



Drilling Services – California, USA

2014 Full-Year Results  
February 2015





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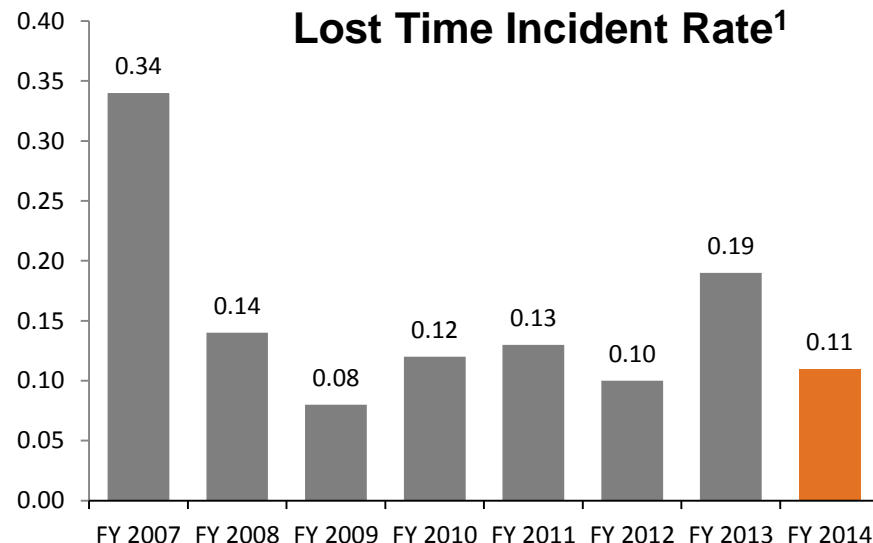
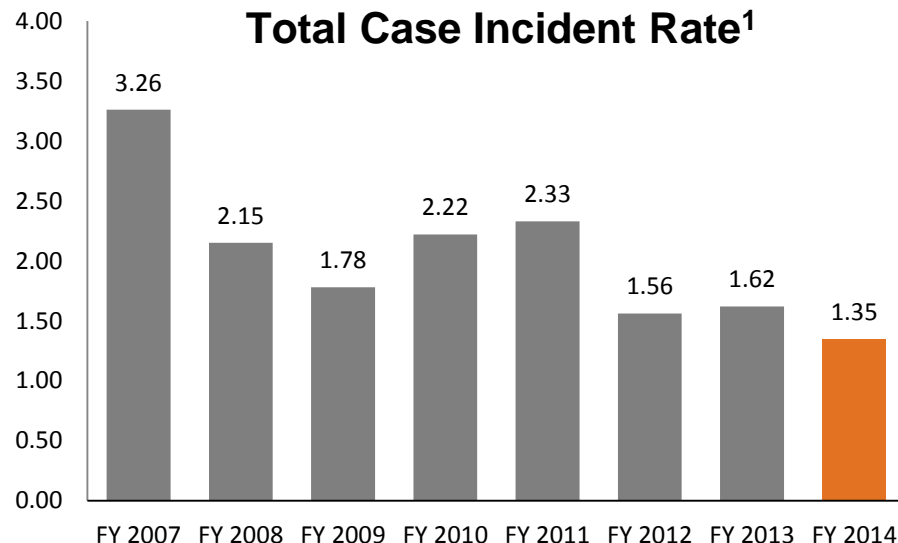
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**Footnotes referred to throughout presentation are described on slides 40 to 41**

# Safety & Environment



Our goal is adding value with zero harm – leading our industry with our employees returning home safely each day and performing our work with minimal impact to our neighbours or the environment.



- **Safety Performance**

- Continued strong performance in Total Case Incident Rate (TCIR) and Lost Time Incident Rate (LTIR)
- No fatalities

- **Proactive Safety Culture**

- Committed leadership and employee engagement at all levels to identify and mitigate risks
- Roll-out of “Make it Personal” campaign

- **Driver Safety (In-Vehicle-Monitoring-System)**

- IVMS telematics units continue to contribute to a significant reduction in vehicle incident rates and address source of significant risks



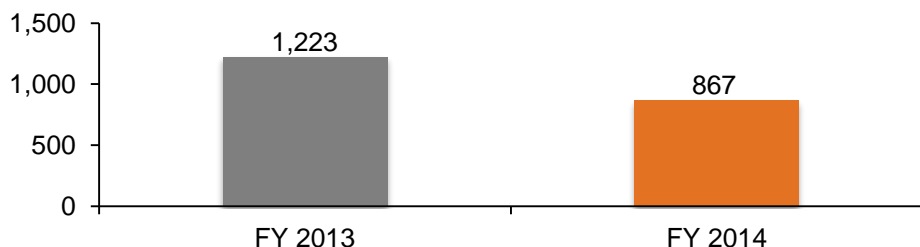
**Improvement in safety performance realised in 2014 and pursuing further improvement in 2015**



# FY 2014 – Consolidated Results Summary

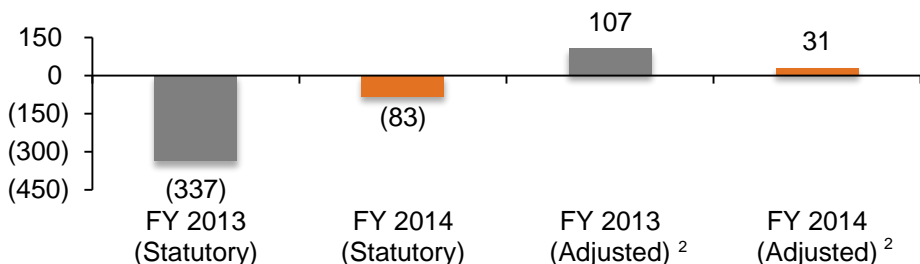
(US\$M)

## Revenue



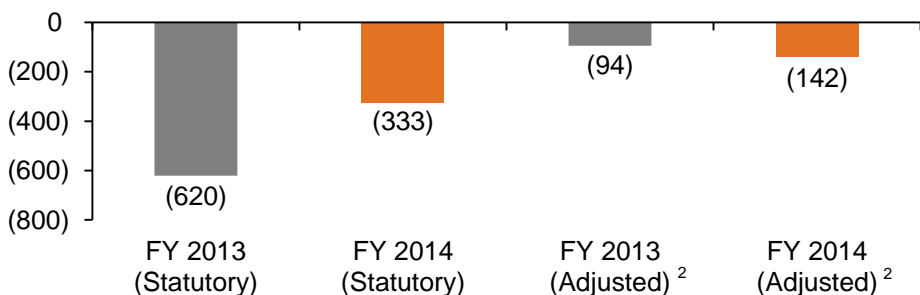
- ❖ Activity levels stabilised beginning in the 2<sup>nd</sup> half of 2014, but remain at historically low levels
- ❖ Pricing pressure continues, particularly in the Drilling Services division
- ❖ Further headwinds beginning in 4<sup>th</sup> quarter of 2014 from the strengthening of the US dollar

## EBITDA



- ❖ Drilling Services price and volume reductions negatively impacted margins despite SG&A and other cost reductions
- ❖ Productivity improvements partially offset impact of price declines

## Net Profit After Tax

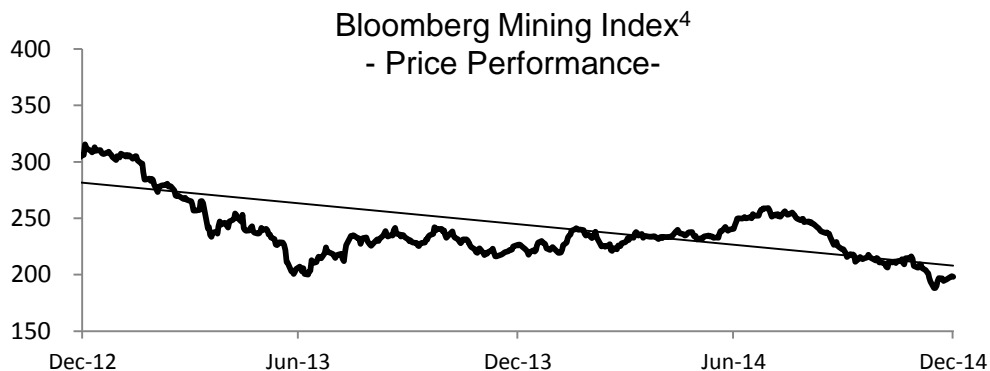
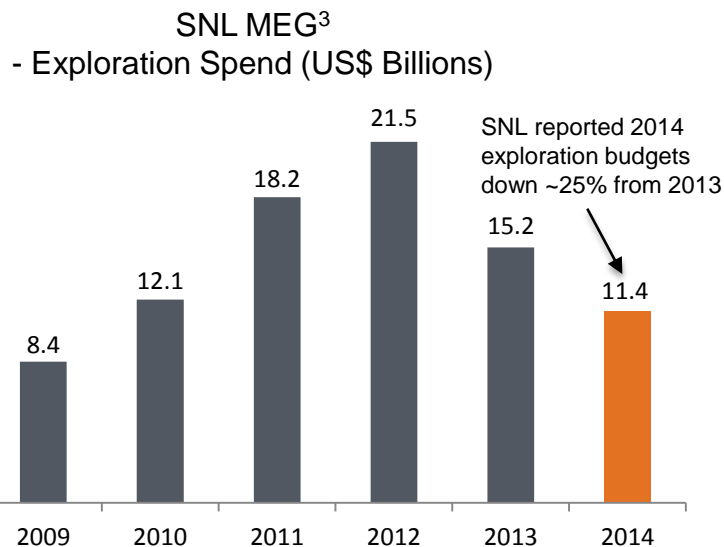


- ❖ Statutory EPS of (70.8) in 2014 cents compared to (136.1) cents in 2013
- ❖ \$114M of significant items in 2014, comprised of \$46M of recapitalisation costs and \$68M of restructuring, asset impairment and other employee related costs. Of these significant items, \$46M were cash.
- ❖ No full year dividend to be paid



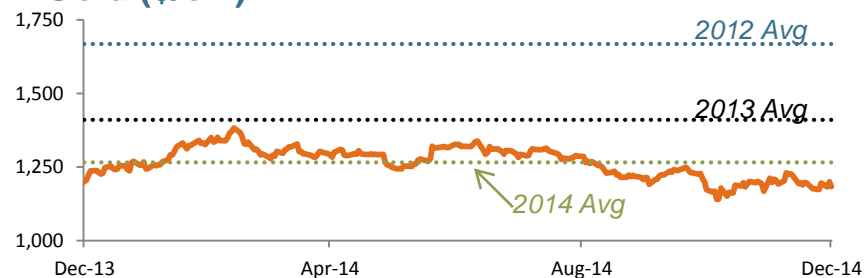
# Key mining performance indicators have declined during 2014 and uncertainty persists...

