directors</b>		
<b>Fiduciary duties of directors and officers</b>	Under Australian law, the directors and officers of a company are subject to duties to, act in good faith in the interests of the company, act for a proper purpose, not fetter their discretion (in the case of directors only), exercise care, skill and diligence, avoid conflicts of interest, not use their position to their advantage, and not misappropriate company property.	Under Canadian law, every director and officer of a company, in exercising their powers and performing their functions must act honestly and in good faith with a view to the best interests of the company, exercise the care, diligence and skill that a reasonably prudent individual would exercise in comparable circumstances, act in accordance with the BCBCA and the company's articles, not fetter their discretion, avoid conflicts of interest, not use their position to their advantage and not misappropriate company property.
<b>Remuneration of directors and officers</b>	Under the ASX Listing Rules, the maximum amount to be paid to a company's directors for their services as directors (other than the salary of an executive director) is not to exceed the amount approved	The ASX Listing Rules concerning the maximum amount to be paid to a company's directors will continue to apply to Boart Longyear 'Canada' as an ASX-

Requirement	Australia	Canada
	<p>by shareholders in general meeting.</p> <p>Australian law gives shareholders of listed companies the right to participate in a non-binding vote, to be held at the annual general meeting (<b>AGM</b>), on the adoption of the remuneration report of the company. The remuneration report is included in the directors' report and is required to contain a discussion of the board's policy in relation to remuneration of key management personnel of the company.</p>	<p>listed company.</p>
<b>Retirement benefits</b>	<p>Under the Corporations Act, a company is allowed to pay benefits to directors and officers on their retirement or termination. Such benefits require shareholder approval in certain circumstances.</p> <p>Under the ASX Listing Rules, termination benefits to directors (that are or may be payable to all officers) must not exceed 5% of the equity interests of a company as set out in its latest financial statements given to ASX. The 5% limit may however be exceeded with shareholder approval.</p>	<p>The restrictions on termination benefits payable to directors under the ASX Listing Rules will continue to apply to Boart Longyear 'Canada'.</p>
<b>Insider trading</b>	<p>Under the Corporations Act, any person who possesses price sensitive information relating to a company or its securities is prohibited (subject to exceptions) from buying or selling those securities or procuring others do so, or from communicating the information to third parties.</p>	<p>Canadian securities laws prohibit trading with knowledge of a material fact or material change with respect to a reporting issuer that has not been generally disclosed. In addition, National Instrument 55-102 of the Canadian Securities Administrators System for <i>Electronic Disclosure Insiders (SEDI)</i> establishes a mandatory system of electronic reporting of trading activity by certain insiders of each reporting issuer.</p>
<b>Director's declarations of interest</b>	<p>The Corporations Act generally requires a company's director who has a material personal interest in a matter that relates to the affairs of the company to give the other directors notice of that interest. That director must not be present at a meeting where the matter is being considered or vote on the matter unless the other directors or ASIC approve, or the matter is not one which requires disclosure under the</p>	<p>Under the BCBCA, subject to certain exceptions, a director or officer will hold a disclosable interest in a contract or transaction that a company has entered into or proposes to enter into if that contract or transaction is material to the company, and the director or officer has or is a director or officer of or has a material interest in a person</p>

Requirement	Australia	Canada
	<p>Corporations Act. Under the Corporations Act, failure of a director to disclose a material personal interest, or voting despite a material personal interest, does not affect the validity of a contract in which the director has an interest. A company's directors, when entering into transactions with the company, are subject to the common law and statutory duties to avoid conflicts of interest.</p>	<p>who has a material interest in the contract or transaction. Directors and officers must disclose in writing or by request to have it entered in the minutes of meetings of directors or meetings of committees of directors to the company the nature and extent of any disclosable interest that they may have. No director having a disclosable interest may vote on any resolution to approve the contract or transaction. However, if all of the directors have a disclosable interest in a contract or transaction, any or all of those directors may vote on a directors' resolution to approve the contract or transaction, but the contract or transaction must be approved by a special resolution of shareholders or else the directors will be liable to account to the company for any profit that accrues to the directors as a result of the contract or transaction. Under the BCBCA, failure of a director to disclose a material personal interest, or voting despite a material personal interest, does not affect the validity of a contract in which the director has an interest.</p>
<p><b>Release from liability and indemnification of directors and officers</b></p>	<p>A company may not generally exempt a director from, or indemnify him or her against, liability in connection with any negligence, default, breach of duty or breach of trust by him or her in relation to the company (or an associated company).</p> <p>The general prohibition against exemption or indemnification by a company of its directors is subject to the following exceptions:</p> <ul style="list-style-type: none"> <li>the company may indemnify a director against liabilities incurred in connection with a claim made by third parties, for example, a creditor;</li> <li>the company is permitted to enter into a qualifying pension scheme indemnity provision with directors of a company which is a trustee of an occupational</li> </ul>	<p>A company must not indemnify a director or pay the expenses of a director:</p> <ul style="list-style-type: none"> <li>if the director did not act honestly and in good faith with a view to the best interests of the company or the associated corporation; or</li> <li>for a proceeding other than a civil proceeding, if the director did not have reasonable grounds for believing that the directors' conduct in respect of which the proceeding was brought was lawful.</li> </ul> <p>A company may purchase and maintain insurance for the benefit of directors or the heirs and personal or other legal</p>

Requirement	Australia	Canada
	<p>pension scheme; and</p> <p>the company is permitted to purchase and maintain insurance for its directors (or directors of its associated companies).</p>	<p>representatives against any liability that may be incurred by reason of the director being or having been a director or officer of, or holding or having held a position equivalent to that of a director or officer of, the company or an associated corporation.</p>
<b>Member's meetings</b>		
<b>Meetings of shareholders</b>	<p>A company's AGM must be held at least once in each calendar year and within five months after the end of its financial year. A general meeting of a company's shareholders may be called from time to time by the company's board, the company's individual directors or by the company's shareholders with at least 5% of the votes that may be cast at a general meeting may call a meeting or request the company's directors to call a meeting. Directors must also call a meeting at the request of at least 100 members who are entitled to vote at the general meeting.</p>	<p>A company must hold an AGM at least once in each calendar year and no later than fifteen months after the previous year's AGM. A company's board of directors may call a meeting of the shareholders of the company at any time. Holders at least 5% of the issued shares of the company that carry the right to vote at an AGM may requisition the directors of the company to call a meeting.</p>



Requirement	Australia	Canada
<b>Notice of meetings</b>	<p>For a listed company, notice of a general meeting must be given, at least 28 days before the date of the meeting, to a company's shareholders entitled to vote at the meeting as well as to the company directors and auditors.</p>	<p>A company must provide at least 21 days' (and not more than two months) notice of the date, time and location of all shareholder meetings to registered company shareholders entitled to vote at the meeting and to each company director.</p> <p>As a "reporting issuer" under Canadian securities law, a company must also give notice to certain beneficial shareholders. Management proxy circulars, in a required form must be provided in connection with any solicitation of proxies by management.</p> <p>The articles of a BC company typically provide that a notice of a meeting at which special business is to be transacted must state the nature of that business in sufficient detail to permit the shareholder to form a reasoned judgment thereon, as well as the text of any special resolution to be submitted to the meeting. Any business, other than the election of directors, reappointment of the incumbent auditor and consideration of the financial statements and auditor's report, is deemed to be special business.</p> <p>National Instrument 54-101 of the Canadian Securities Administrators <i>Communications with Beneficial Owners of Securities</i> of a Reporting Issuer, requires a reporting issuer that is required to give notice of a meeting to fix a date for the meeting and a record date for notice for the meeting which shall be no fewer than 30 and no more than 60 days before the meeting date and, if required or permitted by corporate law, fix a record date for voting at the meeting. The reporting issuer is required, subject to certain exemptions, to notify certain intermediaries at least 25 days</p>

Requirement	Australia	Canada
		prior to the record date.
<b>Passing resolutions at a general meeting</b>	Under the Corporations Act, a resolution at a general meeting of shareholders is to be passed by a simple majority of votes cast by the shareholders present (in person or by proxy) and voting at the meeting.	Under the BCBCA, unless the BCBCA or the company's articles provide otherwise, a resolution at a company's general meeting of shareholders is to be passed by a simple majority of votes cast by the shareholders entitled to vote on the resolution.
<b>Ordinary and special resolutions</b>	<p>Unless the Corporations Act or the constitution requires a special resolution, resolutions are passed by a simple majority of votes cast on the resolution by shareholders entitled to vote on the resolution.</p> <p>A special resolution may be passed if notice of a general meeting is given which specifies the intention to propose the special resolution and states the resolution to be proposed.</p> <p>A special resolution must be passed by at least 75% of the votes cast by shareholders entitled to vote. The Corporations Act requires certain matters to be resolved by a company by special resolution, including the change of name of the company, a selective reduction of capital or selective share buy-back, the conversion of the company from one type or form to another and a decision to wind up the company voluntarily.</p> <p>Under the Corporations Act, a special resolution is also required to modify or repeal a company's constitution.</p>	<p>Unless the BCBCA or the company's articles require a special resolution, ordinary resolutions are required and are passed by a simple majority of votes cast on the resolution. A special resolution must be passed by a majority of not less than two-thirds (although the articles may require a higher majority of not less than three-quarters) of the votes cast by shareholders entitled to vote after proper notice is given.</p> <p>Under the BCBCA, certain matters must be approved by special resolution. Some of these matters include: reducing stated capital, certain amalgamations, arrangements, continuance into another jurisdiction, a sale, lease or disposition of all or substantially all of a company's undertaking and voluntary liquidation.</p> <p>If a special resolution is to be considered at a meeting of a company's securityholders, the notice must specify the intention to propose a special resolution. The articles of most BC companies require that the notice state the general nature of any special business to be considered and include a copy of any document to be considered or a statement regarding where and when a copy is available for inspection.</p>

Requirement	Australia	Canada
<b>Shareholder proposed resolutions</b>	<p>Under the Corporations Act, shareholders holding at least 5% of the votes that may be cast at a general meeting, or at least 100 shareholders who are entitled to vote at the meeting may, by written notice to the company, propose a resolution for consideration at the next general meeting occurring more than two months' after the date of that notice.</p>	<p>Under the BCBCA, qualified shareholders holding (1) at least 1% of the votes that may be cast at a general meeting or (2) shares that have a fair market value in excess of CAD\$2,000, may to submit to the company written notice of any matter that the person wishes to have considered at the meeting (<b>Proposal</b>). A company that receives a Proposal must send the text of the Proposal and the names and mailing addresses of the submitter and the supporters to all persons entitled to receive notice of the annual general meeting in relation to which the Proposal was made. Such information must be sent in the notice of the annual general meeting or in the company's information circular or equivalent, if any, sent in respect of the applicable annual general meeting.</p> <p>The BCBCA provides exemptions from the requirements to include a proposal in a company's management information circular in circumstances including where:</p> <ul style="list-style-type: none"> <li>the directors have called an annual general meeting to be held after the date on which the Proposal is received by the company and have sent out notice of the meeting;</li> <li>the Proposal is not valid or exceeds the maximum length established;</li> <li>substantially the same proposal was submitted to shareholders in a notice of meeting, or an information circular or equivalent, relating to a general meeting that was held not more than 5 years before the receipt of the proposal, and did not receive the prescribed amount of support at the meeting;</li> <li>it clearly appears that the Proposal does not relate in</li> </ul>

Requirement	Australia	Canada
		<p>a significant way to the business or affairs of the company;</p> <ul style="list-style-type: none"> <li>• it clearly appears that the primary purpose of the Proposal is to (1) secure publicity or (2) enforce a personal claim or redress a personal grievance against the company or its directors, officers or security holders;</li> <li>• the Proposal has already been substantially implemented;</li> <li>• the Proposal, if implemented, would cause the company to commit an offence;</li> <li>• the Proposal deals with matters beyond the company's power to implement.</li> </ul>
<b>Voting</b>	<p>Each share of a company confers a right to vote at all general meetings. On a show of hands, each company shareholder present in person, or by proxy, attorney or body corporate representative, has one vote. If a poll is held, the company's shareholders present in person or by their proxy, attorney or body corporate representative will have one vote for every company share held. A signed proxy must be received at least 48 hours before a meeting.</p> <p>A poll may be demanded by the chairman of the general meeting, at least five company shareholders entitled to vote on the resolution or shareholders present at the meeting holding at least 5% of the votes that may be cast on the resolution on a poll. The percentage of votes that shareholders have is to be worked out as at the midnight before the poll is demanded.</p>	<p>Subject to other sections of the BCBCA and unless the articles provide otherwise, a shareholder of a company has one vote in respect of each share held by that shareholder and is entitled to one vote in person or by proxy. Unless the articles provide otherwise, voting at a meeting of shareholders must be (1) by poll or be conducted in any other manner that adequately discloses the intentions of the shareholders; (2) if a poll is demanded by a shareholder or proxy holder entitled to vote at the meeting or is directed by the chair, be by poll; or (3) in any other case, be by a show of hands.</p> <p>Unless the articles provide otherwise, a shareholder or proxy holder who is entitled to participate in, including vote at, a meeting of shareholders may do so by telephone or other communications medium if all shareholders and proxy holders participating in the meeting, whether by telephone, by other communications medium or in person, are able to</p>

Requirement	Australia	Canada
		communicate with each other.
<b><i>Relationship between the company and its members</i></b>		
<b>Related party transactions</b>	<p>The Corporations Act prohibits a public company from giving a related party a financial benefit unless it obtains the prior approval of shareholders and gives the benefit within 15 months after approval or the financial benefit is exempt. A related party is defined to include any entity which controls the public company, directors of the public company, directors of any entity which controls the public company and, in each case, spouses and certain relatives of such persons. Exempt financial benefits include indemnities, insurance premiums and payments for legal costs which are reasonable in the circumstances.</p> <p>The ASX Listing Rules prohibit a listed entity from acquiring a substantial asset (an asset the value or consideration for which is 5% or more of the entity's equity interests) from, or disposing of a substantial asset to certain parties including related parties, unless it obtains the approval of shareholders. The related parties include (but are not limited to) directors of the entity and an entity that controls the entity; a subsidiary of the entity; a person who has or has had in the prior six month period a relevant interest in 10% or more of the shares in the entity and, in each case, any of their associates. The provisions apply even where the transaction may be on arm's-length terms.</p> <p>The ASX Listing Rules also prohibit a listed entity from issuing or agreeing to issue shares to related parties unless it obtains the approval of shareholders or the share issue is exempt. Exempt share issues include issues made pro rata to all shareholders, under an underwriting agreement, under a dividend or distribution plan or under an approved employee incentive plan.</p>	<p>A company is subject to Multilateral Instrument 61-101 – <i>Protection of Minority Security Holders in Special Transactions</i>, which imposes independent valuation, minority approval and disclosure requirements on entities involved in certain related party transactions. A related party transaction includes transactions between an issuer and a person that is a related party to the issuer at the time of the relevant agreement, whether or not there are also other parties to the transaction, as a consequence of which, either in a single transaction or multiple transactions, the issuer directly or indirectly, among other things, purchases or acquires an asset from or sells or transfers an asset to a related party for valuable consideration; leases property to or from a related party; acquires or combines with a related party through an arrangement or otherwise; issues a security to or subscribes for a security of a related party; becomes subject to a liability of a related party or provides or materially amends the terms of a guarantee or collateral security for a debt or liability of a related party; or borrows money from, lends money to, releases, cancels, forgives or materially amends the terms of an outstanding debt or liability owed by a related party.</p> <p>In addition, the BCBCA requires directors and officers to disclose to the company the nature and extent of any interest that they may have in a material contract or transaction, whether made or proposed, with the company, if they:</p> <ul style="list-style-type: none"> <li>• are a party to the contract</li> </ul>

Requirement	Australia	Canada
		<p>or transaction;</p> <ul style="list-style-type: none"> <li>• are a director or an officer, or an individual acting in a similar capacity, of a party to the contract or transaction; or</li> <li>• have a material interest in, any person who is a party to a material contract or transaction or proposed material contract or transaction with the company.</li> </ul> <p>Except as provided in the BCBCA, no director having such an interest may vote on any resolution to approve such contract or transaction unless the contract or transaction:</p> <ul style="list-style-type: none"> <li>• relates primarily to his or her remuneration as a director, officer, employee or agent of the company or an affiliate;</li> <li>• is for indemnity or insurance;</li> <li>• relates to a loan to the company for which the director is a guarantor; or</li> <li>• is with or for the benefit of an affiliate of the company.</li> </ul> <p>A contract or transaction with a company is not invalid merely because:</p> <ul style="list-style-type: none"> <li>• a director or senior officer of the company has an interest, direct or indirect, in the contract or transaction,</li> <li>• a director or senior officer of the company has not disclosed an interest he or she has in the contract or transaction, or</li> <li>• the directors or shareholders of the company have not approved the contract or transaction in which a director or senior officer of the company has an interest.</li> </ul> <p>Boart Longyear 'Canada' will need to ensure compliance</p>

Requirement	Australia	Canada
		with the ASX Listing Rules in relation to related party transactions.
<b>Protection of minority shareholders / oppression remedy</b>	<p>Under the Corporations Act, any shareholder of a company can bring an action in cases of conduct which is contrary to the interests of shareholders as a whole, or oppressive to, unfairly prejudicial to, or unfairly discriminatory against, any company shareholder(s), whether in their capacity as a shareholder or in any other capacity. Former shareholders can also bring an action if it relates to the circumstances in which they ceased to be a shareholder.</p> <p>A statutory derivative action may also be instituted by a company shareholder, former company shareholder or person entitled to be registered as a company shareholder. In all cases, leave of the court is required. Such leave will be granted if the court is satisfied that it is probable that the company will not itself bring the proceedings or properly take responsibility for them or for the steps in them, the applicant is acting in good faith, it is in the best interests of the company that the applicant be granted leave, if the applicant is applying for leave to bring proceedings, there is a serious question to be tried and the applicant gives proper written notice to the company specifying its intention to and reasons for applying or it is otherwise appropriate to give leave.</p>	<p>Under the BCBCA, on the application of a "complainant" (defined under the BCBCA to include shareholders, directors and any other persons whom the court considers to be appropriate persons to make an application), the court may grant leave to prosecute or defend a legal proceeding in the name and on behalf of the company to enforce a right, duty or obligation owed to the company or to obtain damages for a breach of such a right, duty or obligation. In certain circumstances, the BCBCA allows for one or more shareholders who hold at least 20% of the issued shares of the company to apply to court to have an investigator appointed to investigate the company's affairs.</p> <p>The BCBCA, to a large extent, has supplemented the Canadian common law and equity rules on the availability of actions. In addition to allowing complainants to bring actions in the name and on behalf of a company or any of its subsidiaries, the statutory provisions of the BCBCA also allow complainants to intervene in existing proceedings, either for prosecuting or defending it, or to bring about its discontinuation on behalf of the company. In order for the Court to grant leave to a complainant, certain substantive and procedural requirements must be met, including the court being satisfied that (1) the complainant has made reasonable efforts to cause the directors of the company to prosecute or defend the legal proceeding; (2) notice of the application for leave has been given to the company and to any other person the court may order; (3) the complainant is acting in good</p>

Requirement	Australia	Canada
		<p>faith; and (4) the derivative action appears to be in the interests of the company or its subsidiary.</p> <p>In addition, a shareholder or other person whom the court considers appropriate may apply to the court for an order on the grounds that the affairs of the company are being or have been conducted or the powers of the directors are being or have been exercised in a manner that is oppressive to one or more shareholders or that some act or proposed act of the company or resolution of the shareholders is unfairly prejudicial to one or more shareholders. The court has the power to make any order it thinks fit to remedy the oppressive behaviour, including prohibiting or directing any act, appointing or removing directors or directing that the company be liquidated and dissolved.</p> <p>The BCBCA provides shareholders with dissent rights in connection with certain corporate matters, generally including amalgamations, arrangements, the sale, lease or disposition of all or substantially all of the company's undertaking and the continuance into another jurisdiction, which dissent rights entitle dissenting shareholders to receive payment of fair value for their shares from the company, provided they comply with the strict requirements set out under the BCBCA.</p> <p>The court has broad powers to direct the conduct of any such legal proceeding.</p>
<b>Amendments to constituent documents</b>	Any amendment to a company's constitution must be approved by special resolution.	Unless otherwise specified in the BCBCA or the articles, amendments to a company's articles must be approved by a special resolution.



Requirement	Australia	Canada
<b>Takeovers</b>		
<b>Takeover bids</b>	<p>The Corporations Act places restrictions on a person acquiring interests in the voting shares of a company where, as a result of the acquisition, that person's or someone else's voting power in the company increases from 20% or below to more than 20%, or from a starting point that is above 20% and below 90%. This prohibition is subject to a number of exceptions including the acquisition of not more than 3% of the voting shares in the company in the six month period before the acquisition, the acquisition is made with shareholder approval or the acquisition is made under a takeover bid made in accordance with Australian law. Various restrictions about conditional offers exist and there are also substantial restrictions concerning the withdrawal and suspension of offers.</p> <p>Takeover bids must treat all securityholders alike, must not involve any collateral benefits and must remain open for certain period, after which time all securities deposited under the offer may be taken up. The takeover bid rules contain various additional requirements, such as restrictions on conditional offers and withdrawal, amendment or suspension of offers.</p>	<p>In Canada, takeover bids are regulated primarily by securities legislation. Persons making an offer to acquire securities that, together with the offeror's securities (and those held by joint actors), constitute in aggregate 20% or more of the outstanding securities of the company at the time of the offer are required to extend the offer to all securityholders whose registered address is in Canada. The takeover bid rules require, among other things, the mailing of a takeover bid circular to shareholders of the target company and extensive disclosure requirements, beginning with 'early warning' disclosure required when an acquirer crosses a 10% ownership threshold with further disclosure required for additional purchases of 2% or more.</p> <p>Takeover bids must treat all shareholders alike and must not involve any collateral agreements, with certain exceptions for employment compensation arrangements. Takeover bids must remain open for a minimum of 35 days from the date of the mailing of the takeover bid circular, after which time all securities deposited under the offer may be taken up.</p> <p>For the protection of target shareholders, the takeover bid rules contain various additional requirements, such as restrictions applicable to conditional offers, and the withdrawal, amendment or suspension of offers. Securities regulators also retain a general 'public interest jurisdiction' to regulate takeovers and may intervene to halt or prevent activity that is abusive. Issuer bids are regulated similarly to takeover bids.</p>

Requirement	Australia	Canada
		<p>There are extensive disclosure requirements associated with takeover bids, beginning with 'early warning' disclosure required when an acquirer crosses the 10% ownership threshold. Generally, further disclosure is required for additional purchases of 2% or more of the outstanding security for which such early warning disclosure is required. Purchases outside the bid before, during and after the bid are also restricted.</p> <p>The BCBCA contains compulsory acquisition provisions, which allow a person who acquired at least 90% of a company's shares to acquire the remaining shares, within 5 months after the date of a takeover bid, if the bid was accepted by holders of not less than 90% of the company's shares.</p> <p>Aside from the compulsory acquisition provisions of the BCBCA, second step transactions following a bid, which allow the acquirer to bring its percentage ownership to 100%, are governed by Multilateral Instrument 61-101 of the Canadian Securities Regulators. No shareholder approval for a second step transaction of the acquisition would be required if the acquirer obtained 90% of the outstanding securities owned by minority shareholders during the bid. Otherwise, a meeting must be called and associated regulations complied with for an acquisition, including obtaining a two-thirds majority approval. The acquirer is generally permitted to vote the shares acquired pursuant to the bid at such meeting. Appraisal (or dissent) rights are available for objecting shareholders who fulfil certain procedural requirements.</p> <p>Under Canadian securities laws certain exemptions to the formal bid requirements, on specified conditions, are</p>

Requirement	Australia	Canada
		<p>allowed. For example, private agreements to purchase securities from up to five persons are permitted if the purchase price does not exceed 115% of the market price. Under the normal course purchase exception, the offeror (together with any joint offerors) may acquire up to 5% of a class of securities within a 12-month period of there is a published market for the relevant class and the consideration paid does not exceed the market price at the date of acquisition.</p>
<b>Takeover bid defences</b>	<p>Under Australian takeovers legislation and policy, boards of target companies are limited in the defensive mechanisms that they can put in place to discourage or defeat a takeover bid. For example, it is likely that the adoption of a shareholders' rights plan (or so-called 'poison pill') would give rise to a declaration of unacceptable circumstances by the Australian Takeovers Panel if it had that effect.</p>	<p>In Canada, defensive tactics may be taken by a board of directors in a genuine attempt to obtain a better bid. However, the Canadian securities regulatory authorities have recognised the possibility that the interests of management of the target company will differ from those of its shareholders. The securities regulators may take action in certain cases where target company defensive tactics may be abusive of shareholder rights, deny shareholders the ability to make a fully formed decision or frustrate an open takeover bid process.</p> <p>Defensive tactics that may come under scrutiny during or immediately before a bid (if there is reason to believe that a bid might be imminent) include granting an option on securities representing a significant percentage of the target company's outstanding securities, including introduction of a shareholders' rights plan, a sale, acquisition, optioning, or agreement to sell or acquire material assets or other corporate action other than in the normal course of business. Shareholder approval of defensive tactics may be a factor in the regulatory authorities' decision as to whether the tactics are appropriate.</p>

Requirement	Australia	Canada
<b>Other</b>		
<b>Disclosure of substantial holdings</b>	<p>Under the Australian Corporations Act, a shareholder who begins or ceases to have a substantial holding in a listed company or has a substantial holding in a listed company and there is a movement by at least 1% in their holding, must give a notice to the company and ASX.</p> <p>A person has a substantial holding if that person and that person's associates have a relevant interest in 5% or more of the voting shares in the company.</p>	See discussion of "early warning rules" above.
<b>Winding up</b>	<p>A company can be wound up voluntarily by the shareholders. The directors must give a statutory declaration of solvency for such winding up. This procedure is therefore instigated by a solvent company. A shareholders' voluntary winding up is started by the shareholders passing a special resolution.</p> <p>If the directors do not give a statutory declaration of solvency, a creditors' voluntary winding up can commence by the shareholders passing a special resolution. This procedure is therefore instigated by an insolvent company.</p> <p>Any surplus after payment of debts and interest will go to the shareholders according to the rights attached to their shares. As with unsecured creditors, they would be paid out of free assets or any funds available from charged assets following payment of all prior claims (i.e. fixed charge holders, preferential creditors and floating charge holders).</p>	<p>Under the BCBCA, a company may liquidate if it is authorised to do so by a special resolution. A company may apply for a voluntary dissolution if it is authorised to do so by an ordinary resolution and it has no assets and liabilities. On application by the company, a shareholder, director or any other person whom the court considers to be appropriate, including a creditor of a company, the court may order that the company be liquidated and dissolved if the court considers it just and equitable.</p> <p>Liquidation of the company may also take place completely outside the framework of the BCBCA, such as under the <i>Bankruptcy and Insolvency Act</i> (Canada) or the <i>Companies' Creditors Arrangement Act</i> (Canada). Finally, a company may be liquidated informally under contractual arrangement, usually by way of the private appointment of a receiver and manager.</p>

## 8.5 Consequences of being a foreign registered company

As noted above, Boart Longyear 'Canada' will be registered as a foreign company in Australia pursuant to Part 5B.2 of the Corporations Act. Accordingly, in addition to the laws and regulations set out elsewhere in this Section, Boart Longyear 'Canada' will also be subject to the provisions of Part 5B.2 of the Corporations Act.

## 9. TAXATION REPORT

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### 9.1 Australian Taxation Implications

This section provides a summary of Australian tax implications for certain eligible Scheme Shareholders who dispose of their Boart Longyear Shares and acquire Boart Longyear 'Canada' CDIs under the Scheme. This information only relates to Scheme Shareholders who hold their Boart Longyear Shares as capital assets. Scheme Shareholders who hold their Boart Longyear Shares on revenue account should consult their professional advisors on the tax implications of the Scheme.

The information in this section is general in nature and does not take into account the individual circumstances of all Scheme Shareholders; it is not intended to be, nor should it be, construed as legal or tax advice to any particular Scheme Shareholder. Scheme Shareholders should consult their professional advisors on the tax implications of the Scheme for their individual circumstances.

### 9.2 Disposal Of Boart Longyear Shares for CDIs In Boart Longyear 'Canada'

The tax implications of the Scheme will differ between Scheme Shareholders who are and are not a resident of Australia for tax purposes.

### 9.3 Resident Scheme Shareholders

#### (a) CGT Event

The disposal of Boart Longyear Shares by a resident Scheme Shareholder will give rise to a CGT event. This CGT event will occur at the time that the shares are disposed of, which should be the Implementation Date. As discussed further below, the resident Scheme Shareholder may have access to CGT scrip for scrip rollover relief, which would, if they would otherwise realise a taxable capital gain in relation to that CGT event, allow them to disregard that taxable gain.

If CGT scrip for scrip rollover relief is not available, or the resident Scheme Shareholder chooses not to obtain it, the resident Scheme Shareholder will realise either a capital gain or a capital loss from the disposal of their Boart Longyear Shares. A capital gain will arise where the capital proceeds exceed the cost base of the Boart Longyear Shares, and a capital loss will arise where the capital proceeds are less than the reduced cost base for the Boart Longyear Shares.

The capital proceeds received by the resident Scheme Shareholder will generally be equal to the market value (as at the Implementation Date) of the Boart Longyear 'Canada' CDIs received by the resident Scheme Shareholder in respect of the disposal of their Boart Longyear Shares. The cost base (or reduced cost base) of the Boart Longyear Shares should generally include the amount paid by the resident Scheme Shareholder to acquire the Boart Longyear Shares, as well as any non-deductible incidental costs of acquisition and disposal.

#### (b) Where a Capital Gain or Loss is Realised

##### *Capital gain*

Where a resident Scheme Shareholder realises a capital gain from the disposal of their Boart Longyear Shares, they will generally be required to include this capital gain in their assessable income for the relevant year. As discussed further below, discount CGT treatment may be available.

### ***Capital loss***

Where a resident Scheme Shareholder realises a capital loss from the disposal of their Boart Longyear Shares, they may use this to offset any taxable capital gains from the same or subsequent income years (subject to certain conditions). This could include offsetting the capital loss against taxable capital gains that they realise from a subsequent disposal of their Boart Longyear 'Canada' CDIs.

### ***Discount CGT Treatment***

If the resident Scheme Shareholder realises a capital gain from the disposal of their Boart Longyear Shares, and held them for at least 12 months at the time of disposal (or is taken to have for CGT discount purposes), discount CGT treatment may apply, as follows:

- if the resident Scheme Shareholder is an individual or trustee, CGT will only apply to half of any capital gain made;
- if the resident Scheme Shareholder is a trustee of a complying superannuation entity, CGT will only apply to two-thirds of any capital gain made; and
- if the resident Scheme Shareholder is a company, no discount will apply.

Where the resident Scheme Shareholder is entitled to discount CGT treatment, any capital losses will be applied to reduce the capital gain before determining the discount.

#### **(c) CGT scrip for scrip rollover relief**

A resident Scheme Shareholder who would otherwise make a capital gain from the disposal of their Boart Longyear Shares may be able to obtain CGT scrip for scrip rollover relief. If the resident Scheme Shareholder is eligible and chooses to obtain CGT scrip for scrip rollover relief, the capital gain from the disposal of the Boart Longyear Shares will be disregarded.

Where a CGT scrip for scrip rollover is obtained, the first element of the cost base (or reduced cost base) of the Boart Longyear 'Canada' CDIs will generally be the cost base (or reduced cost base) of the Boart Longyear Shares, worked out at the time that the Boart Longyear Shares were disposed of. However, if a resident Scheme Shareholder is deemed to have acquired their Boart Longyear Shares before 20 September 1985, the first element of the cost base (or reduced cost base) of the Boart Longyear 'Canada' CDIs will be their market value just after they are acquired.

Where a scrip for scrip rollover is obtained, the acquisition date of the Boart Longyear 'Canada' CDIs for CGT discount purposes will be the acquisition date of the corresponding Boart Longyear Shares.

Where a resident Scheme Shareholder would make a capital loss from the disposal of their Boart Longyear Shares, scrip for scrip rollover will not apply to that loss. Rather, the capital loss should be treated as arising at the time of the disposal of their Shares.

(d) **Boart Longyear 'Canada' CDIs**

***Cost base and Acquisition Date of Boart Longyear 'Canada' CDIs***

Where a CGT scrip for scrip rollover is not obtained, the first element of the cost base (or reduced cost base) of the Boart Longyear 'Canada' CDIs should equal the market value of the Boart Longyear Shares that were disposed of, as at the Implementation Date.

Where a CGT scrip for scrip rollover is not obtained, the acquisition date of the Boart Longyear 'Canada' CDIs for CGT discount purposes should be the Implementation Date.

***Subsequent Disposals of the Boart Longyear CDIs***

Where a resident Scheme Shareholder subsequently disposes of their Boart Longyear 'Canada' CDIs, this may give rise to a capital gain or loss.

Provided the resident Scheme Shareholder holds the Boart Longyear 'Canada' CDIs for 12 months from the acquisition date of the Boart Longyear 'Canada' CDIs, discount CGT treatment may be available for any capital gain made (please see above for an outline of the discounts that may be available).

***Taxation of dividends received on the Boart Longyear 'Canada' CDIs***

Where a resident Scheme Shareholder receives a dividend on the Boart Longyear 'Canada' CDIs, they will generally have to include the gross amount received in their assessable income for the relevant year. Franking credits will not be available in respect of these dividends.

Where foreign withholding tax is paid on dividends, the resident Scheme Shareholder may be able to obtain a non-refundable tax offset and use it to reduce their tax liabilities in the relevant year (subject to certain conditions).

9.4 **Non-Resident Scheme Shareholders**

(a) **CGT Event**

Non-resident Scheme Shareholders may be able to disregard any capital gain or loss arising from the disposal of the Boart Longyear Shares.

Non-residents will only make a capital gain or loss on the disposal of "taxable Australian property". Shares in an Australian company that are disposed of by a non-resident will only be "taxable Australian property" where they are held in connection with the conduct of a business through a permanent establishment in Australia, or they are an "indirect Australian real property interest". A non-resident Scheme Shareholder will hold an "indirect Australian real property interest" if they, together with their associates, own at least 10% of the shares in Boart Longyear (either at the time of transfer, or for a 12 month period within the last 24 months), and the market value of Boart Longyear's Australian real property assets (e.g. land) exceeds the market value of its non-real property assets. We are instructed that the market value of Boart Longyear's Australian real property assets does not exceed the market value of its non-real property assets.

(b) **Holding and disposing of Boart Longyear 'Canada' CDIs**

Where a non-resident Scheme Shareholder receives a dividend from Boart Longyear 'Canada' in respect of the CDIs, they generally will not have to include

the gross amount received within their Australian assessable income for the relevant year.

Additionally, where a non-resident Scheme Shareholder elects to dispose of the Boart Longyear 'Canada' CDIs, this will generally not give rise to a CGT event provided that the Boart Longyear 'Canada' CDIS are not "taxable Australian property".



