



*TruCore™ Core Orientation Tool*

**Annual General Meeting**  
May 2016 – Adelaide



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Chairman's Address  
Marcus Randolph



# Who We Are



## RESULTS



**DRILLING**



**GLOBAL**



**PEOPLE**



**TECHNOLOGY**



**PRODUCTS**



**HISTORY**

## INTEGRITY

- Boart Longyear is the leading provider of drilling services, drilling equipment, and performance tooling for mining and drilling companies globally
- Customers rely on our unique ability to develop, field test, and deliver any combination of drilling consumables, capital equipment, and expertise to every corner of the world



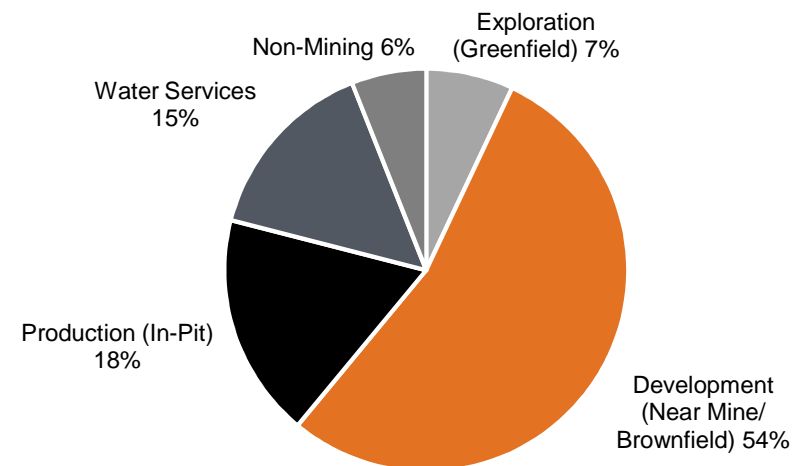
# Global Drilling Services

## Active across all mining stages



Stage	Boart Longyear Service Offering
Explore	<ul style="list-style-type: none"> <li>• Surface coring</li> <li>• Reverse Circulation ("RC") to get through overburden quickly</li> <li>• Rotary for water exploration to build hydrology intelligence</li> </ul>
Evaluate	<ul style="list-style-type: none"> <li>• Surface coring</li> <li>• Reverse Circulation</li> </ul>
Develop & Construct	<ul style="list-style-type: none"> <li>• Water services</li> <li>• Underground drilling</li> <li>• Surface coring</li> </ul>
Mine	<ul style="list-style-type: none"> <li>• Reverse Circulation for step out drilling</li> <li>• Reverse Circulation to get through overburden quickly</li> <li>• Underground blast and percussive drilling</li> <li>• In-pit surface and underground coring</li> <li>• Drilling horizontal and vertical drains for pit stabilization</li> </ul>
Process & Optimize	<ul style="list-style-type: none"> <li>• Underground coring</li> <li>• Water services</li> <li>• Sonic</li> </ul>







FY 2015 Drilling Services Revenue by Stage



# Global Products

## Technology Innovator



	Minerals & Energy	Rock Drill & Blast	Environmental & Infrastructure	Key Innovations
Drilling Tools				<ul style="list-style-type: none"> <li>• <b>UMX™ Diamond Bits</b> - Higher penetration/longer life</li> <li>• <b>RQ™ Drill Rods</b> - Most reliable deep hole rod</li> <li>• <b>V-Wall™ Coring Rods</b> - Increases rig depth capacity</li> <li>• <b>Roller Latch™</b> - Increased safety/productivity</li> </ul>
Drilling Equipment				<ul style="list-style-type: none"> <li>• <b>LX™11 Coring Rig</b> - Safer &amp; more productive</li> <li>• <b>LS™250 MiniSonic™ Rig</b> - More efficient/better samples</li> <li>• <b>DCi™ Control System</b> - Unattended drilling</li> <li>• <b>S250-M3 Rock Drill</b> - Same power, less noise</li> </ul>