## Mining Performance

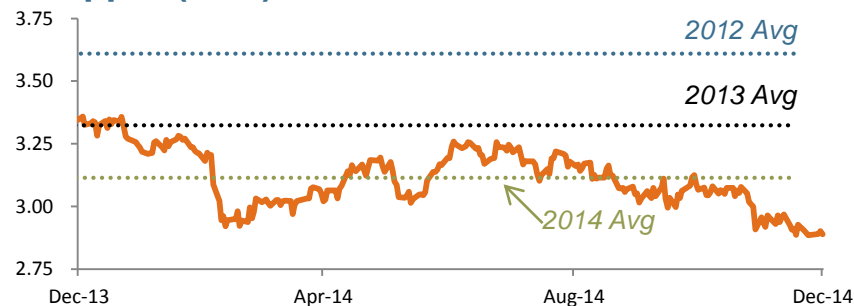


## Key Commodity Trends<sup>4</sup>

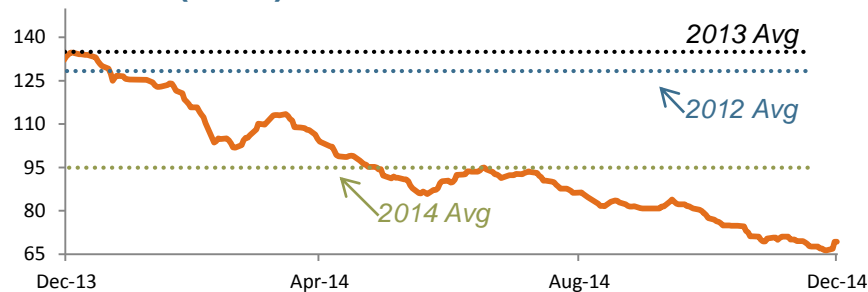
### Gold (\$/oz.)



### Copper (\$/lb.)



### Iron Ore (\$/MT)

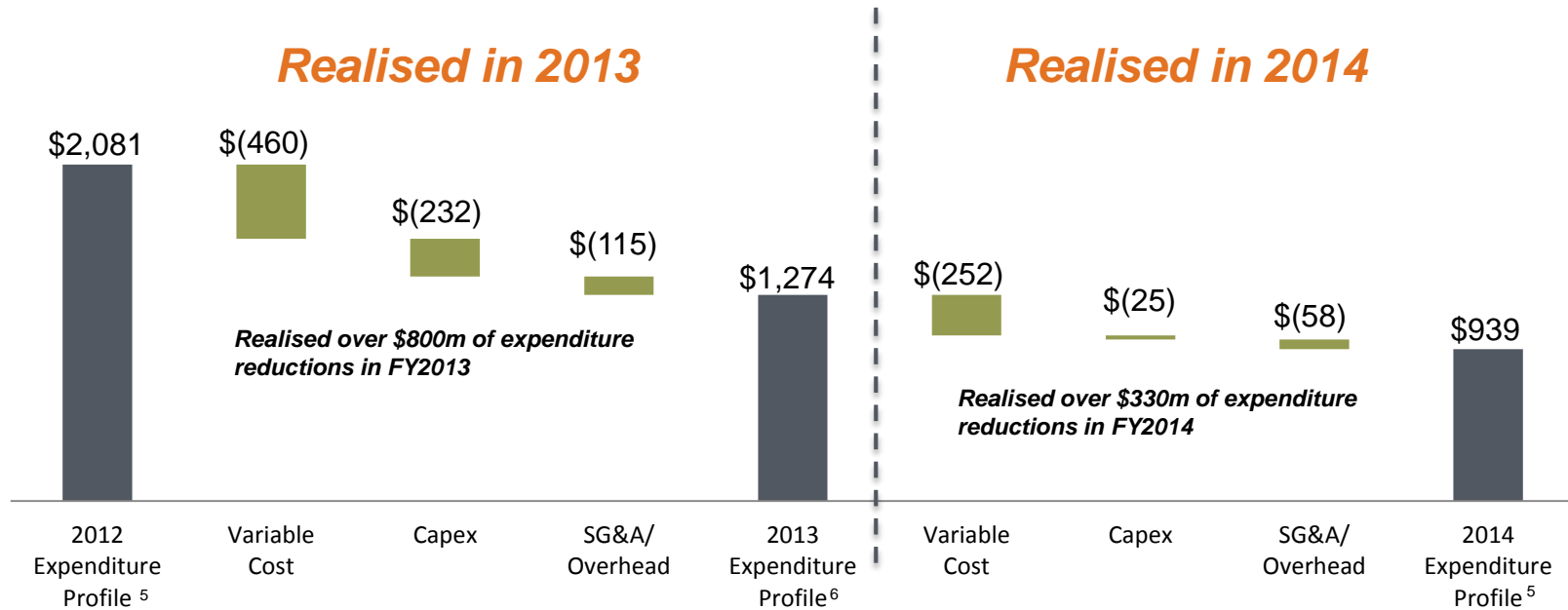


# ...leading us to continue to reduce our overall cost structure



(US\$M)

Reduced expenditure profile by over \$1.1 billion since 2012



## **Next steps in 2015 include:**

- Review global footprint and operating model
- Broaden functional support in BLY's two shared service centers
- Potentially exit unprofitable jurisdictions

**Improve future margins & operating leverage by creating a more sustainable operating model**



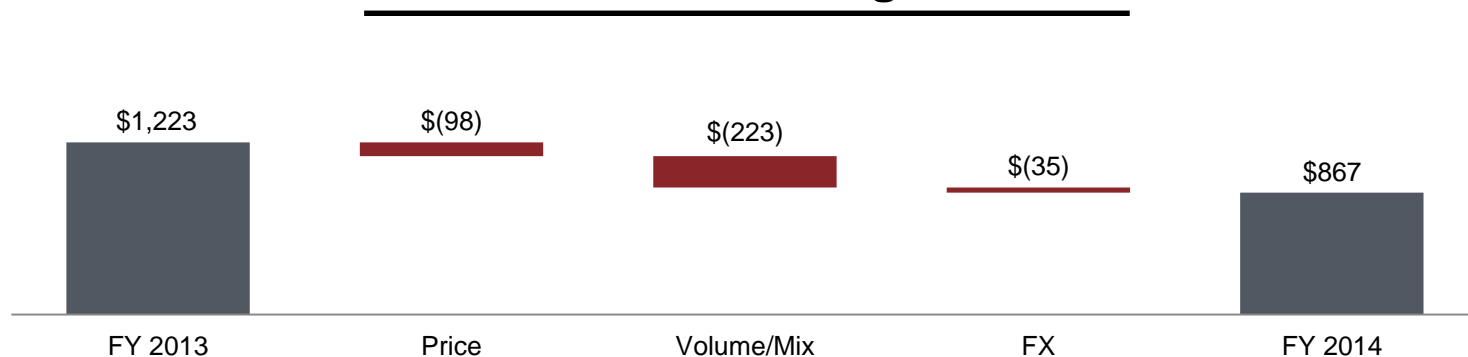
# Financial Overview



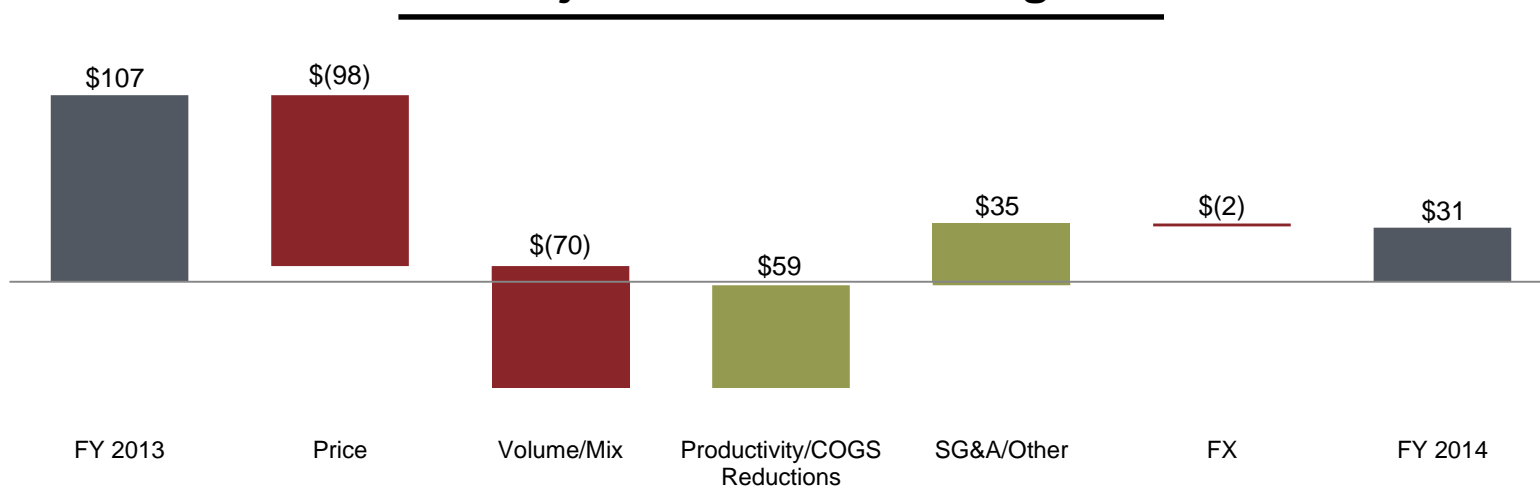
# 2014 Consolidated Overview

(US \$M)

## Revenue Bridge



## Adjusted EBITDA<sup>2</sup> Bridge



# Year over Year Overview – FY 2013 vs FY 2014



(US \$M) - (except EPS (cents) and headcount)

## Statutory

	FY 2013	FY 2014	% Change Fav/(Unfav)
<b>Revenue</b>	<b>1,223</b>	<b>867</b>	<b>(29%)</b>
<b>Gross Margin</b>	<b>202</b>	<b>116</b>	<b>(43%)</b>
<i>Gross Margin as a % of Revenue</i>	17%	13%	
<b>EBIT / Operating Profit (Loss)</b>	<b>(468)</b>	<b>(185)</b>	<b>NMF</b>
<i>EBIT / Op Profit as a % of Revenue</i>	(38%)	(21%)	
<b>EBITDA (Loss)</b>	<b>(337)</b>	<b>(83)</b>	<b>NMF</b>
<i>EBITDA as a % of Revenue</i>	(28%)	(10%)	
<b>NPAT (Loss)</b>	<b>(620)</b>	<b>(333)</b>	<b>NMF</b>
<i>NPAT as a % of Revenue</i>	(51%)	(38%)	
<b>EPS (Cents)</b>	<b>(136.1)</b>	<b>(70.8)</b>	<b>NMF</b>
<b>Cash from Operations <sup>11</sup></b>	<b>76</b>	<b>55</b>	<b>(28%)</b>
<b>Net Debt <sup>16</sup></b>	<b>526</b>	<b>548</b>	<b>4%</b>
<b>Headcount (31 December)</b>	<b>5,681</b>	<b>5,933</b>	<b>4%</b>