## 10. ADDITIONAL INFORMATION

### 10.1 Directors' interests

Interests of Boart Longyear Directors in Boart Longyear securities:

DIRECTOR	NUMBER OF BOART LONGYEAR SHARES
<b>Mr Marcus P Randolph</b> Chairman	10,328,767
<b>Ms Gretchen McClain</b> Non-Executive Director	1,966,062
<b>Mr Jeffrey Olsen</b> Chief Executive Officer, Executive Director, President	520,871
<b>Mr Jason Ireland</b> Non-Executive Director	None
<b>Mr Eric Waxman</b> Non-Executive Director	None
<b>Mr Kyle Cruz</b> Non-Executive Director	None
<b>Mr James Kern</b> Non-Executive Director	None
<b>Mr Robert Smith</b> Non-Executive Director	None
<b>Mr Richard F Wallman</b> Non-Executive Director	3,200,000

On 23 May 2018, Boart Longyear shareholders approved the MIP under which employees of Boart Longyear or its subsidiaries (including any Executive Director) may be granted LTIP Units. Each LTIP Unit entitles the MIP participant, on vesting, at the sole discretion of the Board to receive a payment in cash and/or Boart Longyear Shares. Further information about the MIP, including the vesting conditions, are set out in the Notice of Meeting and Explanatory Statement dated 18 April 2018 (which is available at [www.asx.com.au](http://www.asx.com.au)).

On 23 May 2018, Boart Longyear shareholders approved the grant of 25% of the total LTIP Units to Mr Jeffrey Olsen. If the maximum number of Boart Longyear Shares are issued under the MIP, then the maximum number of Boart Longyear Shares that could potentially be issued to Mr Jeffrey Olsen is 250,000,000 Boart Longyear Shares per tranche over the life of the MIP (although this does not mean that each or any tranche will result in the issuance of such number of Boart Longyear Shares to Mr Olsen under the MIP).

## 10.2 **Payments and other benefits**

### (a) Appointment of Boart Longyear Directors to the Boart Longyear 'Canada' Board

Each of the Boart Longyear Directors have or will become a Boart Longyear 'Canada' Director following implementation of the Re-domiciliation. As Boart Longyear 'Canada' Directors, they will be entitled to receive remuneration for their services and will be entitled to enter into an Indemnification Agreement as described in Section 10.4(e).

### (b) Agreements with Boart Longyear Directors conditional on, or connected to, the Scheme

Other than as set out below or elsewhere in this Explanatory Memorandum, there are no agreements or arrangements made between a Boart Longyear Director and any other person in connection, or conditional upon, the outcome of the Scheme (other than in their capacity as a Boart Longyear Shareholder).

### (c) Payments or other benefits to Boart Longyear Directors, secretaries and executive officers

Other than as set out below or elsewhere in this Explanatory Memorandum, no payment or other benefit is proposed to be made or given to any Boart Longyear Director, secretary or executive officer of Boart Longyear, or any Related Body Corporate of Boart Longyear as compensation for the loss of, or as consideration for or in connection with his or her retirement from office as a Boart Longyear Director, secretary or executive officer of Boart Longyear or a Related Body Corporate of Boart Longyear as a result of the Scheme.

Other than as set out above or elsewhere in this Explanatory Memorandum, neither the Independent Expert, nor any director or proposed director of Boart Longyear 'Canada', and no entity in which a director or proposed director of Boart Longyear 'Canada' is or was a member or partner in the last two years, holds, or held at any time during the last two years before the date of lodgement of this Explanatory Memorandum for registration by ASIC, any interest in:

- the formation or promotion of Boart Longyear 'Canada';
- any property acquired or proposed to be acquired by Boart Longyear 'Canada' in connection with its formation or promotion or the Re-domiciliation; or
- the Re-domiciliation,

and no amounts (whether in cash or securities or otherwise) have been paid or agreed to be paid, and no one has given or agreed to give a benefit, to any director or proposed director of Boart Longyear 'Canada' either to induce them to become, or to qualify them as, a director of Boart Longyear 'Canada', or otherwise for services rendered by them in connection with the formation or promotion of Boart Longyear 'Canada' or the Re-domiciliation.

## 10.3 **Transactions in relation to Boart Longyear 'Canada' securities**

No securities of Boart Longyear 'Canada' (including Boart Longyear 'Canada' Shares) have been sold in the three months immediately before the date of this Explanatory Memorandum.

## 10.4 Transaction documents

### (a) Scheme Implementation Deed

On 23 August 2018 Boart Longyear announced that it had entered into a Scheme Implementation Deed setting out the terms on which the Scheme would proceed. A copy of the Scheme of Arrangement is included in Annexure C. The key terms of the Scheme Implementation Deed are set out below.

#### *Conditions Precedent*

The Scheme is conditional of the following:

- the Independent Expert's Report concludes that the Scheme is in the best interests of the Boart Longyear Shareholders;
- the Court makes orders convening the Scheme Meeting under section 411(1) of the Corporations Act;
- the Scheme Resolution is approved by the requisite majorities of Boart Longyear Shareholders at the Scheme Meeting;
- no temporary restraining order, preliminary or permanent injunction or other order being issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the implementation of the Re-domiciliation;
- ASX approves the admission of Boart Longyear 'Canada' to the official list of ASX and official quotation of Boart Longyear 'Canada' CDIs, subject to any conditions that ASX may reasonably require;
- the Scheme is approved by the Court in accordance with section 411(4)(b) of the Corporations Act and an office copy of the order of the Court is lodged with ASIC;
- before 8:00am on the Second Court Date, Boart Longyear 'Canada' is notified by the Federal Treasurer that the Commonwealth of Australia has no objections (unconditionally or on conditions acceptable to Boart Longyear 'Canada' acting reasonably) to Boart Longyear 'Canada' acquiring all of the Shares (or is precluded from objecting because the time for doing so has passed); and
- before 8:00am on the Second Court Date, all authorisations which Boart Longyear 'Canada' and Boart Longyear agree in writing are necessary for implementation of the Scheme are obtained.

#### *Termination Rights*

The Scheme Implementation Deed may be terminated by written notice to the other party given prior to the Effective Date where:

- the other party is in material breach of any clause, including a warranty, which is *incapable* of being remedied, or if the breach is capable of being remedied, continues to exist for more than 10 Business Days;
- a Court or other Governmental Agency has issued a final and non-appealable order, decree or ruling taken other action which permanently restrains or prohibits the Scheme; or

- any condition precedent has not been satisfied or waived in accordance with the Scheme Implementation Deed.

(b) Scheme of Arrangement

A summary of the Scheme of Arrangement is set out in section 3 of this Explanatory Memorandum. A copy of the Scheme of Arrangement is included in Annexure C to this Explanatory Memorandum.

(c) Scheme Deed Poll

In support of its obligations under the Scheme Implementation Deed, Boart Longyear 'Canada' has executed the Scheme Deed Poll in favour of Boart Longyear Shareholders under which it has agreed to perform its obligations under the Scheme Implementation Deed and the matters contemplated by the Scheme.

A copy of the Scheme Deed Poll is included in Part A of Annexure D to this Explanatory Memorandum.

(d) Assumption Deed Poll

Boart Longyear 'Canada' has executed the Assumption Deed Poll in favour of holders of Warrant and LTIP Units pursuant to which it has agreed to assume the obligations of Boart Longyear under the Warrants and MIP from the Implementation Date, subject to the Scheme becoming Effective.

A copy of the Assumption Deed Poll is included in Part B of Annexure D to this Scheme Booklet.

(e) Indemnification Agreements

Boart Longyear 'Canada' has agreed to indemnify each Boart Longyear 'Canada' Director against liabilities incurred by such director in carrying out their duties as a director pursuant to Indemnification Agreements. Each of the Indemnification Agreements contains:

- a right for each Boart Longyear 'Canada' Director to obtain and access information that is confidential to Boart Longyear 'Canada' for the purpose of performing their duties as directors;
- an indemnification of liabilities incurred by a Boart Longyear 'Canada' Director in connection with the performance of their duties as a director, including in connection with the Re-domiciliation and such director's involvement in the process that resulted in the Re-domiciliation, and legal costs reasonably incurred in defending an action for any such liability; and
- an obligation for Boart Longyear 'Canada' to insure each Boart Longyear 'Canada' Director under one or more insurance policies providing cover in respect of liabilities incurred by a director in their capacity as director.

## 10.5 Effect of Scheme on creditors

Boart Longyear 'Canada' intends for its business to consist entirely of the business of Boart Longyear, as detailed in Section 7.6(c). Therefore, the Re-domiciliation will not have an adverse impact on the interests of Boart Longyear's creditors, and no material liability will be incurred by Boart Longyear under or by reason of the Re-domiciliation, other than the costs of implementing the Scheme. Boart Longyear has paid and is paying all of its creditors within normal terms of trade. It is solvent and is trading in an ordinary commercial manner.

## 10.6 Consents and disclaimers

### (a) Consents to be named

The following persons have given and have not, before the date of this Explanatory Memorandum, withdrawn their written consent to:

- be named in this Explanatory Memorandum in the form and context which they are named;
- the inclusion of their respective reports or statements noted next to their names and the references to those reports or statements in the form and context in which they are included in this Explanatory Memorandum; and
- the inclusion of other statements in this Explanatory Memorandum which are based on, or referable to, statements made in those reports or statements, or which are based on or referable to other statements made by those persons in the form and context in which they are included.

Name of person	Named as
Ashurst Australia	Australian legal advisers to Boart Longyear
Stikeman Elliott LLP	Canadian legal advisers to Boart Longyear
Robinson Bradshaw	US legal advisers to Boart Longyear
Grant Thornton	Independent Expert
Link Market Services Limited	Registry

Boart Longyear 'Canada' has consented to:

- be named in this Explanatory Memorandum in the form and context in which it is named; and
- the inclusion of the Boart Canada Information in this Explanatory Memorandum.

Centerbridge, Ares and Ascribe have agreed to the inclusion in this Explanatory Memorandum of their voting intention statements with respect to the Scheme Resolution.

Each of the above persons:

- (i) has not authorised or caused the issue of this Explanatory Memorandum;
- (ii) does not make, or purport to make, any statement in this Explanatory Memorandum or any statement on which a statement in this Explanatory Memorandum is based, other than those statements referred to above and as consented to by that person; and
- (iii) to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for, any part of this Explanatory Memorandum other than a reference to its name and the statement or report (if any) that has been included in this Explanatory Memorandum with the consent of that person as set out above.

## 10.7 ASIC and ASX waivers, confirmations and approvals

### (a) ASIC relief

In accordance with ASIC Corporations (Sale Offers That Do Not Need Disclosure) Instrument 2016/80, the Boart Longyear 'Canada' CDIs issued pursuant to the Scheme will be freely tradeable.

ASIC has indicated that it will grant a declaration under subsection 741(1)(b) of the Corporations Act modifying sections 708A(12A) and 708A(5) of the Corporations Act such that, in the 12 months following the Implementation Date, the continuous quotation of Boart Longyear Shares may be included in the calculation of the 3 month period for the purposes of sections 708A(12A) and 708A(5) of the Corporations Act.

ASIC has also indicated that it will grant a declaration under subsection 741(1)(b) modifying the definition of "continuously quoted securities" for the purposes of Chapter 6D of the Corporations Act such that, in the 12 months following the Implementation Date, the continuous quotation of Boart Longyear Shares may be included in the calculation of the 3 month period for the purposes of section 713(1) of the Corporations Act.

ASIC has indicated it will grant relief from the requirement in clause 8302(h), Part 3 of Schedule 8 of the Corporations Regulations so that Boart Longyear can comply with that requirement by disclosing any material change in the financial position of Boart Longyear since 30 June 2018 (rather than 31 December 2017). Boart Longyear will provide a copy of its financial reports for the financial year ended 31 December 2017 and half year ended 30 June 2018 free of charge to anyone who requests a copy.

### (b) ASX waivers and confirmations

ASX has indicated that it will grant Boart Longyear and Boart Longyear 'Canada' the following confirmations and waivers:

- (i) **(information memorandum)** a confirmation that Boart Longyear 'Canada' may use this Explanatory Memorandum as an information memorandum for the purposes of its application to list on ASX and ASX will not require Boart Longyear 'Canada' to lodge a prospectus or PDS with ASX under Listing Rule 1.1 condition 3;
- (ii) **(Articles of Association)** a confirmation that the Articles of Association of Boart Longyear 'Canada' satisfy the requirements of ASX Listing Rule 1.1 condition 2 on the basis that the Articles of Association contain the provisions in Appendix 15A;
- (iii) **(free float)** a confirmation that Boart Longyear 'Canada' will satisfy the free float requirement under Listing Rule 1.1 Condition 7 on condition that Boart Longyear continues to comply with Listing Rule 12.5 until it is removed from the official list of ASX;
- (iv) **(Appendix 1A Information Form and Checklist)** a confirmation that Boart Longyear 'Canada' will not be required to comply with the following paragraphs of the Appendix 1A Information Form and Checklist (**Listing Checklist**) (and a waiver of Listing Rule 1.7 to the extent necessary to permit Boart Longyear 'Canada' not to comply with the following paragraphs of the Listing Checklist):

- (A) paragraph 24 of the Listing Checklist, to the extent necessary to permit Boart Longyear 'Canada' not to include details of all issues of securities (in all classes) in the last five years and the consideration received by Boart Longyear 'Canada' for such issues;
- (B) paragraph 28 of the Listing Checklist, to the extent necessary to permit the Explanatory Memorandum not to include confirmation that the issue price of Boart Longyear 'Canada' CDIs is at least 20 cents in cash;
- (C) paragraph 29 of the Listing Checklist, to the extent necessary to permit the Explanatory Memorandum not to include confirmation that the exercise price of the Warrants is at least 20 cents in cash;
- (D) paragraph 33 of the Listing Checklist, to the extent necessary to permit the Explanatory Memorandum not to include a description of the history of Boart Longyear 'Canada';
- (E) paragraph 34 of the Listing Checklist, to the extent necessary to permit the Explanatory Memorandum not to include a description of Boart Longyear 'Canada's existing and proposed activities and level of operations;
- (F) paragraph 35 of the Listing Checklist, to the extent necessary to permit the Explanatory Memorandum not to include a description of the key features of Boart Longyear 'Canada's proposed business model;
- (G) paragraph 36 of the Listing Checklist, to the extent necessary to permit the Explanatory Memorandum not to include a description of the material business risks faced by New BLY;
- (H) paragraph 42 of the Listing Checklist, to the extent necessary to permit the Explanatory Memorandum not to include details of the existence and main terms of, and the provision of copies of, any material contracts to ASX;
- (I) paragraphs 43 and 44 of the Listing Checklist, to the extent necessary to permit the Explanatory Memorandum not to include a summary of the material terms of, or a copy of, any employment, service or consultancy agreement, and a summary of any other material contract, which Boart Longyear 'Canada' or any of its child entities has entered into with:
  - (aa) its Chief Executive Officer (or equivalent);
  - (bb) any of its directors or proposed directors; or
  - (cc) any other person or entity who is a related party of the persons referred to in (aa) or (bb) above;
- (J) paragraph 45 of the Listing Checklist, to the extent necessary to permit Boart Longyear 'Canada' not to provide a confirmation that all information that a reasonable person would expect to have a material effect on the price or value of the securities to be quoted is included in or provided with the Listing Checklist, on condition that Boart Longyear complies with Listing Rule 3.1 up until its delisting from ASX's official list;

- (K) paragraph 46 of the Listing Checklist, to the extent necessary to permit Boart Longyear 'Canada' not to provide a copy of New BLY's most recent annual report, in the event such document does not exist; and
- (L) paragraphs 50 to 66 (inclusive) of the Listing Checklist, to the extent necessary to permit Boart Longyear 'Canada' not to provide the information in connection with Listing Rules 1.2 and 1.3, on condition that Boart Longyear 'Canada' satisfies Listing Rules 12.1 and 12.2 at the time of its admission to the official list of ASX;
- (v) **(asset or profit test)** a waiver from Listing Rule 1.1 condition 9 to the extent necessary to permit Boart Longyear 'Canada' not to comply with Listing Rules 1.2 and 1.3 on the condition that Boart Longyear 'Canada' satisfies Listing Rules 12.1 and 12.2 at the time of its admission to the official list of ASX;
- (vi) **(issue price of Boart Longyear 'Canada' CDIs)** a waiver from Listing Rule 2.1 condition 2 to the extent necessary to permit the issue price of Boart Longyear 'Canada' CDIs, at the time of quotation of Boart Longyear 'Canada' CDIs on ASX, to be less than A\$0.20 in cash;
- (vii) **(exercise price of Warrants)** a waiver from Listing Rule 1.1 condition 12 to the extent necessary to permit the exercise price of the Warrants, at the time of Boart Longyear 'Canada's admission to the official list of ASX, to be less than A\$0.20 in cash;
- (viii) **(prospectus information)** a waiver from Listing Rule 1.4.1 to the extent necessary to permit the Explanatory Memorandum not to include a statement that it contains all information that would otherwise be required under section 710 of the Corporations Act, on condition that Boart Longyear provides a statement to the market that it is in compliance with Listing Rule 3.1 at the time that Boart Longyear 'Canada' is admitted to the official list of ASX;
- (ix) **(date)** a waiver from Listing Rule 1.4.4 to the extent necessary to permit the Explanatory Memorandum not to include the date on which it was signed;
- (x) **(capital raising)** a waiver from Listing Rule 1.4.7 to the extent necessary to permit the Explanatory Memorandum not to include a statement that Boart Longyear 'Canada' has not raised any capital for the 3 months prior to the date of issue of this Explanatory Memorandum, and will not raise any capital in the 3 months after that date;
- (xi) **(supplementary information)** a waiver from Listing Rule 1.4.8 to the extent necessary to permit the Explanatory Memorandum not to include a statement that a supplementary information memorandum will be issued if, between the date of issue of this Explanatory Memorandum and the date on which Boart Longyear 'Canada' CDIs are quoted, Boart Longyear 'Canada' becomes aware of the matters referred to Listing Rule 1.4.8;
- (xii) **(voting)** a waiver from Listing Rule 6.10 to the extent necessary to permit Boart Longyear 'Canada' to provide the method for determining whether a shareholder is entitled to vote at a shareholders meeting in accordance with the laws of British Columbia; and



- (xiii) **(proxies)** a waiver from Listing Rule 14.2.1 to the extent necessary to permit Boart Longyear 'Canada' not to provide the option in its proxy form for holders of Boart Longyear 'Canada' CDIs to vote against a resolution to elect a director or to appoint an auditor, on standard conditions; and
- (xiv) **(financial accounts)** a confirmation for the purposes of Listing Rule 19.11A that Boart Longyear 'Canada' may continue to prepare its accounts in USD in accordance with IFRS and Boart Longyear 'Canada' will not be required to provide a statement reconciling its accounts to Australian accounting standards or other international accounting standards.
- (xv) **(cancellation of Boart Longyear Options)** a waiver from Listing Rule 6.32.2 to permit Boart Longyear to cancel the Boart Longyear Options for consideration without the approval of Boart Longyear Shareholders in the event that the Fair Market Value of Boart Longyear Shares on ASX on the Effective Date exceeds the exercise price of the relevant Boart Longyear Options, on standard conditions (for more information, see Section 3.12).

## 10.8 **Privacy and personal information**

Boart Longyear, Boart Longyear 'Canada' and their share registries may collect personal information, including from each other, in the process of implementing the Scheme and the Re-domiciliation and administering the holdings or securities arising from the Re-domiciliation.

The personal information may include the names, addresses, other contact details and details of the shareholdings of Boart Longyear Shareholders, as well as the names of individuals appointed by Boart Longyear Shareholders as proxies, corporate representatives or attorneys at the Meetings.

Boart Longyear Shareholders who are individuals and the other individuals in respect of whom personal information is collected as outlined above have certain rights to access the personal information collected in relation to them. Such individuals should contact Link Market Services Limited on 1800 781 633 (within Australia) or +61 1800 781 633 (outside Australia) on Business Days between 8:30am and 7:30pm (Sydney time) Monday to Friday in the first instance, if they wish to request access to that personal information.

The personal information is collected for the primary purpose of implementing the Re-domiciliation and administering the holding of securities arising from the Re-domiciliation. The personal information may be disclosed to Link Market Services Limited to the Authorised Nominee, to securities brokers, to print and mail service providers and to any other service providers and advisers engaged by Boart Longyear or their share registries for this purpose. The personal information of Ineligible Foreign Shareholders may also be disclosed to the Sale Agent for the purposes of operating the Sale Facility.

The main consequence of not collecting the personal information outlined above would be that Boart Longyear may be hindered in, or prevented from, conducting the Scheme Meeting and implementing the Re-domiciliation.

Boart Longyear Shareholders who appoint an individual as their proxy, corporate representative or attorney to vote at the Scheme Meeting should inform such individual of the matters outlined above.

## 10.9 **Disclosure of interests**

Except as disclosed elsewhere in this Explanatory Memorandum, no:

(a) person named in this Explanatory Memorandum as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Explanatory Memorandum; or

(b) promoter of Boart Longyear 'Canada',

(together **Interested Persons**) holds, or held at any time during the 2 years before the date of this Explanatory Memorandum any interests in:

(c) the formation or promotion of Boart Longyear 'Canada'; or

(d) property acquired or proposed to be acquired by Boart Longyear 'Canada' in connection with:

(i) its formation or promotion; or

(ii) the offer of Boart Longyear 'Canada' Shares under the Scheme; or

(iii) the offer of Boart Longyear 'Canada' Shares under the Scheme.

#### 10.10 **Disclosure of fees and other benefits**

Except as disclosed in this Explanatory Memorandum, no one has paid or agreed to pay any fees, or provided or agreed to provide any benefit to any Interested Person for services provided by that person in connection with:

(a) the formation or promotion of Boart Longyear 'Canada'; or

(b) the offer of Boart Longyear 'Canada' Shares under the Scheme.

The fees paid to the persons named in this Explanatory Memorandum as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Explanatory Memorandum up to the date of this Explanatory Memorandum are<sup>9</sup>:

- Ashurst Australia, approximately USD\$344,000 (excluding GST and disbursements);
- Stikeman Elliot LLP, approximately USD\$121,000 (excluding GST and disbursements);
- Robinson Bradshaw, USD\$65,000 (excluding GST and disbursements);
- Grant Thornton, USD\$45,000 (excluding GST and disbursements); and
- Link Market Services, approximately USD\$5,600 (excluding GST and disbursements).

Each of them will be entitled to receive professional fees charged as agreed and in accordance with their normal basis of charging up until implementation of the Redomiciliation.

#### 10.11 **Foreign selling restrictions**

The release, publication or distribution of this Explanatory Memorandum (electronically or otherwise) outside of Australia may be restricted by law or regulation in such other jurisdictions and persons outside Australia who come into possession of it should seek advice and observe these restrictions. Any failure to comply with these restrictions may

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<sup>9</sup> Based on an exchange rate of AUD\$1:USD\$0.71 and CAD\$1:USD\$0.77.

contravene applicable laws or regulations. Boart Longyear disclaims all liabilities to such persons.

This Explanatory Memorandum has been prepared in accordance with the laws and regulations of Australia and the information contained in this Explanatory Memorandum may not be the same as that which would have been disclosed if this Explanatory Memorandum had been prepared in accordance with the laws and regulations of any other country.

If you are a Boart Longyear Shareholder who is a nominee, trustee or custodian, you are advised to seek independent advice as to how you should proceed.

This Explanatory Memorandum and the Re-domiciliation do not in any way constitute an offer of securities in any place in which, or to any person to whom, it would be unlawful to make such an offer. No action has been taken to register or qualify this Explanatory Memorandum, the Re-domiciliation, the Boart Longyear 'Canada' Shares or the Boart Longyear 'Canada' CDIs, or otherwise permit a public offering of Boart Longyear 'Canada' CDIs, in any jurisdiction outside of Australia.

Ineligible Foreign Shareholders will not receive Boart Longyear 'Canada' CDIs under the Re-domiciliation and will instead receive net proceeds of the sale of the Boart Longyear 'Canada' CDIs they would otherwise have been entitled to pursuant to the Sale Facility. For details regarding Ineligible Foreign Shareholders refer to Sections 3.12(c) and 3.13 of this Explanatory Memorandum.

The Boart Longyear 'Canada' CDIs proposed to be issued pursuant to the Scheme will not be registered with the U.S. Securities and Exchange Commission (SEC) under the U.S. Securities Act of 1933, as amended (the U.S. Securities Act) or the securities law of any state or other jurisdiction unless expressly specified herein, and are being offered and sold in reliance on certain exemptions from registration under the U.S. Securities Act. Consequently, neither these securities nor any interest or participation therein may be offered, sold assigned, transferred, pledged, encumbered or otherwise disposed of in the U.S. or to U.S. persons (as defined in the U.S. Securities Act) unless an exemption from the registration requirement of the U.S. Securities Act is available. The Boart Longyear 'Canada' CDIs will be issued in reliance upon the exemption from registration provided by Section 3(a)(10) of the U.S. Securities Act. The approval of the Court or such other court of competent jurisdiction provides the basis for the Boart Longyear 'Canada' CDIs to be issued without registration under the U.S. Securities Act, in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by Section 3(a)(10) of the U.S. Securities Act.

#### **Notice to Boart Longyear Shareholders resident in New Zealand**

This Explanatory Memorandum is not a New Zealand disclosure document and has not been registered, filed with or approved by any New Zealand regulatory authority under or in accordance with the Financial Markets Conduct Act 2013 (or any other relevant New Zealand law). The offer of CDIs under the Scheme is being made to existing shareholders of Boart Longyear in reliance upon the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016 and, accordingly, this Explanatory Statement may not contain all the information that a disclosure document is required to contain under New Zealand law.

#### **Notice to Boart Longyear Shareholders resident in the Netherlands**

This Explanatory Memorandum has not been approved by, or filed with the Dutch authority for the financial markets (Stichting Autoriteit Financiële Markten). Accordingly, this document does not constitute a prospectus within the meaning of Directive 2003/71/EC (as amended) as implemented in the Dutch financial supervision act (Wet op het financieel toezicht, **DFSA**). The Boart Longyear 'Canada' CDIs may not be offered or

sold in the Netherlands other than pursuant to an exemption from the obligation to publish a prospectus.

Consequently, the Boart Longyear 'Canada' CDIs will not be offered or sold in the Netherlands other than to less than 150 persons in the Netherlands and/or to qualified investors only, in compliance with the relevant exemptions from the obligation to publish a prospectus pursuant to the DFSA.

#### **Notice to Boart Longyear Shareholders resident in Switzerland**

This Explanatory Memorandum does neither constitute a public tender offer in the meaning of Articles 125 et seq. of the Swiss Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading nor an offer in the meaning of Article 652a of the Swiss Code of Obligations. Accordingly, this Explanatory Memorandum does not constitute a public tender offer in the meaning of article 127 of the Swiss Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading, an issuance prospectus in the meaning of article 652a of the Swiss Code of Obligations, or a listing prospectus in accordance with the Listing Rules of SIX Swiss Exchange.

#### **Notice to Boart Longyear Shareholders resident in Hong Kong**

##### **WARNING**

**The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the Scheme. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.**

This Explanatory Memorandum has not been and will not be registered as a prospectus under the Companies Ordinance (Cap 32 of the Laws of Hong Kong). No shares or CDIs of Boart Longyear or Boart Longyear 'Canada' (as applicable) may be offered to the public in Hong Kong, unless the offer falls within one of the exemptions specified in Part 1 of the Seventeenth Schedule of the Companies Ordinance (Cap 32 of the Laws of Hong Kong). This Explanatory Memorandum is provided to you on a confidential basis and solely for your information, and is not to be copied, distributed, published or circulated, or otherwise disclosed, directly or indirectly, to any other person. This Explanatory Memorandum is not an offer to sell securities or a solicitation of offers to buy securities in Hong Kong.

This Explanatory Memorandum is not an offer to the Hong Kong public and it should not be passed to any person other than to the intended recipient.

#### **Notice to Boart Longyear Shareholders resident in the People's Republic of China**

This Explanatory Memorandum is provided to you in response to your request. It shall not be copied or redistributed within the People's Republic of China (which, for the purposes herein, excludes the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan) (**PRC**) for any other purpose. No information contained in this Explanatory Memorandum constitutes or leads to (1) an offer to provide or sell any financial service or product, (2) a recommendation (express or implied) to take any action in respect of any financial product, or (3) any investment advice or market forecast.

The Boart Longyear 'Canada' CDIs may not be offered or sold or delivered, or offered or sold or delivered to any person for reoffering or resale or redelivery, in any such case directly or indirectly (i) by means of any advertisement, invitation, document or activity which is directed at, or the contents of which are likely to be accessed or read by, the public in the PRC, or (ii) to any person within the PRC other than in full compliance with the relevant laws and regulations of the PRC, including but not limited to the PRC

Securities Law and/or the Company Law (as amended from time to time). Neither this Explanatory Memorandum nor any material or information contained or incorporated by reference herein relating to the Re-domiciliation, which has not been and will not be submitted to or approved/verified by or registered with the China Securities Regulatory Commission (**CSRC**) or other relevant governmental authorities in the PRC, constitutes an offer or solicitation of an offer to subscribe, purchase or sell the Boart Longyear 'Canada' CDIs in the PRC or may be supplied to the public in the PRC or used in connection with any offer for the subscription, purchase or sale of the Boart Longyear 'Canada' CDIs other than in compliance with the aforesaid in the PRC. Boart Longyear Shareholders with a registered address in the PRC are responsible for: obtaining all relevant government regulatory approvals/licenses, verification and/or registrations themselves, including, but not limited to, those which may be required by CSRC, China Banking and Insurance Regulatory Commission and/or the State Administration for Foreign Exchange, and complying with all relevant PRC regulations, including, but not limited to, all relevant foreign exchange regulations and/or securities investment regulations.

### **US Notice**

The Boart Longyear 'Canada' CDIs proposed to be issued pursuant to the Scheme will not be registered with the U.S. Securities and Exchange Commission (the SEC) under the U.S. Securities Act of 1933, as amended (the U.S. Securities Act) or the securities laws of any state or other jurisdiction in the United States unless expressly specified herein, and are being issued in reliance on certain exemptions from registration under the U.S. Securities Act. Consequently, neither these securities nor any interest or participation therein may be offered, sold, assigned, transferred, pledged, encumbered or otherwise disposed of in the U.S. or to U.S. persons (as defined in the U.S. Securities Act) unless an exemption from the registration requirement of the U.S. Securities Act is available.

The Boart Longyear 'Canada' CDIs will be issued and delivered in reliance upon exemptions from the registration requirements of the U.S. Securities Act, including that provided by section 3(a)(10) of the U.S. Securities Act (Section 3(a)(10)). In order to qualify for the exemption from the registration requirements of the U.S. Securities Act provided by Section 3(a)(10), there must be a hearing on the fairness of the Scheme's terms and conditions to the Boart Longyear Shareholders, which all of the Boart Longyear Shareholders are entitled to attend in person or through representatives to oppose the sanctioning of the Scheme by the Court, and with respect to which notification will be given to all of the Boart Longyear Shareholders. For the purpose of qualifying for the exemption from the registration requirements of the U.S. Securities Act provided by Section 3(a)(10), Boart Longyear 'Canada' intends to rely on the Court's hearing to sanction the Scheme.

Following consummation of the Re-domiciliation, any person who is an Affiliate of Boart Longyear 'Canada' at the time of or within 90 days prior to any resale of the Boart Longyear 'Canada' CDIs will be subject to certain U.S. transfer restrictions relating to such securities. Such Boart Longyear 'Canada' CDIs may not be sold without registration under the U.S. Securities Act, except pursuant to any available exemptions from the registration requirements of the U.S. Securities Act or in a transaction not subject to such requirements (including a transaction that satisfies the applicable requirements for resale outside of the United States pursuant to Regulation S under the U.S. Securities Act). Persons who may be deemed to be Affiliates of Boart Longyear 'Canada' include individuals who, or entities that, control directly or indirectly, or are controlled by or are under common control with Boart Longyear 'Canada' and may include certain officers and directors of Boart Longyear 'Canada' and the principal shareholders of Boart Longyear 'Canada'. Ordinary shareholders who own less than 10% will likely not be determined to be Affiliates. Shareholders will be required to make their own determination of their Affiliate status and should consult their own legal advisers prior to any sale of Boart Longyear 'Canada' CDIs following consummation of the Re-domiciliation.

#### 10.12 **Financial information**

The financial information contained in this Explanatory Memorandum has been prepared in accordance with the recognition and measurement principles of the Australian Accounting Standards as issued by the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board, except where otherwise stated.

Boart Longyear uses certain performance measures that are not statutory financial measures such as EBIT and EBITDA as it better reflects what Boart Longyear considers to be the underlying performance of Boart Longyear. These measures are collectively referred to as non-IFRS financial measures and are not presented in accordance with Australian Accounting Standards. Boart Longyear 'Canada' intends to continue to apply these financial measures after the Re-domiciliation.

The financial information contained in this Explanatory Memorandum is historical only. Boart Longyear Shareholders should note that past financial performance is not necessarily a guide to future financial performance.

All references to years are references to Boart Longyear's financial years ended 31 December, unless otherwise indicated.

#### 10.13 **Other material information**

Except as set out in this Explanatory Memorandum, there is no other information material to the making of a decision in relation to the Re-domiciliation, being information that is within the knowledge of any Boart Longyear Director, which has not been previously disclosed to Boart Longyear Shareholders.

#### 10.14 **Supplementary disclosure**

Boart Longyear will issue a supplementary document to this Explanatory Memorandum if it becomes aware of any of the following between the date of lodgement of this Explanatory Memorandum for registration by ASIC and the Scheme Meeting:

- a material statement in this Explanatory Memorandum being misleading or deceptive;
- a material omission from this Explanatory Memorandum;
- a significant change affecting a matter included in this Explanatory Memorandum; or
- a significant new circumstance arising which would have been required to be included in this Explanatory Memorandum if it had arisen before the date of lodgement of this Explanatory Memorandum for registration by ASIC.

The form which the supplementary document may take, and whether a copy will be sent to each shareholder, will depend on the nature and timing of the new or changed circumstances. Any such supplementary document will be made available on Boart Longyear's website (<https://www.boartlongyear.com/>) and released to ASX (and, accordingly, available from ASX's website ([www.asx.com.au](http://www.asx.com.au))).

#### 10.15 **Further information**

If you have any questions about the Explanatory Memorandum or the Re-domiciliation, please call the Shareholder Information Line on 1800 781 633 (within Australia) or +61 1800 781 633 (from outside Australia) from 8.30am to 5.30pm (Sydney time) Monday to Friday. For legal reasons, the Shareholder Information Line will not provide advice on the

merits of the Re-domiciliation or the merits of the Boart Longyear 'Canada' CDIs or give any financial, legal or taxation advice.

For legal reasons, the Shareholder Information Line will not provide advice on the merits of the Re-domiciliation or of the Boart Longyear 'Canada' CDIs or give any financial, legal or taxation advice. If you are in doubt as to what you should do, you should consult an independent and appropriately licensed and authorised professional adviser without delay.

Any information provided through the Shareholder Information Line will not override the contents of this Explanatory Memorandum.

In addition, Boart Longyear Shareholders should consult an independent and appropriately licensed and authorised professional adviser.

#### 10.16 **Deemed warranty**

The attention of Boart Longyear Shareholders is drawn to the warranties that Scheme Shareholders will be deemed to have given, if the Scheme takes effect, in clause 3.6 of the Scheme (see Appendix C).

#### 10.17 **Consent to lodgement**

##### (a) Boart Longyear Directors

Each Boart Longyear Director has given, and not withdrawn, his or her consent to the lodgement of this Explanatory Memorandum as an information memorandum for listing with ASX and an explanatory statement in relation to the Scheme with ASIC.

By order of the Boart Longyear Board

A handwritten signature in black ink, appearing to read 'M P Randolph', with a long horizontal stroke extending to the right.

Marcus P Randolph  
Chairman

##### (b) Boart Longyear 'Canada' Directors

Each Boart Longyear 'Canada' Director has given, and not withdrawn, their consent to the lodgement of this Explanatory Memorandum as an information memorandum for listing with ASX and an explanatory statement in relation to the Scheme with ASIC.