### In Development:

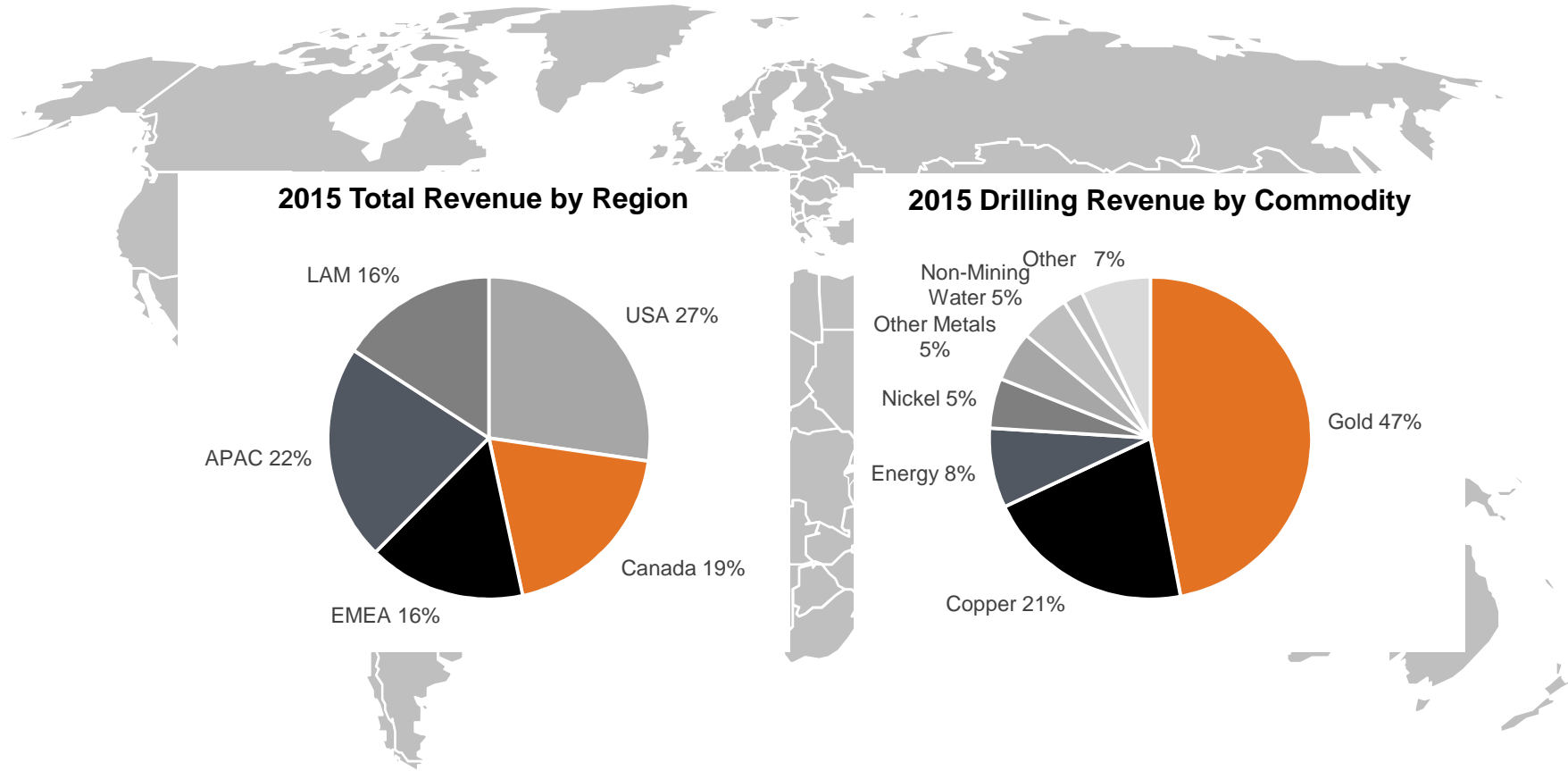
- Suite of survey, geophysical, assaying & logging tools
- All at the rig
- All done by drill crews



- **TruCore™ Core Orientation – RELEASED IN AUSTRALIA**
- **TruProbe™ – COMING SOON**
- **TruShot™ – COMING SOON**
- **Other on-site analysis tools – COMING SOON**

# Global Presence

Serving our customers in major mining markets



# FY 2015 Summary



## ➤ Safety

- Total case rate moderately better – 8% improvement year-over-year
- Increase in lost time rate – 0.18 vs. 0.11 in 2014
- No fatalities

## ➤ Revenues

- Down \$131M (15%)
- FX the key driver – \$74M of the decrease
- Price down \$30M; volume down \$27M

## ➤ Costs

- Markedly improved
- COGS down \$124M (16%)
- Significant SG&A reductions in 2H 2015; \$25M reduction in run rate compared to 1H 2015

## ➤ Cash from Operations

- \$85M used in 1H and \$30M generated in 2H
- Improvement driven by cost control and productivity measures implemented in 2H plus seasonality

## ➤ Productivity

- Big push started September 1<sup>st</sup>
- Significant improvement in drill meters per shift in first 5 months

## ➤ Business Environment

- All major minerals down in 2015
- Gold up 20% YTD
- Gold represented ~47% of Drilling Services revenue in 2015