## Adjusted<sup>2</sup>

	FY 2013	FY 2014	% Change Fav/(Unfav)
<b>Revenue</b>	<b>1,223</b>	<b>867</b>	<b>(29%)</b>
<b>Gross Margin</b>	<b>202</b>	<b>116</b>	<b>(43%)</b>
<i>Gross Margin as a % of Revenue</i>	17%	13%	
<b>EBIT / Operating Profit (Loss)</b>	<b>(24)</b>	<b>(71)</b>	<b>NMF</b>
<i>EBIT / Op Profit as a % of Revenue</i>	(2%)	(8%)	
<b>EBITDA (Loss)</b>	<b>107</b>	<b>31</b>	<b>(71%)</b>
<i>EBITDA as a % of Revenue</i>	9%	4%	
<b>NPAT (Loss)</b>	<b>(94)</b>	<b>(142)</b>	<b>NMF</b>
<i>NPAT as a % of Revenue</i>	(8%)	(16%)	

US\$M	Statutory	Pro Forma
Loans and Borrowings	716	700
Less: Cash and Cash Equivalents	169	234
<b>Net Debt</b>	<b>548</b>	<b>466</b>
<b>Issued Capital</b>	<b>1,159</b>	<b>1,259</b>

Pro Forma inclusive of final recapitalisation transactions that occurred in January 2015

Significant items impact statutory results

# Half over Half Overview – 1H 2014 vs 2H 2014



(US \$M) - (except EPS (cents) and headcount)

## Statutory

	1H 2014	2H 2014	% Change Fav/(Unfav)
<b>Revenue</b>	<b>421</b>	<b>446</b>	<b>6%</b>
<b>Gross Margin</b>	<b>56</b>	<b>60</b>	<b>7%</b>
<i>Gross Margin as a % of Revenue</i>	13%	13%	
<b>EBIT / Operating Profit (Loss)</b>	<b>(86)</b>	<b>(99)</b>	<b>NMF</b>
<i>EBIT / Op Profit as a % of Revenue</i>	(20%)	(22%)	
<b>EBITDA (Loss)</b>	<b>(33)</b>	<b>(50)</b>	<b>NMF</b>
<i>EBITDA as a % of Revenue</i>	(8%)	(11%)	
<b>NPAT (Loss)</b>	<b>(143)</b>	<b>(190)</b>	<b>NMF</b>
<i>NPAT as a % of Revenue</i>	(34%)	(43%)	
<b>EPS (Cents)</b>	<b>(31.3)</b>	<b>(39.5)</b>	<b>NMF</b>
<b>Cash from Operations <sup>11</sup></b>	<b>16</b>	<b>39</b>	<b>144%</b>
<b>Net Debt <sup>16</sup></b>	<b>556</b>	<b>548</b>	<b>(1%)</b>
<b>Headcount (period end)</b>	<b>5,871</b>	<b>5,933</b>	<b>1%</b>

## Adjusted<sup>2</sup>

	1H 2014	2H 2014	% Change Fav/(Unfav)
<b>Revenue</b>	<b>421</b>	<b>446</b>	<b>6%</b>
<b>Gross Margin</b>	<b>56</b>	<b>60</b>	<b>7%</b>
<i>Gross Margin as a % of Revenue</i>	13%	13%	
<b>EBIT / Operating Profit (Loss)</b>	<b>(34)</b>	<b>(37)</b>	<b>NMF</b>
<i>EBIT / Op Profit as a % of Revenue</i>	(8%)	(8%)	
<b>EBITDA (Loss)</b>	<b>19</b>	<b>12</b>	<b>(37%)</b>
<i>EBITDA as a % of Revenue</i>	5%	3%	
<b>NPAT (Loss)</b>	<b>(68)</b>	<b>(74)</b>	<b>NMF</b>
<i>NPAT as a % of Revenue</i>	(16%)	(17%)	

Significant items impact statutory results



Roller Latch™ Head Assembly

## Business Overview



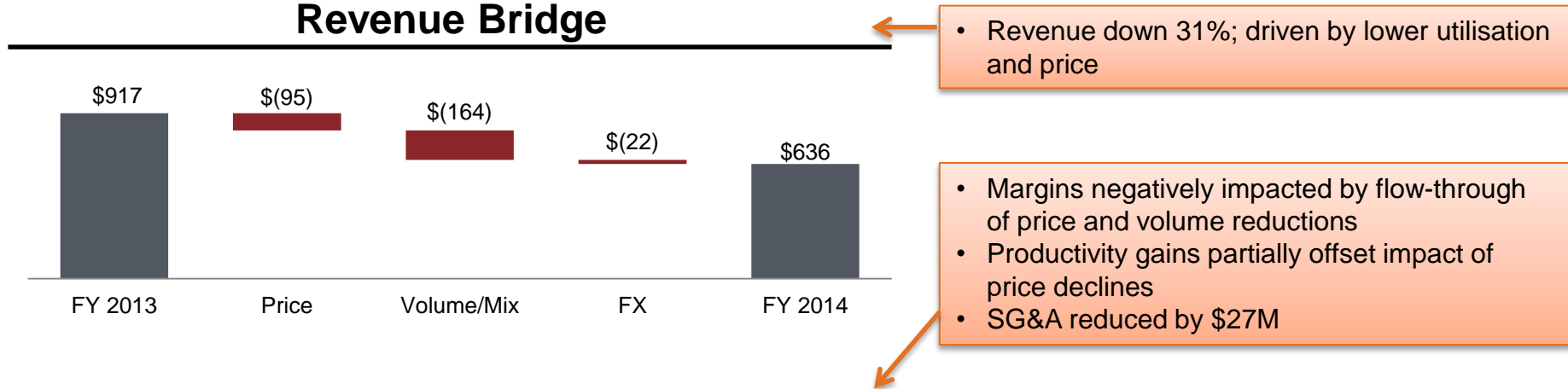
# 2014 Performance Bridges

## Drilling Services Division

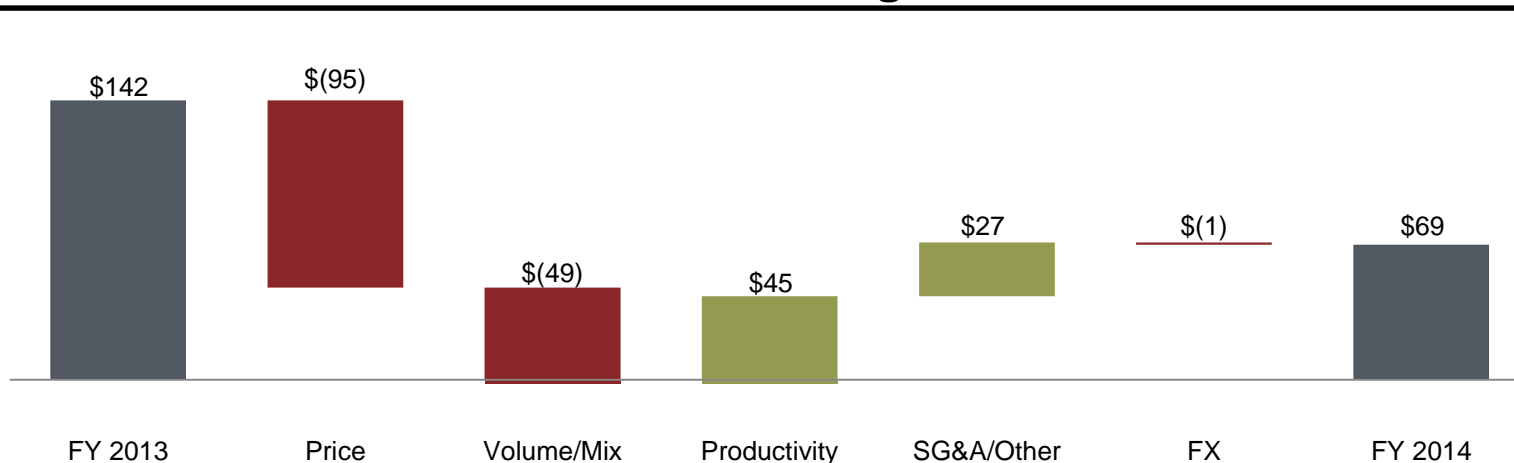


(US\$M)

### Revenue Bridge



### EBITDA<sup>2</sup> Bridge



# FY 2014 Operations

Drilling Services Division – Operating rigs stabilising, pricing pressure continues



Drilling Services (US\$M)	FY2013	1H2014	2H2014	FY2014	% Change Half over Half	% Change Year over Year
Revenue	917	308	328	636	6%	(31)%
COGS	783	281	300	581	7%	(26)%
SG&A	85	28	30	58	7%	(32)%
EBITDA	142	37	32	69	(14)%	(52)%
<i>EBITDA as a % of Revenue</i>	<i>15%</i>	<i>12%</i>	<i>10%</i>	<i>11%</i>		