By order of the Boart Longyear 'Canada' Board

A handwritten signature in blue ink, appearing to read 'Robert Closner', with a long horizontal stroke extending to the right.

Robert Closner  
Director

## 11. GLOSSARY

Capitalised terms and certain abbreviations used in this Explanatory Memorandum have the defined meanings set out in the Glossary contained in this Section 11.

All references to currency or "\$", "\$US", "US\$", "USD \$", "dollar" and "cent" are references to currency of the United States unless otherwise indicated.

Term	Definition
<b>\$, A\$ or AUD</b>	Australian dollars.
<b>2017 Recapitalisation</b>	the recapitalisation of Boart Longyear which was completed on 25 September 2017.
<b>ABN</b>	Australian Business Number.
<b>Ares</b>	Ares Management GP LLC.
<b>Articles of Association or Articles</b>	the articles of association of Boart Longyear 'Canada'.
<b>Ascribe</b>	Ascribe II Investments LLC.
<b>ASIC</b>	Australian Securities and Investments Commission.
<b>Assumption Deed Poll</b>	the deed poll of that name entered into by Boart Longyear 'Canada' on 19 October 2018, as set out in Part B of Appendix D.
<b>ASX</b>	ASX Limited (ABN 98 008 624 691) or the financial market conducted by it, as the context requires.
<b>ASX Listing Rules or Listing Rules</b>	the rules, as amended from time to time, that govern the admission, quotation, suspension and removal of entities from ASX.
<b>ASX Settlement</b>	ASX Settlement Pty Limited (ABN 49 008 504 532).
<b>ASX Settlement Operating Rules</b>	the operating rules for settlement on the official list of ASX.
<b>ATO</b>	Australian Taxation Office.
<b>Authorised Nominee</b>	CHESS Depository Nominees Pty Limited (ACN 071 346 506, AFSL 254514), an approved general participant of ASX Settlement and a wholly owned subsidiary of ASX.
<b>BCBCA</b>	the <i>British Columbia Business Corporations Act</i>
<b>Boart Longyear 'Canada'</b>	Boart Longyear Incorporated (Number: BC 1175337).
<b>Boart Longyear 'Canada' Board</b>	the board of directors of Boart Longyear 'Canada' from time to time.
<b>Boart Longyear</b>	a unit of beneficial ownership in a Boart Longyear 'Canada' Share



<b>Term</b>	<b>Definition</b>
<b>'Canada' CDI</b>	(in the form of a CDI) that is registered in the name of the Authorised Nominee in accordance with the ASX Settlement Operating Rules, for the purpose of enabling the securities to be recorded and transferred in accordance with those operating rules, as described in Section 8.
<b>Boart Longyear 'Canada' CDI Holder</b>	the registered holder of a Boart Longyear 'Canada' CDI.
<b>Boart Longyear 'Canada' Information</b>	all information in this Explanatory Memorandum regarding Boart Longyear 'Canada' provided by Boart Longyear 'Canada' for inclusion in this Explanatory Memorandum, including information set out in Section 7.
<b>Boart Longyear 'Canada' Director</b>	a director of Boart Longyear 'Canada'.
<b>Boart Longyear 'Canada' Share</b>	a fully paid common share in the capital of Boart Longyear 'Canada'.
<b>Boart Longyear 'Canada' Shareholder</b>	a registered holder of a Boart Longyear 'Canada' Share following implementation of the Re-domiciliation.
<b>Boart Longyear 'Canada' Share Register</b>	the register of members of Boart Longyear 'Canada'.
<b>Boart Longyear</b>	Boart Longyear Limited ABN 49 123 052 718.
<b>Boart Longyear Board</b>	the board of directors of Boart Longyear from time to time.
<b>Boart Longyear Director</b>	a director of Boart Longyear.
<b>Boart Longyear Information</b>	the information in this Explanatory Memorandum other than the Boart Longyear 'Canada' Information and Independent Expert's Report.
<b>Boart Longyear Option</b>	an option to subscribe for a Boart Longyear Share.
<b>Boart Longyear Optionholder</b>	the registered holder of a Boart Longyear Option.
<b>Boart Longyear Share</b>	a fully paid ordinary share in the capital of Boart Longyear.
<b>Boart Longyear Shareholder</b>	a registered holder of a Boart Longyear Share.
<b>BLY Share Register</b>	the register of members of Boart Longyear maintained by or on behalf of Boart Longyear in accordance with section 168(1) of the Corporations Act.

<b>Term</b>	<b>Definition</b>
<b>Business Day</b>	any day that is each of the following: (a) a Business Day within the meaning of the ASX Listing Rules; and (b) a weekday on which trading banks are open for business in Sydney, Australia.
<b>CAD</b>	Canadian dollars.
<b>CDI</b>	a CHESS Depositary Interest, as described in Section 3.4.
<b>CDI Voting Instruction Receipt Time</b>	has the meaning given to it in Section 4(g) of Appendix E.
<b>Centerbridge</b>	Centerbridge Special Credit Partners.
<b>CGT</b>	Australian capital gains tax.
<b>CHESS</b>	the clearing house electronic sub-register system of share transfers operated by ASX Settlement.
<b>Class A 7% Warrant</b>	means the option to subscribe for one Boart Longyear Share at the exercise price of US\$0.006 pursuant to the deed poll dated 1 September 2017.
<b>Class B 7% Warrant</b>	means the option to subscribe for one Boart Longyear Share at the exercise price of US\$0.010 pursuant to the deed poll dated 1 September 2017.
<b>Conditions Precedent</b>	the conditions precedent to the Scheme, as set out in Section 3.5.
<b>Corporations Act</b>	the <i>Corporations Act 2001</i> (Cth).
<b>Corporations Regulations</b>	the <i>Corporations Regulations 2001</i> (Cth).
<b>Court</b>	the Federal Court of Australia.
<b>Director Appointment Agreement</b>	has the same meaning as given in the Restructuring Support Agreement.
<b>EBIT</b>	earnings before interest and taxation.
<b>EBITDA</b>	earnings before interest, taxation, depreciation and amortisation.
<b>Effective</b>	when used in relation to the Scheme, means the coming into effect, pursuant to section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to the Scheme as described in Section 3.8
<b>Explanatory</b>	this document, which includes the Scheme, the explanatory

<b>Term</b>	<b>Definition</b>
<b>Memorandum</b>	statement for the Scheme, the Notice of Scheme Meeting.
<b>First Court Date</b>	the date of the First Court Hearing, being Thursday 25 October 2018.
<b>First Court Hearing</b>	the hearing of the application made to the Court for orders under section 411(1) of the Corporations Act to convene the Scheme Meeting.
<b>FY2016</b>	the financial year ending 31 December 2016.
<b>FY2017</b>	the financial year ending 31 December 2017.
<b>Implementation Date</b>	the date of implementation of the Re-domiciliation and the receipt of Boart Longyear 'Canada' CDIs by Scheme Shareholders (other than Ineligible Foreign Shareholders) pursuant to the Scheme, which is expected to be 3 January 2019 or such other date as determined by the Boart Longyear Board.
<b>Indemnification Agreements</b>	the indemnification agreement entered into by Boart Longyear 'Canada' with each of the Boart Longyear 'Canada' Director.
<b>Independent Expert</b>	Grant Thornton Corporate Finance Pty Limited ACN 003 265 987.
<b>Independent Expert's Report</b>	the report of the Independent Expert as set out in Section 4.3 and any update to such report that the Independent Expert issues.
<b>Ineligible Foreign Shareholder</b>	a Scheme Shareholder whose address as shown in the BLY Share Register (as at the Record Date) is in any jurisdiction other than Australia, New Zealand, Switzerland, China, Hong Kong, Malaysia Spain, Great Britain, Israel, Luxembourg, Germany, the Netherlands, Panama, Canada or the states of Arizona, Florida, Illinois, Michigan, Minnesota, Nevada, New Mexico, New York, Texas, Utah and Washington in the United States of America or other jurisdiction as agreed to by Boart Longyear and Boart Longyear 'Canada'.
<b>LTIP Unit</b>	non voting units of measurement that once vested entitle the participant to receive cash and or shares in Boart Longyear or common stock in Boart Longyear 'Canada' if the Scheme is implemented.
<b>MIP</b>	the Boart Longyear Limited Management Incentive Plan.
<b>Major Shareholder</b>	each of Centerbridge, Ascribe and Ares.
<b>New Boart Group</b>	Boart Longyear 'Canada' and its subsidiaries following implementation of the Re-domiciliation (which for the avoidance of doubt, includes Boart Longyear).
<b>Notice of Scheme Meeting</b>	the notice of meeting set out in Appendix F.
<b>Ordinary Warrant</b>	means an option to subscribe for one Boart Longyear Share pursuant to the deed poll dated 31 August 2017.

<b>Term</b>	<b>Definition</b>
<b>Proxy Form</b>	the Scheme Meeting Proxy Form which accompany this Explanatory Memorandum and provide for Boart Longyear Shareholders to give voting instructions and appoint proxies for the Scheme Meeting.
<b>Record Date</b>	7:00pm (Sydney time) on the day which is five business days after the date on which the Scheme becomes Effective, expected to be 24 December 2018.
<b>Registry</b>	Link Market Services Limited (ABN 54 083 214 537) or (as applicable) any other registry that Boart Longyear appoints to maintain the BLY Share Register or that Boart Longyear 'Canada' appoints to maintain the register of Boart Longyear 'Canada' Shares.
<b>Related Corporate Body</b>	the meaning given to that term in the Corporations Act.
<b>Relevant Interest</b>	the meaning given to that term in the Corporations Act.
<b>Re-domiciliation</b>	the proposed re-domicile of Boart Longyear from Australia to Canada, to be implemented pursuant to the Scheme in the manner more fully described in this Explanatory Memorandum.
<b>Restructuring Support Agreement</b>	the Restructuring Support Agreement dated 3 April 2017, between Boart Longyear, Boart Longyear Management PTY Limited, CCP II Dutch Acquisition ND2, B.V. and certain others.
<b>Sale Agent</b>	the person nominated by Boart Longyear to sell or facilitate the sale of Boart Longyear 'Canada' Shares or Boart Longyear 'Canada' CDIs under the Sale Facility as described in Section 3.14.
<b>Sale Facility</b>	the facility to be established by Boart Longyear and managed by the Sale Agent under which Ineligible Foreign Shareholders' Boart Longyear 'Canada' CDIs may be sold in accordance with the terms of the Scheme, as described in Section 3.14
<b>Sale Securities</b>	the Boart Longyear 'Canada' CDIs to be issued to the Sale Agent under the Sale Facility as described in Section 3.14
<b>Scheme</b>	a scheme of arrangement under Part 5.1 of the Corporations Act between Boart Longyear and Boart Longyear Shareholders substantially in the form set out in Appendix C or in such other form as Boart Longyear and Boart Longyear 'Canada' agree in writing.
<b>Scheme Deed Poll</b>	the deed poll of that name entered into by Boart Longyear 'Canada' on 19 October 2018, as set out in Part A of Appendix D.
<b>Scheme Effective Date</b>	the date on which the Scheme becomes Effective, expected to be 20 December 2018.
<b>Scheme</b>	The deed of that name entered into by Boart Longyear and Boart

<b>Term</b>	<b>Definition</b>
<b>Implementation Deed</b>	Longyear 'Canada' on 23 August 2018, as described in Section 10.4 and set out in Appendix B.
<b>Scheme Meeting</b>	the meeting of Boart Longyear Shareholders ordered by the Court pursuant to section 411(1) of the Corporations Act to consider the Scheme Resolution.
<b>Scheme Meeting Proxy Form</b>	the proxy form for the Scheme Meeting accompanying this Explanatory Memorandum (or any replacement or substitute proxy form).
<b>Scheme Resolution</b>	the resolution to be put to Boart Longyear Shareholders to approve the Scheme, the form of which is set out in the Notice of Scheme Meeting in Appendix F.
<b>Scheme Shareholder</b>	each person who is a Boart Longyear Shareholder at the Record Date.
<b>Second Court Date</b>	the date of the Second Court Hearing, being 19 December 2018.
<b>Second Court Hearing</b>	the hearing of the application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme.
<b>Section</b>	is a reference to a section in this Explanatory Memorandum.
<b>Shareholder Information Line</b>	the information line set up for the purpose of answering enquiries from Boart Longyear Shareholders in relation to the Re-domiciliation, the details of which are set out in Section 2.6
<b>Subscriber Share</b>	the meaning given to that term in Section 7.1.
<b>Voting Record Date</b>	6:30pm on 4 December 2018, being the date and time which determines the entitlement of Boart Longyear Shareholders to vote at the Scheme Meeting.
<b>Warrants</b>	the Ordinary Warrants, Class A 7% Warrants and Class B 7% Warrants.

## **APPENDIX A: INDEPENDENT EXPERT'S REPORT**

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# Boart Longyear Limited

Independent Expert's Report and Financial Services Guide

26 October 2018



**Grant Thornton**

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Directors  
Boart Longyear Limited  
26 Butler Boulevard, Burbridge Business Park,  
Adelaide Airport, SA 5950

26 October 2018

**Grant Thornton Corporate Finance Pty Ltd**  
ABN 59 003 265 987  
AFSL 247140

Level 17, 383 Kent Street  
Sydney NSW 2000  
PO Locked Bag Q800  
QVB Post Office  
Sydney NSW 1230  
T + 61 2 8297 2400  
F + 61 2 9299 4445  
E [info@gtntsw.com.au](mailto:info@gtntsw.com.au)  
W [www.grantthornton.com.au](http://www.grantthornton.com.au)

Dear Directors

## Introduction

Boart Longyear Limited ("Boart", "the Company") is a global mining services company specialising in the provision of drilling services and equipment. It operates in North America, Latin America, Europe, Asia-Pacific and Africa. Boart is an Australian incorporated company which has been listed on the Australian Securities Exchange ("ASX") since April 2007. As at 23 October 2018, Boart had a market capitalisation of c. A\$105.16 million. In spite of the global nature of its operations, c. 44% of its revenue is primarily generated in U.S.A and Canada.

Over the last three years, as a result of the downturn in the mining sector, the Company has been facing challenging trading conditions which has caused the write-down and impairment of tangible and intangible assets and resulted in an unsustainable level of debt. For the 6-month period ended 30 June 2018 ("1HY18"), the Company reported a net loss of US\$16.3 million and negative net assets of circa US\$279 million.

This has led to the implementation of a number of restructuring initiatives (collectively known as the 'Restructure Program'). In particular, on 3 April 2017, the Company announced that it had agreed a recapitalisation program with the key creditors<sup>1</sup> of the Company which was completed in September 2017 ("Recapitalisation"). Some of the key outcomes were as follows:

- Reduction of debt by c. US\$93 million in exchange for the issue of c. 11.3 billion shares of Boart.
- Improvement in the liquidity through the option to pay interest-in-kind (rather than cash) on all debt facilities (until December 2018). Further, the maturities of some debt instruments were extended by a period of 4 years.

As part of the Recapitalisation, the Company agreed to take all requisite steps to re-domicile the headquarters of its business to the United States (state of Delaware), the United Kingdom or Canada (or such other jurisdiction as the parties agreed) as soon as possible after the implementation of the Recapitalisation, unless Boart and the Major Shareholders jointly determined in their reasonable discretion that the re-domiciliation would not be in the best interests of the Group.

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<sup>1</sup> Key creditors of the Company comprise affiliates of Ares Management L.P. ("Ares"), Ascribe II Investments LLC ("Ascribe") and affiliates of Centrebridge Partners L.P. ("Centrebridge"), who collectively represent over 75% of its secured creditors and 90% of its unsecured creditors (collectively "Major Shareholders"). These key creditors were offered shares in consideration for some of their liabilities as part of the Recapitalisation undertaken by the Company in 2017.





Following a review of several factors including but not limited to existing business substance in each jurisdiction, the political stability, the general regulatory environment, the ease of access to the applicable legal system, the sophistication of the applicable financial markets (specifically within the mining sector) and foreign exchange rate risk, the Company has determined to take the necessary steps to re-domicile to Canada ("Re-domiciliation"). The Re-domiciliation will include the following steps:

- Incorporation of a newly formed entity in Canada ("Boart Canada").
- Shareholders of Boart ("Scheme Shareholders" or "Members") will be required to vote on the scheme of arrangement ("Scheme") pursuant to which Boart Canada will acquire all the shares in Boart, by exchanging one share in Boart Canada for one share in Boart.
- Following the Re-domiciliation, the shareholdings of Boart Canada after the implementation of the Scheme will look substantially identical (with the exception of the Ineligible Foreign Shareholders) to the shareholdings of the Company before the implementation of the Scheme.
- Boart Canada will then apply for listing on the ASX. Given that Canadian regulations do not permit CHESS<sup>2</sup> to be used for electronic transferring and holding of legal title to securities, eligible Scheme Shareholders will receive shares in Boart Canada in the form of Boart Canada CDIs<sup>3</sup> rather than ordinary shares, which represents a beneficial interest in the shares of Boart Canada.
- Following the successful listing of Boart Canada CDIs, Boart will be de-listed from the ASX and will continue operating as a wholly-owned subsidiary of Boart Canada. The successful listing of Boart Canada CDIs on the ASX is a condition precedent for the implementation of the Scheme.
- We note that Boart Canada CDIs will not be issued to Scheme Shareholders resident in certain jurisdictions ("Ineligible Foreign Shareholders"). The Ineligible Foreign Shareholders will instead receive the net proceeds of the sale of Boart Canada CDI they would otherwise have been entitled to under the Scheme. Refer to section 1 for details.

As outlined above, if the Scheme is implemented, there would be no change in the economic interests of Scheme Shareholders (excluding Ineligible Foreign Shareholders).

The Scheme is subject to customary conditions precedent as set out in the Scheme Booklet.

Subject to the satisfaction of the conditions precedent to the Scheme and the independent expert concluding that the Scheme is in the best interest of the Members, the directors of Boart ("Directors") have unanimously recommended that Scheme Shareholders vote in favour of the Scheme and have advised that each Director intends to vote all shares of Boart ("Boart Shares") held or controlled by them in favour of the Scheme.

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<sup>2</sup> Clearing House Electronic Sub-register System ("CHESS") is the computer system used by the ASX to record shareholdings and manage the settlement of share transactions.

<sup>3</sup> A CHESS Depository Interest ("CDI") is a beneficial interest in Boart Canada that is registered in the name of the Authorised Nominee in accordance with the ASX Settlement Operating Rules for the purpose of enabling the securities to be recorded and transferred in accordance with those operating rules.



## Purpose of the report

Part 3 of Schedule 8 (s640) of the Corporations Regulations requires an independent expert's report in relation to a scheme to be prepared when a party to that scheme has a shareholding greater than 30% in the company subject to the scheme, or where any of its directors are also directors of the company subject to the scheme. In those circumstances, the independent expert's report must state whether a scheme is in the best interests of shareholders and state reasons for that opinion.

Whilst there is no legal requirement for the preparation of an independent expert's report ("IER") in conjunction with the Scheme, the Directors have commissioned this IER to assist the Members in assessing the merits of the Scheme.

When preparing this IER, Grant Thornton Corporate Finance had regard to the Australian Securities Investment Commission ("ASIC") Regulatory Guide 111 *Contents of expert reports* ("RG 111") and Regulatory Guide 112 *Independence of experts* ("RG 112"). The IER also includes other information and disclosures as required by ASIC.

## Summary of opinion

**Grant Thornton Corporate Finance has considered the advantages and disadvantages of the Scheme and concluded that the Scheme is in the BEST INTERESTS of the Members.**

While the legal form of the Scheme involves the exchange of shares in Boart for shares in Boart Canada, which is akin to a change in control transaction, the substance of the Scheme is that (other than in respect of Ineligible Scheme Shareholders) the underlying economic interests of the Members do not change and the shareholdings in Boart Canada will be substantially identical to the shareholdings in Boart immediately after the implementation of the Scheme. In addition, there are no proposed changes to the Board of Directors, Management Team and principal activities of Boart as a result of the Re-domiciliation.

We have therefore assessed whether or not the Scheme is in the best interest of the Members by comparing the advantages and disadvantages of the Scheme which is consistent with the requirements of ASIC RG111.

The Scheme is being implemented to give effect to the Re-domiciliation. Therefore, the advantages and disadvantages of the Scheme primarily comprise the advantages and disadvantages of the Re-domiciliation. As part of the analysis, we have primarily relied on the information included in the Scheme Booklet and other information made available to us by the Company.

## Advantages of the Scheme

### *Well-defined legal system*

As at 30 June 2018, the Company had c. US\$688 million external debt, negative net assets of US\$279.3 million and a statutory loss from continuing operations of US\$16.3 million. Accordingly, the Company is considered in financial distress. Given the Company's financial position, we are of the opinion that a legal regime that is well defined in relation to restructuring, insolvency matters and minority shareholders protection is important.



Based on information included in the Scheme Booklet, the Canadian legal regime is well defined in relation to regulatory matters of insolvency and minority shareholder protection. This is evidenced by the World Bank Ease of Doing Business ranking<sup>4</sup>. In relation to the Protection of Minority Investors, Canada is ranked<sup>5</sup> 8, whilst Australia is ranked 57. In relation to Resolving Insolvency, Canada is ranked 11, whilst Australia is ranked 18.

Further, given that Canada and the U.S.A, where the Company is headquartered fall in reasonably similar time zones, access to legal resources such as courts, securities regulators and counsel is likely to enhance responsiveness and expedite decision-making.

*Potentially greater access to capital from local institutional investors*

Given that Boart is in a situation of financial distress<sup>6</sup>, the Company may need to raise additional capital in order to continue trading as a going concern. Based on the information included in the Scheme Booklet, a change in domicile is likely to make Boart more attractive to Canadian institutional investors and pooled funds who tend to limit the foreign issuers in their Canadian equity portfolios to comply with their international market risk requirements.

*Retention of the ASX listing*

The listing of Boart Canada's CDI on the ASX is a condition precedent to the implementation of the Scheme and accordingly, Scheme Shareholders (other than Ineligible Scheme Shareholders) will continue to be able to trade their shares through Boart Canada CDIs and Boart Canada will be required to comply with the ASX listing rules.

There are no significant disadvantages holding Boart CDIs relative to direct ownership of Boart Shares. Based on the disclosure in the Scheme Booklet, the rights of Scheme Shareholders will not be impacted due to their inability to have a direct ownership in Boart Canada. A detailed description of the rights of CDI holders and the differences between holding shares and CDIs is set out in Appendix E of the Scheme Booklet.

*Comparable shareholder protection*

The Scheme Booklet sets out the comparative provisions between the British Columbia Business Corporations Act ("BCBCA") on the one hand and the Corporations Act, ASX listing rules and the Australian common law on the other. In our opinion, the Scheme Shareholders (other than Ineligible Scheme Shareholders) will not be prejudiced due to the Re-domiciliation as the regulations in Canada are not dissimilar to those observed in Australia.

*Potential for increased allowance for tax deductibility of the interest expense*

Boart has reported significant losses over the last 3 years primarily due to a downturn in the mining industry which has impacted the market demand for its products and services. As at 30 June 2018,

<sup>4</sup> The Ease of Doing business ranking is a ranking from 1 to 190 compiled by the World Bank having regard to 10 major factors. A high ease of doing business ranking means the regulatory environment is conducive to starting and operating a local firm. Whilst Boart is an established operating company and therefore comparison of the overall ranking is of limited usefulness. Having regard to Boart's present financial position, we are of the opinion that the two most relevant factors are – Protection of Minority Investors, Resolving Insolvency

<sup>5</sup> The ranking is relative and represents the distance from the best benchmark set by a Country

<sup>6</sup> As at 30 June 2018, the Company had US\$688 million external debt, a negative net assets of US\$279.3 million and a statutory loss from continuing operations of US\$16.3 million.



the Company had c. US\$688 million external debt, comprising US\$277.6<sup>8</sup> million of Term Loans and US\$410.4 million of other debt across various other debt instruments<sup>9</sup>.

Given that all the creditors of the Company are domiciled outside Australia, the Company is required to make periodic interest payments on the debt to the creditors. Given the outstanding debt, the Group has a large interest expense, which can potentially be used to reduce the tax expense<sup>10</sup> being incurred by the Company. Due to the poor alignment of the debt (most of which is held by the Australian entity where the operations are loss making due to the mining downturn) and the profit making operations of the group (most of which are concentrated in North America), the Group cannot take full advantage of the tax deductibility on the interest expense. As a result, the Company intends to transfer a portion<sup>11</sup> of the debt to Canada. This could potentially reduce the tax expense for the Group, reducing the existing burden on the Company's finances.

Whilst the transfer of the debt to take advantage of the tax deductibility on the interest expense can be effected without the Re-domiciliation, in the absence of the Re-domiciliation, this transfer of the debt is likely to create inefficiencies that may be detrimental to shareholders.

#### *Potential reduction in costs*

Given the Group's global operations, it incurs significant administrative costs. The Re-domiciliation is likely to facilitate a simplification of the group structure under which redundant entities will be closed. This will reduce the legal and administrative costs associated with operating these entities. Whilst the closure of entities could be done without undertaking the Re-domiciliation, in our opinion, it is likely to result in reduced benefits to the Scheme Shareholders due to the associated inefficiencies of such a group simplification.

## **Disadvantages of the Scheme**

#### *Change of jurisdiction*

Following the Re-domiciliation, Boart Canada will be governed by the BCBCA. Any future action brought by Australian investors will be regulated by the Canadian legal system. Whilst Boart Canada can submit to the jurisdiction of an Australian court. However, based on the Scheme Booklet we understand that Australian courts can refuse to admit the matter. In these instances, the matter will be within the ambit of the Canadian legal system.

Despite the above, an Australian shareholder will be able seek enforcement of the laws in the same manner as a Canadian shareholder. In our opinion, given the relative similarity between the Australian and Canadian legal regime as per the Scheme Booklet, Australian shareholders are unlikely to be prejudiced due to the Re-domiciliation.

<sup>8</sup> Comprising Tranche A term loan (outstanding balance of US\$85 million and accrued interest of US\$40.7 million) and Tranche B term loan (outstanding balance of US\$105 million and accrued interest of US\$46.9 million).

<sup>9</sup> Refer to section 4 for details of the outstanding debt.

<sup>10</sup> The Company paid c. US\$4.4 million of taxes for the half-year ended 30 June 2017 and US\$6.3 million for the half-year ended 30 June 2018.

<sup>11</sup> Refers to all the debt excluding the Term Loans, which have been transferred to Boart entities in the USA, prior to the Re-domiciliation.



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#### *Franking credits*

If the Scheme is implemented, Australia-based shareholders may not be able to benefit from franking credits going forward, however Scheme Shareholders may be able to obtain a non-refundable tax offset and use it to reduce their tax liabilities in the relevant year (subject to certain conditions.).

Given the Company's situation of financial distress discussed earlier with large debt outstanding and significant losses, the Company is unlikely to be able to pay a dividend until the debt level is significantly reduced and the financial performance improves significantly. In addition, any accumulated tax losses that can be used to offset against taxable income will further delay the creation of franking credits.

In our opinion, the disadvantage due to lack of franking credits is mitigated due to the Company's inability to pay dividends in the medium term.

#### **Other factors**

##### *Advisor fees*

The Company has appointed advisors to assist with the Restructure Program. Most of these advisor costs are one-time expenses that are likely to result in recurring savings which are primarily the administrative and legal costs associated with the entities that are likely to be closed.

In our opinion, the disadvantage associated with incurring advisor cost is offset by the recurring benefit due to reduction in the Group's overall costs.

##### *Tax implications*

Based on the Scheme Booklet, the Re-domiciliation may have adverse tax implications for individual Boart Longyear Shareholders. Accordingly, the Company advises shareholders to consider a summary of certain taxation implications for Scheme Shareholders included in Section 9 of the Scheme Booklet.

However, the tax position of individual shareholders may be impacted by their specific circumstances. Boart Shareholders unsure of the tax implications due to the Re-domiciliation are advised to seek their own professional advice.

##### *Availability of tax losses*

The Company has significant tax losses available to offset against future taxable income. The Company has stated that it intends to implement the Re-domiciliation in a manner so as to be able to make use of available tax losses where possible and to limit the impact on the availability of remaining Australian tax losses post implementation of the Re-domiciliation.

##### *Intentions of the Major Shareholders*

The major shareholders of the Company, being Centerbridge (50.85%), Ascribe (21.4%) and Ares (11.70%), collectively holding circa 85% of the issued capital have informed the Directors of their



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intentions to vote in favour of the Re-domiciliation.

*No impacts on the holders of the Warrants and LTIP units*

Boart Canada has entered into a deed poll dated 6 December 2018 pursuant to which it has agreed to assume the obligations of Boart in relation to the existing warrants and LTIP<sup>12</sup> units and accordingly the holders will not be adversely affected.

*Ineligible Foreign Shareholders cash option*

As noted earlier, Ineligible Foreign Shareholders will receive cash rather than Boart Canada CDIs. Specifically, the Boart Canada CDIs that the Ineligible Foreign Shareholders are entitled to will be transferred to a Sale Agent and sold on the ASX and the net proceeds of sale (after deduction of any applicable fees, brokerage, taxes and charges) will be remitted to the Ineligible Foreign Shareholders.

In our opinion, given that Ineligible Foreign Shareholders will receive cash equivalent to the value of Boart Canada CDIs on the ASX (after deducting fees), we do not believe the Ineligible Foreign Shareholders are disadvantaged relative to the other Scheme Shareholders who will receive Boart Canada CDIs.

**Overall conclusion**

In our opinion, the advantages of the Scheme outweigh the disadvantages and accordingly the Scheme is in the **BEST INTERESTS** of the Members.

**Other matters**

Grant Thornton Corporate Finance has prepared a Financial Services Guide in accordance with the Corporations Act. The Financial Services Guide is set out in the following section.

The decision of whether or not to vote in favour of the Scheme is a matter for each Scheme Shareholder to decide based on their own views of value of Boart and expectations about future market conditions, Boart's performance, risk profile and investment strategy. If Scheme Shareholders are in doubt about the action they should take in relation to the Scheme, they should seek their own professional advice.

Yours faithfully

GRANT THORNTON CORPORATE FINANCE PTY LTD

ANDREA DE CIAN  
Director

JANNAYA JAMES  
Director

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<sup>12</sup> Long-term incentive plan

## Financial Services Guide

### 1 Grant Thornton Corporate Finance Pty Ltd

Grant Thornton Corporate Finance carries on a business, and has a registered office, at Level 17, 383 Kent Street, Sydney NSW 2000. Grant Thornton Corporate Finance holds Australian Financial Services Licence No 247140 authorising it to provide financial product advice in relation to securities and superannuation funds to wholesale and retail clients.

Grant Thornton Corporate Finance has been engaged by Boart to provide general financial product advice in the form of an independent expert's report in relation to the Re-domiciliation. This report is included in Boart's Scheme Booklet.

### 2 Financial Services Guide

This Financial Services Guide ("FSG") has been prepared in accordance with the Corporations Act, 2001 and provides important information to help retail clients make a decision as to their use of general financial product advice in a report, the services we offer, information about us, our dispute resolution process and how we are remunerated.

### 3 General financial product advice

In our report we provide general financial product advice. The advice in a report does not take into account your personal objectives, financial situation or needs.

Grant Thornton Corporate Finance does not accept instructions from retail clients. Grant Thornton Corporate Finance provides no financial services directly to retail clients and receives no remuneration from retail clients for financial services. Grant Thornton Corporate Finance does not provide any personal retail financial product advice directly to retail investors nor does it provide market-related advice directly to retail investors.

### 4 Remuneration

When providing the Report, Grant Thornton Corporate Finance's client is the Company. Grant Thornton Corporate Finance receives its remuneration from the Company. In respect of the Report, Grant Thornton Corporate Finance will receive from Boart a fee of \$63,000 (plus GST) which is based on commercial rates, plus reimbursement of out-of-pocket expenses for the preparation of the report. Our directors and employees providing financial services receive an annual salary, a performance bonus or profit share depending on their level of seniority.

Except for the fees referred to above, no related body corporate of Grant Thornton Corporate Finance, or any of the directors or employees of Grant Thornton Corporate Finance or any of those related bodies or any associate receives any other remuneration or other benefit attributable to the preparation of and provision of this report.

### 5 Independence

Grant Thornton Corporate Finance is required to be independent of Boart in order to provide this report. The guidelines for independence in the preparation of independent expert's reports are set out in RG 112 *Independence of expert* issued by ASIC. The following information in relation to the independence of Grant Thornton Corporate Finance is stated below.



*"Grant Thornton Corporate Finance and its related entities do not have at the date of this report, and have not had within the previous two years, any shareholding in or other relationship with Boart (and associated entities) that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation the Scheme.*

*Grant Thornton Corporate Finance has no involvement with, or interest in the outcome of the Scheme, other than the preparation of this report.*

*Grant Thornton Corporate Finance will receive a fee based on commercial rates for the preparation of this report. This fee is not contingent on the outcome of the Scheme. Grant Thornton Corporate Finance's out of pocket expenses in relation to the preparation of the report will be reimbursed. Grant Thornton Corporate Finance will receive no other benefit for the preparation of this report.*

*Grant Thornton Corporate Finance considers itself to be independent in terms of RG 112 "Independence of expert" issued by the ASIC."*

## **6 Complaints process**

Grant Thornton Corporate Finance has an internal complaint handling mechanism and is a member of the Financial Ombudsman Service (membership no. 11800). All complaints must be in writing and addressed to the Chief Executive Officer at Grant Thornton Corporate Finance. We will endeavour to resolve all complaints within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Financial Ombudsman Service who can be contacted at:

Financial Ombudsman Service Limited  
GPO Box 3  
Melbourne, VIC 3001  
Telephone: 1800 367 287

Grant Thornton Corporate Finance is only responsible for this report and FSG. Complaints or questions about the General Meeting should not be directed to Grant Thornton Corporate Finance. Grant Thornton Corporate Finance will not respond in any way that might involve any provision of financial product advice to any retail investor.

## **7 Compensation arrangements**

Grant Thornton Corporate Finance has professional indemnity insurance cover under its professional indemnity insurance policy. This policy meets the compensation arrangement requirements of section 912B of the Corporations Act, 2001.



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## 1 Overview of the Re-domiciliation

In determining the appropriate location for the Re-domiciliation, the Company considered multiple jurisdictions such as United Kingdom, the United States and Canada. In analysing suitable re-domiciling locations, the Company considered the qualitative and quantitative factors which are set out below:

- Existing business substance which comprises the extent of available resources required to run the operations. For instance, the Company has limited corporate operations in the U.K, making a re-domiciliation to the U.K. more expensive relative to other jurisdictions.
- Regulatory environment and similarity with the Australian system.
- Commonality of legal system to the USA is likely to translate into reduced cost of compliance and enhanced responsiveness given the Company mainly operates in North America.
- Potential attractiveness of Boart to local institutional investors by virtue of being a company domiciled in that jurisdiction.
- Other factors such as treaty network, foreign exchange risk, optimal allocation.

Having considered the relative advantages and disadvantages of alternative jurisdictions, the Company believes Canada represents the most appropriate jurisdiction for re-domiciling the parent company. A brief description of the process has been discussed below:

- The Scheme is approved by the requisite majorities of Scheme Shareholders at the Scheme Meeting.
- The Independent Expert's Report concludes that the Scheme is in the best interests of the Members.
- ASX approves the admission of Boart Canada to the official list of ASX leading to the official quotation of Boart Canada CDIs, subject to any conditions that ASX may reasonably require.
- The Scheme is approved by the Court in accordance with section 411(4) (b) of the Corporations Act.
- Before the Second Court Date, Boart Canada is notified by the Federal Treasurer that the Commonwealth of Australia has no objections (unconditionally or on conditions acceptable to Boart Canada acting reasonably) to Boart Canada acquiring all the shares in Boart.