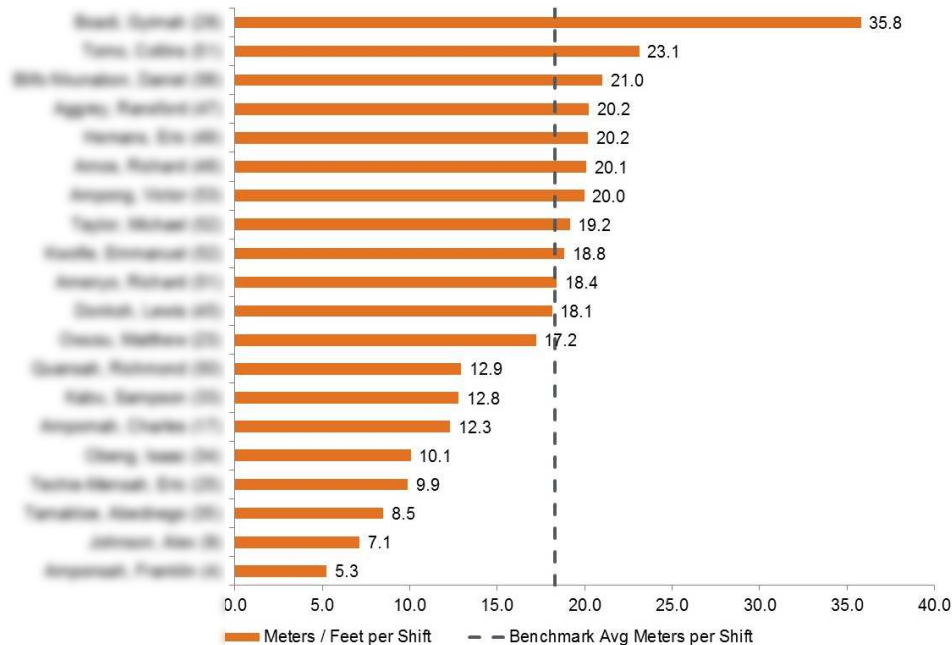




# Productivity Initiative



### Example of Driller Productivity Chart



### Progress Reviewed Regularly

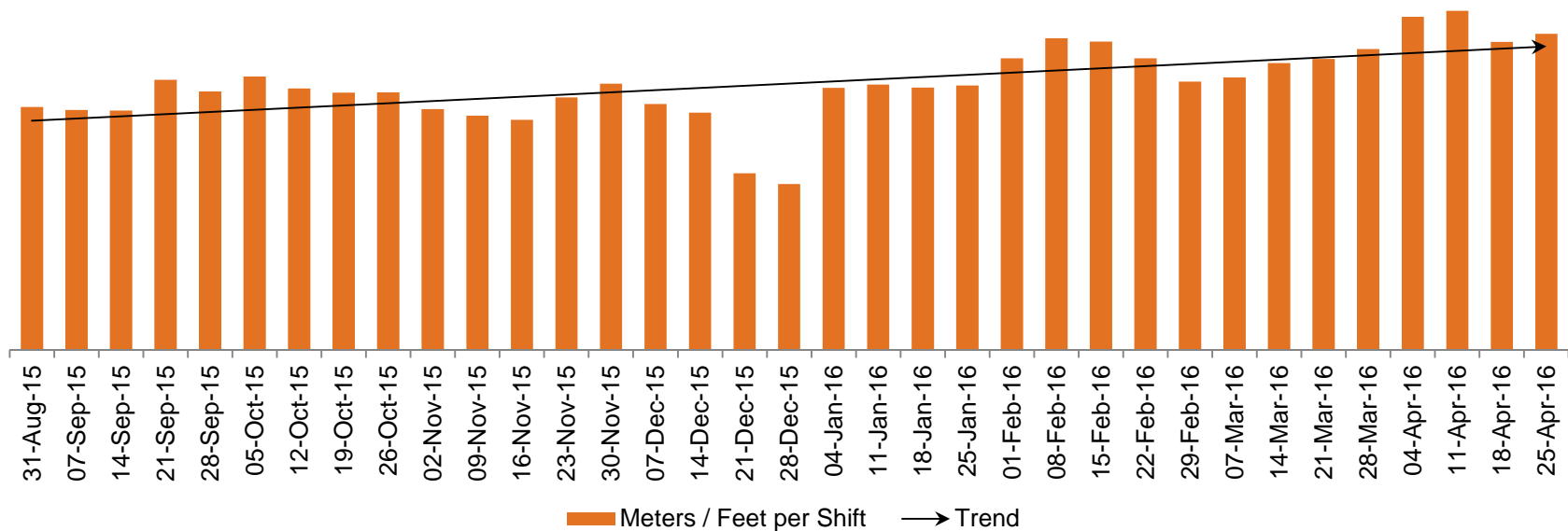


- Every drill crew gets instantaneous feedback on shift results (compared to other drillers & target)
- New incentive program with substantial bonuses for high performers
- Following metrics reported in detail:
  - Drill meters per shift
  - Time to first and last meter drilled
  - Revenue per shift
  - Drilling time and non-billable time

# Significant improvement in productivity in first 8 months



## Meters per Shift: First 8 Months (Surface & UG Coring)



- **Good data in a timely manner with meaningful incentives works!**
- **Expect trend to continue**