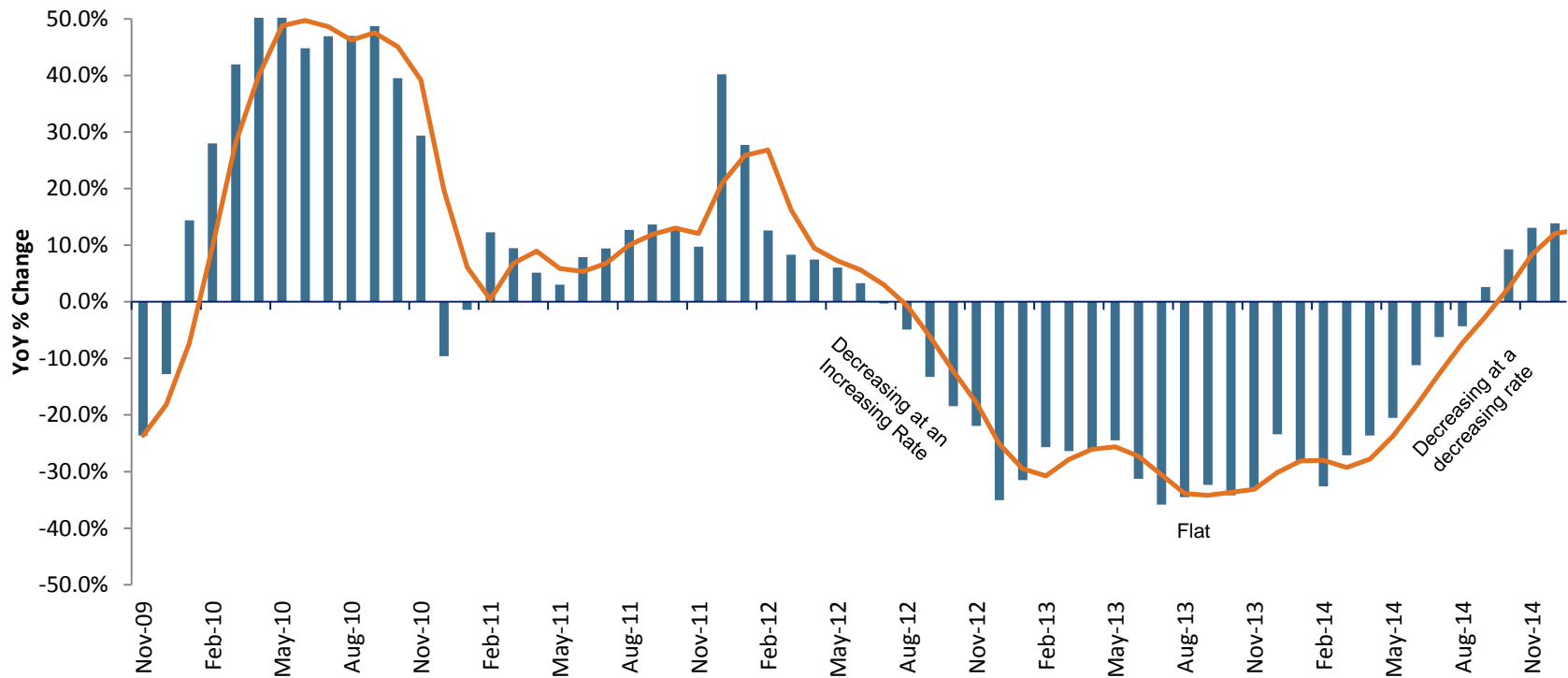
Key Performance Indicators	FY13	FY14	Change Fav/(Unfav)
Average Operating Rigs (without E&I) <sup>7</sup>	396	354	(11%)
Average Rig Utilisation <sup>7</sup>	38%	37%	(2%)
Average # of Drill Rigs (without E&I)	1,037	948	(9%)
Headcount (31 December) <sup>8</sup>	4,389	4,172	(5%)
Drillers	2,665	2,889	8%
Other	1,724	1,283	(26%)

- Volumes increased in 2H2014; the first half-over-half improvement since 1H2012
- Revenue up 6% half-over-half in 2014, but down 31% year-over-year from FY2013 levels
- Average rig utilisation down 2 percentage points FY2014 vs FY2013 with low point experienced in 1Q 2014
- Pricing down low-to-mid teens from 2013 levels
- Cost/productivity improvements partially offset price decline
- Unfavourable currency movements (e.g., stronger US dollar) in 4Q2014 and Ebola outbreak in French West Africa contributed to weaker results

# Operating rig trend showing positive signs in 2<sup>nd</sup> half of 2014



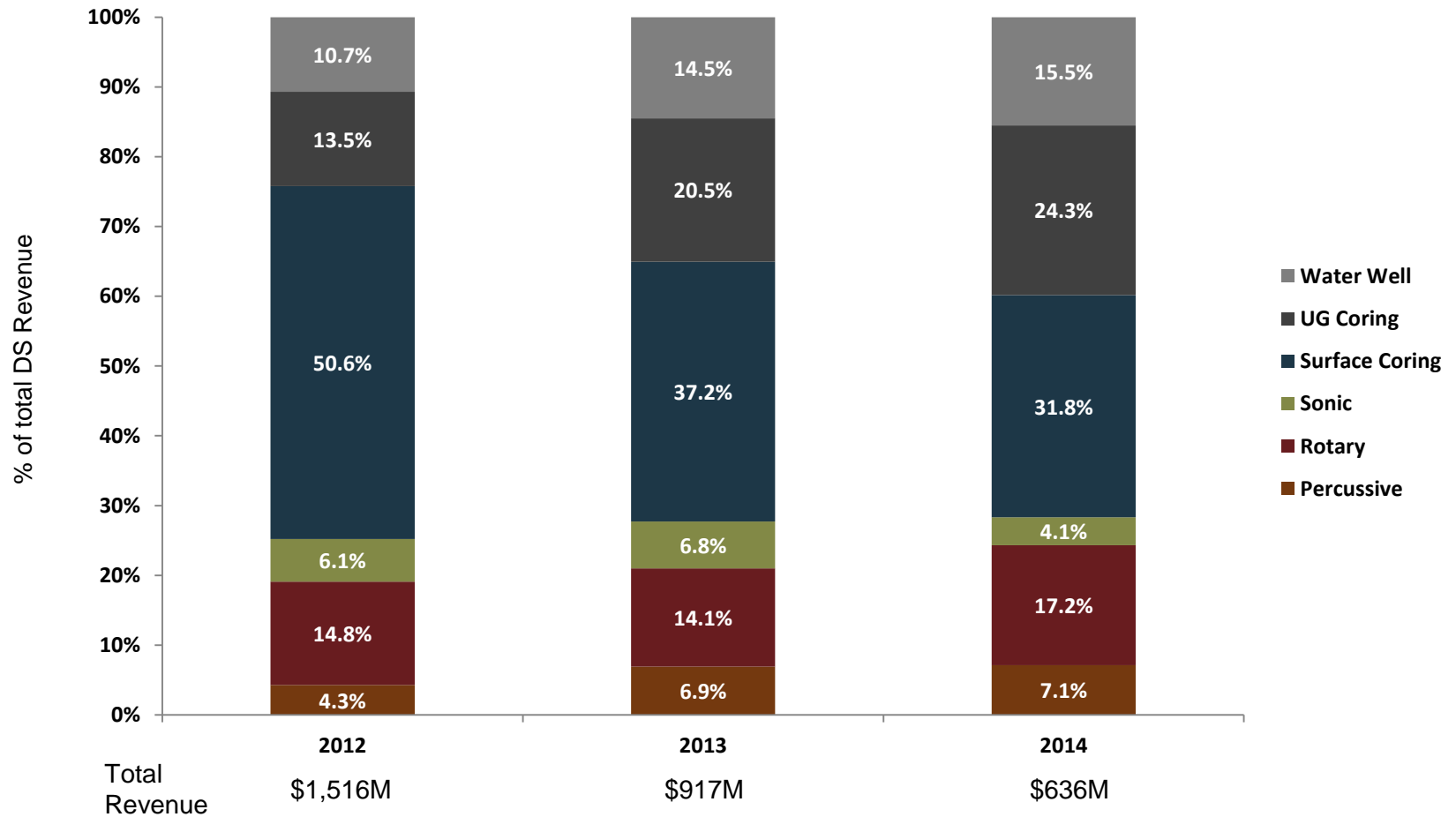
Year over Year % Change in Drilling Services' Operating Rigs



The number of operating rigs were higher in 4Q2014 as compared to those in 4Q2013

# Revenue by rig type

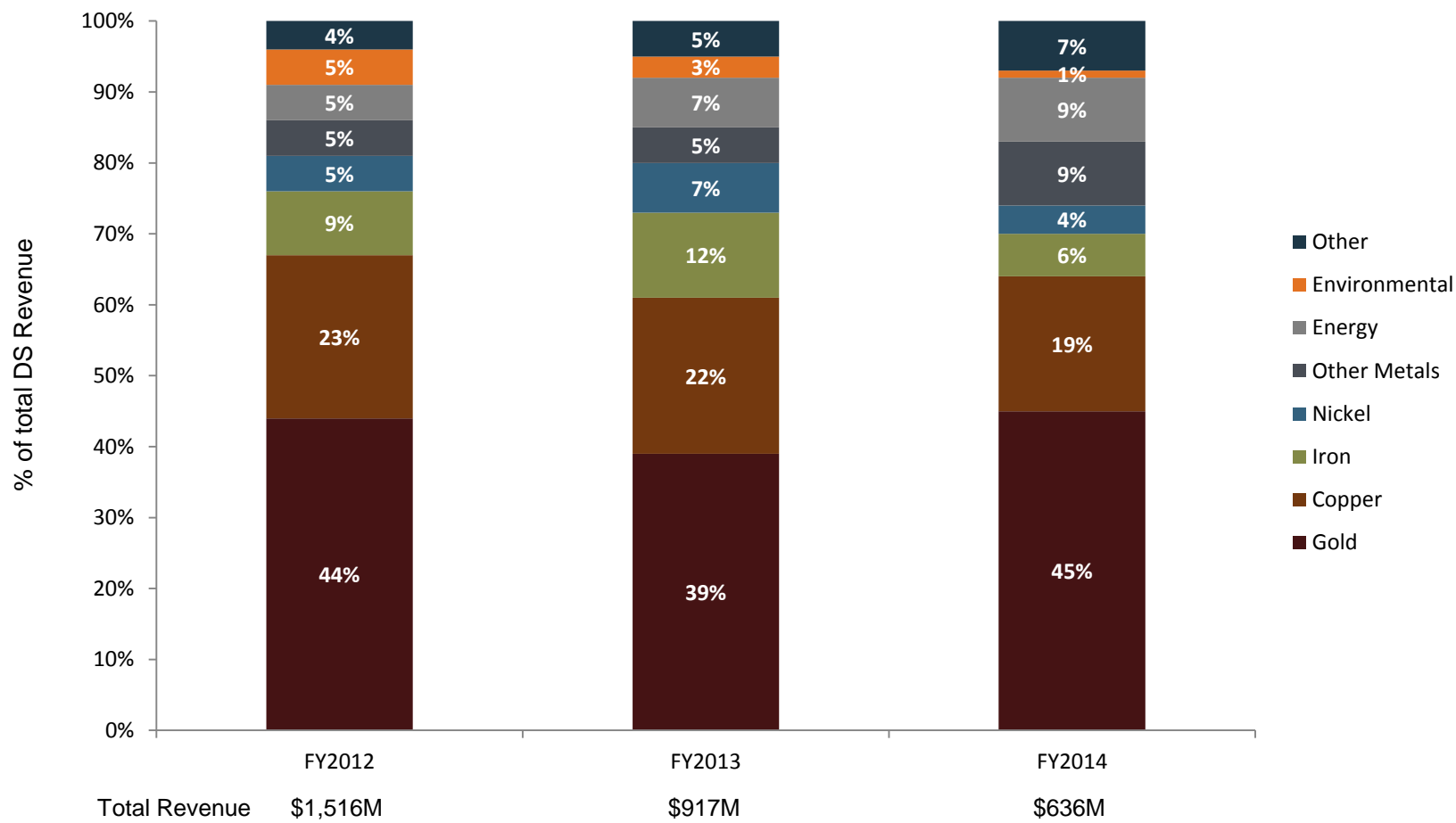
## Drilling Services Division



Surface Coring revenue down significantly

# Revenue by commodity

## Drilling Services Division



Relative share of revenue by commodity not materially different through recent cycle