Refer to the Scheme Booklet for a comprehensive list of the conditions precedent.

### *Ineligible Foreign Shareholders*

The entitlement of Scheme Shareholders who are Ineligible Foreign Shareholders to Boart Canada CDIs will be dealt with under the Re-domiciliation via the Sale Facility and the Boart Canada CDIs to which Ineligible Foreign Shareholders would otherwise be entitled will be transferred to the Sale Agent and sold on ASX and the net proceeds of sale (after deduction of any applicable fees, brokerage, taxes and charges) will be remitted to the Ineligible Foreign Shareholders.



## 2 Purpose and scope of the report

### 2.1 Purpose

#### *Section 411 of the Corporations Act*

Section 411 of the Corporations Act, 2001 regulates schemes of arrangement between companies and their members. Part 3 of Schedule 8 of the Corporations Regulations 2001 prescribes information to be sent to shareholders and creditors in relation to members' and creditors' schemes of arrangement pursuant to Section 411 of the Corporations Act.

Part 3 of Schedule 8 (s640) of the Corporations Regulations requires an independent expert's report in relation to a scheme to be prepared when a party to that scheme has a shareholding greater than 30% in the company subject to the scheme, or where any of its directors are also directors of the company subject to the scheme. In those circumstances, the independent expert's report must state whether a scheme is in the best interests of shareholders and state reasons for that opinion. Even where there is no requirements for an independent expert's report, documentation for a scheme of arrangement typically includes an independent expert's report.

Whilst an independent expert's report is not mandatory to comply with the provisions of the Corporations Act, the Directors, for corporate governance purposes, have requested that Grant Thornton Corporate Finance prepare an independent expert's report to express an opinion as to whether the Scheme is in the best interests of Scheme Shareholders.

### 2.2 Basis of assessment

The Company intends to enter into a Scheme to effect the re-domiciliation from Australia to Canada. In determining whether the Scheme is in the best interests of the Members, Grant Thornton Corporate Finance has had regard to relevant Regulatory Guides issued by the ASIC, including RG 111, Regulatory Guide 60 Scheme of arrangement ("RG 60") and RG 112. The IER will also include other information and disclosures as required by ASIC. We note that neither the Corporations Act nor the Corporations Regulations define the term "in the best interests of members".

RG111 does not specify the basis of evaluation for a change of domicile transaction but does indicate that the basis for evaluation selected by the expert must be appropriate for the nature of each specific transaction, that is, the expert must consider the substance of the proposed transaction and not the legal form when evaluating it. The economic substance of the change in domicile transaction is that there is no change in the economic interests of shareholders in eligible jurisdictions<sup>13</sup>, who effectively retain their existing stake in the Company following implementation of the Scheme. While the legal form of the Scheme, involving the exchange of shares in Boart for shares in Boart Canada, is akin to a change in control transaction, there is not, in substance, any change in control taking place under the Scheme. Accordingly, we do not consider it appropriate to analyse the change in domicile as a control transaction.

RG 111 establishes certain guidelines in respect of independent expert's reports prepared for the purposes of the Corporations Act. RG111 is framed largely in relation to reports prepared pursuant to Section 640 of the Corporations Act and comments on the meaning of "fair and reasonable" in the context of a takeover offer. As stated earlier, a change in domicile is not viewed as a change of control transaction.

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<sup>13</sup> Ineligible Foreign Shareholders will not receive Boart Canada CDIs and will be settled in cash.



In analysing transactions which do not involve a change of control, RG 11 requires the expert to provide an opinion on whether the advantages of the proposal outweigh the disadvantages. In such circumstances, the expert should conclude that the proposal is “in the best interests of the members.”

## 2.3 Independence

Prior to accepting this engagement, Grant Thornton Corporate Finance (a 100% subsidiary of Grant Thornton Australia Limited) considered its independence with respect to the Scheme with reference to RG 112 issued by ASIC.

Grant Thornton Corporate Finance has no involvement with, or interest in, the outcome of the approval of the Scheme other than that of an independent expert. Grant Thornton Corporate Finance is entitled to receive a fee based on commercial rates and including reimbursement of out-of-pocket expenses for the preparation of this report.

Except for these fees, Grant Thornton Corporate Finance will not be entitled to any other pecuniary or other benefit, whether direct or indirect, in connection with the issuing of this report. The payment of this fee is in no way contingent upon the success or failure of the Scheme.

In our opinion, Grant Thornton Corporate Finance is independent of Boart and its Directors and all other relevant parties of the Scheme.

## 2.4 Consent and other matters

Our report is to be read in conjunction with the Scheme dated on or around 6 December 2018 in which this report is included, and is prepared for the exclusive purpose of assisting Scheme Shareholders in their consideration of the Scheme. This report should not be used for any other purpose.

Grant Thornton Corporate Finance consents to the issue of this report in its form and context and consents to its inclusion in the Scheme Booklet.

This report constitutes general financial product advice only and in undertaking our assessment, we have considered the likely impact of the Scheme on Scheme Shareholders as a whole. We have not considered the potential impact of the Scheme on individual Scheme Shareholders. Individual shareholders have different financial circumstances and it is neither practicable nor possible to consider the implications of the Scheme on individual shareholders.

The decision of whether or not to approve the Scheme is a matter for each Scheme Shareholder based on their views of the advantages and disadvantages of the Scheme. If the Scheme Shareholders are in doubt about the action they should take in relation to the Scheme, they should seek their own professional advice.



## 2.5 Compliance with APES 225 Valuation Services

This report has been prepared in accordance with the requirements of the professional standard APES 225 Valuation Services ("APES 225") as issued by the Accounting Professional & Ethical Standards Board. In accordance with the requirements of APES 225, we advise that this assignment is a Valuation Engagement as defined by that standard as follows:

*"An Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Member is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Member at that time."*



### **3 Profile of the industry**

#### **3.1 Introduction**

The mining services industry primarily provides concreting and general earthworks, equipment maintenance services, environmental rehabilitation services etc. to mining companies. Boart, with a market share of c. 3%<sup>14</sup> of the Australian market provides drilling services, drilling equipment and performance tooling for mining and drilling companies.

In considering the key external drivers and trends likely to impact Boart, we have considered the following:

- In FY17, c. 67% of the Company's revenue was earned through drilling services whilst the remaining was earned through the sale of equipment to mining companies. Since 2011, c. 60% to 80% of the drilling services revenue is contributed through services provided to gold and copper miners. Thus the demand, supply and outlook for gold and copper are likely to be a key driver influencing the performance of the Company.
- Further, since 2015 the exploration and production tooling have collectively contributed in excess of 70% of the total performance and tooling equipment divisions' revenue. We have therefore considered the historical and forecast exploration expenditure as these are likely to drive demand for the products offered by Boart.
- The Company invests in new technology and has developed a number of patented products. We have therefore also considered the growing importance of technology in the mining industry.

#### **3.2 Key external drivers and trends**

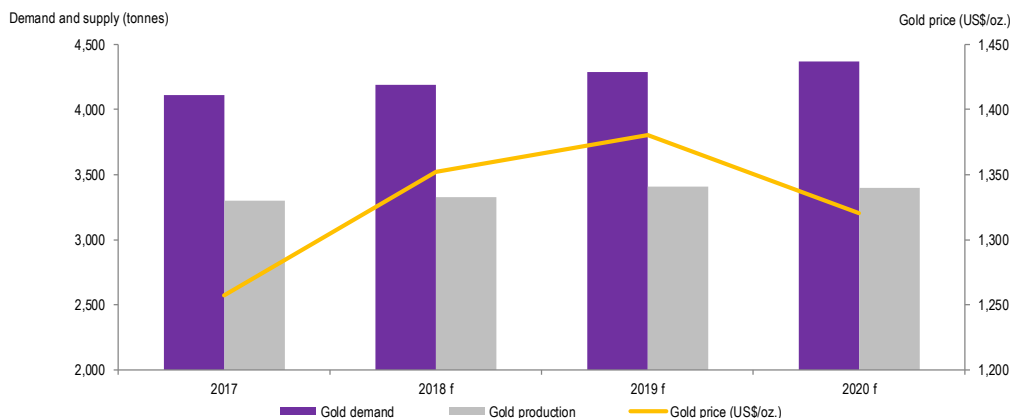
##### **3.2.1 Gold**

Gold is a precious metal that has traditionally been used as a store of wealth. Anecdotal evidence suggests that gold demand and price have an inverse relationship with equities market. Following is the historical and forecast demand and supply for gold published by the Office of the Chief Economist, Department of Industry, Innovation and Science.

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<sup>14</sup> IBISWorld Mining Support Services in Australia November 2017

#### Historical and forecast metrics for gold



Source: Resources and Energy Quarterly June 2018

Note 1: Gold prices included in the above graph are in nominal terms and represent the price on the London Bullion Market Association PM Price<sup>15</sup>

We have discussed each of the key metrics below:

- Prices:** Due to rising U.S. China trade tensions and concerns over bullish equity markets, gold prices have remained within the range of \$1,300 – US\$1,350 in the first half of 2018. Continued trade tensions and political uncertainty in the Middle-East is likely to result in an increase in the gold price to US\$1,380 in 2019. Over 2020, the U.S. bond rates are expected to stabilise causing a decline in the gold price. Key downside risks include a rising US dollar, higher Treasury bond yields led by rising interest rates following continued recovery in the US economy.
- Demand:** World gold demand declined by 7 percent in the quarter of March 2018 due to rising interest rates and stagnant gold prices. Gold demand is expected to increase at c. 2% p.a. primarily driven by demand from China and India. Further, demand for gold is also supported by the Technology sector which typically uses gold for products such as bonding wires and wireless chips. Of the factors discussed in the earlier section, the geopolitical uncertainties and concerns over bullish equity markets are also likely to influence demand for gold as investors view gold as a hedge against these risks.
- Supply:** Production of gold increased by 3.1 percent in the March 2018 quarter as output from newer mines in Russia and Africa more than offset a reduction in production in China. Gold production is expected to increase during 2018 and 2019 supported by strong supply from Canada, Indonesia and Russia. In 2020, gold production is expected to decline marginally due to exhaustion of established mines in the United States and Peru.

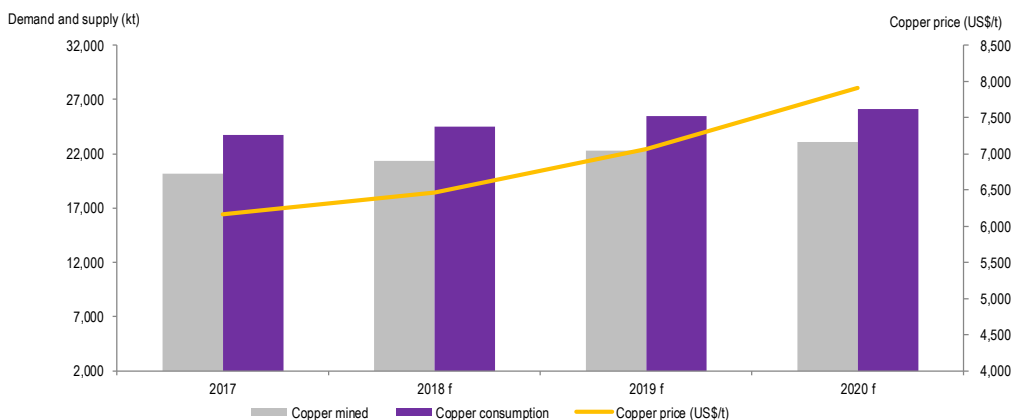
In summary, the outlook for gold miners looks relatively positive. This positive outlook is likely to assist in maintaining or increasing the level of activity in the gold industry which can be potentially accretive to the performance of Boart.

<sup>15</sup> LBMA Gold Price PM means the price for a Pricing Date will be that day's afternoon London Gold price per troy ounce of Gold for delivery in London through a member of the LBMA authorised to effect such delivery, stated in US\$, as calculated and administered by independent service provider(s), pursuant to an agreement with the LBMA and published on its website that displays prices effective on that pricing date.

### 3.2.2 Copper

Copper is a base metal with extensive use in industry. Typically, copper prices are often influenced by the outlook for economic growth. Following is the historical and forecast demand and supply for copper published by the Office of the Chief Economist, Department of Industry, Innovation and Science.

#### Historical and forecast metrics for copper



Source: Resources and Energy Quarterly June 2018

Note 1: Copper prices included in the above graph are in nominal terms and represent the price on the London Metal Exchange price

Note 2: Copper production reported in the graph is the copper production mined.

We have discussed each of the key metrics below:

- Prices:** In 2017, Copper prices reached a three year high of US\$6,307 a tonne, after successively declining for five years. This was due to strong growth in global industrial production and several supply disruptions throughout the year. From 2017 to 2020, copper prices are expected to increase modestly as copper inventory continues to decline from 2.3 weeks of copper inventory in 2017 to 1.6 weeks of inventory in 2020.
- Demand:** Relative to 2016, copper consumption increased in 2017. This was primarily driven by demand from China, which consumes c. 50% of the world's total consumption. Copper consumption is expected to grow modestly over the forecast period. This is due to the difficulties in predicting China's economic growth due to policy changes being implemented in the country. However, this uncertainty is marginally offset by the growing output of electric vehicles globally which contains an average of 90 kg of copper. This is significantly higher than the average 25 kg of copper that is typically used in petrol vehicle.
- Supply:** In 2017, copper production decreased to c. 20 million tonnes on account of supply disruptions at the Escondida<sup>16</sup> and Grasberg<sup>17</sup> mines. Copper production is expected to rapidly expand until 2019 following which a steady increase continues on account of commencement of new projects such as First Quantum Minerals' Cobre Panama and Qulong copper mine operated by Tibet Julong Mining. A key downside risk to supply includes renewed industrial action at the Escondida mine.

<sup>16</sup> Escondida is the largest copper mine and is located in Northern Chile

<sup>17</sup> Grasberg is the second largest copper mine located in the Papua province in Indonesia.

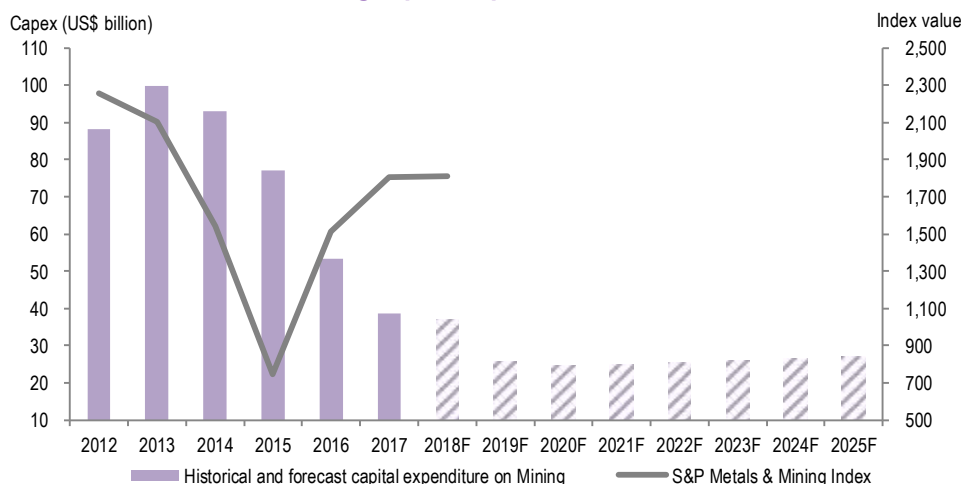


Similar to gold, the outlook for copper miners looks relatively positive. This positive outlook is likely to assist in maintaining the level of activity within the copper industry which can be potentially accretive to the performance of Boart.

### 3.2.3 Mining capital expenditure outlook

The following graph sets out the historical and forecast mining capital expenditure.

#### Historical and forecast mining capital expenditure



Source: IBISWorld Mining Capital Expenditure April 2018, S&P Global

The mining capital expenditure outlook remains stable from FY19. The recovery in the S&P Metals and Mining index since 2015 suggests that commodity prices have stabilised. This is particularly relevant given that the index recovered despite declining forecast mining expenditure. This suggests that stable or increasing commodity prices are likely to support sustained mining capital expenditure and this is likely to impact the performance tooling division's performance.

### 3.2.4 Growing importance of technology in mining

Many companies are attempting to optimise their existing mines to cost and inefficiencies, primarily through the use of data and technology. Large mining companies such as BHP Billiton and Rio Tinto continue to implement innovative solutions such as driverless locomotives used to transport the ore from the mine to the port.

The CSIRO's *METS – A Roadmap to unlocking future growth opportunities in Australia* discusses some new technologies that are likely to create value for exploration companies. Examples include real-time sensing and drilling technologies and decision support platforms that are likely to permit exploration companies to create value from existing exploration expenditure.

The growing importance of technology is likely to positively influence Boart given the Company's focus on innovation and technology.



## 4 Profile of Boart

### 4.1 Introduction

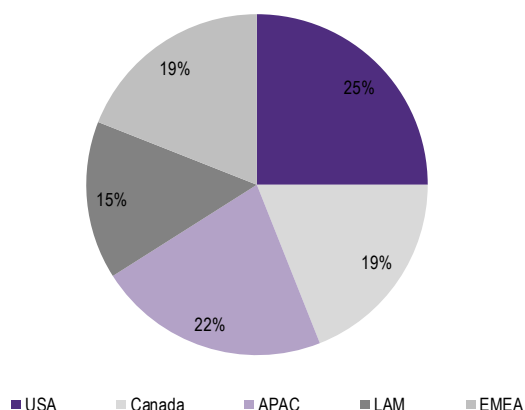
Boart is a global mining services company headquartered in Utah, Salt Lake City. The Company provides drilling services, drilling equipment and performance tooling for mining and drilling companies, which represent the core operations of the Company. It also has a presence across the supply chain for various industries and processes such as energy, mine de-watering, oil sands exploration, production drilling and down-hole instrumentation.

In addition to the Company's core operations, it has focused on innovation by developing new products to complement its core operations. This has delivered some new technologies in the drilling services sector comprising innovative products and other patented technologies to increase productivity such as sonic drilling technology which enables efficient penetration and maximum core recovery in a variety of subsurface conditions.

### 4.2 Business divisions

The Company primarily operates through two divisions –Global Drilling Services and Global Products. In spite of the global nature of its operations, c. 44% of its revenue is primarily generated in U.S.A and Canada as set out in the chart below:

#### Revenue breakdown by geography



Source: Investor presentation

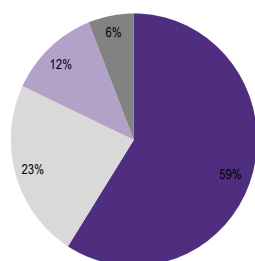
Note 1: APAC = Asia Pacific primarily comprising Australia; LAM = Latin America; EMEA = Europe, Middle East and Asia, which excludes Australia

#### Global Drilling services

The Global Drilling Services segment provides various types of drilling such as surface coring, production drilling, underground coring and reverse circular drilling. The following charts provide a breakdown of revenue for the Global Drilling Services segment by commodity and by stage of mine during 1HY18.



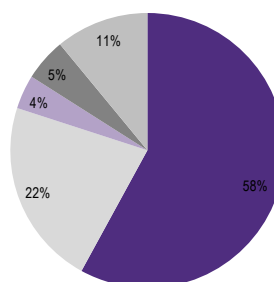
Global Drilling Service revenue by mine stage



■ Development (Near mine/brownfield) ■ Production (in-pit) ■ Greenfield ■ Non-Mining

Source: Company financial statements and investor presentation

Global Drilling Service revenue by commodity



■ Gold ■ Copper ■ Non-mining water ■ Nickel ■ Other

We have discussed the detailed financial performance for the Company in section 4.3. The following is a brief summary of the performance of the Global Drilling Services division:

- **Revenue** - increased by c. 10.6% from US\$241.4 million in 1HY17 to US\$266.9 million in 1HY18, following improvement in current and forecast commodity prices, overall sentiment in the mining industry and expenditure on exploration and development and non-mining services.
- **Contribution margin<sup>18</sup>** - improved from c. 13.7% in 1HY17 to 15% in 1HY18 owing to cost control initiatives undertaken by the Company.
- **EBITDA<sup>19</sup> margin** - improved marginally from c. 14% in 1HY17 to c. 15% in 2017 with the USA drilling services division showing particularly strong improvement. The focus on cost structure remains a key focus area of the Company's operational performance.
- **Number of operating rigs** - Consistent with the improvements in the financial metrics noted above, the Company reported an improvement in the operational metrics wherein the number of operating drill rigs improved by c. 5%.

#### Global Products

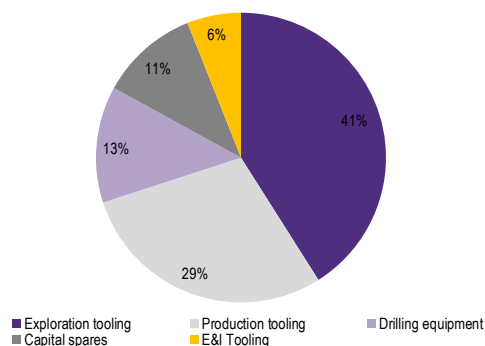
The Global Products division complements the Global drilling services division by offering drilling equipment internally and externally. Whilst complementary, the Global Products division has been able to demonstrate growth as the share of external revenue has increased in FY17 relative to FY16. The following charts show a breakdown of the Global Products revenue by product type.

<sup>18</sup> Contribution margin is calculated as the Third party revenue less the cost of goods sold (including depreciation and amortisation). The total revenue considered in the calculation of the contribution margin does not consider inter-department revenues.

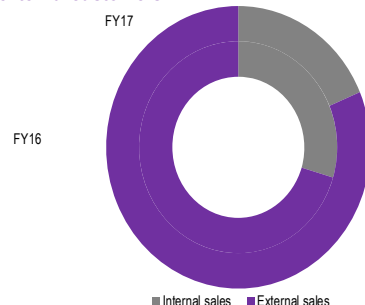
<sup>19</sup> Earnings before interest, tax, depreciation and amortisation.



#### Global Products Revenue by product type



#### FY16 and FY17 breakdown between internal and external customers



Source: Company financial statements and investor presentation

The following is a brief summary of the performance of the Global Products division:

- **Revenue** - increased by c. 11% from US\$115 million in 1HY17 to US\$127 million in 1HY18, primarily driven by increase in coring tools and drill rigs.
- **EBTIDA margin** - EBITDA margin declined from c. 5% in 1HY17 to c. 12% in 1HY18 owing to the Restructure Program.
- **Backlog** - As at 30 June 2018, the backlog of on-going projects represented c. 23% of the 1HY18 revenue.
- **Intellectual Property** - The Company is focussed on developing and testing new and improved products and works closely with its external and internal customers to identify opportunities in this regard. The Company has developed and launched numerous new products during FY17 whilst some are in testing phase. For instance, the Company has developed the TruShot™ magnetic survey instrument, which is currently being tested by the Global Drilling Services division.

### 4.3 Financial information

#### 4.3.1 Financial performance

The following table sets out the historical financial performance for Boart for the 6-month period ended 30 June 2017 ("1HY17"), 12-month period of 31 December 2017 ("CY17") and 6-month period of 30 June 2018 ("1HY18").



Historical financial performance US\$'000	Audited 1HY17	Audited CY17	Audited 1HY18
Revenue	356,181	739,063	394,195
Revenue growth	NA	15.0%	10.7%
Cost of goods sold	(304,952)	(628,461)	(329,821)
<b>Gross margin</b>	<b>51,229</b>	<b>110,602</b>	<b>64,374</b>
Gross margin (%)	14.4%	15.0%	16.3%
Other income	4,205	6,637	6,366
General and administrative expenses	(72,560)	(152,858)	(38,725)
Sales and marketing expenses	(13,199)	(27,449)	(11,332)
Other expenses	(8,343)	(24,679)	(10,795)
Depreciation and amortisation	26,639	51,108	18,449
<b>Statutory EBITDA</b>	<b>(12,029)</b>	<b>(36,639)</b>	<b>28,337</b>
Depreciation and amortisation	(26,639)	(51,108)	(18,449)
<b>Statutory EBIT</b>	<b>(38,668)</b>	<b>(87,747)</b>	<b>9,888</b>
Net interest expense	(36,493)	(55,372)	(33,132)
Statutory EBT	(75,161)	(143,119)	(23,244)
Income tax expense	(10,073)	(6,925)	6,921
<b>Loss from continuing operations</b>	<b>(85,234)</b>	<b>(150,044)</b>	<b>(16,323)</b>

Reconciliation of Statutory and Adjusted EBIT US\$'000's	Audited 1HY17	Audited CY17	Audited 1HY18
Statutory EBITDA	(12,029)	(36,639)	28,337
<b>Adjustments:</b>			
Recapitalisation costs	26,000	50,471	
Impairments			
Property, plant and equipment		136	100
Intangible assets		26	
Inventory			1,500
Employee and related costs	5,600	15,116	1,600
Other restructuring expenses	1,800	12,175	5,100
Other non-recurring items		1,762	
Total significant and non-recurring items	33,400	79,686	8,300
<b>Adjusted EBITDA</b>	<b>21,371</b>	<b>43,047</b>	<b>36,637</b>

Source: Company financial statements and investor presentations

In relation to the financial performance, we make the following observations:

- **Revenue** - increased from US\$356.1 million in 1HY17 to US\$394.2 million in 1HY18 on account of improved sentiment in the mining industry.
- **Gross margin** - improved from c. 14.4% in 1HY17 to c. 16.3% in 1HY18 as the Company continues to undertake a restructuring program to improve the Company's performance.
- **General and administration expense** – declined from c. US\$72.5 million in 1HY17 to c. US\$38.7 million in 1HY18 on account of the Restructure Program being undertaken by the Group.



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An instinct for growth™

#### *Financial outlook*

Management has not issued a formal revenue or EBITDA guidance for CY18. However, the Company retains a positive outlook in relation to exploration expenditure being undertaken by mining companies, which will positively influence the Company's performance. More specifically, the Company has set out the following objectives for CY18:

- Expand mining and minerals drilling customer base by focusing on efficiency and productivity.
- Effectively manage customer relationships, pricing and contract terms.
- Development of new products and utilising potential opportunities within a constrained capital budget.
- Improve cash generation in 2018, with the goal to continue to be cash positive, through careful management of liquidity and costs.

#### 4.3.2 Financial position

The following table sets out the historical financial position of Boart as at 31 December 2017 and 30 June 2018.

Historical financial position US\$000	Audited 31-Dec-17	Audited 30-Jun-18
<b>Assets</b>		
Cash and cash equivalents	43,578	38,321
Trade and other receivables	131,861	143,187
Inventories	174,375	179,649
Current tax receivable	1,657	1,639
Prepaid expenses and other assets	13,749	15,938
Asset classified as held for sale	530	530
<b>Total current assets</b>	<b>365,750</b>	<b>379,264</b>
Property, plant and equipment	118,130	116,484
Goodwill	101,196	100,296
Other intangible assets	34,109	31,125
Deferred tax assets	20,597	18,891
Non-current tax receivable	18,033	12,251
Other assets	15,134	14,566
<b>Total non-current assets</b>	<b>307,199</b>	<b>293,613</b>
<b>Total assets</b>	<b>672,949</b>	<b>672,877</b>
<b>Liabilities</b>		
Trade and other payables	138,248	145,817
Provisions	19,451	19,860
Current tax payable	99,590	75,841
Loans and borrowings	794	855
<b>Total current liabilities</b>	<b>258,083</b>	<b>242,373</b>
Loans and borrowings	641,884	687,146
Deferred tax liabilities	13,439	14,564
Provisions	18,720	8,176
<b>Total non-current liabilities</b>	<b>674,043</b>	<b>709,886</b>
<b>Total liabilities</b>	<b>932,126</b>	<b>952,259</b>
<b>Net assets</b>	<b>(259,177)</b>	<b>(279,382)</b>

Source: Company financial statements

In relation to the financial position, we make the following observation:

- **Net working capital** – The Company's trade and other receivable balance increased from US\$131.9 million as at 31 December 2017 to US\$143.1 million as at 30 June 2018. Similarly, the inventory balance has increased from US\$174.4 million as at 31 December 2017 to US\$179.6 million as at 30 June 2018. Further trade and other payables have increased from US\$138.2 million as at 31 December 2017 to US\$145.8 million as at 30 June 2018. The increase in the net working capital is primarily driven by higher revenue due to strengthening sentiment in the mining industry.
- **Property, plant and equipment** – As at 31 December 2017, the Company's property plant and equipment primarily comprises Land and building of c. US\$31.2 million, Property, plant and equipment of c. US\$68.7 million and construction work in progress of c. US\$18.2 million.
- **Intangible assets** – As at 30 June 2018, the Company's intangible assets comprised Trademarks of c. US\$3.1 million, Patents of c. US\$6.1 million, software of c. US\$3.7 million, development assets of c. US\$15.4 million and customer relationship and other intangibles of c. US\$5.9 million. The Company develops new technologies and products, which is consistent with its vision of being the leading global mining services company. Whilst the Company is not overly dependent on any particular patent, trademark, trade secret or other IP, as at 31 December 2017, the Company had 390 issued patents, 613 registered trademarks, 198 pending patent applications and 16 pending trademark applications.
- **Loans and borrowings** – The following table sets out a brief summary of the key terms associated with the outstanding debt facilities:

Summary of debt facilities					
US\$ million	Interest rate	Maturity	Amount drawn	Interest	Outstanding amount
Senior Secured notes	10.0%	31-Dec-22	195.0	22.0	217
Senior Unsecured notes	1.5%	31-Dec-22	88.9	1.1	90.0
Total Term loans	10.0%	31-Dec-22	190.0	113.7	303.7
Revolver bank loan	Base rate + margin	31-Jul-20	-	-	76.1
Backstop ABL	Variable	31-Oct-20	50.0	-	50.0
Other receivables	n/a	n/a	-	-	1.2
<b>Total</b>					<b>738.0</b>

Source: Company annual report, GTCF analysis

- **Senior secured notes** – As a result of the recapitalisation program, these notes carry a payable-in-kind ("PIK") of 12% per annum based at election of the Company until December 2018, following which interest is payable in cash at a reduced rate of 10% per annum.
- **Senior unsecured notes** – Following the recapitalisation program, the liability in relation to the senior unsecured notes has reduced from US\$284 million to US\$88 million, by issuing c. 2.4 billion shares to the lenders. The senior unsecured notes carry an interest of 1.5% per annum, which is PIK until maturity in December 2022.
- **Term Loans** – The interest on term loans has reduced from 12% to 10% PIK through to December 2018 after which only 8% out of the 10% will be PIK.
- **Revolver bank loan** – The debt facility is an asset based revolving bank credit facility which is secured by a first lien on the accounts receivable, inventories, deposit accounts and cash of the borrower and guarantors and a third lien on substantially all of the other tangible and intangible



assets of the borrower and guarantors. The loans is subject to certain covenants such as maintaining a fixed charge coverage ratio.

- **Backstop ABL** – Under the recapitalisation program, the Company entered into a new debt facility. The new term loan has an interest rate of 11% p.a. PIK or 10% p.a. 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 2020.

Apart from the senior unsecured notes, the securities in case of the loans comprise various liens, on the various assets of the borrowers and guarantors of the loans. In relation to the debt covenants for all debt facilities, the Company has reported that it is in compliance of all debt covenants.

#### 4.4 Share capital structure

##### 4.4.1 Shareholder information

We have provided in below table the top 5 shareholders of Boart as at 27 August 2018:

Top 5 shareholders information		
Name of the shareholder	% of shareholding	No. of shares
CCP II Dutch Acquisition - E2, B.V.	33.6%	8,833,932,993
Ascribe II Investments LLC	20.9%	5,490,395,109
HSBC Custody Nominees (Australia) Limited	17.8%	4,689,925,565
CCP Credit SC II Dutch Acquisition - E, B.V.	15.5%	4,069,802,685
JP Morgan Nominees Australia Limited	3.0%	789,138,568
Total shareholding of Top 5 shareholders	90.8%	23,873,194,920
Remaining shareholders	9.2%	2,416,600,311
<b>Total shareholding</b>	<b>100.0%</b>	<b>26,289,795,231</b>

Source: Company Annual Report

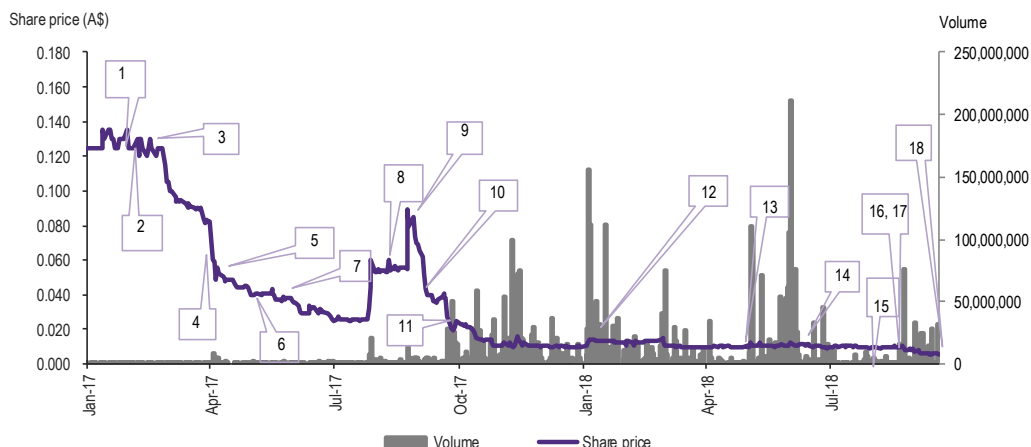
The shareholding is primarily concentrated in the hands of the Top 5 shareholders.

##### 4.4.2 Share price analysis

The following is the share price movement and the volume traded since 1 January 2017.



### Historical share trading prices and volume for BLY



Source: S&P Global, GTCF analysis

The Company's shares had limited trading activity until the completion of the recapitalisation in September 2017. Prior to the recapitalisation, c. 66% of the securities were held by the top 5 shareholders. Following the recapitalisation, c. 90% of the securities were held by the Top 5 shareholders, who were the creditors of the Company, before the recapitalisation. The increased volume of share trading following the recapitalisation is reflective of the larger number of shares on issue, which in addition to diluting the share price resulted in higher levels of trading.

The following is a brief description of the key movements in the share price during the year.

No.	Date of announcement	Share price A\$	
1	08-Feb-17	0.130	The Company and its research partners were awarded a research funding of c. A\$ 2.6 million. The initiative represents a three year collaboration project associated with the material science and use of LaserBond technologies to improve spectrum of wear points, many associated with drilling for mining.
2	13-Feb-17	0.120	S&P Global lowered credit ratings for the Company. The Corporate credit rating was lowered to CCC-. The ratings outlook was lowered to Negative. The rating on senior secured notes and senior unsecured notes lowered to CCC and CC respectively. Recovery ratings on senior secured notes and senior unsecured notes remain at 2 <sup>20</sup> and 5 <sup>21</sup> respectively.
3	27-Feb-17	0.115	The Company announced its CY16 results reporting revenues of US\$642.4 million and underlying adjusted EBITDA of c. US\$32.1 million.
4	03-Apr-17	0.060	The Company announced that it had entered into a recapitalisation agreement with its key creditors, affiliates of Ares Management L.P. ("Ares"), Ascribe II Investments, LLC ("Ascribe") and affiliates of Centrebridge Partners L.P. ("Centrebridge"), who collectively represent over 75% of the secured and 90% of the unsecured creditors. The key outcomes expected to be realised as part of the recapitalisation are as follows - Reducing leverage within the business, providing additional liquidity, Extending the tenure of the loan, adjustments to interest rates and payment terms and improving shareholder recoveries.
5	06-Apr-17	0.056	S&P Global lowered the Company's credit rating. The Corporate credit rating was lowered to CC. The rating outlook lowered to Credit watch negative. Ratings on senior secured notes and senior unsecured notes lowered to CCC- and C respectively. Recovery ratings on senior secured notes and senior unsecured notes remain unchanged at 2 and 5 respectively

<sup>20</sup> A recovery rating is focused solely on expected recovery in the event of a payment default of a specific issue and provides an ordinal ranking from +1 to 6, with +1 denoting the highest expectation of full recovery in the event of default and 6 denoting negligible recovery in the event of default. A '2' rating denotes a substantial (70%-90%) recovery in the event of default and a '5' credit rating denotes a modest (10%-30%) recovery in the event of default.