# Experienced Board of Directors



## Board of Directors

<p><b>Marcus Randolph</b> (Executive Chairman)</p>		<ul style="list-style-type: none"> <li>• Appointed February 2015</li> <li>• Most recently chief executive of BHP Billiton's Ferrous and Coal business</li> <li>• 35 years of mining experience</li> </ul>	<p><b>Deborah O'Toole</b></p>		<ul style="list-style-type: none"> <li>• Appointed November 2015</li> <li>• Most recently CFO and EVP of Aurizon Holdings</li> <li>• 20 years of mining experience</li> </ul>
<p><b>Bret Clayton</b></p>		<ul style="list-style-type: none"> <li>• Appointed February 2015</li> <li>• Most recently group executive and member of Rio Tinto's executive committee</li> <li>• 20 years of mining experience</li> </ul>	<p><b>Peter Day</b></p>		<ul style="list-style-type: none"> <li>• Appointed February 2014</li> <li>• Former executive roles in finance and general management</li> <li>• 15 years of mining experience</li> </ul>
<p><b>Jonathan Lewinsohn</b></p>		<ul style="list-style-type: none"> <li>• Appointed October 2014</li> <li>• Partner at Centerbridge Partners</li> </ul>	<p><b>Jeffrey Long</b></p>		<ul style="list-style-type: none"> <li>• Appointed November 2015</li> <li>• Current CEO of Penhall Company</li> <li>• Former senior managing director at Centerbridge Partners</li> </ul>
<p><b>Gretchen McClain</b></p>		<ul style="list-style-type: none"> <li>• Appointed November 2015</li> <li>• Founder &amp; CEO of S&amp;P 500 global water technology company</li> <li>• Former NASA director of international space station</li> </ul>	<p><b>Rex McLennan</b></p>		<ul style="list-style-type: none"> <li>• Appointed August 2013</li> <li>• Former financial executive</li> <li>• 30 years of resource experience</li> </ul>
<p><b>Experienced Board Committed to BLY's Success</b></p>			<p><b>Jeffrey Olsen</b> (President &amp; CEO)</p>		<ul style="list-style-type: none"> <li>• Appointed April 2014</li> <li>• Prior chief commercial officer for Rio Tinto's Iron &amp; Titanium business &amp; CFO of Rio Tinto's Borax &amp; Minerals division</li> <li>• 20 years of mining experience</li> </ul>





**BOART LONGYEAR™**  
Pre-start information Meeting  
ຂໍ້ມູນກອງປະຊຸມກ່ອນເລີ່ມວຽກ

Date/ວັນທີ: 23/2/2016 Shift/ຜຽນວຽກ: DS - NS

**1 SAFETY/ຄວາມປອດໄພ**

Remember the Golden Rules of Safety/ຄຳກຳນົດລະບຽບສຳລັບຄວາມປອດໄພ  
What will you do to make the workplace Safe Today?/ທ່ານຈະເຮັດຫຍັງມື້ນີ້ ເພື່ອເຮັດໃຫ້ສະຖານທີ່ເຮັດວຽກ ມີຄວາມປອດໄພ?

ຜູ້ກວດສອບ	ວັນທີ	
ວຽກເຮັດ	ວຽກເຮັດ	
ວຽກເຮັດ	ວຽກເຮັດ	
ວຽກເຮັດ	ວຽກເຮັດ	
ວຽກເຮັດ	ວຽກເຮັດ	
ວຽກເຮັດ	ວຽກເຮັດ	
ວຽກເຮັດ	ວຽກເຮັດ	
ວຽກເຮັດ	ວຽກເຮັດ	
ວຽກເຮັດ	ວຽກເຮັດ	
ວຽກເຮັດ	ວຽກເຮັດ	

**2 ADDRESS LONGYEAR**

Zero Harm  
Safety Cross  
Accident/ອາການ: Feb

Address Longyear

**3 KPIs TRACKER/ຕິດຕາມຄ່າ KPIs**      INDIVIDUAL RIG TARGETS  
ເປົ້າໝາຍຕ່າງໆ ຂອງແຕ່ລະຈັກ

FOR PREVIOUS SHIFT  
ສຳລັບຜຽນວຽກກ່ອນໜ້າ  
AVERAGE PERFORMANCE  
ຄ່າສະເລ່ຍການເຮັດວຽກ

23-5	200	
24-5	200	0.8
25-5	200	0.8
26-5	200	0.8
27-5	200	0.8
28-5	200	0.8
29-5	200	0.8
30-5	200	0.8
31-5	200	0.8