# Drilling Services Market Update



## Niche Opportunities



- ❖ Agricultural work in California
- ❖ Non-mining work to diversify revenue base

## Production Revenue



- ❖ Underground drilling at near-functional capacity
- ❖ Water-well utilisation rates above average

## Key Wins



- ❖ Scope expansion with key customer in Canada
- ❖ Five-year underground contract in Australia

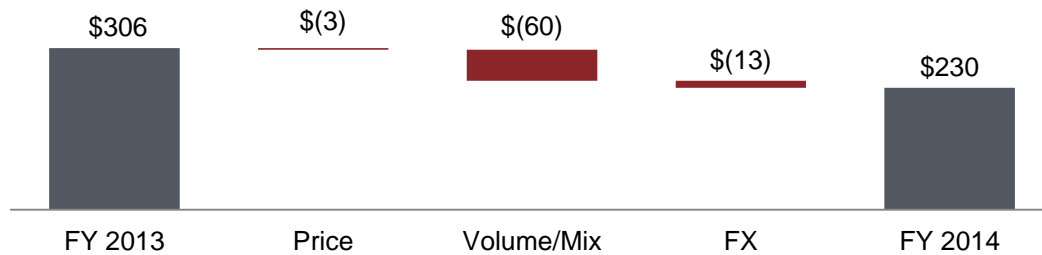
# FY 2014 Performance Bridges

## Products Division



(US \$M)

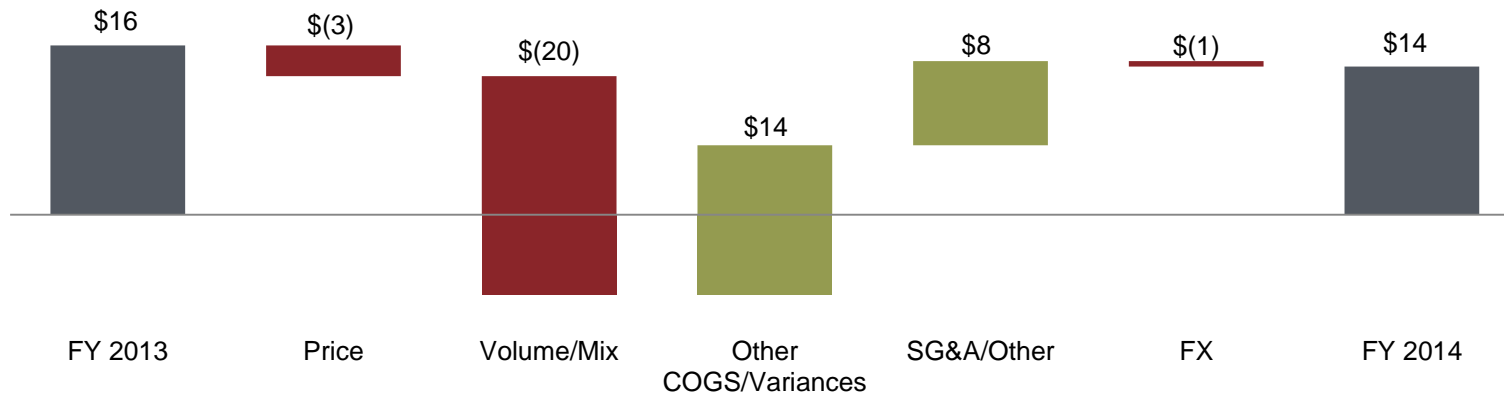
### Revenue Bridge



- Revenue down 25%; primarily due to lower volume and FX (minimal price impact)

- EBITDA decrease primarily driven by flow-through of lower volume
- Impact of lower volume offset by lower COGS (obsolescence) and SG&A

### EBITDA<sup>2</sup> Bridge



# FY 2014 Operations

Products Division – Markets appear to be stabilising from 2<sup>nd</sup> half of 2014



Products (US\$M)	FY2013	1H2014	2H2014	FY2014	% Change Half over Half	% Change Year over Year
Revenue	306	113	117	230	4%	(25)%
COGS	237	85	84	169	(2)%	(29)%
SG&A	65	29	28	57	(1)%	(12)%
EBITDA	16	6	8	14	33%	(13)%
<i>EBITDA as a % of Revenue</i>	5%	5%	7%	6%		

Key Performance Indicators (US\$M, except headcount)	FY13	FY14	Change Fav/(Unfav)
Average Backlog <sup>9</sup>	28	18	(36%)
Headcount (31 December) <sup>8</sup>	910	1,393	53%
Products	249	242	(3%)
Supply Chain	590	750	27%
Maintenance/Technical Service	71	401	465%

Proforma <sup>10</sup> – (US\$M)	FY13	FY14	Change Fav/(Unfav)
Sales to Boart Longyear Drilling Services Division	82	72	(12%)
Proforma Revenue	388	302	(22%)

- Low single-digit price decline from FY2013 to FY2014
- EBITDA, while down on a year-over-year basis, improved in the second half of 2014 due to better fixed cost absorption
- Surface coring continues to be slow; underground steady
- Upward trend in order backlog during the second half of 2014
- R&D investment continues to be focused on production drilling opportunities as well as incremental improvements to enhance safety and productivity

# Product Innovation

## Focus on Safety & Productivity



Launched



LM™ 110 underground rig: More powerful power pack increases productivity by providing high pullback force and fast rod-handling rates



TruCore™ Core Orientation: first-in-industry integrated core orientation system, designed by drillers, for drillers.



BLH DTH™ Hammers and bits: a full line of conventional hammers for geotechnical drilling, quarrying, and mining applications

Coming Soon



Expansion of Boart Longyear's rod-handling solutions for surface coring rigs



LS250 MiniSonic™ Rig: Compact footprint rig with a proven sonic head that delivers continuous 'in-situ' core samples.



LF™ 350: Deep hole coring rig: 30 metric tons of pullback delivers high performance and productivity at significant depths.



TruCore™ Orientation System

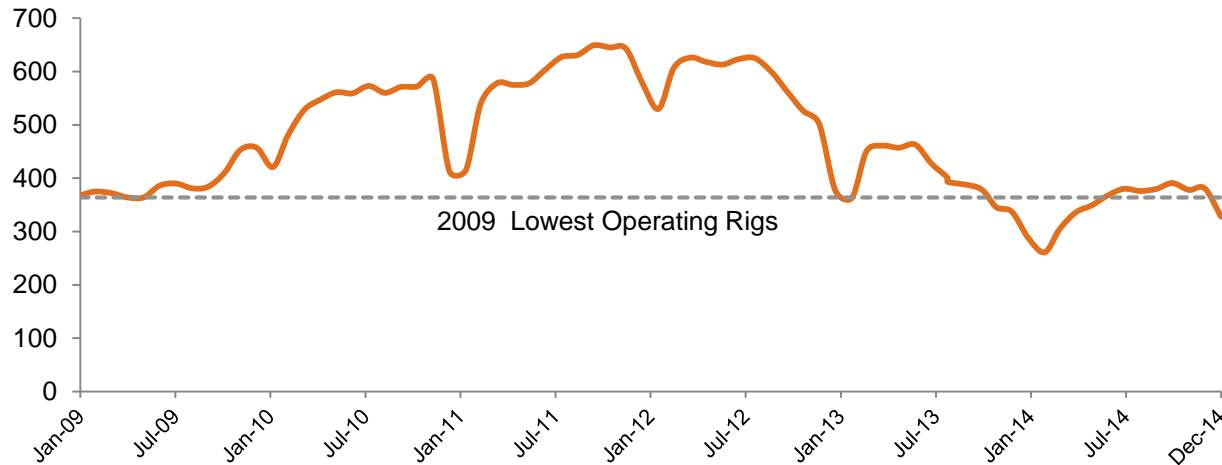
Company Outlook



# Demand for our services and products remains at low levels

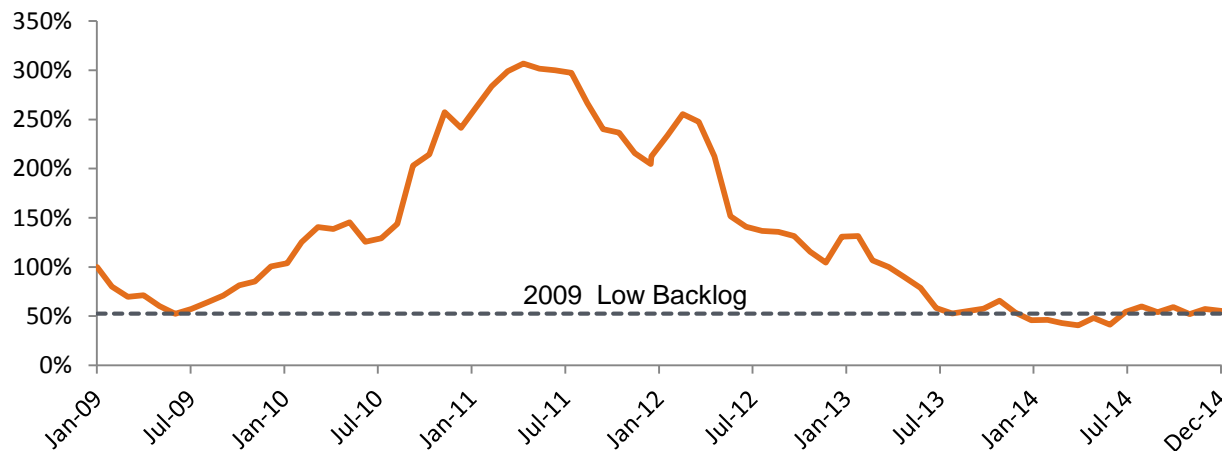


## Drilling Services' Historical Operating Rigs<sup>13</sup>



- In 4Q2013 and 1Q2014, the number of operating rigs fell below the previous low point experienced in 2009
- In 4Q2014, the number of operating rigs was higher than 4Q2013 levels
- A surplus of global rig capacity, especially surface coring rigs, is leading to a very competitive environment

## Products' Historical Order Backlog (Indexed to Jan-09)



- Declining global utilisation rates resulting in reduced demand for products—however, demand appears stable since 3Q2013.
- Existing inventory levels allow quick response to customer demand and we continue to reduce excess

# 2015 Full Year Outlook



Bloomberg Consensus (20 Feb 2015) <sup>19</sup>	Revenue	EBITDA	Net Debt
Low	\$823M	\$50M	\$529M
High	\$888M	\$69M	\$569M
Mean	\$855M	\$61M	\$547M