<sup>21</sup> A '5' credit rating denotes a modest (10%-30%) recovery in the event of default.



No.	Date of announcement	Share price A\$	
6	10-May-17	0.041	The Supreme Court of New South Wales made orders to approve the distribution of explanatory statements in connection with the Creditors Schemes ("Recapitalisation Scheme") and permit the convening of meetings of creditors to consider and, if thought fit, approve the Recapitalisation Scheme. First Pacific Advisors, a holder of senior secured notes in the Company, had opposed the Recapitalisation. However, the matter was subsequently settled out of court on 9 August 2017.
7	30-May-17	0.038	The Company announced that the Secured Creditors Scheme Meeting and Unsecured Creditors Meeting, forming part of the Company's previously announced recapitalisation was held on the 30 May 2017. All resolutions to creditors at each meeting were passed by the requisite majorities by value and number of those creditors entitled to vote.
8	09-Aug-17	0.053	First Pacific Advisors agreed to withdraw its appeal and support the Scheme, in exchange for the Company agreeing to amend certain terms of the Scheme in relation to the Secured Creditors.
9	24-Aug-17	0.089	The Company announced that it has lodged the Prospectus for the Recapitalisation Scheme with ASIC.
10	07-Sep-17	0.040	The Company announced that S&P Global had revised their rating. The Corporate credit rating was lowered to SD. The ratings on senior secured notes and senior unsecured notes lowered to D and recovery ratings on senior secured notes and senior unsecured notes remain unchanged at 2 and 5 respectively.
11	25-Sep-17	0.020	The Company announced that it had completed the recapitalisation program and issued new securities. Further on 29 September 2017, certain warrants issued as part of the recapitalisation program were converted into equity shares resulting in further dilution of the share price.
12	09-Jan-18	0.013	The Company announced that one of its major shareholders following the recapitalisation, Ares and its associates, had engaged in an on-market disposal reducing its shareholding from 17.78% to 16.51%
13	04-May-18	0.011	The Company announced that one of its major shareholders following the recapitalisation Ares Management GP LLC and its associates had engaged in an on-market disposal reducing its shareholding from 16.51% to 15.11%
14	01-Jun-18	0.012	The Company announced that one of its major shareholders following the recapitalisation Ares Management GP LLC and its associates had engaged in an on-market disposal reducing its shareholding from 15.11% to 13.9%
15	08-Aug-18	0.010	Whilst S&P Poors and Moody's maintained their respective credit rating for the instrument and the Group, both credit rating agencies upgraded the rating outlook to stable from negative.
16	23-Aug-18	0.010	The Company announced its 1HY18 results reporting revenues of US\$394 million and underlying adjusted EBITDA of c. US\$37 million.
17	23-Aug-18	0.010	The Company announced to the market that it has entered into a Scheme Implementation Agreement to re-domicile Boart from Australia to Canada.
18	17-Sept-18	0.006	The Company announced that it had increased its stake in one of its investments GlobalTech Corporation Pty Ltd ("GlobalTech") to 51.7% by exercising the right to convert S\$2.3 million of debt into equity. GlobalTech is expected to help improve the Group's in-house knowledge tied to electronic instrumentation and data collection in the mineral exploration and mining industry.

Source: ASX, GTCF analysis



## 5 Valuation methodologies

### 5.1 Introduction

Our conclusion on the Scheme involves comparing the advantages and the disadvantages of the Scheme to determine whether the Scheme is in the best interests of the Scheme Shareholders.

In assessing the merits and demerits of the Scheme, Grant Thornton Corporate Finance has considered the concept of fair market value. Fair market value is commonly defined as:

*“the price that would be negotiated in an open and unrestricted market between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller acting at arm’s length.”*

Fair market value excludes any special value. Special value is the value that may accrue to a particular purchaser. In a competitive bidding situation, potential purchasers may be prepared to pay part, or all, of the special value that they expect to realise from the acquisition to the seller.

### 5.2 Valuation methodologies

RG 111 outlines the appropriate methodologies that a valuer should generally consider when valuing assets or securities for the purposes of, amongst other things, share buy-backs, selective capital reductions, schemes of arrangement, takeovers and prospectuses. These include:

- Discounted cash flow and the estimated realisable value of any surplus assets (“DCF Method”).
- Application of earnings multiples to the estimated future maintainable earnings or cash flows of the entity, added to the estimated realisable value of any surplus assets (“FME Method”).
- Amount available for distribution to security holders on an orderly realisation of assets (“NAV Method”).
- Quoted price for listed securities, when there is a liquid and active market (“Quoted Security Price Method”).
- Any recent genuine offers received by the target for any business units or assets as a basis for valuation of those business units or assets.

Further details on these methodologies are set out in Appendix A to this report. Each of these methodologies is appropriate in certain circumstances.

RG111 does not prescribe any above methodologies as the method(s) that an expert should use in preparing their report. The decision as to which methodology to use lies with the expert based on the expert’s skill and judgement and after considering the unique circumstances of the entity or asset being valued. In general, an expert would have regard to valuation theory, the accepted and most common market practice in valuing the entity or asset in question and the availability of relevant information.



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### 5.3 Selected valuation methods

Given the Scheme does not involve a change of control transaction, we have considered the advantages and disadvantages of the Scheme and its impact on Scheme Shareholders. Further, we have also considered the implications for Scheme Shareholders if the Scheme is not to be implemented.



## **6 Sources of information, disclaimer and consents**

### **6.1 Sources of information**

In preparing this report Grant Thornton Corporate Finance has used various sources of information, including:

- Draft Scheme Booklet.
- Scheme Implementation Deed.
- Annual reports/ consolidated accounts of Boart for FY15 to FY17.
- FY18 budget pack and minutes of Board meeting in relation to the re-domiciliation.
- Press releases and announcements by Boart on the ASX.
- Half-year accounts for the period ended 30 June 2018
- S&P Global.
- IBISWorld.
- Various industry and broker reports.
- Other publicly available information.

In preparing this report, Grant Thornton Corporate Finance has also held discussions with, and obtained information from, Management of Boart and its advisers.

### **6.2 Limitations and reliance on information**

This report and opinion is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

Grant Thornton Corporate Finance has prepared this report on the basis of financial and other information provided by the Company, and publicly available information. Grant Thornton Corporate Finance has considered and relied upon this information. Grant Thornton Corporate Finance has no reason to believe that any information supplied was false or that any material information has been withheld. Grant Thornton Corporate Finance has evaluated the information provided by the Company through inquiry, analysis and review, and nothing has come to our attention to indicate the information provided was materially misstated or would not afford reasonable grounds upon which to base our report. Nothing in this report should be taken to imply that Grant Thornton Corporate Finance has audited any information supplied to us, or has in any way carried out an audit on the books of accounts or other records of the Company.

This report has been prepared to assist the Directors in advising the Scheme Shareholders in relation to the Scheme. This report should not be used for any other purpose. In particular, it is not intended that this report should be used for any purpose other than as an expression of Grant Thornton Corporate Finance's opinion as to whether the Scheme is in the best interest of the Members.

Boart has indemnified Grant Thornton Corporate Finance, its affiliated companies and their respective officers and employees, who may be involved in or in any way associated with the performance of services contemplated by our engagement letter, against any and all losses, claims, damages and liabilities arising out of or related to the performance of those services whether by reason of their negligence or otherwise, excepting gross negligence and wilful misconduct, and which arise from reliance on information provided



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by the Company, which the Company knew or should have known to be false and/or reliance on information, which was material information the Company had in its possession and which the Company knew or should have known to be material and which did not provide to Grant Thornton Corporate Finance. The Company will reimburse any indemnified party for all expenses (including without limitation, legal expenses) on a full indemnity basis as they are incurred

### 6.3 Consents

Grant Thornton Corporate Finance consents to the issuing of this report in the form and context in which it is included in the Scheme Booklet to be sent to the Scheme Shareholders. Neither the whole nor part of this report nor any reference thereto may be included in or with or attached to any other document, resolution, letter or statement without the prior written consent of Grant Thornton Corporate Finance as to the form and content in which it appears.

## **Appendix A – Valuation methodologies**

### **Capitalisation of future maintainable earnings**

The capitalisation of future maintainable earnings multiplied by appropriate earnings multiple is a suitable valuation method for businesses that are expected to trade profitably into the foreseeable future. Maintainable earnings are the assessed sustainable profits that can be derived by a company's business and excludes any abnormal or "one off" profits or losses.

This approach involves a review of the multiples at which shares in listed companies in the same industry sector trade on the share market. These multiples give an indication of the price payable by portfolio investors for the acquisition of a parcel shareholding in the company.

### **Discounted future cash flows**

An analysis of the net present value of forecast cash flows or DCF is a valuation technique based on the premise that the value of the business is the present value of its future cash flows. This technique is particularly suited to a business with a finite life. In applying this method, the expected level of future cash flows are discounted by an appropriate discount rate based on the weighted average cost of capital. The cost of equity capital, being a component of the WACC, is estimated using the Capital Asset Pricing Model.

Predicting future cash flows is a complex exercise requiring assumptions as to the future direction of the company, growth rates, operating and capital expenditure and numerous other factors. An application of this method generally requires cash flow forecasts for a minimum of five years.

### **Orderly realisation of assets**

The amount that would be distributed to shareholders on an orderly realisation of assets is based on the assumption that a company is liquidated with the funds realised from the sale of its assets, after payment of all liabilities, including realisation costs and taxation charges that arise, being distributed to shareholders.

### **Market value of quoted securities**

Market value is the price per issued share as quoted on the ASX or other recognised securities exchange. The share market price would, prima facie, constitute the market value of the shares of a publicly traded company, although such market price usually reflects the price paid for a minority holding or small parcel of shares, and does not reflect the market value offering control to the acquirer.

### **Comparable market transactions**

The comparable transactions method is the value of similar assets established through comparative transactions to which is added the realisable value of surplus assets. The comparable transactions method uses similar or comparative transactions to establish a value for the current transaction.

Comparable transactions methodology involves applying multiples extracted from the market transaction price of similar assets to the equivalent assets and earnings of the company. The risk attached to this valuation methodology is that in many cases, the relevant transactions contain features that are unique to that transaction and it is often difficult to establish sufficient detail of all the material factors that contributed to the transaction price.





## Appendix B – Glossary

\$ or A\$	Australian Dollar
APES	Accounting Professional and Ethical Standards
APES110	Code of ethics for Professional Accounting
APES225	Valuation Services
Ares	Ares Management L.P.
Ascribe	Ascribe II Investments LLC
ASIC	Australian Securities Investment Commission
ASX	Australian Stock Exchange
Boart Canada	Newly domiciled entity in Canada
Boart Group, the Group	Boart Longyear Limited and its subsidiaries and associates
Boart or the Company	Boart Longyear Limited
Boart Share	1 outstanding ordinary share in Boart
C\$	Canadian dollar
CDI	CHESS Depository Interest
Centrebridge	Centrebridge Partners L.P.
CHESS	Clearing House Electronic Subregister System
Corporations Act	Corporations Act 2001
COT	Continuity of Ownership Test
CY	Calendar year ended 31 December
DCF	Discounted Cash Flow
Directors	Directors of Boart
FSG	Financial Services Guide
GTCF, Grant Thornton, or Grant Thornton Corporate Finance	Grant Thornton Corporate Finance Pty Ltd
Ineligible Foreign Shareholders	Scheme Shareholders who are unable to receive Boart Canada Shares
LBMA	London Bullion Metal Association
Major Shareholders	affiliates of Ares Management L.P. ("Ares"), Ascribe II Investments LLC ("Ascribe") and affiliates of Centrebridge Partners L.P. ("Centrebridge")
RG	Regulatory Guide
RG111	ASIC Regulatory Guide 111 "Contents of expert reports"
RG112	ASIC Regulatory Guide 112 "Independence of Experts"
RG60	ASIC Regulatory Guide 60 "Schemes of Arrangement"
RG74	ASIC Regulatory Guide 74 "Acquisitions agreed to by shareholders"
Scheme	Scheme implementation agreement pursuant to which Boart Canada will acquire shares of Boart
Scheme Shareholders or Members	Boart Shareholders who are entitled to vote on the Scheme
US\$	United States dollar

## **APPENDIX B: SCHEME IMPLEMENTATION DEED**

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## Scheme Implementation Deed

Boart Longyear Limited

ACN 123 052 728

Boart Longyear Incorporated

Number: BC1175337

In relation to the re-domiciliation of Boart  
Longyear Limited

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**THIS DEED** is made on 23 August 2018

**BETWEEN:**

- (1) **Boart Longyear Limited** ACN 123 052 728 whose registered office is at 26 Butler Boulevard, Adelaide Airport, SA 5950 (**Boart Longyear**); and
- (2) **Boart Longyear Incorporated** whose registered office is at Suite 1700, Park Place, 666 Burrard Street, Vancouver, BC, V6C 2XB (**Boart Canada**).

**RECITALS:**

- (A) Boart Longyear is listed on ASX and as at the date of this document has on issue the securities set out in Schedule 2.
- (B) Boart Canada is a company incorporated in British Columbia, Canada. As at the date of this document, Boart Canada has one (1) issued and outstanding ordinary share which is held by SE Corporate Services Ltd. (the **Subscriber Share**). Other than the Subscriber Share, Boart Canada has not issued any other shares and has not granted any options or other convertible securities.
- (A) Boart Longyear and Boart Canada have agreed that a scheme of arrangement be proposed under Part 5.1 of the Corporations Act between Boart Longyear and the holders of its ordinary shares under which Boart Canada will acquire all the issued ordinary shares in Boart Longyear on the terms and conditions contained in this document.
- (B) Upon implementation of the Scheme, Boart Longyear will become a wholly owned subsidiary of Boart Canada and Boart Canada will apply for listing on ASX.

**THE PARTIES AGREE AS FOLLOWS:**

1. **INTERPRETATION**

1.1 **Definitions**

The following definitions apply in this document.

**ACCC** means the Australian Competition and Consumer Commission.

**Announcement** means a press release, announcement or other public statement (other than a draft explanatory statement, an explanatory statement or supplementary explanatory statement as required under Part 5.1 of the Corporations Act).

**ASIC** means the Australian Securities and Investments Commission.

**ASIC Review Draft** means the draft of the Scheme Booklet, which is provided to ASIC for approval under section 411(2) of the Corporations Act.

**Assumption Deed Poll** means a document in the form or substantially in the form of Schedule 5, or in such other form as is agreed in writing between Boart Longyear and Boart Canada.

**ASX** means the Australian Securities Exchange or ASX Limited (ABN 98 008 624 691), as the context requires.

**ASX Listing Rules** means the listing rules of ASX.

**ASX Settlement** means ASX Settlement Pty Limited (ABN 49 008 504 532) as the holder of a licence to operate a clearing and settlement facility.

**ASX Settlement Operating Rules** means the operating rules of the clearing and settlement facility operated by ASX Settlement from time to time as modified by any express written waiver or exemption given by ASX or ASX Settlement.

**Authorisation** means:

- (a) an approval, authorisation, consent, declaration, exemption, licence, notarisation, permit or waiver, however it is described, including any renewal or amendment and any condition attaching to it from or by a Government Agency; and
- (b) in relation to anything that could be prohibited or restricted by law, if a Government Agency acts in any way within a specified period, the expiry of that period without that action being taken.

**Authorised Nominee** means CHESS Depository Nominees Pty Limited (ACN 071 346 503), Australian Financial Licence number 254514), an approved general participant of ASX Settlement and a wholly owned subsidiary of ASX.

**Boart Canada CDI** means a CDI representing one (1) Boart Canada Share.

**Boart Canada Share** means a fully paid ordinary share in Boart Canada.

**Boart Longyear Option** means an option to acquire a Boart Longyear Share issued by Boart Longyear pursuant to the Boart Longyear Option Plan.

**Boart Longyear Option Plan** means the option plan established by Boart Longyear and the rules which constitute that plan.

**Boart Longyear Share** means each fully paid ordinary share in Boart Longyear.

**Boart Longyear Shareholder** means each person entered in the Register as a holder of a Boart Longyear Share.

**Boart Longyear Shareholder Approval** means a resolution in favour of the Scheme passed by the required majority of Boart Longyear Shareholders under section 411(4)(a)(ii) of the Corporations Act.

**Business Day** means a day (other than a Saturday, Sunday or public holiday) on which banks are open for general banking business in Sydney, Australia and which is also a business day as defined by the ASX Listing Rules.

**CDI** means a CHESS Depository Interest, that being a unit of beneficial ownership in a share that is registered in the name of the Authorised Nominee in accordance with the ASX Settlement Operating Rules, for the purpose of enabling the securities to be recorded and transferred in accordance with those operating rules.

**Claim**, in relation to a person, means any claim, allegation, cause of action, proceeding, liability, suit or demand made against the person concerned however it arises and whether it is present or future, fixed or unascertained, actual or contingent.

**Condition** means a condition precedent set out in clause 4.2.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Court** means the Federal Court of Australia.

**Effective** means the coming into effect, under section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to the Scheme.

**Effective Date** means the date on which the Scheme becomes Effective.

**Eligible Scheme Shareholder** means a Scheme Shareholder who is not an Ineligible Foreign Shareholder.

**End Date** means 28 February 2019, subject to any extension to that date made under clause 4.6.

**FATA** means the *Foreign Acquisitions and Takeovers Act 1975* (Cth).

**First Court Date** means the first day of the hearing of the Court of an application for an order under section 411(1) of the Corporations Act convening of the Scheme Meeting.

**Government Agency** means a government, government department or a governmental, semi-governmental, administrative, statutory or judicial entity, agency, authority, commission, department, tribunal, or person charged with the administration of a law or agency, whether in Australia or elsewhere, including the ACCC, ASIC, ASX, the Takeovers Panel, and any self-regulatory organisation established under statute or by ASX.

**GST** means the same as "GST" means in the GST Law.

**GST Law** means the same as "GST Law" means in the *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

**Implementation** means the implementation of the Scheme, on it becoming Effective.

**Implementation Date** means the 1 Business Day following the Record Date.

**Independent Expert** means Grant Thornton Corporate Finance Pty Ltd ACN 003 265 987.

**Independent Expert's Report** means a report prepared by the Independent Expert in accordance with ASIC Regulatory Guide 111.

**Ineligible Foreign Shareholder** means each Scheme Shareholder whose address as shown in the Register as at the Record Date is a place outside Australia and New Zealand or such other country agreed to by Boart Longyear and Boart Canada.

**Meeting Date** means the date on which Boart Longyear Shareholders vote on a resolution to approve the Scheme under section 411(4)(a)(ii) of the Corporations Act.

**New Boart Canada Share** means Boart Canada Shares to be issued under the Scheme as Scheme Consideration.

**Record Date** means 7.00 pm on the day which is five Business Days after the Effective Date or any other date (after the Effective Date) agreed by the parties to be the record date to determine entitlements to receive Scheme Consideration under the Scheme.

**Register** means the register of members of Boart Longyear.

**Relevant Date** means, in relation to a Condition, the date or time specified in this document for its satisfaction or, if no date or time is specified, 8.00 am on the Second Court Date, subject, in either case, to extension to that date made under clause 4.6.



**Sale Agent** means a person nominated by Boart Canada to sell the Scheme Consideration referable to the Ineligible Foreign Shareholders in accordance with clause 2.5.

**Scheme Booklet** means the information memorandum in respect of the Scheme to be approved by the Court and dispatched to Boart Longyear Shareholders, and includes the Scheme, a copy of the Scheme Deed Poll executed by Boart Canada, an explanatory statement as that term is defined in section 412 of the Corporations Act, the Independent Expert's Report and a notice of meeting and proxy form.

**Scheme Deed Poll** means a document in the form or substantially in the form of Schedule 4, or in such other form as is agreed in writing between Boart Longyear and Boart Canada.

**Scheme Shareholders** means each Boart Longyear Shareholder as at the Record Date (taking into account registration of all registrable transfers and transmission applications received at Boart Longyear's share registry by the Record Date).

**Scheme Resolution** means a resolution to approve the Scheme.

**Second Court Date** means the first day on which the Court hears the application for an order under section 411(4)(b) of the Corporations Act approving the Scheme or, if the application is adjourned or subject to appeal for any reason, the first day on which the adjourned or appealed application is heard.

**Scheme** means a scheme of arrangement under Part 5.1 of the Corporations Act between Boart Longyear and the Boart Longyear Shareholders in the form or substantially in the form of Schedule 3 or in such other form as is agreed in writing between Boart Longyear and Boart Canada, subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and approved by each party.

**Scheme Consideration** means one (1) Boart Canada Share in the form of a CDI, for each one (1) Boart Longyear Share held by a Scheme Shareholder as at the Record Date.

**Scheme Meeting** means the meeting of Boart Longyear Shareholders to be convened as ordered by the Court under section 411(1) of the Corporations Act, to consider the Scheme.

**Takeovers Panel** means the Takeovers Panel constituted under the *Australian Securities and Investments Commission Act 2001* (Cth).

**Timetable** means the timetable for the Implementation of the Scheme as set out in Schedule 1, subject to any modifications as the parties may agree in writing.

## 1.2 Rules for interpreting this document

Headings and catchwords are for convenience only, and do not affect interpretation. The following rules also apply in interpreting this document, except where the context makes it clear that a rule is not intended to apply.

(a) A reference to:

- (i) a legislative provision or legislation (including subordinate legislation) is to that provision or legislation as amended, re-enacted or replaced, and includes any subordinate legislation issued under it;
- (ii) a document (including this document) or agreement, or a provision of a document (including this document) or agreement, is to that document, agreement or provision as amended, supplemented, replaced or novated;

- (iii) a party to this document or to any other document or agreement includes a permitted substitute or a permitted assign of that party;
- (iv) a person includes any type of entity or body of persons, whether or not it is incorporated or has a separate legal identity, and any executor, administrator or successor in law of the person; and
- (v) anything (including a right, obligation or concept) includes each part of it.
- (b) A reference to time is a reference to time in Sydney, Australia.
- (c) A singular word includes the plural, and vice versa.
- (d) A word which suggests one gender includes the other genders.
- (e) If a word or phrase is defined, any other grammatical form of that word or phrase has a corresponding meaning.
- (f) If an example is given of anything (including a right, obligation or concept), such as by saying it includes something else, the example does not limit the scope of that thing.
- (g) The words **associate**, **controller**, **entity**, **officer**, **relevant interest**, **security interest** and **subsidiary** have the same meanings as given by the Corporations Act.
- (h) A reference to **\$** or **dollar** is to Australian currency.
- (i) The expression **this document** includes the agreement, arrangement, understanding or transaction recorded in this document.
- (j) Words and terms defined in the GST Law have the same meaning in clauses concerning GST.

### 1.3 **Non-Business Days**

If the day on or by which a person must do something under this document is not a Business Day the person must do it on or by the previous Business Day.

## 2. **BOART LONGYEAR SCHEME**

### 2.1 **Agreement to propose and implement Scheme**

- (a) Boart Longyear agrees to propose and implement the Scheme in accordance with Part 5.1 of the Corporations Act and subject to the terms of this document, and must use all reasonable endeavours to do so in accordance with the Timetable.
- (b) Boart Canada agrees to assist Boart Longyear to propose and implement the Scheme in accordance with Part 5.1 of the Corporations Act and subject to the terms of this document, and must use all reasonable endeavours to do so in accordance with the Timetable.

### 2.2 **Outline of Scheme**

Subject to the terms of this document, on the Implementation Date, all of the Boart Longyear Shares held by Scheme Shareholders will be transferred to Boart Canada and the Scheme Shareholders will be entitled to receive the Scheme Consideration.

### **2.3 No amendments to Scheme without consent**

Boart Longyear must not consent to any modification of, or amendment to, or the making or imposition by the Court of any condition in respect of, the Scheme without the prior written consent of Boart Canada.

### **2.4 Scheme Consideration**

In consideration for the transfer to Boart Canada of each Boart Longyear Share held by a Scheme Shareholder under the terms of the Scheme, Boart Canada will, subject to the terms of this document, the Scheme Deed Poll and the Scheme, issue one (1) Boart Canada CDI to each Eligible Scheme Shareholder (or, in accordance with clause 2.5, to the Sale Agent on its behalf where such Scheme Shareholder is an Ineligible Foreign Shareholder) for each one (1) Boart Longyear Share held by that Scheme Shareholder at the Record Date.

### **2.5 Ineligible Foreign Shareholders**

- (a) Where a Scheme Shareholder is an Ineligible Foreign Shareholder, Boart Canada has no obligation to issue the Scheme Consideration to the Ineligible Foreign Shareholder and must instead issue the Scheme Consideration to which the Ineligible Foreign Shareholder would have been entitled had the Ineligible Foreign Shareholder been an Eligible Scheme Shareholder to the Sale Agent.
- (b) The terms of issue to the Sale Agent must be that where the Sale Agent is issued with Scheme Consideration, the Sale Agent must:
  - (i) as soon as is reasonably practicable (but, in any case within one month after the Implementation Date) offer all such Scheme Consideration for sale on ASX in the manner and on the terms the Sale Agent thinks fit (and at the risk of the Ineligible Foreign Shareholder); and
  - (ii) as soon as is reasonably practicable (but, in any case within 10 Business Days after settlement of all the sales of such Scheme Consideration), remit to each Ineligible Foreign Shareholder the same portion of the net proceeds of all such sales (after deduction of any applicable fees, brokerage, taxes and charges) as the Scheme Consideration issued to the Sale Agent in respect of that Ineligible Foreign Shareholder bears to the total Scheme Consideration issued to and sold by the Sale Agent under paragraph (i).
- (c) The remittance by the Sale Agent to each Ineligible Foreign Shareholder of the sale proceeds contemplated by clause 2.5(b) is in full and final satisfaction of that Ineligible Foreign Shareholder's rights and entitlements to the Scheme Consideration.

## **3. ASSUMPTION DEED POLL AND BOART LONGYEAR OPTIONS**

### **3.1 Assumption Deed Poll**

Boart Canada must, before the First Court Date, duly execute and enter into the Assumption Deed Poll.

### **3.2 Boart Longyear Options**

Boart Longyear agrees to procure that the board of Boart Longyear exercises its discretion to cancel all Boart Longyear Options in accordance with the Boart Longyear Option Plan, subject to and with effect from the Effective Date.

#### 4. **CONDITIONS**

##### 4.1 **Obligations not binding until Conditions satisfied**

Subject to this clause 3, the obligations of the parties with respect to Implementation do not become binding unless and until each Condition is satisfied or waived under clause 4.3.

##### 4.2 **Conditions**

The Conditions are as follows:

- (a) **(Independent Expert's Report)** the Independent Expert's Report concludes that the Scheme is in the best interests of Boart Longyear Shareholders;
- (b) **(orders convening Meeting)** the Court makes orders convening the Scheme Meeting under section 411(1) of the Corporations Act;
- (c) **(Boart Longyear Shareholder Approval)** Boart Longyear Shareholder Approval is obtained at the Scheme Meeting convened in accordance with the orders made under section 411(1) of the Corporations Act;
- (d) **(Court approval of Scheme)** the Court makes orders under section 411(4)(b) of the Corporations Act approving the Scheme;
- (e) **(order lodged with ASIC)** an office copy of the Court order approving the Scheme under section 411(4)(b) of the Corporations Act is lodged with ASIC;
- (f) **(Regulatory Approvals)** before 8.00 am on the Second Court Date:
  - (i) **(FIRB approval)** one of the following occurs:
    - (A) Boart Canada has received written notification by or on behalf of the Treasurer of the Commonwealth of Australia under the FATA to the effect that the Commonwealth Government has no objections (unconditionally or on conditions acceptable to Boart Canada acting reasonably) to Boart Canada acquiring all Boart Longyear Shares under the Scheme (or is precluded from objecting because the time for doing so has passed);
    - (B) the period provided for under the FATA during which the Treasurer may make an order or interim order under the FATA prohibiting Boart Canada acquiring Boart Longyear Shares under the Scheme has elapsed without such an order being made;
    - (C) if an interim order has been made to prohibit Boart Canada acquiring Boart Longyear Shares under the Scheme, the subsequent period for making a final order under the FATA has elapsed without any final order being made; and
  - (ii) all other Authorisations, which Boart Longyear and Boart Canada agree in writing are necessary for Implementation, are obtained;
  - (iii) **(no restraint adversely affecting Implementation)** no temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the acquisition of all the Boart Longyear Shares by Boart Canada or otherwise preventing Implementation is in effect at 8.00 am on the Second Court Date;

(g) **(ASX listing and quotation of CDIs)** ASX approves:

- (i) Boart Canada for admission to the official list of ASX; and
- (ii) the Scheme Consideration for official quotation on ASX,

which approval may be conditional on the Scheme becoming Effective and other such conditions as acceptable to the boards of Boart Longyear and Boart Canada;

(h) **(Authorised Nominee)** Boart Canada appoints the Authorised Nominee and the Authorised Nominee has agreed to the allotment to it of Boart Canada Shares under the Scheme; and

(i) **(Sale Agent)** Boart Canada appoints the Sale Agent and the Sale Agent has agreed to sell the Scheme Consideration as contemplated by clause 2.5.

#### 4.3 **Benefit and waiver of Conditions**

Each of the Conditions is for the benefit of both Boart Longyear and Boart Canada and a breach or non-satisfaction of a Condition can only be waived with the written consent of both parties. The Conditions in clauses 4.2(b) to 4.2(e) (inclusive) are not capable of waiver.

#### 4.4 **Satisfaction of Conditions**

Each party must:

- (a) use its reasonable endeavours (other than waiver) to ensure and procure that each Condition is satisfied as soon as practicable after the date of this document;
- (b) not take any action or refrain from taking any action (except as required by law) designed to prevent the Conditions being satisfied, without the prior consent of the other party;
- (c) keep the other party promptly and reasonably informed of the steps it has taken and of its progress towards satisfaction of the Conditions;
- (d) promptly inform the other party of any circumstances of which it becomes aware which may result in any of the Conditions not being satisfied in accordance with its terms; and
- (e) promptly advise the other party of the satisfaction of a Condition.

#### 4.5 **Parties to provide certificate to Court**

Each of Boart Longyear and Boart Canada must provide to the other and to the Court before or at the Second Court Hearing, a certificate or such other evidence as the Court requests, confirming whether or not the Conditions have been satisfied (or waived) in accordance with the terms of this document.

#### 4.6 **If a Condition is not satisfied or waived**

If:

- (a) any of the Conditions in clauses 4.2(a) to 4.2(c) (inclusive) or clauses 4.2(f) or 4.2(g) (inclusive) has not been satisfied or waived (if applicable) by the Relevant Date;
- (b) any of the Conditions in clauses 4.2(d) and 4.2(e) (inclusive) has not been satisfied by the End Date;

- (c) the Effective Date does not occur on or prior to the End Date,

the parties:

- (d) must consult in good faith to determine whether the Scheme may proceed by way of alternative means or method so as to achieve a commercial outcome which reflects the Scheme; and
- (e) may agree to extend the Relevant Date or the End Date, or both.

## 5. OBLIGATIONS OF THE PARTIES

### 5.1 General

Each party must use reasonable endeavours to give effect to the Scheme, subject to compliance with their respective obligations, powers and duties under this document, their constituent documents and all applicable laws and the proper performance by the directors of each of Boart Longyear and Boart Canada respectively of their fiduciary duties.

### 5.2 Boart Longyear obligations

Boart Longyear must take all necessary steps to propose and implement the Scheme as expeditiously as practicable and use all reasonable endeavours to do so in accordance with the Timetable, including taking each of the following steps:

- (a) **(Announcement)** on the date of this document, make an Announcement, in a form agreed between Boart Longyear and Boart Canada which includes a statement (on the basis of written statements made to it by each of its directors) that each director of Boart Longyear:
  - (i) considers the Scheme to be in the best interests of Boart Longyear Shareholders and recommends to Boart Longyear Shareholders that the Scheme be approved; and
  - (ii) who holds Boart Longyear Shares intends to vote his or her Boart Longyear Shares in favour of the Scheme,

subject to the Independent Expert's Report concluding that the Scheme is in the best interests of Boart Longyear Shareholders;

- (b) **(Independent Expert's Report)** commission the preparation of the Independent Expert's Report and provide all assistance and information reasonably requested by the Independent Expert to enable it to prepare the Independent Expert's Report;
- (c) **(prepare Scheme Booklet)** prepare the Scheme Booklet and ensure that the Scheme Booklet includes all information required by applicable laws, ASIC regulatory guides, Takeovers Panel policy and guidance notes and the ASX Listing Rules;
- (d) **(continuing obligation of disclosure)** subject to any order of the Court and applicable law, ensure that the Scheme Booklet is updated by all such further or new information which may arise after the Scheme Booklet has been dispatched until the Scheme Meeting which is necessary to ensure that the Scheme Booklet is not misleading or deceptive in any material respect (including because of any material omission) and otherwise complies with all applicable laws;
- (e) **(Court documents)** prepare all documents necessary for the Court proceedings relating to the Scheme in accordance with all applicable laws;

- (f) **(consult with Boart Canada)** in a timely manner consult with Boart Canada as to the form and content of all documents required for the purposes of the Scheme, including:
  - (i) the Scheme Booklet; and
  - (ii) the Court proceedings relating to the Scheme;
- (g) **(lodgement of ASIC Review Draft)** as soon as practicable, provide a draft of the Scheme Booklet to ASIC as contemplated by section 411(2) of the Corporations Act;
- (h) **(apply to Court for order to convene Meeting)** apply to the Court under section 411(1) of the Corporations Act for an order directing Boart Longyear to convene the Scheme Meeting;
- (i) **(convene Meeting)** convene the Scheme Meeting in accordance with any order made by the Court under section 411(1) of the Corporations Act;
- (j) **(register Scheme Booklet)** take all reasonable measures necessary to cause ASIC to register the Scheme Booklet under section 412 of the Corporations Act;
- (k) **(despatch Scheme Booklet)** as expeditiously as practicable following an order made by the Court under section 411(1) of the Corporations Act, dispatch a copy of the Scheme Booklet to each Boart Longyear Shareholder and to all other persons entitled to receive notice of the Scheme Meeting;
- (l) **(inform shareholders)** if it becomes aware of information after the date of dispatch of the Scheme Booklet which is material for disclosure to Boart Longyear Shareholders in deciding whether to approve the Scheme, subject to applicable laws and any order of the Court, inform shareholders of such information in an appropriate and timely manner;
- (m) **(section 411(17)(b) statement)** if Boart Longyear Shareholder Approval is obtained, apply to ASIC for the production of a statement under section 411(17)(b) of the Corporations Act in relation to the Scheme;
- (n) **(Court approval)** subject to satisfaction or waiver of all Conditions other than the Conditions in clause 4.2(d) (*Court approval of the Scheme*) and 4.2(e) (*order lodged with ASIC*), apply to the Court for orders approving the Scheme under section 411(4)(b) of the Corporations Act;
- (o) **(certificate)** before commencement of the hearing by the Court of the application for the order under section 411(4)(b) of the Corporations Act, give:
  - (i) to Boart Canada a certificate signed by Boart Longyear stating whether or not each representation or warranty given Boart Longyear is true and correct as at the time it is given or made under clause 8; and
  - (ii) to Boart Canada and the Court the certificate referred to in clause 4.5;
- (p) **(not act inconsistently)** not act in a manner inconsistent with obtaining Court approval for the Scheme;
- (q) **(lodge copy of order)** if the Court approves the Scheme under section 411(4) of the Corporations Act, lodge an office copy of the Court order with ASIC in accordance with section 411(10) of the Corporations Act as soon as practicable after the day on which the Court approves the Scheme;

- (r) **(Scheme Shareholders)** give to the share registry of Boart Canada details of the names, registered addresses and holdings of Boart Longyear Shares of every Scheme Shareholder, in such form as Boart Canada may reasonably require, and determine Boart Longyear Shareholders' respective entitlements to the Scheme Consideration in accordance with the Scheme; and
- (s) **(register transfers)** if Implementation occurs, register all transfers of Boart Longyear Shares to Boart Canada on the Implementation Date (subject to provision of the Scheme Consideration in accordance with the Scheme and Scheme Deed Poll).