**4 ACTION/ວິທີການແກ້ໄຂ**

	WHO? ໃຜ?	WHEN? ເມື່ອໃດ?	DONE? ສຳເລັດ?
Wind tag (DO NOT ENTER ALONG HIGH VOLTAGE) ຕິດວາງແຖວໄຟສູງ/ຜູ້ເຮັດວຽກຕິດວາງແຖວໄຟສູງ	SEAKHAI ຜູ້ເຮັດວຽກ	23.2.16 23.2.16	
ທຳໃຫ້ມີຄວາມປອດໄພ ທຳມາດສຳລັບຄວາມປອດໄພ	ທຳມາດ/ທຳມາດ	23.2.16 23.2.16	
ວຽກເຮັດວຽກ ທຳມາດສຳລັບຄວາມປອດໄພ	ວຽກເຮັດ/ວຽກເຮັດ	23.2.16 23.2.16	



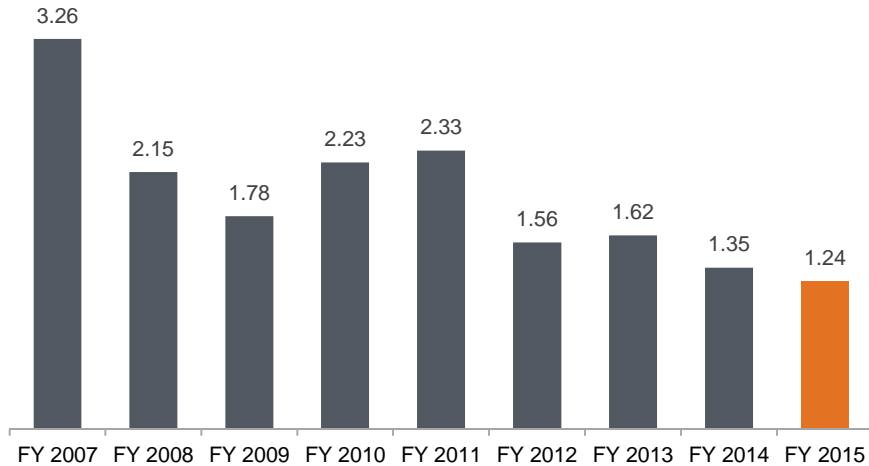
CEO's Address  
Jeff Olsen

# Safety & Environment

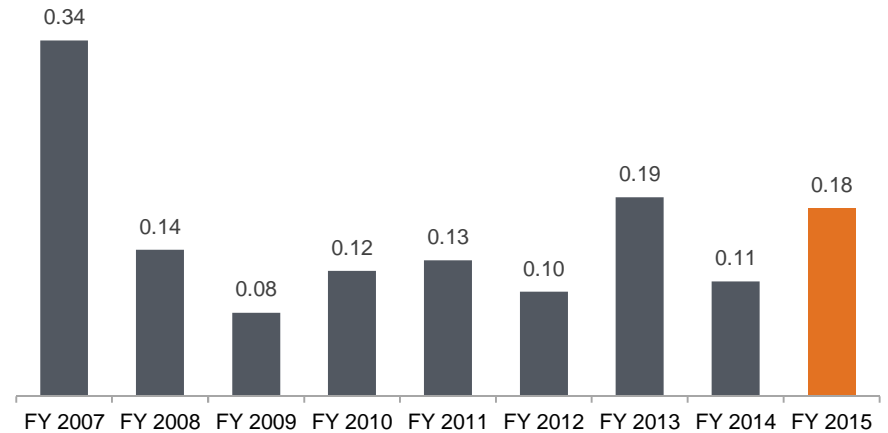
Our goal is to add value with zero harm – leading our industry with our employees returning home safely each day and performing our work with minimal impact to our neighbors or the environment.



## Total Case Incident Rate



## Lost Time Incident Rate



- **Safety Performance**

- Significant improvement in overall recordable injury cases
- Moderate increase in lost time injuries
- No fatalities

- **Proactive Safety Culture**

- Focused field leadership interactions with field employees covering significant areas of risk
- Continuation of drilling supervisor “Boots on the Ground” training program throughout LAM and EMEA regions

- **Continual Improvement**

- Focus on significant incident root cause analysis and corrective actions, supported by operations-centric incident reviews



**Improvement in total case safety performance in 2015 and no fatalities**

# Productivity & cost control efforts have moved the dial



(US \$M)	FY 2014			FY 2015			Variance (YOY)		
	1H	2H	Total	1H	2H	Total	1H	2H	Total
Revenue	421	445	867	387	348	735	(34)	(97)	(131)
Adjusted EBITDA	19	13	31	2	(2)	(0)	(17)	(14)	(31)
Cash From Operations	(15)	3	(11)	(85)	30	(55)	(71)	27	(44)

↑  
*2H 2015 cash from ops \$115M higher than 1H 2015*

↑  
*2H 2015 cash from ops \$27M higher than 2H 2014*

Cash from operations improved in 2H 2015 despite lower revenue driven by business improvement initiatives and seasonality