- If the market does not improve quickly, analysts' full-year forecasts for revenue and normalised EBITDA, even at the low end of the range of estimates, may not be based on the most current available market information regarding industry and currency conditions
- Net debt estimates are broadly in line with Company expectations

Considerations in evaluating 2015 outlook include:	2015	
	Revenue	Consistent with 2nd half 2014 levels, but adjusting for: > Price, including read-through of actions taken in 2014 and potential further actions in 2015 > Currency movements
	SG&A	Similar to 2014, with expectation between US\$165 million to US\$175 million
	Capex	Similar to 2014 target of US\$25 million, but subject to changing market conditions
	Working Capital	Further release estimated at US\$25 million to US\$50 million, primarily as a result of inventory reductions

- Risks to full-year performance include:
  - Mineral exploration and mining capital expenditure reductions
  - Excess global rig capacity puts further pressure on Drilling Services' pricing
  - Commodity prices falling materially
  - Political or macro economic disruption in key markets
  - Possible restructuring charges if our market and business performance continue to weaken
  - Adverse currency movements, including a stronger US dollar



## Safety

- Make safety personal
- Product innovation to enhance safety on site
- Continuous improvement initiatives

## Customer

- Remain focused on maintaining and growing relationships
- Focus product development efforts around customer needs

## Operations

- Continue to drive efficiencies throughout the business
- Expand solutions to drive productivity
- Disciplined capital management and cost control
- Focus on managing working capital

# QUESTIONS?





# Appendix

UMX™ Diamond Bit





# Key Performance Indicators

(US \$M) - except headcount, utilisation and rigs

## Total Company

	2014				2013			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Revenue	197.4	224.1	239.3	205.8	370.2	348.7	279.5	224.5
EBITDA <sup>2</sup>	(1.9)	(31.1)	12.3	(61.9)	34.6	(269.7)	(1.2)	(100.8)
Adjusted EBITDA <sup>2</sup>	3.8	14.9	15.9	(3.2)	40.3	40.1	18.8	8.0
Net Cash Flows Provided By (Used By) Operating Activities	(6.3)	(8.3)	10.1	(6.8)	(46.5)	17.8	36.1	4.1
Net Debt	544.4	555.8	550.9	547.6	571.3	563.8	523.0	526.4
SG&A	41.2	42.1	40.4	40.7	59.0	51.1	48.4	43.6
Headcount	5,593	5,871	5,972	5,933	8,283	7,270	6,020	5,681

## Drilling Services Division

Revenue	139.6	168.7	176.0	151.8	272.3	265.3	216.3	163.4
Adjusted EBITDA <sup>2</sup>	11.2	25.4	22.9	9.1	41.1	42.6	42.7	15.5
Average Operating Rigs (w without E&I)	300	366	382	362	425	449	388	324
Average Rig Utilisation	32%	39%	40%	38%	39%	43%	37%	31%
Average # of Drill Rigs (with E&I)	950	945	953	944	1,146	1,139	1,037	1,031
Average # of Drill Rigs (without E&I)	950	945	953	944	1,044	1,037	1,037	1,031
Headcount	3,874	4,130	4,208	4,172	6,749	5,859	4,737	4,338

## Products Division

Revenue	57.8	55.4	63.3	53.9	97.9	83.3	63.2	61.1
Adjusted EBITDA <sup>2</sup>	0.8	5.0	7.0	1.2	13.0	8.7	(8.2)	2.6
Average Backlog	15.2	16.9	20.3	19.3	43.3	31.5	19.8	19.4
Headcount <sup>8</sup>	1,363	1,382	1,407	1,393	1,103	990	899	910

### Positives

- Drilling services for underground and large rotary have remained stable, albeit at a low level
- Overall demand, in both Products and Drilling Services, has stabilised
- Ability to fulfill most customer orders for global products with existing stock

### Weaknesses

- Commodity prices remain depressed relative to recent price levels
- Global rig utilisation near historic lows
- Pricing pressure continues in Drilling Services
- Mining companies continue to focus on cost reductions

Note: Quarterly data has not been subject to review or audit by the Company's external auditors. Figures are period-end except where averages are indicated.

**Focus on safety, customers, cost efficiency, and liquidity**

# Successful Completion of Strategic Review

## Centerbridge Recapitalisation Overview



### Transaction Highlights

Comprehensive recapitalisation

Total liquidity increased to approximately US\$240 million

Extended debt maturity and improved flexibility along with reducing net debt by approximately US\$120 million

Company is better positioned to sustain operations through to market recovery

Existing shareholders able to participate and further invest alongside Centerbridge via Rights Offer

### New Term Loan

- Funded term loan provided by Centerbridge refinanced former bank revolving credit facility (\$120m tranche A) and replaced a portion of the Company's 10% senior secured notes (\$105m tranche B)
- Covenant-lite facility
- Eliminated problematic financial maintenance covenants in former bank credit facility
- Provides additional liquidity via accretive interest (non-cash until paid upon maturity)



### New Equity Capital

- US\$127m equity injection
  - Placements to Centerbridge totaling US\$27m
  - Renounceable rights offer of US\$84m fully underwritten by Centerbridge
  - Exchange of US\$16m of senior unsecured notes for US\$16m of equity (represents Centerbridge held notes)

### Board structure

- The Board has appointed 2 Directors from Centerbridge and 2 other independent directors
- Centerbridge's maximum board representation may not equal or exceed half the board

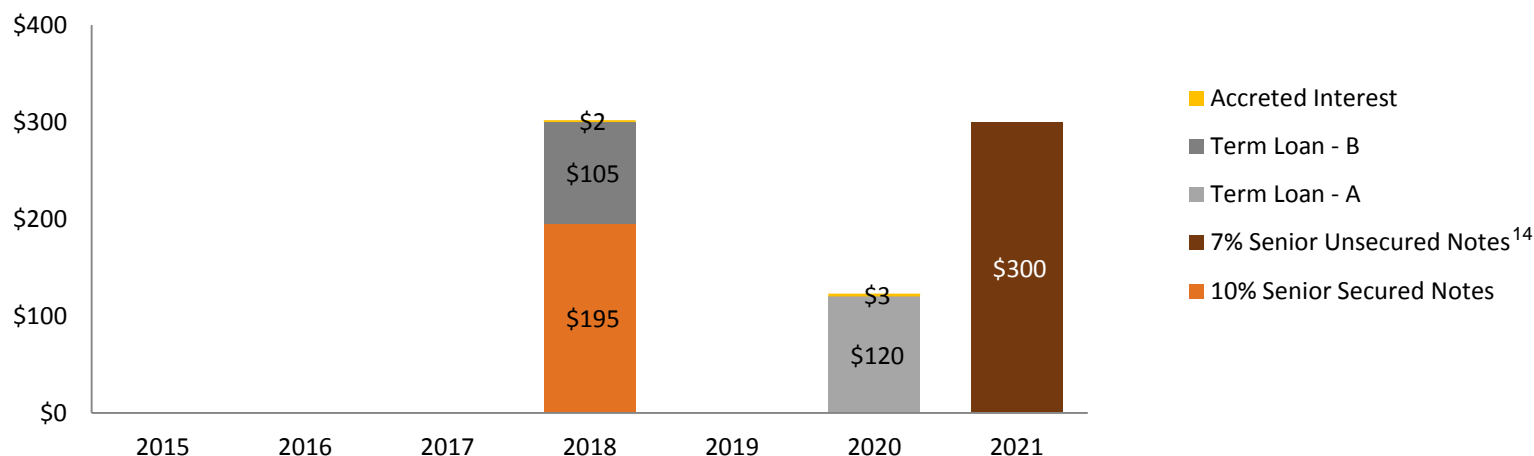
### Preference Shares<sup>3</sup>

- Centerbridge received approximately 434 million non-voting preference shares in addition to its 49.9% shareholding in the Company's ordinary voting stock.
- The preference shares cannot convert if it were to result in Centerbridge beneficially owning more than 49.9% of the voting power of the Company's voting stock.



# Debt Maturity Schedule<sup>12</sup>

(US \$M)

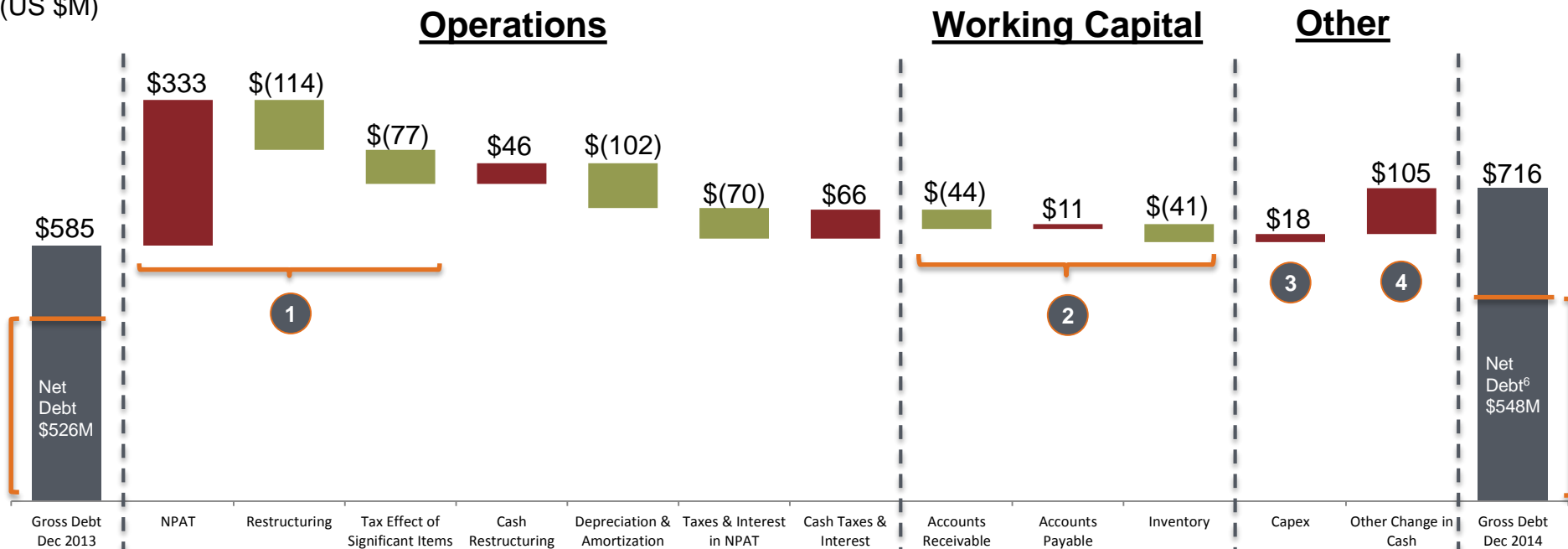


- Through the recent recapitalization transaction, the company replaced its \$140M revolving bank facility with term loan tranche A.
- Proceeds from term loan tranche B were used to repay a portion of the 10% senior secured notes.



