



Boart Longyear Limited
ABN 49 123 052 728

26 Butler Boulevard, Burbridge Business Park
Adelaide Airport
South Australia 5950, Australia
Tel: +61 8 8375 8375 • Fax: +61 8 8375 8498
www.boartlongyear.com

19 May 2014

2014 Annual General Meeting Chair Address

Ladies and gentlemen, I am Barbara Jeremiah, the Chair of the Board, and it is my pleasure to welcome you to the Company's seventh Annual General Meeting since we listed in April 2007. I will chair today's proceedings.

Before we begin, I would like to ask our hosts, the Museum of Sydney, to provide a short safety briefing for those in the room today.

I am pleased to have the opportunity to conduct our Annual General Meeting in Sydney. Let me begin by introducing my Board colleagues and senior executives.

Seated at the panel table beside me are the Company's CEO Mr Richard O'Brien, and our non-executive directors Mr Bruce Brook, Mr Roger Brown, Mr Peter Day, Mr Roy Franklin, Ms Tanya Fratto, Mr David McLemore and Mr Rex McLennan.

Mr Day and Mr McLennan are recent appointments to our Board, and in accordance with the Listing Rules, submit for election at this meeting, along with Mr Brown and Mr Franklin who submit for re-election. We will cover those elections in the formal part of our meeting.

Seated in the front row are members of our Senior Executive team including our new Chief Financial Officer Jeff Olsen, our Senior VP Human Resources Brad Baker, our General Counsel and Company Secretary Fab Rasetti and our Treasurer and Investor Relations Manager, Jay Clement.

Let me thank Jay Clement for his service as interim CFO through the course of 2013 and this year.

We also have with us Mr Kent Hoots, Senior VP of our Products Business, and Mr Alan Sides, Senior VP of our Drilling Services Business.

And finally, also with us today are Mr Andrew Griffiths, a partner of the Company's Auditor, Deloitte Touche Tohmatsu, and representatives of the Company's share registrar, Link Market Services.

All shareholders have received or have had made available to them, the Company's 2013 Annual Report, including the Directors' Report, the Operating and Financial Review, and the Company's Financial Reports for 2013.

Before inviting questions on these reports, I will make a few remarks on the past year. Richard will then address the meeting and there will be an opportunity for shareholders to ask questions of the management. Following that, we will turn to the formal business of the meeting.

This has been one of the most difficult years in the history of Boart Longyear and I suspect that all of you, our shareholders, share the disappointment of the board and management in how our share price has performed over the last 12 months. The downturn experienced by the mining industry and the segments we serve has been deep and prolonged and the hoped for signs of recovery have not yet emerged. Before I make a few remarks about the Strategic Review process which the Board has commissioned, I want to commend our CEO Richard O'Brien and the management team for the painful restructuring efforts which they have led and implemented in this challenging environment.



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Richard and the team has critically examined our business model, restructured our organization and reduced overhead. These actions include a reduction of over 3,300 positions; run rate reductions in overhead of \$120 million from 2012 levels; and the closure of 65 facilities since late 2012. Our capital expenditures have been substantially reduced as we focus on repair and maintenance while preserving capital. Richard will provide a fuller picture of our actions in the past year but the Board firmly believes that we have put the Company on a footing to return quickly to profitability when market conditions improve.

While we believe we are well positioned when the mining recovery occurs, we announced in February that the Board has commissioned a strategic review with the following objectives.

- Evaluate the feasibility and timing of all potential options available to the company
- Preserve the franchise value of both the Drilling Services & Products businesses
- Provide continuity of services and products to our global customer base
- Ensure capital adequacy to continue as a going concern through the mining cycle and position the business to capture future growth when the market recovers

We are undertaking this review mindful of our responsibility to all of our stakeholders – shareholders, customers, employees and communities where we operate. While we have not yet reached a conclusion, we are moving forward with an examination of all options for the company that can sustain and improve our financial performance. Because we believe in the opportunity for improved performance of the Company when the mining economy turns upward, we are hopeful that we can fashion a response to our current, highly leveraged capital structure that will accelerate our opportunity to grow.

Having said that, we are currently constrained by the amount of debt on our balance sheet and this debt is a major focus for us. The Board and management are committed to reducing the amount and cost of our debt as soon as feasible while preserving the people, equipment and technology that have made Boart Longyear the industry leader.

We are mindful that our fellow shareholders, may be doubtful about how quickly we can deliver on this commitment in light of recent performance. However, we are working to regain the confidence of the market, as reflected in our share price, and to retain the support and confidence of our customers through the superior performance that both our drilling services and products businesses deliver for them.

I will now ask Richard O'Brien to share his perspective of the past year's performance, answer questions and then we will conclude with the formal business of our meeting today.

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Thank you Richard. Before we turn to questions, I would like to make comment on matters relating to our Remuneration Report.

We have not received the support from Proxy Advisers and our shareholders we would hope for.

The Board is acutely aware of the need to ensure that the executive team remains focused and incentivised in the current challenging market environment and the critical challenges confronting us. Fortunately, we are confident that we have the right team to navigate this difficult period. Retention of



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the team, including of course our CEO, is a key near-term remuneration strategy imperative given our current circumstances.

We acknowledge the feedback we have received, and will work hard to address that feedback in our remuneration practices.

About Boart Longyear

With over 120 years of expertise, Boart Longyear is the world's leading provider of drilling services, drilling equipment, and performance tooling for mining and drilling companies globally. It also has a substantial presence in aftermarket parts and service, energy, mine de-watering, oil sands exploration, and production drilling.

The Global Drilling Services division operates in over 40 countries for a diverse mining customer base spanning a wide range of commodities, including copper, gold, nickel, zinc, uranium, and other metals and minerals. The Global Products division designs, manufactures and sells drilling equipment, performance tooling, and aftermarket parts and services to customers in over 100 countries.

Boart Longyear is headquartered in Salt Lake City, Utah, USA, and listed on the Australian Securities Exchange in Sydney, Australia. More information about Boart Longyear can be found at www.boartlongyear.com. To get Boart Longyear news direct, visit <http://www.boartlongyear.com/rssfeed>.

Investor Relations

Jay Clement

Vice President, Investor Relations/Treasury
Australia 08 8375 8300
USA +1 801 401 3712
ir@boartlongyear.com

Media:

David Symons

Cato Counsel
Sydney: (02) 9212 4666
Mobile: 0410 559 184
david@catocounsel.com.au