### 5.3 **Boart Canada obligations**

Boart Canada must take all necessary steps to assist Boart Longyear to propose and implement the Scheme as expeditiously as practicable and use all reasonable endeavours to do so in accordance with the Timetable, including taking each of the following steps:

- (a) **(Scheme Booklet)** promptly provide to Boart Longyear for inclusion in the Scheme Booklet all information relating to Boart Canada as is required for Boart Longyear to prepare the Scheme Booklet in accordance with clause 5.2(c) (including giving its consent to the form and context in which that information appears in the Scheme Booklet);
- (b) **(additional information)** as expeditiously as practicable, give to Boart Longyear for inclusion in the Scheme Booklet such additional information regarding Boart Canada which may arise after the Scheme Booklet has been prepared as is required under all applicable laws, relevant ASIC regulatory guides, Takeovers Panel policy and guidance notes and the ASX Listing Rules to be included in the Scheme Booklet;
- (c) **(Scheme Deed Poll)** before the First Court Date, duly execute and enter into the Scheme Deed Poll;
- (d) **(certificate)** before commencement of the hearing by the Court of the application for the order under section 411(4)(b) of the Corporations Act, give:
  - (i) to Boart Longyear a certificate signed by Boart Canada stating whether or not each representation or warranty given Boart Canada is true and correct as at the time it is given or made under clause 8; and
  - (ii) to Boart Longyear and the Court the certificate referred to in clause 4.5;
- (e) **(not act inconsistently)** not act in a manner inconsistent with obtaining Court approval for the Scheme; and
- (f) **(Scheme Consideration)** if Implementation occurs, provide the Scheme Consideration as contemplated by the Scheme and in accordance with the Scheme Deed Poll on the Implementation Date.

## 6. **ANNOUNCEMENTS**

Boart Longyear and Boart Canada will consult with each other with respect to any material public releases or disclosure concerning the Scheme.

## 7. **TERMINATION**

### 7.1 **Termination for non-satisfaction of Condition**

- (a) If Boart Longyear and Boart Canada are unable to reach agreement under clause 4.6 within five Business Days after both parties become aware that a Condition will not



be satisfied (or waived, if applicable), any party for whose benefit the Condition is included may terminate this document by notice in writing to the other party.

- (b) Without limiting clause 7.1(a), a party may terminate this document by giving notice in writing to the other party after the End Date, if the Effective Date does not occur on or before that date.

## 7.2 **Obligations on termination**

- (a) If a party terminates this document, all obligations of the parties under this document, other than this clause, clauses 6 (*Announcements*), 8 (*Representations and warranties*), 9 (*GST*), 11 (*Notices*), 12 (*Amendment and Assignment*) and 13 (*General*), immediately cease to be of further effect.
- (b) The termination of this document does not affect any Claim that a party may have against another party where that Claim arose before this document is terminated.

## 8. **REPRESENTATIONS AND WARRANTIES**

### 8.1 **Mutual representations and warranties**

Each party represents and warrants to the other party that:

- (a) **(status)** it is a validly existing corporation under the laws of its place of incorporation;
- (b) **(power)** it has full legal capacity and power to:
  - (i) own its property and to carry on its business; and
  - (ii) enter into this document and carry out the transactions that this document contemplates in accordance with its terms;
- (c) **(corporate authority)** it has taken all corporate action that is necessary or desirable to authorise it entering into this document and carrying out the transactions that this document contemplates in accordance with its terms; and
- (d) **(document effective)** this document constitutes its legal, valid and binding obligations, enforceable against it in accordance with its terms.

### 8.2 **Reliance on representations and warranties**

Each party acknowledges that the other party has executed this document and agreed to take part in the transactions that this document contemplates in reliance on the representations and warranties that are made in clause 8.1.

### 8.3 **When warranties are given**

Each representation and warranty given or made under clause 8.1 is given:

- (a) as at the date of this document;
- (b) as at 8.00 am on the Second Court Date; and
- (c) at any other date at which the representation or warranty is expressed to be given under this document.

9. **RELEASE**

Each party agrees with each other, and declares and covenants in favour of each party's officers and employees, as follows:

- (a) Subject to applicable law (including section 199A of the Corporations Act) and clause 9(b), no officer or employee of a party, is liable for anything done or purported to be done in connection with Implementation.
- (b) Paragraph (a) does not exclude an officer or employee from any liability which may arise from wilful misconduct or a grossly negligent act or omission on the part of the person.
- (c) This clause operates as a deed poll in favour of and for the benefit of each officer and each employee of each party and may be relied on and enforced by each such officer and employee in accordance with its terms even though the officer or employee is not named as a party to this document.

10. **GST**

10.1 **GST pass on**

If GST is or will be payable on a supply made under or in connection with this document, to the extent that the consideration otherwise provided for that supply under this document is not stated to include an amount for GST on the supply:

- (a) the consideration otherwise provided for that supply under this document is increased by the amount of that GST; and
- (b) the recipient must make payment of the increase as and when the consideration otherwise provided for, or relevant part of it, must be paid or provided or, if the consideration has already been paid or provided, within seven days of receiving a written demand from the supplier.

10.2 **Tax Invoice**

The right of the supplier to recover any amount in respect of GST under this document on a supply is subject to the issuing of the relevant tax invoice or adjustment note to the recipient.

10.3 **Consideration exclusive of GST**

Any consideration otherwise provided for a supply or payment obligation in connection with this document is exclusive of GST unless stated otherwise.

10.4 **Adjustments**

If there is an adjustment event in relation to a supply which results in the amount of GST on a supply being different from the amount in respect of GST already recovered by the supplier, as appropriate, the supplier within 14 days of becoming aware of the adjustment event:

- (a) may recover from the recipient the amount by which the amount of GST on the supply exceeds the amount already recovered by giving seven days written notice; or
- (b) must refund to the recipient the amount by which the amount already recovered exceeds the amount of GST on the supply to the extent that the supplier is entitled to a refund or credit from the Commissioner of Taxation.

## 10.5 Reimbursements

Costs actually or estimated to be incurred or revenue actually or estimated to be earned or lost by a party that is required to be reimbursed or indemnified by another party, or used as the basis for calculation of consideration for a supply, under this document must exclude the amount of GST referable to the cost to the extent to which an entitlement arises or would arise to claim an input tax credit and in relation to revenue must exclude any amount in respect of GST referable to the revenue.

## 11. NOTICES

### 11.1 How to give a notice

A notice, consent or other communication under this document is only effective if it is:

- (a) in writing, signed by or on behalf of the person giving it;
- (b) addressed to the person to whom it is to be given; and
- (c) either:
  - (i) sent by pre-paid mail (by airmail, if the addressee is overseas) or delivered to that person's address;
  - (ii) sent by fax to that person's fax number and the machine from which it is sent produces a report that states that it was sent in full without error; or
  - (iii) sent in electronic form (such as email).

### 11.2 When a notice is given

A notice, consent or other communication that complies with this clause is regarded as given and received:

- (a) if it is sent by fax or delivered, if received:
  - (i) by 5.00 pm (local time in the place of receipt) on a Business Day - on that day; or
  - (ii) after 5.00 pm (local time in the place of receipt) on a Business Day, or on a day that is not a Business Day - on the next Business Day;
- (b) if it is sent by mail:
  - (i) within Australia - three Business Days after posting; or
  - (ii) to or from a place outside Australia - seven Business Days after posting; and
- (c) if it is sent in electronic form:
  - (i) if it is transmitted by 5.00 pm on a Business Day – on that Business Day; or
  - (ii) if it is transmitted after 5.00 pm on a Business Day, or on a day that is not a Business Day – on the next Business Day.

### 11.3 Address for notices

A person's address and fax number are those set out below, or as the person notifies the sender:

**Boart Longyear**

Address: 26 Butler Boulevard, Adelaide Airport, SA 5950  
Email Address: robert.closner@boartlongyear.com  
Attention: Robert Closner

**Boart Canada**

Address: 2442 South Sheridan Way, Mississauga, Ontario, L5J 2M7  
Email Address: robert.closner@boartlongyear.com  
Attention: Robert Closner

**12. AMENDMENT AND ASSIGNMENT****12.1 Amendment**

This document can only be amended or replaced by another document executed by the parties.

**12.2 Assignment**

A party may only assign, encumber, declare a trust over or otherwise deal with its rights under this document with the prior written consent of the other party.

**13. GENERAL****13.1 Governing law**

- (a) This document and any dispute arising out of or in connection with the subject matter of this document is governed by the laws of the State of New South Wales within the Commonwealth of Australia.
- (b) Each party submits to the non-exclusive jurisdiction of the courts of that State, and courts of appeal from them, in respect of any proceedings arising out of or in connection with the subject matter of this document. Each party irrevocably waives any right it has to object to any legal process being brought in those courts including any claim that the process has been brought in an inconvenient forum or that those courts do not have jurisdiction.

**13.2 Liability for expenses**

- (a) Boart Canada must pay for all stamp duty payable on this document or any instrument or transaction contemplated in or necessary to give effect to this document.
- (b) Subject to clause 13.2(a), each party must pay its own expenses incurred in negotiating, preparing, executing and registering this document.

**13.3 Giving effect to this document**

Each party must do anything within its power (including execute any document) that the other party may reasonably require to give full effect to this document.

**13.4 Variation of rights**

The exercise of a right partially or on one occasion does not prevent any further exercise of that right in accordance with the terms of this document. Neither a forbearance to exercise a right nor a delay in the exercise of a right operates as an election between rights or a variation of the terms of this document.

### 13.5 **No partnership or agency**

Nothing in this document is to be treated as creating a partnership and, except as specifically provided in this document, no party may act as agent of or in any way bind another party to any obligation.

### 13.6 **Operation of this document**

- (a) This document contains the entire agreement between the parties about its subject matter and any previous understanding, agreement, representation or warranty relating to that subject matter is replaced by this document.
- (b) Any right that a person may have under this document is in addition to, and does not replace or limit, any other right that the person may have.
- (c) Any provision of this document which is unenforceable or partly unenforceable is, where possible, to be severed to the extent necessary to make this document enforceable, unless this would materially change the intended effect of this document.

### 13.7 **Consents**

Where this document contemplates that a party may agree or consent to something (however it is described), unless this document expressly contemplates otherwise, the party may:

- (a) agree or consent, or not agree or consent, in its sole and absolute discretion; and
- (b) agree or consent subject to conditions.

### 13.8 **Assignment**

A party cannot assign, novate or otherwise transfer any of its rights or obligations under this document without the prior written consent of the other party.

### 13.9 **No merger**

No provisions of this document merge on Implementation.

### 13.10 **Inconsistency with other documents**

If this document is inconsistent with any other document or agreement between the parties, this document prevails to the extent of the inconsistency.

### 13.11 **Counterparts**

This document may be executed in counterparts.

**EXECUTED** as a Deed.

**EXECUTED** by **BOART LONGYEAR  
LIMITED ACN 123 052 728:**



Signature of director

marcus Randolph

Name



Signature of director/secretary

Jeff Olsen

Name

**SIGNED, SEALED AND DELIVERED** by  
**BOART CANADA INCORPORATED** in  
the presence of:



Signature of witness



Signature of authorised signatory

## SCHEDULE 1

### Timetable

Step	Date	Action
1.	Thursday, 23 August 2018	Sign Scheme Implementation Deed and announce transaction
2.	Thursday, 4 October 2018	Provide ASIC and Court with draft Scheme Booklet
3.	Thursday, 4 October 2018	Provide ASX with draft Scheme Booklet
4.	Thursday, 25 October 2018	<b>First Court Date</b>
5.	Monday 29 October 2018	Scheme Booklet registered by ASIC and lodged with ASX
6.	Thursday, 6 November 2018	Dispatch Scheme Booklet
7.	Monday, 6 December 2018	Hold <b>Scheme Meeting</b> and announce results to ASX
8.	Wednesday, 19 December 2018	<b>Second Court Date</b> and announce to ASX
9.	Thursday, 20 December 2018	<b>Effective Date</b> File Court order with ASIC and announce to ASX Boart Longyear securities cease trading at close of trading on ASX
10.	Monday, 31 December 2018	<b>Record Date</b> for entitlements to Scheme Consideration
11.	Wednesday, 2 January 2019	<b>Implementation Date</b> Boart Canada issues Scheme Consideration
12.	Thursday, 3 January 2019	Dispatch holding statements for Scheme Consideration

## SCHEDULE 2

### Boart Longyear's securities on issue

Securities	Number
Boart Longyear Shares	26,289,795,231
Ordinary Warrants	602,739,409
Boart Longyear Options	27,828,976
Class A 7% Warrants	84,832,619
Class B 7% Warrants	43,509,750



### **SCHEDULE 3**

#### **Scheme of Arrangement (Scheme)**



## Scheme of Arrangement

Boart Longyear Limited

ACN 123 052 728

The holders of ordinary fully paid shares issued in Boart Longyear

## SCHEME OF ARRANGEMENT

### Under section 411 of the Corporations Act

#### BETWEEN:

- (1) **Boart Longyear Limited** ACN 123 052 728 whose registered office is at 26 Butler Boulevard, Adelaide Airport, SA 5950 (**Boart Longyear**); and
- (2) The holders of fully paid ordinary shares in Boart Longyear.

#### BACKGROUND

- (A) Boart Longyear is a public company incorporated in Australia. It is registered in South Australia and is a company limited by shares. It has its registered office at 26 Butler Boulevard, Adelaide Airport, SA 5950. Boart Longyear is admitted to the official list of ASX and Boart Longyear Shares are quoted on the stock market conducted by ASX. As at [insert date], [insert number] of Boart Longyear Shares were on issue.
- (B) Boart Longyear Incorporated (**Boart Canada**) is a limited company incorporated in British Columbia, Canada. It has its registered address at Suite 1700, Park Place, 666 Burrard Street, Vancouver, BC, V6C 2X8. As at [insert date] Boart Canada has one (1) issued and outstanding ordinary share which is held by SE Corporate Services Ltd. (the Subscriber Share). Other than the Subscriber Share, Boart Canada has not issued any other shares and has not granted any options or other convertible securities.
- (C) Boart Longyear and Boart Canada entered into the Scheme Implementation Deed on or about [insert date] 2018 to facilitate the implementation of the Scheme. The directors of Boart Longyear have proposed the Scheme to the members of Boart Longyear and consider that the Scheme is in the best interests of Boart Longyear and its members as a whole.
- (D) Under the Scheme Implementation Deed, Boart Longyear and Boart Canada have agreed that each of them will perform their respective obligations under the Scheme and do everything within their powers that is necessary to give full effect to the Scheme.
- (E) Boart Canada has executed the Scheme Deed Poll under which it covenants in favour of the Boart Longyear Shareholders to carry out its obligations under the Scheme, including to provide the Scheme Consideration in accordance with the terms of the Scheme.
- (F) If the Scheme becomes Effective:
  - (1) Boart Canada will issue the Scheme Consideration in accordance with the terms of this Scheme in consideration of the transfer of the Scheme Shares to Boart Canada; and
  - (2) all the Scheme Shares will be transferred to Boart Canada and Boart Longyear will become a wholly owned subsidiary of Boart Canada; and
  - (3) Boart Longyear will enter Boart Canada's name in the Register as the holder of all Scheme Shares.

## OPERATIVE PROVISIONS

### 1. INTERPRETATION

#### 1.1 Definitions

The following definitions apply in this document:

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means the Australian Securities Exchange or ASX Limited (ABN 98 008 624 691), as the context requires.

**ASX Listing Rules** means the listing rules of ASX.

**Authorised Nominee** means CHESS Depository Nominees Pty Limited (ACN 071 346 503), Australian Financial Licence number 254514), an approved general participant of ASX Settlement and a wholly owned subsidiary of ASX.

**Boart Canada CDI** means a CDI representing one (1) Boart Canada Share.

**Boart Canada Share** means a fully paid ordinary share in Boart Canada.

**Boart Longyear Share** means each fully paid ordinary share in the capital of Boart Longyear.

**Boart Longyear Share Registry** means Link Market Services Limited.

**Boart Longyear Shareholder** means each person who is registered in the Register as a holder of Boart Longyear Shares.

**Business Day** means a business day as defined in the ASX Listing Rules.

**CHESS** means the clearing house electronic subregister system for the electronic transfer of securities operated by ASX Settlement Pty Limited, which provides for the electronic transfer, settlement and registration of securities.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Court** means the Federal Court of Australia.

**Effective** means the coming into effect, under section 411(10)) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to the Scheme.

**Effective Date** means the date on which an office copy of the order of the Court approving the Scheme under section 411(4)(b) of the Corporations Act is lodged with ASIC.

**End Date** means 28 February 2019, subject to any extension under clause 4.6 of the Scheme Implementation Deed.

**Implementation** means the implementation of the Scheme, on it becoming effective under section 411(10).

**Implementation Date** means the Business Day which is immediately following the Record Date, or such other date as Boart Longyear and Boart Canada may agree in writing, may be ordered by the Court or may be required by ASX.

**Ineligible Foreign Shareholder** means each Scheme Shareholder whose address as shown in the Register as at the Record Date is a place outside Australia and New Zealand or such other country agreed to by Boart Longyear and Boart Canada.

**Record Date** means 7.00 pm on the day which is five Business Days after the Effective Date or any other date (after the Effective Date) agreed by the parties to be the record date to determine entitlements to receive Scheme Consideration under the Scheme.

**Register** means the register of Boart Longyear Shareholders maintained under sections 168 and 169 of the Corporations Act.

**Registered Address** means, in relation to a Boart Longyear Shareholder, the address of the shareholder shown in the Register.

**Scheme Deed Poll** means the deed poll executed by Boart Canada in favour of Boart Longyear Shareholders dated [insert date].

**Scheme Implementation Deed** means the Scheme Implementation Deed between Boart Longyear and Boart Canada dated [insert date] 2018 relating to the implementation of the Scheme.

**Scheme Meeting** means the Boart Longyear Shareholders' meeting or meetings ordered by the Court to be convened under section 411(1) in relation to the Scheme.

**Scheme Share** means each Boart Longyear Share on issue as at the Record Date.

**Scheme Shareholder** means each Boart Longyear Shareholder at the Record Date, taking into account registration of all registrable transfers and transmission applications in accordance with clause 4.1.

**Scheme Transfer**, in relation to Scheme Shares, means a proper instrument of transfer of the Scheme Shares.

**Scheme** means the scheme of arrangement under Part 5.1 between Boart Longyear and the Scheme Shareholders, set out in this document, subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act.

**Scheme Consideration** means one (1) Boart Canada Share in the form of a CDI, for each one (1) Boart Longyear Share held by a Scheme Shareholder as at the Record Date.

## 1.2 Rules for interpreting this document

The rules in clause 1.2 of the Scheme Implementation Deed apply in interpreting this document, unless the context makes it clear that a rule is not intended to apply.

## 2. CONDITIONS PRECEDENT

### 2.1 Conditions precedent to the Scheme

The Scheme is conditional on all the conditions set out in clause 4.2 of the Scheme Implementation Deed having been satisfied or waived in accordance with the terms of the Scheme Implementation Deed.

### 2.2 Effective Date

The Scheme takes effect on the Effective Date. Boart Longyear must lodge with ASIC an office copy of the order of the Court approving the Scheme under section 411(4)(b) of the

Corporations Act and by no later than 10.00 am on the first Business Day after the date on which the Court makes that order.

### 2.3 **End Date**

The Scheme will lapse and be of no effect if the Effective Date has not occurred on or before the End Date.

## 3. **THE SCHEME**

### 3.1 **Implementation steps**

On the Implementation Date:

- (a) subject to the provision of the Scheme Consideration in accordance with the Scheme and Boart Canada having provided Boart Longyear with written confirmation of that having occurred, all the Scheme Shares, together with all rights and entitlements attaching to those shares as at the Implementation Date, will be transferred to Boart Canada without the need for any further act by any Scheme Shareholder (other than acts performed by Boart Longyear or its directors and officers as attorney and agent for the Scheme Shareholders under the Scheme) by Boart Longyear effecting a valid transfer or transfers of the Scheme Shares to Boart Canada under section 1074B of the Corporations Act or, if that procedure is not available for any reason in respect of any Scheme Shares, by:
  - (i) Boart Longyear delivering to Boart Canada for execution duly completed and, if necessary, stamped Scheme Transfers to transfer the Scheme Shares to Boart Canada, duly executed by Boart Longyear or any of its directors and officers as the attorney and agent of each Scheme Shareholder as transferor under clauses 5.2 and 5.3;
  - (ii) Boart Canada executing the Scheme Transfers as transferee and delivering them to Boart Longyear; and
  - (iii) Boart Longyear upon receipt of the Scheme Transfers under subparagraph (ii) entering or procuring entry of the name and address of Boart Canada in the Boart Longyear Register as the holder of all the Scheme Shares; and
- (b) Boart Canada will issue to each Scheme Shareholder the Scheme Consideration for each Boart Longyear Share held by the Scheme Shareholder, in accordance with and subject to the terms of this Scheme.

### 3.2 **Provision of Scheme Consideration**

The obligation of Boart Canada to issue the Scheme Consideration under 3.1(b) will be discharged by Boart Canada:

- (a) causing the Authorised Nominee's name to be entered into the register of Boart Canada as the holder of the Boart Canada Shares issued to the Authorised Nominee, to be held on trust for the Scheme Shareholders; and
- (b) procuring the despatch to the Authorised Nominee a certificate in the name of the Authorised Nominee representing the Boart Canada Shares issued to the Authorised Nominee.

### 3.3 **Ineligible Foreign Shareholders**

- (a) Ineligible Foreign Shareholders are not entitled to be issued the Scheme Consideration under clause 3.1(b). Instead, the Scheme Consideration that, but for

this clause 3.3, would be issued to the Ineligible Foreign Shareholders will be issued to a person nominated by Boart Longyear for this purpose (the **Sale Agent**).

- (b) Where the Sale Agent is issued Scheme Consideration under this clause 4.6, Boart Longyear will cause the Sale Agent to:
  - (i) as soon as is reasonably practicable (but, in any case within one month after the Implementation Date) offer all such Scheme Consideration for sale on ASX in the manner and on the terms the Sale Agent thinks fit (and at the risk of the Ineligible Foreign Shareholders); and
  - (ii) as soon as reasonably practicable (but, in any case, within 10 Business Days after settlement of all the sales of such Scheme Consideration), remit to each Ineligible Foreign Shareholder the same proportion of the net proceeds of all such sales (after deduction of any applicable fees, brokerage, taxes and charges) as the Scheme Consideration issued to the Sale Agent in respect of that Ineligible Foreign Shareholder bears to the total Scheme Consideration issued to and sold by the Sale Agent under paragraph (i).
- (c) The remittance by the Sale Agent to each Ineligible Foreign Shareholder of the sale proceeds contemplated by clause 3.3(b) is in full and final satisfaction of that Ineligible Foreign Shareholder's rights and entitlements to the Scheme Consideration.
- (d) Each Ineligible Foreign Shareholder appoints Boart Longyear, and each director and officer of Boart Longyear, as its agent to receive on its behalf any financial services guide or other notice that may be given under the Corporations Act by the Sale Agent to each Ineligible Foreign Shareholder for or in connection with its appointment or the sales.

### 3.4 **Registration and confirmations**

Boart Canada will:

- (a) register, or cause to be registered, the Scheme Shareholders (other than the Ineligible Foreign Shareholders) and the Sale Agent (in respect of Ineligible Foreign Shareholders) as the holders of the Scheme Consideration to which they become entitled under the Scheme; and
- (b) procure the despatch to each Scheme Shareholder (other than the Ineligible Foreign Shareholders) and the Sale Agent (in respect of Ineligible Foreign Shareholders) of a holding statement in the name of that person with the number of Boart Canada CDIs issued to that person. In the case of Scheme Shareholders that are joint holders, such confirmations will be sent to the holder whose name appears first in the Register on the Record Date.

### 3.5 **Agreement to become shareholder of Boart Canada**

Each Scheme Shareholder agrees for all purposes to become a shareholder of Boart Canada (without the need for any further act on its part) and to be bound by the constitution of Boart Canada.

### 3.6 **Boart Longyear Shares transferred free from encumbrance**

- (a) To the extent permitted by law, the Boart Longyear Shares transferred to Boart Canada under the Scheme will be transferred (subject to Boart Longyear's

constitution) free from all security interests (including mortgages, charges, liens, encumbrances and interests of third parties of any kind, whether legal or otherwise).

- (b) Each Scheme Shareholder is deemed to have warranted to Boart Canada and, to the extent enforceable, appointed and authorised Boart Longyear as its agent to warrant to Boart Canada that all its Scheme Shares (including any rights and entitlements attaching to those Shares) will, as at the time of the transfer of them to Boart Canada, be fully paid and (subject to Boart Longyear's constitution) free from all security interests (including mortgages, charges, liens, encumbrances, pledges, security interests and interests of third parties of any kind, whether legal or otherwise), and from any restrictions on transfer of any kind, and that it has full power and capacity to sell and to transfer its Scheme Shares (including any rights and entitlements attaching to those shares) to Boart Canada under the Scheme. Boart Longyear undertakes in favour of each Scheme Shareholder that it will be taken to have provided such warranty to Boart Canada on behalf of the Scheme Shareholder as at the time of transfer of the Scheme Shares.

### **3.7 Boart Canada beneficially entitled to Scheme Shares**

Boart Canada will be beneficially entitled to the Scheme Shares transferred to it under the Scheme pending registration by Boart Longyear of the name and address of Boart Canada in the Register as the holder of the Scheme Shares.

## **4. DEALINGS IN BOART LONGYEAR SHARES**

### **4.1 What Boart Longyear Share dealings are recognised?**

To establish the persons who are Scheme Shareholders, dealings in Boart Longyear Shares will be recognised only if:

- (a) in the case of dealings of the type to be effected using CHESSE, the transferee is registered in the Register as the holder of the Boart Longyear Shares as at the Record Date; and
- (b) in all other cases, registrable transfers or transmission applications in respect of those dealings are received at the Boart Longyear Share Registry at or before the Record Date.

### **4.2 Boart Longyear to register transfer and transmission applications**

Boart Longyear will register registrable transfers and transmission applications of the kind referred to in clause 4.1(b) by, or as soon as practicable after, the Record Date.

### **4.3 Transfers received after Record Date not recognised**

Boart Longyear will not accept for registration, nor recognise for any purpose, any transfer or transmission application in respect of Scheme Shares received after the Record Date.

### **4.4 Boart Longyear to maintain Register to determine entitlements**

In order to determine entitlements to the Scheme Consideration, Boart Longyear will maintain, or procure the maintenance of, the Register in accordance with this clause 4 until the Scheme Consideration has been paid to Scheme Shareholders and the Register in this form will solely determine entitlements to the Scheme Consideration.

### **4.5 Holding statements no effect from Record Date**

From the Record Date, all holding statements for Scheme Shares will cease to have effect as documents of title (or evidence thereof), and each entry on the Register at the Record



Date will cease to have any effect other than as evidence of the entitlements of Scheme Shareholders to the Scheme Consideration.

#### **4.6 Boart Longyear to provide contact information for Scheme Shareholders**

As soon as practicable after Record Date and in any event at least three Business Days before the Implementation Date, Boart Longyear will give to Boart Canada or procure that Boart Canada be given details of the name, Registered Address and the number of Boart Longyear Shares held by each Scheme Shareholder, as shown in the Register at the Record Date, in whatever form Boart Canada reasonably requires.

#### **4.7 Suspension of trading**

It is expected that the suspension of trading in Boart Longyear Shares on the stock market conducted by ASX will occur from the close of trading on the Effective Date.

#### **4.8 Boart Longyear to apply for termination of quotation of Boart Longyear Shares**

On a date after the Implementation Date to be determined by Boart Canada, Boart Longyear will apply for termination of the official quotation on the stock market conducted by ASX of Boart Longyear Shares and must apply to have itself removed from the official list of ASX.

### **5. GENERAL PROVISIONS**

#### **5.1 Boart Longyear giving effect to the Scheme**

Boart Longyear must do anything (including execute any document), and must ensure that its employees and agents do anything (including execute any document), that is necessary, expedient or incidental to give full effect to the Scheme and the transactions contemplated by it. Without limiting Boart Longyear's power under the Scheme, Boart Longyear has power to do all things that it considers necessary or desirable to give effect to the Scheme and the Scheme Implementation Deed.

#### **5.2 Scheme Shareholders' agreements and consents**

Each Scheme Shareholder:

- (a) agrees to the transfer of their Boart Longyear Shares, together with all rights and entitlements attaching to those Boart Longyear Shares, to Boart Canada, in accordance with the Scheme; and
- (b) consents to Boart Longyear doing all things and executing all deeds, instruments, transfers or other documents as may be necessary, expedient or incidental to Implementation and to give full effect to the Scheme and the transactions contemplated by it and Boart Longyear, as agent of each Scheme Shareholder, may sub-delegate its functions under this document to any of its directors and officers, jointly and severally,

without the need for any further act by the Scheme Shareholder.

#### **5.3 Appointment of Boart Longyear as attorney of Scheme Shareholders**

Each Scheme Shareholder without the need for any further act, irrevocably appoints Boart Longyear and each of its directors and officers, jointly and severally, on and from the Effective Date, as the Scheme Shareholder's attorney and agent,

- (a) to execute any document or do any other act necessary, expedient or incidental to give full effect to the Scheme and the transactions contemplated by it, including the

effecting of a valid transfer or transfers (or execution and delivery of any Scheme Transfer) under clause 3; and

- (b) to enforce the Scheme Deed Poll against Boart Canada,

and Boart Longyear accepts such appointment. Boart Longyear may as agent and attorney of each Scheme Shareholder sub-delegate any of its functions, authorities or powers under this clause to all or any of its directors and officers (jointly, severally, or jointly and severally).

#### 5.4 **Appointment of Boart Canada as attorney in respect of Scheme Shares**

- (a) From the Implementation Date until Boart Canada is registered as the holder of all Scheme Shares, each Scheme Shareholder:
  - (i) irrevocably appoints Boart Canada as its attorney and agent (and irrevocably appoints Boart Canada as its agent and attorney to appoint any of the directors and officers of Boart Canada as its attorney and agent) to:
    - (A) appoint the chairman of the board of directors of Boart Canada as its sole proxy and, where applicable, corporate representative to attend shareholders' meetings of Boart Longyear;
    - (B) exercise the votes attaching to the Boart Longyear Shares registered in the name of the Scheme Shareholder;
    - (C) sign any Boart Longyear Shareholders' resolution; and
  - (ii) must take all other action in the capacity of a registered holder of Scheme Shares as Boart Canada reasonably directs.
- (b) From the Implementation Date no Scheme Shareholder may attend or vote at any shareholders' meetings of Boart Longyear or sign any Boart Longyear Shareholders resolution (whether in person, by proxy or by corporate representative) other than under this clause.

#### 5.5 **Binding effect of Scheme**

The Scheme binds Boart Longyear and all Boart Longyear Shareholders from time to time, including those who do not attend the Scheme Meeting, do not vote at that meeting or vote against the Scheme.

#### 5.6 **Alteration or condition to Scheme**

If the Court proposes to approve the Scheme subject to any alteration or condition Boart Longyear may, by its counsel or solicitors, but subject to the prior approval of Boart Canada (which may not be unreasonably withheld or delayed), consent on behalf of all persons concerned, including each Scheme Shareholder, to those alterations or conditions.

#### 5.7 **Scheme Deed Poll**

Boart Longyear undertakes in favour of each Scheme Shareholder to enforce the Scheme Deed Poll against Boart Canada for and on behalf of each Scheme Shareholder.

#### 5.8 **Notices**

Where a notice, transfer, transmission application, direction or other communication referred to in the Scheme is sent by post to Boart Longyear, it will be deemed to be received

on the date (if any) on which it is actually received at Boart Longyear's registered office or Share Registry and on no other date.

**5.9 Costs and stamp duty**

- (a) Subject to paragraph (b), Boart Longyear will pay all the costs of the Scheme.
- (b) Boart Canada will pay all stamp duty and any related fines, penalties and other costs in respect of the Scheme (including in connection with the transfer of the Scheme Shares to Boart Canada) in accordance with the terms of the Scheme.

**5.10 Governing law**

This document and any dispute arising out of or in connection with the subject matter of this document is governed by the laws of the State of New South Wales, Australia.

## **SCHEDULE 4**

### **Scheme Deed Poll**



## Scheme Deed Poll

Boart Longyear Incorporated

Scheme Deed Poll relating to proposed Scheme  
of Arrangement between Boart Longyear Limited  
ACN 123 052 728 and its members

[*insert date*] 2018

## SCHEME DEED POLL

THIS DEED POLL is made on

2018

**BY Boart Longyear Incorporated (Boart Canada)**

**FOR THE BENEFIT OF** each holder of fully paid ordinary shares in Boart Longyear Limited ACN 123 052 728 (**Boart Longyear**) as at the Record Date (**Scheme Shareholder**)

### RECITALS

- (A) Boart Longyear and Boart Canada have entered into a Scheme Implementation Deed dated **[insert]** 2018 (the **Scheme Implementation Deed**).
- (B) Under the Scheme Implementation Deed, Boart Longyear has agreed to propose the Scheme, pursuant to which (among other things) the Scheme Shareholders will transfer to Boart Canada, and Boart Canada is to acquire, all the Boart Longyear Shares, and Boart Canada is to provide the Scheme Consideration to each Scheme Shareholder.
- (C) Boart Canada is executing this document to covenant in favour of each Scheme Shareholder to perform the obligations contemplated of it under the Scheme.

### BOART CANADA DECLARES AS FOLLOWS

#### 1. INTERPRETATION

##### 1.1 Definitions

Words and expressions that are defined in the Scheme Implementation Deed (other than words and expressions defined in this document) have the same meaning in this document as given to them in the Scheme Implementation Deed, unless the context makes it clear that a definition is not intended to apply.

##### 1.2 Rules for interpreting this document

The rules in clause 1.2 of the Scheme Implementation Deed apply in interpreting this document, unless the context makes it clear that a rule is not intended to apply.

#### 2. NATURE OF THIS DOCUMENT

Boart Canada acknowledges that:

- (a) this document is a deed poll and may be relied on and enforced by any Scheme Shareholder in accordance with its terms even though the Scheme Shareholders are not parties to it; and
- (b) under the Scheme, each Scheme Shareholder irrevocably appoints Boart Longyear and each of its directors and officers, jointly and severally, as its agent and attorney to enforce this document against Boart Canada.