# Net debt increased by \$22M to \$548M<sup>16</sup>

(US \$M)



- 1 Adjusted NPAT<sup>2</sup> is \$141M.
- 2 **Accounts Receivable:** Primarily driven by reduction in revenue  
**Accounts Payable:** Minimal purchasing levels as sales and consumption were filled with existing stock  
**Inventory:** Continue to focus on cash generation and reducing excess levels of stock
- 3 Cash capex of \$18M compared to accrual capex of \$25M
- 4 Significant items included in "Other Change in Cash":
  - Change in cash: \$110M
  - Less equity proceeds: \$(27M)
  - Effect of changes in foreign currencies and other adjustments: \$(4M) and \$6M respectively
  - Change in provisions and other assets: \$17M and \$3M respectively



## 2005-06 Audit

- Reversal of assessment finalised
- All security totaling C\$35.5M released by CRA and provinces in 2014

## 2007-09 Audit

Income Adjustment	Total Exposure (taxes and interest)
C\$105 million	C\$60 million <sup>15</sup>
Reflects aggregated CRA and provincial assessments	

- Similar to 2005-2006, disputed amounts relate entirely to inter-company transactions (Product sales, Royalties and Management Fees).
- In October 2014, the CRA notified the Company it does not intend to pursue transfer pricing penalties related to the 2007-09 disputed adjustments
- CRA Competent Authority division review is underway and decision by CRA is expected soon
- Security requirements with relevant taxing authorities not expected to materially impact liquidity

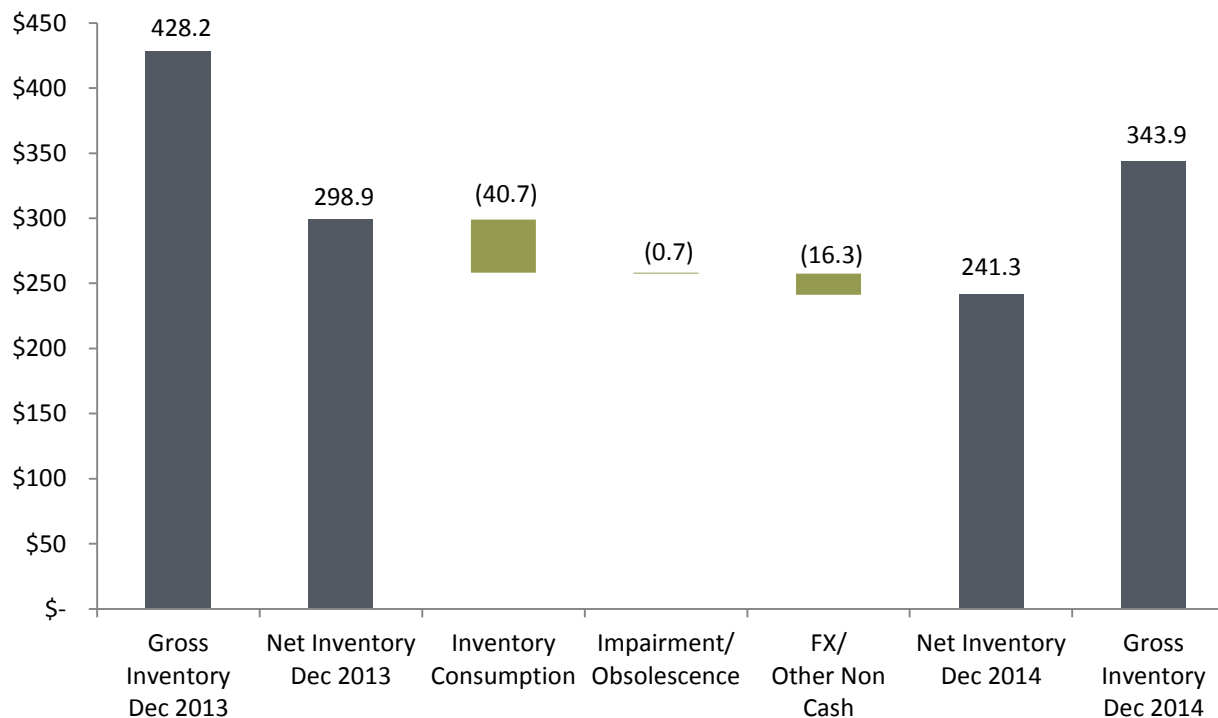
## 2010-12 Audit

- Still underway. Timing for assessments, if any, is unclear.

# Inventory



(US \$M)

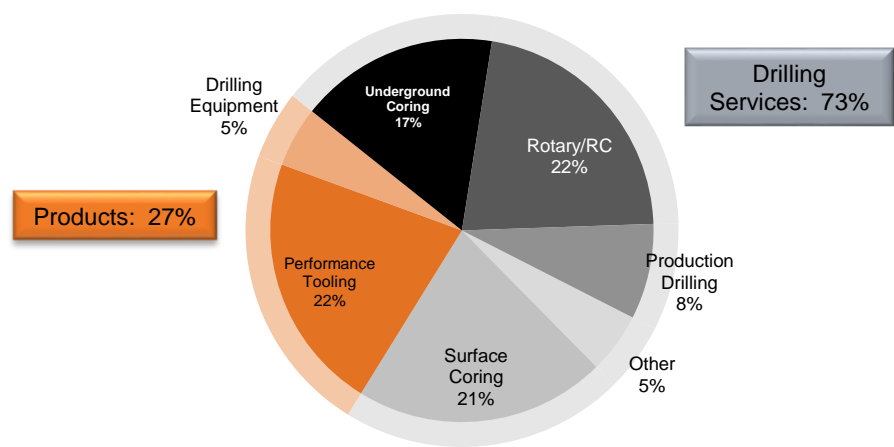


- Gross inventory peaked at ~\$570M in October 2012
- Continued focus on supply chain efficiencies to further decrease total inventory balances

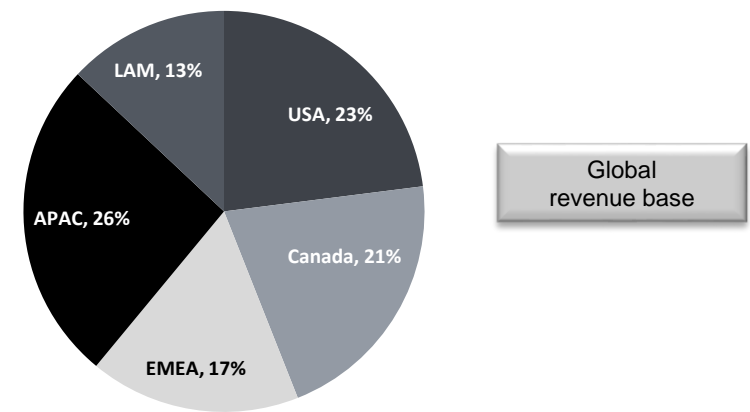
# Diversified End Market Exposure



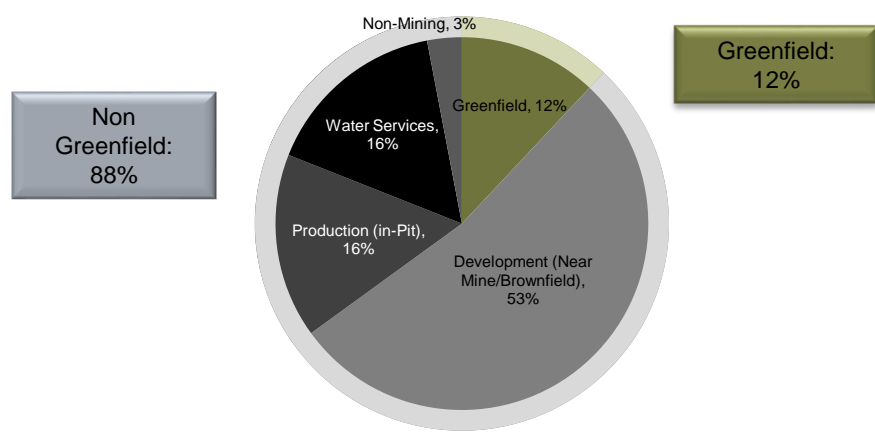
FY 2014 Total BLY Revenue – Products & Drilling Services



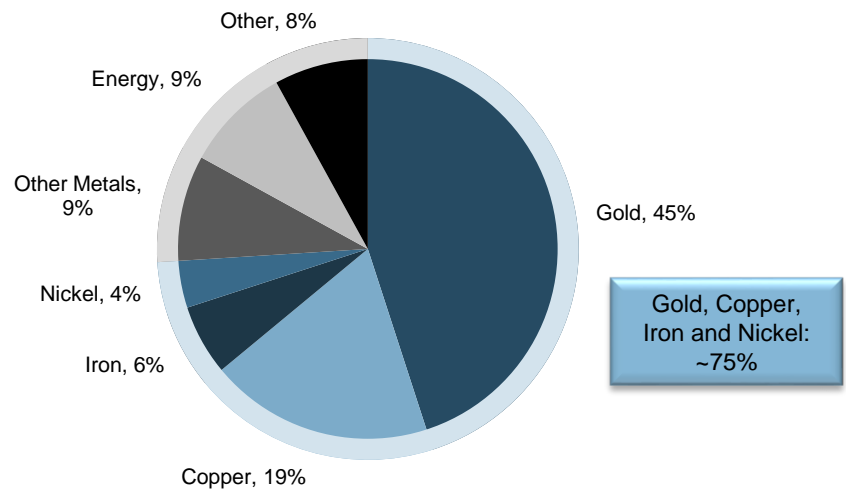
FY 2014 Total BLY Revenue by Region – Products & Drilling Services<sup>18</sup>



FY 2014 Drilling Services Revenue by Stage



FY 2014 Drilling Services Revenue by Commodity



# End Market Exposure

## Year over year comparison



### ***BLY Revenue - Products & Drilling Services***

<b>% of Revenue</b>	<b>FY 2013</b>	<b>FY 2014</b>
Production Drilling	5%	8%
Surface Coring	30%	21%
Performance Tooling	15%	22%
Drilling Equipment	21%	5%
Underground Coring	4%	17%
Rotary/RC	6%	22%
Other	19%	5%
<b>Total</b>	<b>100%</b>	<b>100%</b>

### ***BLY Revenue by Region - Products & Drilling Services<sup>18</sup>***

<b>% of Revenue</b>	<b>FY 2013</b>	<b>FY 2014</b>
USA	22%	23%
Canada	18%	21%
EMEA	19%	17%
APAC	28%	26%
LAM	13%	13%
<b>Total</b>	<b>100%</b>	<b>100%</b>