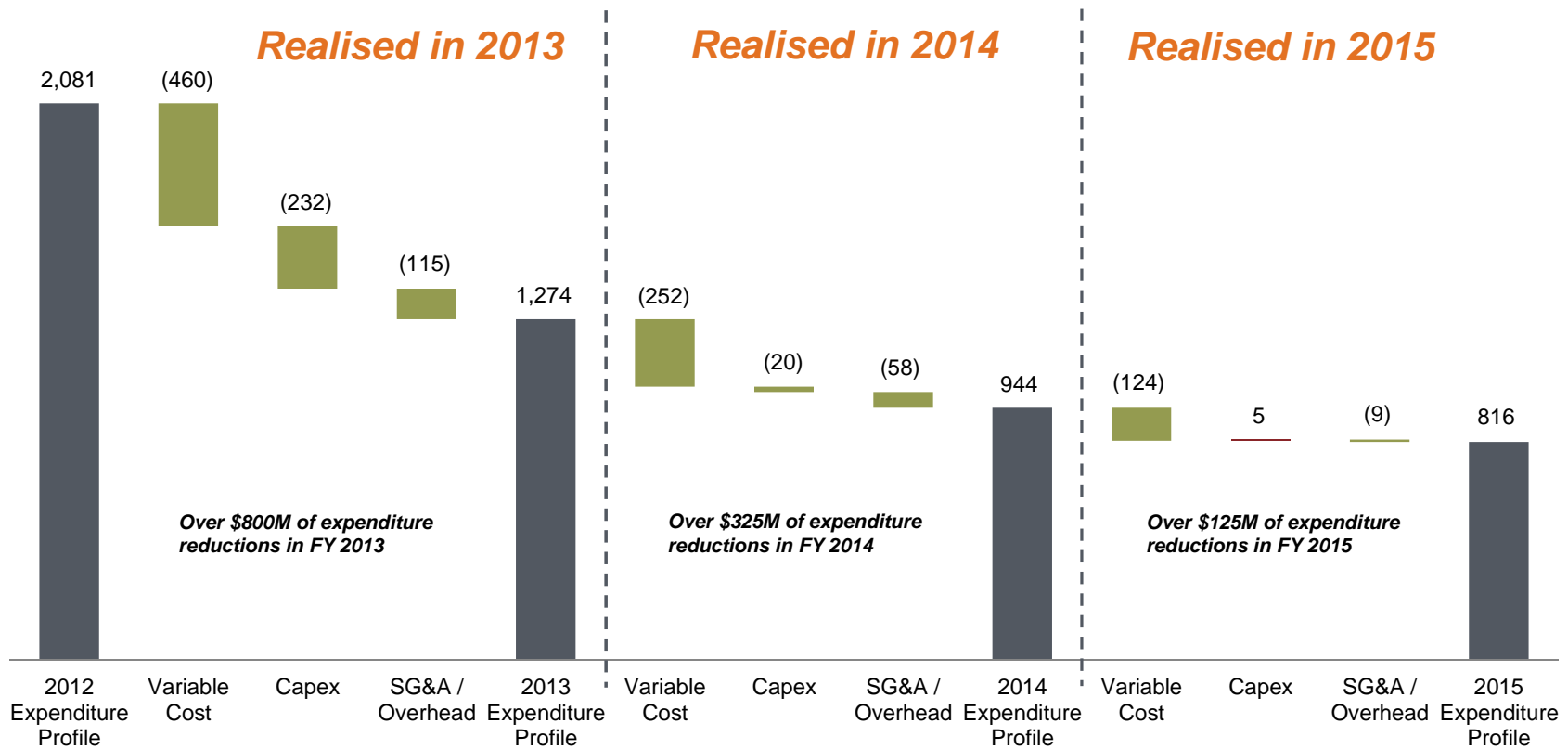


# Continuing to manage our cost structure



(US \$M)

Reduced expenditure profile by over ~\$1.3 billion since 2012



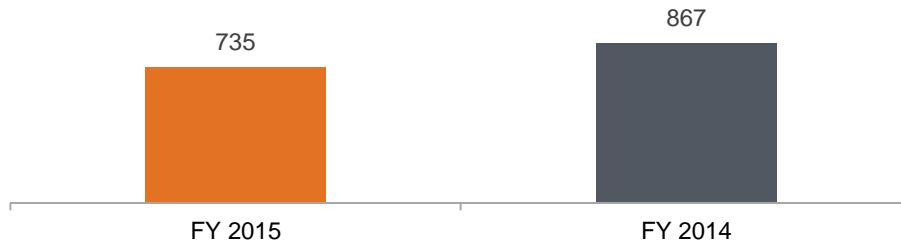
Q4 2015 cost actions will further reduce our cost profile in 2016