#### 3. CONDITIONS PRECEDENT AND TERMINATION

##### 3.1 Conditions precedent

Boart Canada's obligations under this document are subject to the Scheme becoming Effective.

##### 3.2 Termination

- (a) If the Scheme Implementation Deed is terminated or the Scheme does not become Effective on or before the End Date, Boart Canada's obligations under this document will automatically terminate and the terms of this document will be of no further force or effect, unless Boart Canada and Boart Longyear otherwise agree in writing.
- (b) If this document is terminated pursuant to this clause then, in addition and without prejudice to any other rights, powers or remedies available to it:
  - (i) Boart Canada is released from its obligations under this document; and
  - (ii) each Scheme Shareholder retains any rights, powers or remedies it has against Boart Canada in respect of any breach of this document which occurred before this document was terminated.

#### 4. **BOART CANADA COVENANT TO COMPLY WITH SCHEME OBLIGATIONS**

Subject to clause 3, in consideration of the transfer of each Scheme Share to Boart Canada in accordance with the Scheme, Boart Canada covenants in favour of each Scheme Shareholder that it will duly and punctually observe and perform all obligations contemplated of it under the Scheme, including all obligations contemplated of it relating to the provision of the Scheme Consideration in accordance with the Scheme.

#### 5. **REPRESENTATIONS AND WARRANTIES**

Boart Canada represents and warrants in favour of each Scheme Shareholder that:

- (a) **(status)** it is a validly existing company under the laws of the Province of British Columbia; and
- (b) **(power)** it has full legal capacity and power to execute this document and to carry out the transactions that this document contemplates; and
- (c) **(corporate authority)** it has taken all corporate action that is necessary or desirable to authorise its execution of this document and its carrying out of the transactions that this document contemplates; and
- (d) **(documents effective)** this document constitutes its legal, valid and binding obligations, enforceable against it in accordance with its terms; and
- (e) **(no adverse regulatory action)** no regulatory action of any nature has been taken which would prevent, inhibit or otherwise have a material adverse effect on its ability to fulfil its obligations under this document and, to the knowledge of Boart Canada, no such regulatory action has been threatened or is proposed to be taken against Boart Canada; and
- (f) **(Boart Canada Share)** each New Boart Canada Share will, upon issue:
  - (i) be fully paid up; and
  - (ii) be free from any security interest (other than as provided for under the constitution of Boart Canada); and
  - (iii) rank equally in all respects with all Boart Canada Shares then on issue.

#### 6. **CONTINUING OBLIGATIONS**

This document is irrevocable and, subject to clause 3, remains in full force and effect until the earlier of Boart Canada having fully performed its obligations under this document or termination of this document pursuant to clause 3.

## **7. NOTICES**

### **7.1 How to give a notice and when a notice is given**

- (a) A notice, consent or other communication under this document is only effective if it is in writing, signed and either left at the addressee's address or sent to the addressee by mail, fax or email/electronic form such as email.
- (b) A notice, consent or other communication that complies with this clause is regarded as given and received:
  - (i) if it is delivered, when it has been left at the addressee's address;
  - (ii) if it is sent by mail, three Business Days after it is posted; and
    - (A) if it is sent in electronic form
    - (B) if it is transmitted by 5.00 pm on a Business Day – on that Business Day; or
    - (C) if it is transmitted after 5.00 pm on the Business Day, or on a day that is not a Business Day – on the next Business Day.

### **7.2 Address for notices**

Boart Canada's mail address and fax number are those set out below, or as Boart Canada otherwise notifies:

**Boart Canada**

Address:	2442 South Sheridan Way, Mississauga, Ontario, L5J 2M7
Email address:	robert.closner@boartlongyear.com
Attention:	Robert Closner

## **8. GENERAL**

### **8.1 Costs and stamp duty**

Boart Canada must bear and be responsible for:

- (a) its own costs arising out of the negotiation, preparation and execution of this document; and
- (b) any and all stamp duty (including any related fines or penalties) payable on or in respect of this document, or any transaction contemplated by it (including any transfer of Scheme Shares pursuant to the Scheme), and Boart Canada indemnifies each Scheme Shareholder on demand against any liability for any and all such stamp duty.

### **8.2 Amendment**

A provision of this document may not be amended or varied unless:

- (a) before the Second Court Date, the amendment or variation is agreed to in writing by Boart Longyear (on behalf of each Scheme Shareholder but without the need for Boart Longyear to refer the amendment or variation to any Scheme Shareholder) and, if required, is approved by the Court; or
- (b) on or after the Second Court Date, the amendment or variation is agreed to in writing by Boart Longyear (on behalf of each Scheme Shareholder but without the need for



Boart Longyear to refer the amendment or variation to any Scheme Shareholder) and is approved by the Court,

and Boart Canada executes a further deed poll in favour of each Scheme Shareholder giving effect to that amendment or variation.

### 8.3 **Assignment**

The rights and obligations of Boart Canada and of each Scheme Shareholder under this document are personal and, except with the prior written consent of Boart Longyear and Boart Canada cannot be assigned, encumbered, charged or otherwise dealt with.

### 8.4 **Variation of rights**

The exercise of a right partially or on one occasion does not prevent any further exercise of that right in accordance with the terms of this document. Neither a forbearance to exercise a right nor a delay in the exercise of a right operates as an election between rights or a variation of the terms of this document.

### 8.5 **Operation of this document**

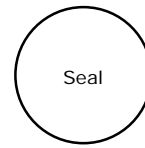
- (a) Any right that a person may have under this document is in addition to, and does not replace or limit, any other right that the person may have.
- (b) Any provision of this document which is unenforceable or partly unenforceable is, where possible, to be severed to the extent necessary to make this document enforceable, unless this would materially change the intended effect of this document.

### 8.6 **Governing law**

- (a) This document and any dispute arising out of or in connection with the subject matter of this document is governed by the laws of the State of New South Wales within the Commonwealth of Australia.
- (b) Boart Canada submits to the non-exclusive jurisdiction of the courts of that State, and courts of appeal from them, in respect of any proceedings arising out of or in connection with the subject matter of this document. Boart Canada irrevocably waives any right it has to object to any legal process being brought in those courts including any claim that the process has been brought in an inconvenient forum or that those courts do not have jurisdiction.

**EXECUTED** as a deed poll.

**SIGNED, SEALED AND DELIVERED** by  
**BOART LONGYEAR INCORPORATED**  
in the presence of:



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Signature of witness

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Signature of authorised signatory

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Name of witness

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Name of authorised signatory



**SCHEDULE 5**

**Assumption Deed Poll**

## ASSUMPTION DEED POLL

THIS DEED POLL is made on

2018

BY Boart Longyear Incorporated (Boart Canada)

FOR THE BENEFIT OF:

- (A) each holder of Class A 7% Warrants in Boart Longyear Limited ACN 123 052 728 (**Boart Longyear**) (**Class A 7% Warrant Holder**);
- (B) each holder of Class B 7% Warrants in Boart Longyear (**Class B 7% Warrant Holder**);
- (C) each holder of Ordinary Warrants in Boart Longyear (**Ordinary Warrant Holder**); and
- (D) each holder of MIP Units in Boart Longyear (**MIP Holder**),

on the Effective Date (each Class A 7% Warrant Holder, Class B 7% Warrant Holder, Ordinary Warrant Holder and MIP Holder being a **Beneficiary** and together being the **Beneficiaries**).

RECITALS:

- (A) Boart Longyear and Boart Canada have entered into a Scheme Implementation Deed dated [insert] 2018 (the **Scheme Implementation Deed**).
- (B) On 1 September 2017, Boart Longyear issued:
  - (1) the Class A 7% Warrants on the terms set out in the Class A 7% Warrant Deed Poll; and
  - (2) the Class B 7% Warrants on the terms set out in the Class B 7% Warrant Deed Poll;
- (C) On 13 September 2017, Boart Longyear issued the Ordinary Warrants on the terms set out in the Ordinary Warrant Deed Poll.
- (D) For the purposes of the Deeds Poll and the MIP, the Scheme is a Redomiciling Event, Boart Longyear is a Successor Company and Boart Longyear Shares are Substitute Property.
- (E) Boart Canada is executing this document as required under the Scheme Implementation Deed and the Deeds Poll.
- (F) Boart Canada under the terms of this document covenants in favour of:
  - (1) the Class A 7% Warrant Holders to perform the obligations of Boart Longyear under the Class A 7% Warrant Deed Poll;
  - (2) the Class B 7% Warrant Holders to perform the obligations of Boart Longyear under the Class B 7% Warrant Deed Poll;
  - (3) the Ordinary Warrant Holders to perform the obligations of Boart Longyear under the Ordinary Warrant Deed Poll; and
  - (4) the MIP Holders to perform the obligations of Boart Longyear under the MIP,

provided that the requirement to issue Shares under the Deeds Poll and the MIP shall be satisfied by the issue of Boart Canada Shares in the form of CDIs.

## **BOART CANADA DECLARES AS FOLLOWS:**

### **1. INTERPRETATION**

#### **1.1 Definitions**

Words and expressions that are defined in the Scheme Implementation Deed (other than words and expressions defined in this document) have the same meaning in this document as given to them in the Scheme Implementation Deed, unless the context makes it clear that a definition is not intended to apply.

**Class A 7% Warrant** means a class A 7% warrant issued pursuant to the Class A 7% Warrant Deed Poll.

**Class A 7% Warrant Deed Poll** means the class A 7% warrant deed poll dated 1 September 2017 executed by Boart Longyear.

**Class B 7% Warrant** means a class B 7% warrant issued pursuant to the Class B 7% Warrant Deed Poll.

**Class B 7% Warrant Deed Poll** means the class B 7% warrant deed poll dated 1 September 2017 executed by Boart Longyear.

**Deeds Poll** means the Ordinary Warrant Deed Poll, Class A 7% Warrant Deed Poll and Class B 7% Warrant Deed Poll.

**MIP** means the Boart Longyear Management Incentive Plan.

**MIP Unit** means a non-voting unit of measurement granted by Boart Longyear under the MIP.

**Ordinary Warrant** means an ordinary warrant issued pursuant to the Ordinary Warrant Deed Poll.

**Ordinary Warrant Deed Poll** means the ordinary warrant deed poll dated 31 August 2017 executed by Boart Longyear.

#### **1.2 Rules for interpreting this document**

The rules in clause 1.2 of the Scheme Implementation Deed apply in interpreting this document, unless the context makes it clear that a rule is not intended to apply.

### **2. NATURE OF THIS DOCUMENT**

Boart Canada acknowledges that this document is a deed poll and may be relied on and enforced by each Beneficiary in accordance with its terms even though the Beneficiaries are not parties to it.

### **3. CONDITIONS PRECEDENT AND TERMINATION**

#### **3.1 Conditions precedent**

Boart Canada's obligations under this document are subject to the Scheme becoming Effective.

#### **3.2 Termination**

- (a) If the Scheme Implementation Deed is terminated or the Scheme does not become Effective on or before the End Date, Boart Canada's obligations under this document

will automatically terminate and the terms of this document will be of no further force or effect, unless Boart Canada and Boart Longyear otherwise agree in writing.

- (b) If this document is terminated pursuant to this clause then Boart Canada is released from its obligations under this document.

#### 4. **BOART CANADA COVENANT TO ASSUME OBLIGATIONS**

Subject to clause 3, Boart Canada covenants in favour of:

- (a) the Class A 7% Warrant Holders to perform the obligations of Boart Longyear under the Class A 7% Warrant Deed Poll;
- (b) the Class B 7% Warrant Holders to perform the obligations of Boart Longyear under the Class B 7% Warrant Deed Poll;
- (c) the Ordinary Warrant Holders to perform the obligations of Boart Longyear under the Ordinary Warrant Deed Poll; and
- (d) the MIP Holders to perform the obligations of Boart Longyear under the MIP,

provided that the requirement to issue Shares under the Deeds Poll and the MIP shall be satisfied by the issue of Boart Canada Shares in the form of CDIs.

#### 5. **REPRESENTATIONS AND WARRANTIES**

Boart Canada represents and warrants in favour of each Beneficiary that:

- (a) **(status)** it is a validly existing company under the laws of the Province of British Columbia; and
- (b) **(power)** it has full legal capacity and power to execute this document and to carry out the actions that this document contemplates with respect to that Beneficiary; and
- (c) **(corporate authority)** it has taken all corporate action that is necessary or desirable to authorise its execution of this document and its carrying out of the actions that this document contemplates with respect to that Beneficiary; and
- (d) **(documents effective)** this document constitutes its legal, valid and binding obligations, enforceable against it in accordance with its terms; and
- (e) **(no adverse regulatory action)** no regulatory action of any nature has been taken which would prevent, inhibit or otherwise have a material adverse effect on its ability to fulfil its obligations to that Beneficiary under this document and, to the knowledge of Boart Canada, no such regulatory action has been threatened or is proposed to be taken against Boart Canada; and
- (f) **(Boart Canada Share)** each Boart Canada Share issued to that Beneficiary in performance by Boart Canada of its obligations under this document will, upon issue:
  - (iii) be fully and non-assessable; and
  - (iv) be free from any security interest (other than as provided for under the constitution of Boart Canada); and
  - (v) rank equally in all respects with all Boart Canada Shares then on issued and outstanding.

## 6. CONTINUING OBLIGATIONS

This document is irrevocable and, subject to clause 3, remains in full force and effect until the earlier of Boart Canada having fully performed its obligations under this document or termination of this document pursuant to clause 3.

## 7. NOTICES

### 7.1 How to give a notice and when a notice is given

- (c) A notice, consent or other communication under this document is only effective if it is in writing, signed and either left at the addressee's address or sent to the addressee by mail, fax or email/electronic form such as email.
- (d) A notice, consent or other communication that complies with this clause is regarded as given and received:
  - (i) if it is delivered, when it has been left at the addressee's address;
  - (ii) if it is sent by mail, three Business Days after it is posted; and
  - (D) if it is sent in electronic form
  - (E) if it is transmitted by 5.00 pm on a Business Day – on that Business Day; or
  - (F) if it is transmitted after 5.00 pm on the Business Day, or on a day that is not a Business Day – on the next Business Day.

### 7.2 Address for notices

Boart Canada's mail address and fax number are those set out below, or as Boart Canada otherwise notifies:

**Boart Canada**

Address:	2442 South Sheridan Way, Mississauga, Ontario, L5J 2M7
Email address:	robert.closner@boartlongyear.com
Attention:	Robert Closner

## 8. GENERAL

### 8.1 Costs and stamp duty

Boart Canada must bear and be responsible for:

- (a) its own costs arising out of the negotiation, preparation and execution of this document; and
- (b) any and all stamp duty (including any related fines or penalties) payable on or in respect of this document, or any transaction contemplated by it, and Boart Canada indemnifies each Beneficiary on demand against any liability for any and all such stamp duty.

### 8.2 Assignment

The rights and obligations of Boart Canada and of each Beneficiary under this document are personal and, except with the prior written consent of Boart Longyear and Boart Canada cannot be assigned, encumbered, charged or otherwise dealt with.



### 8.3 **Variation of rights**

The exercise of a right partially or on one occasion does not prevent any further exercise of that right in accordance with the terms of this document. Neither a forbearance to exercise a right nor a delay in the exercise of a right operates as an election between rights or a variation of the terms of this document.

### 8.4 **Operation of this document**

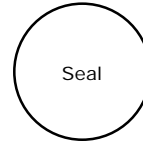
- (a) Any right that a person may have under this document is in addition to, and does not replace or limit, any other right that the person may have.
- (b) Any provision of this document which is unenforceable or partly unenforceable is, where possible, to be severed to the extent necessary to make this document enforceable, unless this would materially change the intended effect of this document.

### 8.5 **Governing law**

- (a) This document and any dispute arising out of or in connection with the subject matter of this document is governed by the laws of [the Province of British Columbia].
- (b) Boart Canada submits to the non-exclusive jurisdiction of the courts of the Province of British Columbia, and courts of appeal from them, in respect of any proceedings arising out of or in connection with the subject matter of this document. Boart Canada irrevocably waives any right it has to object to any legal process being brought in those courts including any claim that the process has been brought in an inconvenient forum or that those courts do not have jurisdiction.

**EXECUTED** as a deed poll.

**SIGNED, SEALED AND DELIVERED** by  
**BOART LONGYEAR INCORPORATED** in  
the presence of:



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Signature of witness

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Signature of authorised signatory

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Name of witness

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Name of authorised signatory

## **APPENDIX C: SCHEME OF ARRANGEMENT**

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## Scheme of Arrangement

Boart Longyear Limited

ACN 123 052 728

The holders of ordinary fully paid shares issued in Boart Longyear

## SCHEME OF ARRANGEMENT

### Under section 411 of the Corporations Act

#### BETWEEN:

- (1) **Boart Longyear Limited** ACN 123 052 728 whose registered office is at 26 Butler Boulevard, Adelaide Airport, SA 5950 (**Boart Longyear**); and
- (2) The holders of fully paid ordinary shares in Boart Longyear.

#### BACKGROUND

- (A) Boart Longyear is a public company incorporated in Australia. It is registered in South Australia and is a company limited by shares. It has its registered office at 26 Butler Boulevard, Adelaide Airport, SA 5950. Boart Longyear is admitted to the official list of ASX and Boart Longyear Shares are quoted on the stock market conducted by ASX. As at [insert date], [insert number] of Boart Longyear Shares were on issue.
- (B) Boart Longyear Incorporated (**Boart Canada**) is a limited company incorporated in British Columbia, Canada. It has its registered address at Suite 1700, Park Place, 666 Burrard Street, Vancouver, BC, V6C 2X8. As at [insert date] Boart Canada has one (1) issued and outstanding ordinary share which is held by SE Corporate Services Ltd. (the Subscriber Share). Other than the Subscriber Share, Boart Canada has not issued any other shares and has not granted any options or other convertible securities.
- (C) Boart Longyear and Boart Canada entered into the Scheme Implementation Deed on or about 23 August 2018 to facilitate the implementation of the Scheme. The directors of Boart Longyear have proposed the Scheme to the members of Boart Longyear and consider that the Scheme is in the best interests of Boart Longyear and its members as a whole.
- (D) Under the Scheme Implementation Deed, Boart Longyear and Boart Canada have agreed that each of them will perform their respective obligations under the Scheme and do everything within their powers that is necessary to give full effect to the Scheme.
- (E) Boart Canada has executed the Scheme Deed Poll under which it covenants in favour of the Boart Longyear Shareholders to carry out its obligations under the Scheme, including to provide the Scheme Consideration in accordance with the terms of the Scheme.
- (F) If the Scheme becomes Effective:
  - (1) Boart Canada will issue the Scheme Consideration in accordance with the terms of this Scheme in consideration of the transfer of the Scheme Shares to Boart Canada; and
  - (2) all the Scheme Shares will be transferred to Boart Canada and Boart Longyear will become a wholly owned subsidiary of Boart Canada; and
  - (3) Boart Longyear will enter Boart Canada's name in the Register as the holder of all Scheme Shares.

## OPERATIVE PROVISIONS

### 1. INTERPRETATION

#### 1.1 Definitions

The following definitions apply in this document:

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means the Australian Securities Exchange or ASX Limited (ABN 98 008 624 691), as the context requires.

**ASX Listing Rules** means the listing rules of ASX.

**Authorised Nominee** means CHESS Depository Nominees Pty Limited (ACN 071 346 503), Australian Financial Licence number 254514), an approved general participant of ASX Settlement and a wholly owned subsidiary of ASX.

**Boart Canada CDI** means a CDI representing one (1) Boart Canada Share.

**Boart Canada Share** means a fully paid ordinary share in Boart Canada.

**Boart Longyear Share** means each fully paid ordinary share in the capital of Boart Longyear.

**Boart Longyear Share Registry** means Link Market Services Limited.

**Boart Longyear Shareholder** means each person who is registered in the Register as a holder of Boart Longyear Shares.

**Business Day** means a business day as defined in the ASX Listing Rules.

**CHESS** means the clearing house electronic subregister system for the electronic transfer of securities operated by ASX Settlement Pty Limited, which provides for the electronic transfer, settlement and registration of securities.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Court** means the Federal Court of Australia.

**Effective** means the coming into effect, under section 411(10)) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to the Scheme.

**Effective Date** means the date on which an office copy of the order of the Court approving the Scheme under section 411(4)(b) of the Corporations Act is lodged with ASIC.

**End Date** means 28 February 2019, subject to any extension under clause 4.6 of the Scheme Implementation Deed.

**Implementation** means the implementation of the Scheme, on it becoming effective under section 411(10).

**Implementation Date** means the Business Day which is immediately following the Record Date, or such other date as Boart Longyear and Boart Canada may agree in writing, may be ordered by the Court or may be required by ASX.

**Ineligible Foreign Shareholder** means each Scheme Shareholder whose address as shown in the Register as at the Record Date is in any jurisdiction other than Australia, New Zealand, Switzerland, China, Hong Kong, Malaysia Spain, Great Britain, Israel, Luxembourg, Germany, the Netherlands, Panama, Canada or the states of Arizona, Florida, Illinois, Michigan, Minnesota, Nevada, New Mexico, New York, Texas, Utah and Washington in the United States of America or other jurisdiction as agreed to by Boart Longyear and Boart Canada.

**Record Date** means 7.00 pm on the day which is five Business Days after the Effective Date or any other date (after the Effective Date) agreed by the parties to be the record date to determine entitlements to receive Scheme Consideration under the Scheme.

**Register** means the register of Boart Longyear Shareholders maintained under sections 168 and 169 of the Corporations Act.

**Registered Address** means, in relation to a Boart Longyear Shareholder, the address of the shareholder shown in the Register.

**Scheme Deed Poll** means the deed poll executed by Boart Canada in favour of Boart Longyear Shareholders dated 19 October 2018.

**Scheme Implementation Deed** means the Scheme Implementation Deed between Boart Longyear and Boart Canada dated 19 October 2018 relating to the implementation of the Scheme.

**Scheme Meeting** means the Boart Longyear Shareholders' meeting or meetings ordered by the Court to be convened under section 411(1) in relation to the Scheme.

**Scheme Share** means each Boart Longyear Share on issue as at the Record Date.

**Scheme Shareholder** means each Boart Longyear Shareholder at the Record Date, taking into account registration of all registrable transfers and transmission applications in accordance with clause 4.1.

**Scheme Transfer**, in relation to Scheme Shares, means a proper instrument of transfer of the Scheme Shares.

**Scheme** means the scheme of arrangement under Part 5.1 between Boart Longyear and the Scheme Shareholders, set out in this document, subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act.

**Scheme Consideration** means one (1) Boart Canada Share in the form of a CDI, for each one (1) Boart Longyear Share held by a Scheme Shareholder as at the Record Date.

## 1.2 **Rules for interpreting this document**

The rules in clause 1.2 of the Scheme Implementation Deed apply in interpreting this document, unless the context makes it clear that a rule is not intended to apply.

## 2. **CONDITIONS PRECEDENT**

### 2.1 **Conditions precedent to the Scheme**

The Scheme is conditional on all the conditions set out in clause 4.2 of the Scheme Implementation Deed having been satisfied or waived in accordance with the terms of the Scheme Implementation Deed.

## 2.2 **Effective Date**

The Scheme takes effect on the Effective Date. Boart Longyear must lodge with ASIC an office copy of the order of the Court approving the Scheme under section 411(4)(b) of the Corporations Act and by no later than 10.00 am on the first Business Day after the date on which the Court makes that order.

## 2.3 **End Date**

The Scheme will lapse and be of no effect if the Effective Date has not occurred on or before the End Date.

# 3. **THE SCHEME**

## 3.1 **Implementation steps**

On the Implementation Date:

- (a) subject to the provision of the Scheme Consideration in accordance with the Scheme and Boart Canada having provided Boart Longyear with written confirmation of that having occurred, all the Scheme Shares, together with all rights and entitlements attaching to those shares as at the Implementation Date, will be transferred to Boart Canada without the need for any further act by any Scheme Shareholder (other than acts performed by Boart Longyear or its directors and officers as attorney and agent for the Scheme Shareholders under the Scheme) by Boart Longyear effecting a valid transfer or transfers of the Scheme Shares to Boart Canada under section 1074B of the Corporations Act or, if that procedure is not available for any reason in respect of any Scheme Shares, by:
  - (i) Boart Longyear delivering to Boart Canada for execution duly completed and, if necessary, stamped Scheme Transfers to transfer the Scheme Shares to Boart Canada, duly executed by Boart Longyear or any of its directors and officers as the attorney and agent of each Scheme Shareholder as transferor under clauses 5.2 and 5.3;
  - (ii) Boart Canada executing the Scheme Transfers as transferee and delivering them to Boart Longyear; and
  - (iii) Boart Longyear upon receipt of the Scheme Transfers under subparagraph (ii) entering or procuring entry of the name and address of Boart Canada in the Boart Longyear Register as the holder of all the Scheme Shares; and
- (b) Boart Canada will issue to each Scheme Shareholder the Scheme Consideration for each Boart Longyear Share held by the Scheme Shareholder, in accordance with and subject to the terms of this Scheme.

## 3.2 **Provision of Scheme Consideration**

The obligation of Boart Canada to issue the Scheme Consideration under 3.1(b) will be discharged by Boart Canada:

- (a) causing the Authorised Nominee's name to be entered into the register of Boart Canada as the holder of the Boart Canada Shares issued to the Authorised Nominee, to be held on trust for the Scheme Shareholders; and
- (b) procuring the despatch to the Authorised Nominee a certificate in the name of the Authorised Nominee representing the Boart Canada Shares issued to the Authorised Nominee.



### 3.3 **Ineligible Foreign Shareholders**

- (a) Ineligible Foreign Shareholders are not entitled to be issued the Scheme Consideration under clause 3.1(b). Instead, the Scheme Consideration that, but for this clause 3.3, would be issued to the Ineligible Foreign Shareholders will be issued to a person nominated by Boart Longyear for this purpose (the **Sale Agent**).
- (b) Where the Sale Agent is issued Scheme Consideration under this clause 4.6, Boart Longyear will cause the Sale Agent to:
  - (i) as soon as is reasonably practicable (but, in any case within one month after the Implementation Date) offer all such Scheme Consideration for sale on ASX in the manner and on the terms the Sale Agent thinks fit (and at the risk of the Ineligible Foreign Shareholders); and
  - (ii) as soon as reasonably practicable (but, in any case, within 10 Business Days after settlement of all the sales of such Scheme Consideration), remit to each Ineligible Foreign Shareholder the same proportion of the net proceeds of all such sales (after deduction of any applicable fees, brokerage, taxes and charges) as the Scheme Consideration issued to the Sale Agent in respect of that Ineligible Foreign Shareholder bears to the total Scheme Consideration issued to and sold by the Sale Agent under paragraph (i).
- (c) The remittance by the Sale Agent to each Ineligible Foreign Shareholder of the sale proceeds contemplated by clause 3.3(b) is in full and final satisfaction of that Ineligible Foreign Shareholder's rights and entitlements to the Scheme Consideration.
- (d) Each Ineligible Foreign Shareholder appoints Boart Longyear, and each director and officer of Boart Longyear, as its agent to receive on its behalf any financial services guide or other notice that may be given under the Corporations Act by the Sale Agent to each Ineligible Foreign Shareholder for or in connection with its appointment or the sales.

### 3.4 **Registration and confirmations**

Boart Canada will:

- (a) register, or cause to be registered, the Scheme Shareholders (other than the Ineligible Foreign Shareholders) and the Sale Agent (in respect of Ineligible Foreign Shareholders) as the holders of the Scheme Consideration to which they become entitled under the Scheme; and
- (b) procure the despatch to each Scheme Shareholder (other than the Ineligible Foreign Shareholders) and the Sale Agent (in respect of Ineligible Foreign Shareholders) of a holding statement in the name of that person with the number of Boart Canada CDIs issued to that person. In the case of Scheme Shareholders that are joint holders, such confirmations will be sent to the holder whose name appears first in the Register on the Record Date.

### 3.5 **Agreement to become shareholder of Boart Canada**

Each Scheme Shareholder agrees for all purposes to become a shareholder of Boart Canada (without the need for any further act on its part) and to be bound by the constitution of Boart Canada.

### **3.6 Boart Longyear Shares transferred free from encumbrance**

- (a) To the extent permitted by law, the Boart Longyear Shares transferred to Boart Canada under the Scheme will be transferred (subject to Boart Longyear's constitution) free from all security interests (including mortgages, charges, liens, encumbrances and interests of third parties of any kind, whether legal or otherwise).
- (b) Each Scheme Shareholder is deemed to have warranted to Boart Canada and, to the extent enforceable, appointed and authorised Boart Longyear as its agent to warrant to Boart Canada that all its Scheme Shares (including any rights and entitlements attaching to those Shares) will, as at the time of the transfer of them to Boart Canada, be fully paid and (subject to Boart Longyear's constitution) free from all security interests (including mortgages, charges, liens, encumbrances, pledges, security interests and interests of third parties of any kind, whether legal or otherwise), and from any restrictions on transfer of any kind, and that it has full power and capacity to sell and to transfer its Scheme Shares (including any rights and entitlements attaching to those shares) to Boart Canada under the Scheme. Boart Longyear undertakes in favour of each Scheme Shareholder that it will be taken to have provided such warranty to Boart Canada on behalf of the Scheme Shareholder as at the time of transfer of the Scheme Shares.

### **3.7 Boart Canada beneficially entitled to Scheme Shares**

Boart Canada will be beneficially entitled to the Scheme Shares transferred to it under the Scheme pending registration by Boart Longyear of the name and address of Boart Canada in the Register as the holder of the Scheme Shares.

## **4. DEALINGS IN BOART LONGYEAR SHARES**

### **4.1 What Boart Longyear Share dealings are recognised?**

To establish the persons who are Scheme Shareholders, dealings in Boart Longyear Shares will be recognised only if:

- (a) in the case of dealings of the type to be effected using CHESSE, the transferee is registered in the Register as the holder of the Boart Longyear Shares as at the Record Date; and
- (b) in all other cases, registrable transfers or transmission applications in respect of those dealings are received at the Boart Longyear Share Registry at or before the Record Date.

### **4.2 Boart Longyear to register transfer and transmission applications**

Boart Longyear will register registrable transfers and transmission applications of the kind referred to in clause 4.1(b) by, or as soon as practicable after, the Record Date.

### **4.3 Transfers received after Record Date not recognised**

Boart Longyear will not accept for registration, nor recognise for any purpose, any transfer or transmission application in respect of Scheme Shares received after the Record Date.

### **4.4 Boart Longyear to maintain Register to determine entitlements**

In order to determine entitlements to the Scheme Consideration, Boart Longyear will maintain, or procure the maintenance of, the Register in accordance with this clause 4

until the Scheme Consideration has been paid to Scheme Shareholders and the Register in this form will solely determine entitlements to the Scheme Consideration.

**4.5 Holding statements no effect from Record Date**

From the Record Date, all holding statements for Scheme Shares will cease to have effect as documents of title (or evidence thereof), and each entry on the Register at the Record Date will cease to have any effect other than as evidence of the entitlements of Scheme Shareholders to the Scheme Consideration.

**4.6 Boart Longyear to provide contact information for Scheme Shareholders**

As soon as practicable after Record Date and in any event at least three Business Days before the Implementation Date, Boart Longyear will give to Boart Canada or procure that Boart Canada be given details of the name, Registered Address and the number of Boart Longyear Shares held by each Scheme Shareholder, as shown in the Register at the Record Date, in whatever form Boart Canada reasonably requires.

**4.7 Suspension of trading**

It is expected that the suspension of trading in Boart Longyear Shares on the stock market conducted by ASX will occur from the close of trading on the Effective Date.

**4.8 Boart Longyear to apply for termination of quotation of Boart Longyear Shares**

On a date after the Implementation Date to be determined by Boart Canada, Boart Longyear will apply for termination of the official quotation on the stock market conducted by ASX of Boart Longyear Shares and must apply to have itself removed from the official list of ASX.

**5. GENERAL PROVISIONS**

**5.1 Boart Longyear giving effect to the Scheme**

Boart Longyear must do anything (including execute any document), and must ensure that its employees and agents do anything (including execute any document), that is necessary, expedient or incidental to give full effect to the Scheme and the transactions contemplated by it. Without limiting Boart Longyear's power under the Scheme, Boart Longyear has power to do all things that it considers necessary or desirable to give effect to the Scheme and the Scheme Implementation Deed.

**5.2 Scheme Shareholders' agreements and consents**

Each Scheme Shareholder:

- (a) agrees to the transfer of their Boart Longyear Shares, together with all rights and entitlements attaching to those Boart Longyear Shares, to Boart Canada, in accordance with the Scheme; and
- (b) consents to Boart Longyear doing all things and executing all deeds, instruments, transfers or other documents as may be necessary, expedient or incidental to Implementation and to give full effect to the Scheme and the transactions contemplated by it and Boart Longyear, as agent of each Scheme Shareholder, may sub-delegate its functions under this document to any of its directors and officers, jointly and severally,

without the need for any further act by the Scheme Shareholder.

### 5.3 **Appointment of Boart Longyear as attorney of Scheme Shareholders**

Each Scheme Shareholder without the need for any further act, irrevocably appoints Boart Longyear and each of its directors and officers, jointly and severally, on and from the Effective Date, as the Scheme Shareholder's attorney and agent,

- (a) to execute any document or do any other act necessary, expedient or incidental to give full effect to the Scheme and the transactions contemplated by it, including the effecting of a valid transfer or transfers (or execution and delivery of any Scheme Transfer) under clause 3; and
- (b) to enforce the Scheme Deed Poll against Boart Canada,

and Boart Longyear accepts such appointment. Boart Longyear may as agent and attorney of each Scheme Shareholder sub-delegate any of its functions, authorities or powers under this clause to all or any of its directors and officers (jointly, severally, or jointly and severally).

### 5.4 **Appointment of Boart Canada as attorney in respect of Scheme Shares**

- (a) Subject to the provision of the Scheme Consideration for the Scheme Shares as contemplated by clause 3.1, on and from the Implementation Date until Boart Canada is registered as the holder of all Scheme Shares, each Scheme Shareholder:
  - (i) irrevocably appoints Boart Canada as its attorney and agent (and irrevocably appoints Boart Canada as its agent and attorney to appoint any of the directors and officers of Boart Canada as its attorney and agent) to:
    - (A) appoint the chairman of the board of directors of Boart Canada as its sole proxy and, where applicable, corporate representative to attend shareholders' meetings of Boart Longyear;
    - (B) exercise the votes attaching to the Boart Longyear Shares registered in the name of the Scheme Shareholder;
    - (C) sign any Boart Longyear Shareholders' resolution; and
  - (ii) must take all other action in the capacity of a registered holder of Scheme Shares as Boart Canada reasonably directs.
- (b) From the Implementation Date no Scheme Shareholder may attend or vote at any shareholders' meetings of Boart Longyear or sign any Boart Longyear Shareholders resolution (whether in person, by proxy or by corporate representative) other than under this clause.

### 5.5 **Binding effect of Scheme**

The Scheme binds Boart Longyear and all Boart Longyear Shareholders from time to time, including those who do not attend the Scheme Meeting, do not vote at that meeting or vote against the Scheme.

### 5.6 **Alteration or condition to Scheme**

If the Court proposes to approve the Scheme subject to any alteration or condition Boart Longyear may, by its counsel or solicitors, but subject to the prior approval of Boart Canada (which may not be unreasonably withheld or delayed), consent on behalf of all persons concerned, including each Scheme Shareholder, to those alterations or conditions.