### ***Drilling Services Revenue by Commodity***

<b>% of Revenue</b>	<b>FY 2013</b>	<b>FY 2014</b>
Gold	39%	45%
Copper	22%	19%
Iron	12%	6%
Nickel	7%	4%
Other Metals	8%	9%
Energy	7%	9%
Environmental	0%	1%
Other	5%	7%
<b>Total</b>	<b>100%</b>	<b>100%</b>

### ***Drilling Services Revenue by Stage***

<b>% of Revenue</b>	<b>FY 2013</b>	<b>FY 2014</b>
Greenfield	13%	12%
Development (Near Mine/Brownfield)	56%	53%
Production (in-Pit)	12%	16%
Water Services	15%	16%
Non-Mining	4%	3%
<b>Total</b>	<b>100%</b>	<b>100%</b>

# Income Statement



	12 months ended 31 December 2014 US\$'000	12 months ended 31 December 2013 US\$'000
<b>Continuing operations</b>		
Revenue	866,588	1,222,853
Cost of goods sold	(750,115)	(1,020,718)
Gross margin	116,473	202,135
Other income	7,565	18,151
General and administrative expenses	(124,281)	(157,728)
Sales and marketing expenses	(40,053)	(44,405)
Significant items	(114,005)	(461,165)
Other expenses	(30,728)	(24,828)
Operating loss	(185,029)	(467,840)
Interest income	5,487	2,851
Finance costs	(72,158)	(40,914)
Loss before taxation	(251,700)	(505,903)
Income tax expense	(81,018)	(114,040)
<b>Loss for the year attributable to equity holders of the parent</b>	<b>(332,718)</b>	<b>(619,943)</b>
<b>Loss per share:</b>		
Basic loss per share	(70.8) cents	(136.1) cents
Diluted loss per share	(70.8) cents	(136.1) cents
Weighted average shares outstanding	469,662,515	455,507,905
Total shares outstanding	637,490,726	461,163,412
<b>Other comprehensive loss</b>		
Loss for the year attributable to equity holders of the parent	(332,718)	(619,943)
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange loss arising on translation of foreign operations	(46,826)	(102,631)
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Actuarial (loss) gain related to defined benefit plans	(14,280)	28,008
Income tax on income and expense recognised directly through equity	4,038	(8,874)
Other comprehensive loss for the year (net of tax)	(57,068)	(83,497)
<b>Total comprehensive loss for the year attributed to equity holders of the parent</b>	<b>(389,786)</b>	<b>(703,440)</b>

# Balance Sheet



	31 December 2014 US\$'000	31 December 2013 US\$'000
<b>Current assets</b>		
Cash and cash equivalents	168,784	59,053
Trade and other receivables	137,442	196,912
Inventories	241,260	298,947
Current tax receivable	15,446	18,253
Prepaid expenses and other assets	18,723	25,054
<b>Total current assets</b>	<b>581,655</b>	<b>598,219</b>
<b>Non-current assets</b>		
Property, plant and equipment	279,306	408,311
Goodwill	102,471	103,974
Other intangible assets	77,268	92,028
Deferred tax assets	68,427	110,243
Non-current tax receivable	13,710	6,882
Other assets	17,530	10,824
<b>Total non-current assets</b>	<b>558,712</b>	<b>732,262</b>
<b>Total assets</b>	<b>1,140,367</b>	<b>1,330,481</b>
<b>Current liabilities</b>		
Trade and other payables	167,024	153,152
Provisions	23,941	33,263
Current tax payable	100,223	91,649
Loans and borrowings	-	84
<b>Total current liabilities</b>	<b>291,188</b>	<b>278,148</b>
<b>Non-current liabilities</b>		
Loans and borrowings	716,344	585,375
Deferred tax liabilities	17,715	1,179
Provisions	44,903	37,184
<b>Total non-current liabilities</b>	<b>778,962</b>	<b>623,738</b>
<b>Total liabilities</b>	<b>1,070,150</b>	<b>901,886</b>
<b>Net assets</b>	<b>70,217</b>	<b>428,595</b>
<b>Equity</b>		
Issued capital	1,159,069	1,129,014
Reserves	(82,785)	(37,312)
Other equity	(137,182)	(137,182)
Accumulated losses	(868,885)	(525,925)
<b>Total equity</b>	<b>70,217</b>	<b>428,595</b>



# Cash Flow Statement (1 of 2)

	12 months ended 31 December 2014 US\$'000	12 months ended 31 December 2013 US\$'000
<b>Cash flows from operating activities</b>		
Loss for the year	(332,718)	(619,943)
<i>Adjustments provided by operating activities:</i>		
Income tax expense recognised in profit	81,018	114,040
Finance costs recognised in profit	72,158	40,914
Depreciation and amortisation	102,398	130,724
Interest income recognised in profit	(5,487)	(2,851)
Gain on sale or disposal of non-current assets	(1,716)	(364)
Loss on disposal of business	-	1,962
Impairment of current and non-current assets	48,491	405,016
Non-cash foreign exchange loss	5,626	2,888
Equity-settled share-based payments	4,250	1,230
Long-term compensation - cash rights	4,535	(31)
<i>Changes in net assets and liabilities, net of effects from acquisition and disposal of business:</i>		
Decrease (increase) in assets:		
Trade and other receivables	44,385	45,851
Inventories	40,677	101,791
Other assets	(3,353)	16,427
Increase (decrease) in liabilities:		
Trade and other payables	11,054	(138,746)
Provisions	(16,688)	(22,629)
Cash generated from operations	54,630	76,279
Interest paid	(60,696)	(31,616)
Interest received	5,487	2,851
Income taxes paid	(10,674)	(36,012)
Net cash flows (used in) provided by operating activities	<b>(11,253)</b>	<b>11,502</b>



# Cash Flow Statement (2 of 2)

	12 months ended 31 December 2014 US\$'000	12 months ended 31 December 2013 US\$'000
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(13,827)	(35,528)
Proceeds from sale of property, plant and equipment	6,192	14,522
Intangible costs paid	(4,395)	(5,956)
Proceeds on disposal of subsidiary, net of cash disposed	-	24,810
Net cash flows used in investing activities	<b>(12,030)</b>	<b>(2,152)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of shares	27,158	-
Payments for debt issuance costs	(3,208)	(10,137)
Proceeds from borrowings	281,000	453,006
Repayment of borrowings	(161,090)	(461,139)
Dividends paid	-	(4,612)
Net cash flows provided by (used in) financing activities	<b>143,860</b>	<b>(22,882)</b>
Net increase (decrease) in cash and cash equivalents	120,577	(13,532)
Cash and cash equivalents at the beginning of the year	59,053	89,628
Effects of exchange rate changes on the balance of cash held in foreign currencies	(10,846)	(17,043)
<b>Cash and cash equivalents at the end of the year</b>	<b>168,784</b>	<b>59,053</b>

# Significant Items Detail



US\$ Millions	For the year ended 31 December			
	2014 US\$ Millions	2014 US\$ Millions	2013 US\$ Millions	2013 US\$ Millions
<b>EBITDA<sup>2</sup></b>	<b>(82.6)</b>		<b>(337.1)</b>	
<b>NPAT</b>		<b>(332.7)</b>		<b>(619.9)</b>
Recapitalisation costs	45.5	45.5	-	-
<b>Impairments</b>				
Property, plant and equipment	46.1	46.1	109.9	109.9
Intangible assets	1.6	1.6	9.1	9.1
Inventory	0.7	0.7	101.9	101.9
Goodwill	-	-	166.3	166.3
Development asset	-	-	14.6	14.6
Employee separation and related costs	12.5	12.5	44.8	44.8
Other restructuring expenses	7.6	7.6	14.6	14.6
Gain on termination of post-retirement medical plan	-	-	(16.9)	(16.9)
Tax effect of significant items and other tax write offs <sup>17</sup>		76.9		81.3
<b>Total of significant items</b>	<b>114.0</b>	<b>190.9</b>	<b>444.3</b>	<b>525.6</b>
<b>Adjusted EBITDA<sup>2</sup></b>	<b>31.4</b>		<b>107.2</b>	
<b>Adjusted NPAT<sup>2</sup></b>		<b>(141.8)</b>		<b>(94.3)</b>



# Footnote Disclosures

- **Footnote 1:** Per 200,000 work hours.
- **Footnote 2:** EBITDA, Adjusted EBITDA, Adjusted EBIT, and Adjusted NPAT are non-IFRS measures and are used internally by management to assess the performance of the business. For 2014, the adjusted figures have been derived from the Company's financial statements by adding back \$114M pre-tax (\$80M post-tax) of significant items and \$111M of tax expense on derecognition of deferred tax assets and unrecognised tax losses in the current year.
- **Footnote 3:** Source: SNL Metals Economics Group.
- **Footnote 4:** Source: Bloomberg.
- **Footnote 5:** Expenditure profile defined as operating costs plus capital expenditures.
- **Footnote 6:** Pro forma net debt for the recapitalisation transactions that completed in January 2015 was \$466M.
- **Footnote 7:** As of 31 December 2014 operating rigs and rig utilisation was 328 and 35%, respectively.
- **Footnote 8:** Increase in Global Products employees & reduction in Drilling Services is due to the consolidation of maintenance and supply chain operations into the Global Products division.
- **Footnote 9:** Backlog as of 31 January 2015 was \$19M.
- **Footnote 10:** Transactions between segments are carried out at arm's length and are eliminated on consolidation. Inter-segment revenue is counted as products are moved to a Drilling Services project (as opposed to a Drilling Services inventory location in the past).

# Footnote Disclosures cont.



- **Footnote 11:** Excludes interest and taxes.
- **Footnote 12:** Amounts shown reflect principal amounts or, where indicated, accreted interest.
- **Footnote 13:** Operating rigs defined as the number of weekly operating rigs generating revenue. Previously, the Company has provided utilisation figures based on operating rigs divided by rigs held in the fleet.
- **Footnote 14:** Effective 27 January 2015, \$16M of the 7% Senior Unsecured Notes were converted to equity, leaving a principal balance of \$284M.
- **Footnote 15:** Not included in the total exposure is approximately C\$10.3M which has been paid in January 2015.
- **Footnote 16:** Rounded figures may differ slightly from reported results which utilise more precise rounding.
- **Footnote 17:** Includes tax expense on derecognition of deferred tax assets and unrecognized tax losses of \$110.6 million.
- **Footnote 18:** The Company manages Canada and the United States as a single geographic segment (North America) but has provided a break-out of revenue for informational purposes only.
- **Footnote 19:** Bloomberg consensus consists of estimates from four analysts.