# Consolidated Results Summary: FY 2015



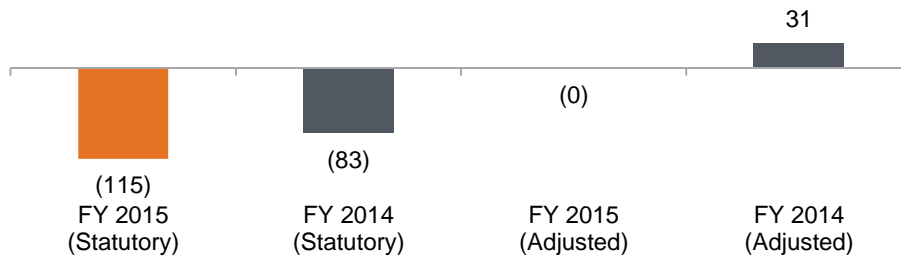
(US \$M)

## Revenue



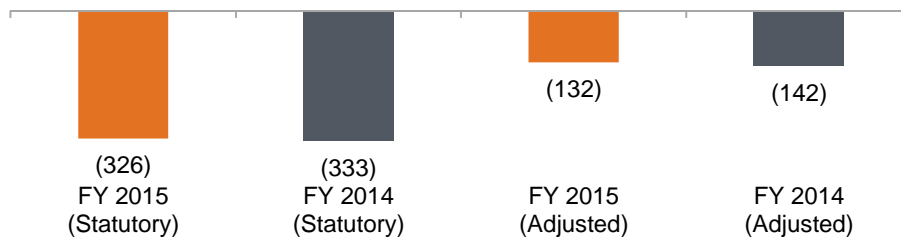
- FY 2015 was a difficult year for the industry and the Company due to lower commodity prices
- Demand stable for underground and production drilling and products
- Revenue down \$131M, driven by unfavorable currency translation as well as lower price and volume

## EBITDA



- Adjusted EBITDA down \$31M, driven by lower price and volume in the Drilling Services division
- Impacts of price and volume were partially offset by improvements in productivity and lower SG&A

## Net Profit After Tax



- Statutory loss of 36.0 cents compared to a loss of 70.8 cents in FY 2014
- No dividend to be paid

# Q1 2016 Update



(US \$M)	Consolidated Results		
	Quarter Ended		% Change Fav/(Unfav)
	31-Mar-16	31-Mar-15	
<b>Total Company</b>			
Revenue	142	187	-24%
Statutory EBITDA	(12)	(14)	13%
Adjusted EBITDA	(6)	(10)	34%
Statutory Net Profit After Tax	(61)	(71)	14%
Adjusted Net Profit After Tax	(55)	(66)	17%
Net Cash Flows Generated/(Used) in Operating Activities	(50)	(75)	33%
Net Debt	639	538	-19%
Adjusted SG&A	27	40	32%
Number of Employees	4,611	5,537	17%

(US \$M)	Divisional Results		
	Quarter Ended		% Change Fav/(Unfav)
	31-Mar-16	31-Mar-15	
<b>Global Drilling Services</b>			
Revenue	97	136	-29%
Statutory EBITDA	2	4	-53%
Average Number of Operating Drill Rigs	257	329	-22%
Average Number of Drill Rigs	911	932	-2%
Average Rig Utilisation	28%	35%	-7%
Number of Employees	3,300	3,833	14%

<b>Global Products</b>			
Revenue	44	51	-13%
Statutory EBITDA	2	3	-29%
Average Backlog	15	19	-21%
Number of Employees	974	1,338	27%

- Q1 2016 revenue down 24% compared to Q1 2015
- Revenue decline primarily driven by lower volume & unfavourable currency movements
- Despite decline in revenue, EBITDA (statutory & adjusted) was up (13% & 34% respectively)
- Cash used in operations improved by \$25M or 33% (improvement was \$6M net of recapitalisation fees in Q1 2015)
- Improvements in profitability and cash were driven by strict cost control and productivity initiatives

Note: Q1 2015 SG&A, after adjusting for the cost shift outlined in the Company's 2015 annual report, would have been \$34 million