**5.7 Scheme Deed Poll**

Boart Longyear undertakes in favour of each Scheme Shareholder to enforce the Scheme Deed Poll against Boart Canada for and on behalf of each Scheme Shareholder.

**5.8 Notices**

Where a notice, transfer, transmission application, direction or other communication referred to in the Scheme is sent by post to Boart Longyear, it will be deemed to be received on the date (if any) on which it is actually received at Boart Longyear's registered office or Share Registry and on no other date.

**5.9 Costs and stamp duty**

- (a) Subject to paragraph (b), Boart Longyear will pay all the costs of the Scheme.
- (b) Boart Canada will pay all stamp duty and any related fines, penalties and other costs in respect of the Scheme (including in connection with the transfer of the Scheme Shares to Boart Canada) in accordance with the terms of the Scheme.

**5.10 Governing law**

This document and any dispute arising out of or in connection with the subject matter of this document is governed by the laws of the State of New South Wales, Australia.

## **APPENDIX D: BOART LONGYEAR 'CANADA' DEEDS POLL**

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### **Part A – Scheme Deed Poll**



## Scheme Deed Poll

Boart Longyear Incorporated

Scheme Deed Poll relating to proposed Scheme  
of Arrangement between Boart Longyear Limited  
ACN 123 052 728 and its members

## SCHEME DEED POLL

THIS DEED POLL is made on

1<sup>st</sup> October

2018

**BY Boart Longyear Incorporated (Boart Canada)**

**FOR THE BENEFIT OF** each holder of fully paid ordinary shares in Boart Longyear Limited ACN 123 052 728 (**Boart Longyear**) as at the Record Date (**Scheme Shareholder**)

### RECITALS

- (A) Boart Longyear and Boart Canada have entered into a Scheme Implementation Deed dated 23 August 2018 (the **Scheme Implementation Deed**).
- (B) Under the Scheme Implementation Deed, Boart Longyear has agreed to propose the Scheme, pursuant to which (among other things) the Scheme Shareholders will transfer to Boart Canada, and Boart Canada is to acquire, all the Boart Longyear Shares, and Boart Canada is to provide the Scheme Consideration to each Scheme Shareholder.
- (A) Boart Canada is executing this document to covenant in favour of each Scheme Shareholder to perform the obligations contemplated of it under the Scheme.

### BOART CANADA DECLARES AS FOLLOWS

#### 1. INTERPRETATION

##### 1.1 Definitions

Words and expressions that are defined in the Scheme Implementation Deed (other than words and expressions defined in this document) have the same meaning in this document as given to them in the Scheme Implementation Deed, unless the context makes it clear that a definition is not intended to apply.

##### 1.2 Rules for interpreting this document

The rules in clause 1.2 of the Scheme Implementation Deed apply in interpreting this document, unless the context makes it clear that a rule is not intended to apply.

#### 2. NATURE OF THIS DOCUMENT

Boart Canada acknowledges that:

- (a) this document is a deed poll and may be relied on and enforced by any Scheme Shareholder in accordance with its terms even though the Scheme Shareholders are not parties to it; and
- (b) under the Scheme, each Scheme Shareholder irrevocably appoints Boart Longyear and each of its directors and officers, jointly and severally, as its agent and attorney to enforce this document against Boart Canada.

#### 3. CONDITIONS PRECEDENT AND TERMINATION

##### 3.1 Conditions precedent

Boart Canada's obligations under this document are subject to the Scheme becoming Effective.



### 3.2 Termination

- (a) If the Scheme Implementation Deed is terminated or the Scheme does not become Effective on or before the End Date, Boart Canada's obligations under this document will automatically terminate and the terms of this document will be of no further force or effect, unless Boart Canada and Boart Longyear otherwise agree in writing.
- (b) If this document is terminated pursuant to this clause then, in addition and without prejudice to any other rights, powers or remedies available to it:
  - (i) Boart Canada is released from its obligations under this document; and
  - (ii) each Scheme Shareholder retains any rights, powers or remedies it has against Boart Canada in respect of any breach of this document which occurred before this document was terminated.

### 4. BOART CANADA COVENANT TO COMPLY WITH SCHEME OBLIGATIONS

Subject to clause 3, in consideration of the transfer of each Scheme Share to Boart Canada in accordance with the Scheme, Boart Canada covenants in favour of each Scheme Shareholder that it will duly and punctually observe and perform all obligations contemplated of it under the Scheme, including all obligations contemplated of it relating to the provision of the Scheme Consideration in accordance with the Scheme.

### 5. REPRESENTATIONS AND WARRANTIES

Boart Canada represents and warrants in favour of each Scheme Shareholder that:

- (a) **(status)** it is a validly existing company under the laws of the Province of British Columbia; and
- (b) **(power)** it has full legal capacity and power to execute this document and to carry out the transactions that this document contemplates; and
- (c) **(corporate authority)** it has taken all corporate action that is necessary or desirable to authorise its execution of this document and its carrying out of the transactions that this document contemplates; and
- (d) **(documents effective)** this document constitutes its legal, valid and binding obligations, enforceable against it in accordance with its terms; and
- (e) **(no adverse regulatory action)** no regulatory action of any nature has been taken which would prevent, inhibit or otherwise have a material adverse effect on its ability to fulfil its obligations under this document and, to the knowledge of Boart Canada, no such regulatory action has been threatened or is proposed to be taken against Boart Canada; and
- (f) **(Boart Canada Share)** each New Boart Canada Share will, upon issue:
  - (i) be fully paid up; and
  - (ii) be free from any security interest (other than as provided for under the constitution of Boart Canada); and
  - (iii) rank equally in all respects with all Boart Canada Shares then on issue.

## **6. CONTINUING OBLIGATIONS**

This document is irrevocable and, subject to clause 3, remains in full force and effect until the earlier of Boart Canada having fully performed its obligations under this document or termination of this document pursuant to clause 3.

## **7. NOTICES**

### **7.1 How to give a notice and when a notice is given**

- (a) A notice, consent or other communication under this document is only effective if it is in writing, signed and either left at the addressee's address or sent to the addressee by mail, fax or email/electronic form such as email.
- (b) A notice, consent or other communication that complies with this clause is regarded as given and received:
  - (i) if it is delivered, when it has been left at the addressee's address;
  - (ii) if it is sent by mail, three Business Days after it is posted; and
    - (A) if it is sent in electronic form
    - (B) if it is transmitted by 5.00 pm on a Business Day – on that Business Day; or
    - (C) if it is transmitted after 5.00 pm on the Business Day, or on a day that is not a Business Day – on the next Business Day.

### **7.2 Address for notices**

Boart Canada's mail address and fax number are those set out below, or as Boart Canada otherwise notifies:

**Boart Canada**

Address:	2442 South Sheridan Way, Mississauga, Ontario, L5J 2M7
Email address:	robert.closner@boartlongyear.com
Attention:	Robert Closner

## **8. GENERAL**

### **8.1 Costs and stamp duty**

Boart Canada must bear and be responsible for:

- (a) its own costs arising out of the negotiation, preparation and execution of this document; and
- (b) any and all stamp duty (including any related fines or penalties) payable on or in respect of this document, or any transaction contemplated by it (including any transfer of Scheme Shares pursuant to the Scheme), and Boart Canada indemnifies each Scheme Shareholder on demand against any liability for any and all such stamp duty.

### **8.2 Amendment**

A provision of this document may not be amended or varied unless:

- (a) before the Second Court Date, the amendment or variation is agreed to in writing by Boart Longyear (on behalf of each Scheme Shareholder but without the need for Boart Longyear to refer the amendment or variation to any Scheme Shareholder) and, if required, is approved by the Court; or
- (b) on or after the Second Court Date, the amendment or variation is agreed to in writing by Boart Longyear (on behalf of each Scheme Shareholder but without the need for Boart Longyear to refer the amendment or variation to any Scheme Shareholder) and is approved by the Court,

and Boart Canada executes a further deed poll in favour of each Scheme Shareholder giving effect to that amendment or variation.

### **8.3 Assignment**

The rights and obligations of Boart Canada and of each Scheme Shareholder under this document are personal and, except with the prior written consent of Boart Longyear and Boart Canada cannot be assigned, encumbered, charged or otherwise dealt with.

### **8.4 Variation of rights**

The exercise of a right partially or on one occasion does not prevent any further exercise of that right in accordance with the terms of this document. Neither a forbearance to exercise a right nor a delay in the exercise of a right operates as an election between rights or a variation of the terms of this document.

### **8.5 Operation of this document**

- (a) Any right that a person may have under this document is in addition to, and does not replace or limit, any other right that the person may have.
- (b) Any provision of this document which is unenforceable or partly unenforceable is, where possible, to be severed to the extent necessary to make this document enforceable, unless this would materially change the intended effect of this document.

### **8.6 Governing law**

- (a) This document and any dispute arising out of or in connection with the subject matter of this document is governed by the laws of the State of New South Wales within the Commonwealth of Australia.
- (b) Boart Canada submits to the non-exclusive jurisdiction of the courts of that State, and courts of appeal from them, in respect of any proceedings arising out of or in connection with the subject matter of this document. Boart Canada irrevocably waives any right it has to object to any legal process being brought in those courts including any claim that the process has been brought in an inconvenient forum or that those courts do not have jurisdiction.

**EXECUTED** as a deed poll.

**SIGNED, SEALED AND DELIVERED** by  
**BOART LONGYEAR INCORPORATED** in  
the presence of:



Signature of witness

Christian Vieira

Name of witness



Signature of authorised signatory

Robert Closner

Name of authorised signatory

## **Part B – Assumption Deed Poll**

## ASSUMPTION DEED POLL

THIS DEED POLL is made on

19 October

2018

BY Boart Longyear Incorporated (Boart Canada)

### FOR THE BENEFIT OF:

- (A) each holder of Class A 7% Warrants in Boart Longyear Limited ACN 123 052 728 (**Boart Longyear**) (**Class A 7% Warrant Holder**);
- (A) each holder of Class B 7% Warrants in Boart Longyear (**Class B 7% Warrant Holder**);
- (B) each holder of Ordinary Warrants in Boart Longyear (**Ordinary Warrant Holder**); and
- (C) each holder of MIP Units in Boart Longyear (**MIP Holder**),

on the Implementation Date (each Class A 7% Warrant Holder, Class B 7% Warrant Holder, Ordinary Warrant Holder and MIP Holder being a **Beneficiary** and together being the **Beneficiaries**).

### RECITALS:

- (A) Boart Longyear and Boart Canada have entered into a Scheme Implementation Deed dated 23 August 2018 (the **Scheme Implementation Deed**).
- (B) On 1 September 2017, Boart Longyear issued:
  - (1) the Class A 7% Warrants on the terms set out in the Class A 7% Warrant Deed Poll; and
  - (2) the Class B 7% Warrants on the terms set out in the Class B 7% Warrant Deed Poll.
- (C) On 13 September 2017, Boart Longyear issued the Ordinary Warrants on the terms set out in the Ordinary Warrant Deed Poll.
- (D) For the purposes of the Deeds Poll and the MIP, the Scheme is a Redomiciling Event, Boart Longyear is a Successor Company and Boart Longyear Shares are Substitute Property.
- (E) Boart Canada is executing this document as required under the Scheme Implementation Deed and the Deeds Poll.
- (F) Boart Canada under the terms of this document covenants in favour of:
  - (1) the Class A 7% Warrant Holders to perform the obligations of Boart Longyear under the Class A 7% Warrant Deed Poll;
  - (2) the Class B 7% Warrant Holders to perform the obligations of Boart Longyear under the Class B 7% Warrant Deed Poll;
  - (3) the Ordinary Warrant Holders to perform the obligations of Boart Longyear under the Ordinary Warrant Deed Poll; and
  - (4) the MIP Holders to perform the obligations of Boart Longyear under the MIP.

## **BOART CANADA DECLARES AS FOLLOWS:**

### **1. INTERPRETATION**

#### **1.1 Definitions**

Words and expressions that are defined in the Scheme Implementation Deed (other than words and expressions defined in this document) have the same meaning in this document as given to them in the Scheme Implementation Deed, unless the context makes it clear that a definition is not intended to apply.

**Class A 7% Warrant** means a class A 7% warrant issued pursuant to the Class A 7% Warrant Deed Poll.

**Class A 7% Warrant Deed Poll** means the class A 7% warrant deed poll dated 1 September 2017 executed by Boart Longyear.

**Class B 7% Warrant** means a class B 7% warrant issued pursuant to the Class B 7% Warrant Deed Poll.

**Class B 7% Warrant Deed Poll** means the class B 7% warrant deed poll dated 1 September 2017 executed by Boart Longyear.

**Deeds Poll** means the Ordinary Warrant Deed Poll, Class A 7% Warrant Deed Poll and Class B 7% Warrant Deed Poll.

**MIP** means the Boart Longyear Management Incentive Plan.

**MIP Unit** means a non-voting unit of measurement granted by Boart Longyear under the MIP.

**Ordinary Warrant** means an ordinary warrant issued pursuant to the Ordinary Warrant Deed Poll.

**Ordinary Warrant Deed Poll** means the ordinary warrant deed poll dated 31 August 2017 executed by Boart Longyear.

#### **1.2 Rules for interpreting this document**

The rules in clause 1.2 of the Scheme Implementation Deed apply in interpreting this document, unless the context makes it clear that a rule is not intended to apply.

### **2. NATURE OF THIS DOCUMENT**

Boart Canada acknowledges that this document is a deed poll and may be relied on and enforced by each Beneficiary in accordance with its terms even though the Beneficiaries are not parties to it.

### **3. CONDITIONS PRECEDENT AND TERMINATION**

#### **3.1 Conditions precedent**

Boart Canada's obligations under this document are subject to the Scheme becoming Effective.

#### **3.2 Termination**

- (a) If the Scheme Implementation Deed is terminated or the Scheme does not become Effective on or before the End Date, Boart Canada's obligations under this

document will automatically terminate and the terms of this document will be of no further force or effect, unless Boart Canada and Boart Longyear otherwise agree in writing.

- (b) If this document is terminated pursuant to this clause then Boart Canada is released from its obligations under this document.

#### 4. **BOART CANADA COVENANT TO ASSUME OBLIGATIONS**

Subject to clause 3, Boart Canada covenants in favour of:

- (a) the Class A 7% Warrant Holders to perform the obligations of Boart Longyear under the Class A 7% Warrant Deed Poll on and from the Implementation Date;
- (b) the Class B 7% Warrant Holders to perform the obligations of Boart Longyear under the Class B 7% Warrant Deed Poll on and from the Implementation Date;
- (c) the Ordinary Warrant Holders to perform the obligations of Boart Longyear under the Ordinary Warrant Deed Poll on and from the Implementation Date; and
- (d) the MIP Holders to perform the obligations of Boart Longyear under the MIP on and from the Implementation Date.

#### 5. **REPRESENTATIONS AND WARRANTIES**

Boart Canada represents and warrants in favour of each Beneficiary that:

- (a) **(status)** it is a validly existing company under the laws of the Province of British Columbia; and
- (b) **(power)** it has full legal capacity and power to execute this document and to carry out the actions that this document contemplates with respect to that Beneficiary; and
- (c) **(corporate authority)** it has taken all corporate action that is necessary or desirable to authorise its execution of this document and its carrying out of the actions that this document contemplates with respect to that Beneficiary; and
- (d) **(documents effective)** this document constitutes its legal, valid and binding obligations, enforceable against it in accordance with its terms; and
- (e) **(no adverse regulatory action)** no regulatory action of any nature has been taken which would prevent, inhibit or otherwise have a material adverse effect on its ability to fulfil its obligations to that Beneficiary under this document and, to the knowledge of Boart Canada, no such regulatory action has been threatened or is proposed to be taken against Boart Canada; and
- (f) **(Boart Canada Share)** each Boart Canada Share issued to that Beneficiary in performance by Boart Canada of its obligations under this document will, upon issue:
  - (i) be fully and non-assessable; and
  - (ii) be free from any security interest (other than as provided for under the constitution of Boart Canada); and
  - (iii) rank equally in all respects with all Boart Canada Shares then on issued and outstanding.



## **6. CONTINUING OBLIGATIONS**

This document is irrevocable and, subject to clause 3, remains in full force and effect until the earlier of Boart Canada having fully performed its obligations under this document or termination of this document pursuant to clause 3.

## **7. NOTICES**

### **7.1 How to give a notice and when a notice is given**

- (a) A notice, consent or other communication under this document is only effective if it is in writing, signed and either left at the addressee's address or sent to the addressee by mail, fax or email/electronic form such as email.
- (b) A notice, consent or other communication that complies with this clause is regarded as given and received:
  - (i) if it is delivered, when it has been left at the addressee's address;
  - (ii) if it is sent by mail, three Business Days after it is posted; and
    - (A) if it is sent in electronic form
    - (B) if it is transmitted by 5.00 pm on a Business Day – on that Business Day; or
    - (C) if it is transmitted after 5.00 pm on the Business Day, or on a day that is not a Business Day – on the next Business Day.

### **7.2 Address for notices**

Boart Canada's mail address and fax number are those set out below, or as Boart Canada otherwise notifies:

**Boart Canada**

Address:	2442 South Sheridan Way, Mississauga, Ontario, L5J 2M7
Email address:	robert.closner@boartlongyear.com
Attention:	Robert Closner

## **8. GENERAL**

### **8.1 Costs and stamp duty**

Boart Canada must bear and be responsible for:

- (a) its own costs arising out of the negotiation, preparation and execution of this document; and
- (b) any and all stamp duty (including any related fines or penalties) payable on or in respect of this document, or any transaction contemplated by it, and Boart Canada indemnifies each Beneficiary on demand against any liability for any and all such stamp duty.

### **8.2 Assignment**

The rights and obligations of Boart Canada and of each Beneficiary under this document are personal and, except with the prior written consent of Boart Longyear and Boart Canada cannot be assigned, encumbered, charged or otherwise dealt with.

### **8.3 Variation of rights**

The exercise of a right partially or on one occasion does not prevent any further exercise of that right in accordance with the terms of this document. Neither a forbearance to exercise a right nor a delay in the exercise of a right operates as an election between rights or a variation of the terms of this document.

### **8.4 Operation of this document**

- (a) Any right that a person may have under this document is in addition to, and does not replace or limit, any other right that the person may have.
- (b) Any provision of this document which is unenforceable or partly unenforceable is, where possible, to be severed to the extent necessary to make this document enforceable, unless this would materially change the intended effect of this document.

### **8.5 Governing law**

- (a) This document and any dispute arising out of or in connection with the subject matter of this document is governed by the laws of [the Province of British Columbia].
- (b) Boart Canada submits to the non-exclusive jurisdiction of the courts of the Province of British Columbia, and courts of appeal from them, in respect of any proceedings arising out of or in connection with the subject matter of this document. Boart Canada irrevocably waives any right it has to object to any legal process being brought in those courts including any claim that the process has been brought in an inconvenient forum or that those courts do not have jurisdiction.

**EXECUTED** as a deed poll.

**SIGNED, SEALED AND DELIVERED** by  
**BOART LONGYEAR INCORPORATED** in  
the presence of:



Signature of witness

Christian Vieira  
Name of witness



Signature of authorised signatory

Robert Closner  
Name of authorised signatory

## APPENDIX E: EXPLANATION OF CDI ARRANGEMENTS

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### 1. **What are CDIs?**

As Boart Longyear 'Canada' intends to be listed on ASX, it will need to comply with ASX rules that require all trading settlement to take place on CHESS (ASX's electronic transfer and settlement system). Boart Longyear 'Canada' Shares cannot be directly held under the CHESS system or traded on ASX directly as Canadian regulations do not permit CHESS to be used for electronic transferring and holding of legal title to securities in companies incorporated under the Canada Business Corporations Act (such as Boart Longyear 'Canada'). CDIs have been created to facilitate electronic settlement and transfer of title in Australia for companies in this situation. CDIs are units of beneficial ownership in foreign securities, where legal title to the securities is held by an Australian depositary entity (in this case the Authorised Nominee) for the purpose of enabling transactions in the securities of foreign companies on ASX. Boart Longyear 'Canada' intends to appoint the Authorised Nominee to hold legal title to Boart Longyear 'Canada' Shares for the benefit of Boart Longyear 'Canada' CDI Holders. Accordingly, the Authorised Nominee is an approved general participant of ASX Settlement and a wholly-owned subsidiary of ASX. The Authorised Nominee will be the registered holder of those Boart Longyear 'Canada' Shares held for the benefit of Boart Longyear 'Canada' CDI Holders.

If Boart Longyear 'Canada's listing application is approved by ASX, Boart Longyear 'Canada' CDIs will be traded on ASX using CHESS (ASX's electronic transfer and settlement system) but Boart Longyear 'Canada' Shares cannot be traded on ASX.

Each Boart Longyear 'Canada' CDI Holder will be deemed to acknowledge and agree for the benefit of Boart Longyear 'Canada' that they are bound by the Articles in respect of any Boart Longyear 'Canada' CDIs issued to them. See Section 8 for a summary of the Articles.

### 2. **Ratio of Boart Longyear 'Canada' CDIs to Boart Longyear 'Canada' Shares**

Each Boart Longyear 'Canada' CDI will represent one underlying Boart Longyear 'Canada' Share.

### 3. **Holding Statements for Boart Longyear 'Canada' CDI Holders**

If a Boart Longyear 'Canada' CDI Holder is sponsored by a participant in CHESS, the holder can hold their Boart Longyear 'Canada' CDIs on the CHESS sub-register. Otherwise, Boart Longyear 'Canada' CDIs will be held on the issuer-sponsored sub-register.

Each Boart Longyear 'Canada' CDI Holder will receive a holding statement when the Boart Longyear 'Canada' CDI holding is first established (ie upon implementation of the Re-domiciliation) with the reference number of their holding.

### 4. **What rights do I have as a Boart Longyear 'Canada' CDI Holder?**

Section 8.3 contains a summary of the principal rights attaching to Boart Longyear 'Canada' Shares.

As noted above, Boart Longyear 'Canada' CDI Holders will not have legal title in the underlying Boart Longyear 'Canada' Shares to which the Boart Longyear 'Canada' CDIs relate, as legal title to the Boart Longyear 'Canada' Shares will be held by the Authorised Nominee. Boart Longyear 'Canada' CDI Holders will, however, have beneficial ownership of the underlying Boart Longyear 'Canada' Shares.

The following provides an overview of the differences between holding Boart Longyear 'Canada' CDIs as opposed to Boart Longyear 'Canada' Shares, including the rights and entitlements of Boart Longyear 'Canada' CDI Holders.

(a) Dividends and Distributions

Under the ASX Settlement Operating Rules, Boart Longyear 'Canada' is generally required to treat Boart Longyear 'Canada' CDI Holders, in respect of the distribution of dividends and other entitlements, as if they were the holders of the underlying Boart Longyear 'Canada' Shares.

Importantly, Boart Longyear 'Canada' CDI Holders are entitled to receive all the direct economic benefits and entitlements in relation to the Boart Longyear 'Canada' Shares held by the Authorised Nominee.

If a cash dividend or any other cash distribution is declared in a currency other than Australian dollars, Boart Longyear 'Canada' currently intends to convert that dividend or other cash distribution to which Boart Longyear 'Canada' CDI Holders are entitled to Australian dollars and distribute it to the relevant Boart Longyear 'Canada' CDI Holders in accordance with the Boart Longyear 'Canada' CDI Holder's entitlement.

Due to the need to convert dividends from Canadian dollars to Australian dollars in the above mentioned circumstances, Boart Longyear 'Canada' CDI Holders may potentially be advantaged or disadvantaged by exchange rate fluctuations, depending on whether the Australian dollar weakens or strengthens against the Canadian dollar during the period between the resolution to pay a dividend and conversion in Australian dollars.

(b) Corporate Actions

Boart Longyear 'Canada' is generally required to treat Boart Longyear 'Canada' CDI Holders, in respect of corporate actions, as if they were the holders of the underlying Boart Longyear 'Canada' Shares.

(c) Takeovers

If a takeover bid is made in respect of any Boart Longyear 'Canada' Shares of which the Authorised Nominee is the registered holder, the Authorised Nominee is prohibited from accepting the offer made under the takeover bid except to the extent that acceptance is authorised by the relevant Boart Longyear 'Canada' CDI Holders in respect of the Boart Longyear 'Canada' Shares represented by such holding of Boart Longyear 'Canada' CDIs, in accordance with the ASX Settlement Operating Rules.

The Authorised Nominee must accept a takeover offer in respect of Boart Longyear 'Canada' Shares represented by such holding of Boart Longyear 'Canada' CDIs if a Boart Longyear 'Canada' CDI Holder instructs it to do so and must notify the entity making the takeover bid of the acceptance.

(d) Rights on liquidation and winding up

In the event of Boart Longyear 'Canada's liquidation, dissolution or winding up, a Boart Longyear 'Canada' CDI Holder will be entitled to the same economic benefit in relation to their Boart Longyear 'Canada' CDIs (through the Authorised Nominee) as holders of Boart Longyear 'Canada' Shares.

(e) Other rights

As Boart Longyear 'Canada' Shareholders will not be registered on the Boart Longyear 'Canada' Share Register as the legal owners of Boart Longyear 'Canada' Shares, any other right conferred on Boart Longyear 'Canada' CDI Holders may be exercised by means of them instructing the Authorised Nominee.

(f) Communications

Boart Longyear 'Canada' CDI Holders will receive all notices and company announcements (such as annual reports) that Boart Longyear 'Canada' Shareholders are entitled to receive.

(g) Voting

In accordance with Canadian law and ASX Settlement Operating Rules, a Boart Longyear 'Canada' CDI Holder will not be entitled to attend or vote personally as a Boart Longyear 'Canada' Shareholder at a meeting of Boart Longyear 'Canada'. Instead, in order to vote at a meeting of Boart Longyear 'Canada', a Boart Longyear 'Canada' CDI Holder may instruct the Authorised Nominee, as legal owner of the Boart Longyear 'Canada' Shares, to:

- vote Boart Longyear 'Canada' Shares represented by their Boart Longyear 'Canada' CDIs in a particular manner. The instruction form must be completed and returned to the Registry prior to the record date fixed for the relevant meeting (**CDI Voting Instruction Receipt Time**), which is notified to Boart Longyear 'Canada' CDI Holder in the voting instructions included in a notice of meeting; or
- appoint the Boart Longyear 'Canada' CDI Holder or a third party nominated for that purpose by the Boart Longyear 'Canada' CDI Holder as the Authorised Nominee's proxy so that the proxy so appointed may attend meetings and exercise the votes attached to Boart Longyear 'Canada' Shares represented by their Boart Longyear 'Canada' CDIs. The instruction form must be completed and returned to the Registry prior to the CDI Voting Instructions Receipt Time.

Alternatively, a Boart Longyear 'Canada' CDI Holder can convert their Boart Longyear 'Canada' CDIs into a holding of Boart Longyear 'Canada' Shares and vote those Boart Longyear 'Canada' Shares at a meeting of Boart Longyear 'Canada'. Such conversion must be undertaken prior to the record date fixed by the Boart Longyear 'Canada' Board for determining the entitlement of members to attend and vote at the meeting. However, if the Boart Longyear 'Canada' Shareholder later wishes to sell their investment on ASX, it would be first necessary to convert those Boart Longyear 'Canada' Shares back to Boart Longyear 'Canada' CDIs. Further details on the conversion process are set out in Section 6 below.

## 5. Trading of Boart Longyear 'Canada' CDIs

Boart Longyear 'Canada' CDI Holders who wish to trade Boart Longyear 'Canada' CDIs will be transferring beneficial title to Boart Longyear 'Canada' Shares rather than legal title. The transfer will be settled electronically by delivery of the relevant Boart Longyear 'Canada' CDI holding through CHESS, thereby avoiding the need to effect settlement by physical delivery of share certificates. Trading in Boart Longyear 'Canada' CDIs is not substantially different to trading in other CHESS approved securities (such as Boart Longyear Shares).

On 21 December 2018, subject to the Scheme becoming Effective, Boart Longyear 'Canada' CDIs will commence trading initially on a deferred settlement basis and, after the

Implementation Date, will commence trading on a normal settlement basis on 4 January 2019.

It is the responsibility of each Scheme Shareholder (who is not an Ineligible Foreign Shareholder) to determine their entitlement to Boart Longyear 'Canada' CDIs before trading in those securities to avoid the risk of selling Boart Longyear 'Canada' CDIs they do not or will not own. If a Scheme Shareholder sells Boart Longyear 'Canada' CDIs without receiving confirmation of their own entitlement, they do so at their own risk.

There is no certainty as to the price of Boart Longyear 'Canada' CDIs after the Re-domiciliation is implemented.

## 6. **Conversion of Boart Longyear 'Canada' CDIs into Boart Longyear 'Canada' Shares**

### (a) **Converting Boart Longyear 'Canada' CDIs to Boart Longyear 'Canada' Shares**

If Boart Longyear 'Canada' CDI Holders wish to convert their Boart Longyear 'Canada' CDIs into Boart Longyear 'Canada' Shares they may do so by instructing the Registry:

- directly in the case of CDIs on the issuer sponsored sub-register operation by Boart Longyear 'Canada'; or
- indirectly, through their controlling participant (usually your broker) in the case of CDIs which are sponsored on the CHESS sub-register.

Boart Longyear 'Canada' will then arrange for the transfer of Boart Longyear 'Canada' Shares from Authorised Nominee to the former CDI holder and issue to the former CDI holder a corresponding share certificate. This will cause Boart Longyear 'Canada' Shares to be registered in the name of the holder on the Register and trading on ASX will no longer be possible.

It is expected that this process will be completed in a relatively short time period, however, no guarantee can be given about the time for this conversion to take place.

### (b) **Converting Boart Longyear 'Canada' Shares to Boart Longyear 'Canada' CDIs**

If Boart Longyear 'Canada' Shareholders wish to convert their Boart Longyear 'Canada' Shares into Boart Longyear 'Canada' CDIs, they may do so by contacting the Registry. In this instance, underlying Boart Longyear 'Canada' Shares will be transferred to the Authorised Nominee and a holding statement for the CDIs will be issued to the relevant security holder. No trading in the CDIs should take place on ASX until this transfer process is complete.

### (c) **Further information**

ASX Guidance Note 5 CHESS Depositary Interests (CDIs) (available here: [https://www.asx.com.au/documents/rules/gn05\\_chess\\_depositary\\_interests.pdf](https://www.asx.com.au/documents/rules/gn05_chess_depositary_interests.pdf)) and the Authorised Nominee's Understanding CHESS Depositary Interests (available here: [https://www.asx.com.au/documents/settlement/CHESS\\_Depositary\\_Interests.pdf](https://www.asx.com.au/documents/settlement/CHESS_Depositary_Interests.pdf)) both provide information on the differences between holding CDIs and the underlying securities.

You can also contact your broker or the Registry at the details provided below:

**Registry**

Link Market Services Limited  
Level 12, 680 George Street  
Sydney NSW 2000  
Australia



## APPENDIX F: NOTICE OF SCHEME MEETING

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### **Boart Longyear Limited (ABN 49 123 052 718)**

Notice is given that, by order of the Federal Court of Australia, made on 26 October 2018, pursuant to section 411(1) of the Corporations Act, a meeting of shareholders of Boart Longyear Limited (**Company**) will be held at the Adelaide Convention Centre, Riverbank Room 1, North Terrace, Adelaide SA at 11.00am (Adelaide time) on Wednesday, 6 December 2018.

Capitalised terms in this Notice of Scheme Meeting that are not otherwise defined have the same meaning as is given to those terms in the enclosed Explanatory Memorandum.

### **BUSINESS OF THE MEETING**

The purpose of the meeting to be held pursuant to this notice is to consider, and if thought fit, to agree (with or without modification of the Court) to a scheme of arrangement proposed to be made between Boart Longyear Limited and the holders of its fully paid ordinary shares.

### ***Resolution – Arrangement for the acquisition of the Company by Boart Longyear Incorporated (Boart Longyear 'Canada')***

*"That, pursuant to, and in accordance with, section 411 of the Corporations Act 2001 (Cth), the scheme of arrangement proposed between the Company and the holders of its ordinary shares, the terms of which are described in the explanatory memorandum ("the Scheme"), of which the notice convening this meeting forms part, is approved and the Board of Directors of the Company is authorised to agree to such alterations or conditions as are thought fit by the Court, and subject to approval of the Scheme by the Court, to implement the Scheme with any such alterations or conditions."*

### **Important note:**

Unless otherwise indicated, the Chairman of the meeting will be the Chairman of the Company. The Chairman intends to vote all available proxies in favour of the resolution.

By order of the Court



Robert Closner  
**Company Secretary**

## NOTES

### Explanatory Memorandum

The Explanatory Memorandum enclosed with this Notice of Scheme Meeting forms part of this Notice of Scheme Meeting. You should read the Explanatory Memorandum and the accompanying appendices in its entirety before making a decision as to how to vote on the Scheme Resolution.

The purpose of the Explanatory Memorandum is to explain the terms of the Re-domiciliation and the manner in which the Re-domiciliation will be considered and implemented (if approved), to set out certain information required by law and to provide all other information (other than information previously disclosed to Boart Longyear Shareholders) which is known to Boart Longyear, and which is material to the decision of Boart Longyear Shareholders whether or not to vote in favour of the Scheme Resolution.

### Entitlement to Attend and Vote

In accordance with Regulation 7.11.37 of the Corporations Regulations, the Boart Longyear Board has determined that persons who are registered holders of Boart Longyear Shares as at 6.30 pm on Tuesday 4 December 2018 will be entitled to attend and vote at the Scheme Meeting as a Boart Longyear Shareholder. Accordingly, transactions registered after that time will be disregarded for determining which Boart Longyear Shareholders are entitled to attend and vote at the Scheme Meeting.

### Approval of the Scheme Resolution

The Scheme Resolution must be approved by:

- (a) a majority in number (more than 50%) of those Boart Longyear Shareholders present and voting at the Scheme Meeting in person, by proxy, by attorney or (in the case of a corporate Boart Longyear Shareholder) by a corporate representative; and
- (b) at least 75% of the total number of votes cast on the Scheme Resolution at the Scheme Meeting by Boart Longyear Shareholder.

### Voting by Proxy

A Boart Longyear Shareholder entitled to attend and vote at the Scheme 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 Scheme Meeting.

A proxy need not be a Boart Longyear Shareholder.

A Boart Longyear Shareholder may appoint up to two proxies and specify the proportion or number of votes each proxy may exercise. If the Boart Longyear Shareholder does not specify the proportion or number of votes to be exercised, each proxy may exercise half of the Boart Longyear 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 Registry no later than 11.00am on Tuesday, 4 December 2018. Proxies must be received before that time by one of the following methods:

- |          |   |
|----------|---|
| Online   | At <a href="http://www.linkmarketservices.com.au">www.linkmarketservices.com.au</a> |
| By post: | Boart Longyear Limited<br>c/ - Link Market Services Limited<br>Locked Bag A14       |

Sydney South NSW 1235  
Australia

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  
Australia

or

1A Homebush Bay Drive  
Rhodes, NSW 2138  
Australia

### **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 Boart Longyear no later than 11.00am on Tuesday, 4 December 2018, being not more than 48 hours before the Scheme Meeting.

### **Corporate Representatives**

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

### **Further information**

If you have any additional questions in relation to this Explanatory Memorandum or the Re-domiciliation, please call the Shareholder Information Line on 1800 781 633 (within Australia) or +61 1800 781 633 (from outside Australia) on Business Days from 8.30am to 5.30pm (Sydney time) Monday to Friday.

Alternatively, you should consult an independent and appropriately licensed and authorised professional adviser.