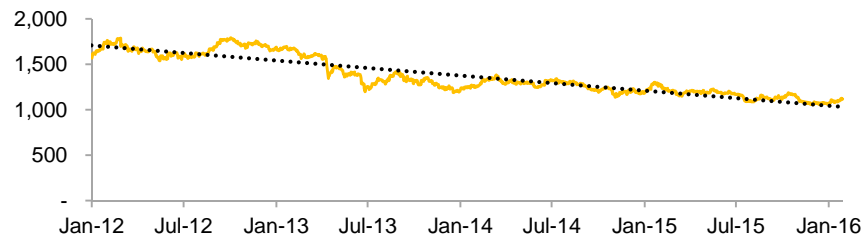


# Long-term commodity trends are negative but recent trends are improving

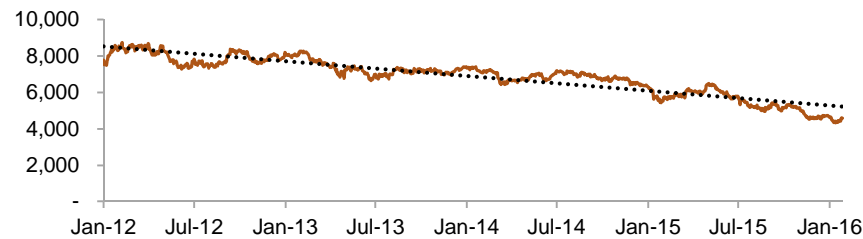


## Long-Term Commodity Trends

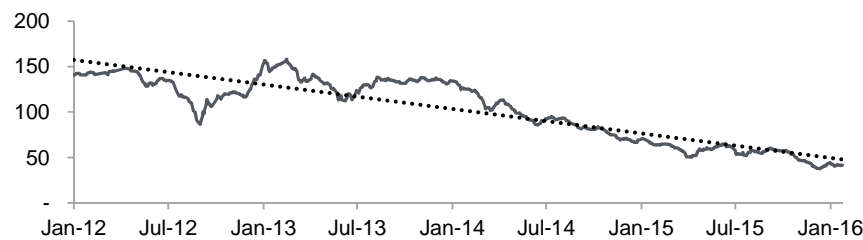
Gold (\$/oz.)



Copper (\$/MT)

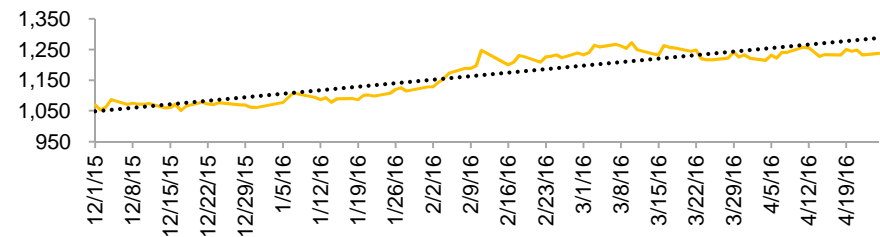


Iron Ore (\$/MT)

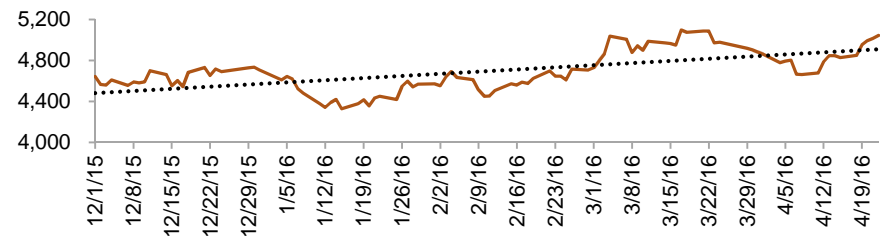


## Recent Commodity Trends (since Dec-15)

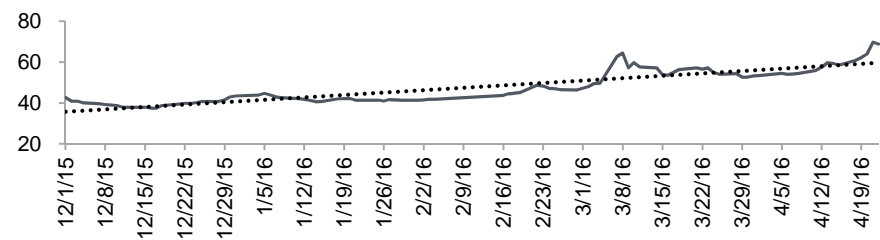
Gold (\$/oz.)



Copper (\$/MT)



Iron Ore (\$/MT)



# Difficult market conditions persist



## Key Risks Inherent to Our Business:

- **Market** – The Company’s results, financial condition, and ability to achieve shareholder returns are directly linked to underlying market demand for drilling services and drilling products
- **Operational** – We have implemented significant cost savings and efficiencies during the course of the industry downturn. Our future operating results and financial condition depend on our ability to sustain these cost savings and realize the efficiencies related to our productivity initiatives.
- **Indebtedness & Liquidity** – Based on the Company’s capital structure and the terms of our debt facilities, our ability to secure additional capital in the future, to the extent it becomes necessary to do so to fund operations, is uncertain

**Management and Directors will continuously monitor and mitigate these risks**

# 2016 Priorities

Focus on Safety, Productivity, Innovation & Cash



<b>Safety</b>	Focus on Behaviours & Culture Change	Increased Use of Physical Barriers	Improved Engineering
<b>Continuous Improvement</b>	Operations	Support Costs	Commercial Practices
<b>Technology</b>	Lower Operating Cost	Real-time Geological Data	Automation
<b>Cash Management</b>	Cash-neutral in 2017	Position for 2018 Debt Refinancing	Committed to Cost & Capital Discipline





# Questions?