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2013 Full-Year Results

February 2014

BOART LONGYEAR™

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

Safety & Environment

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

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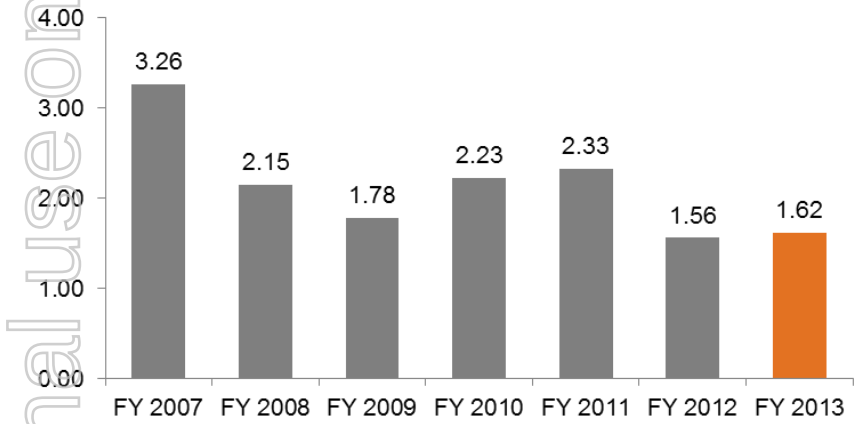
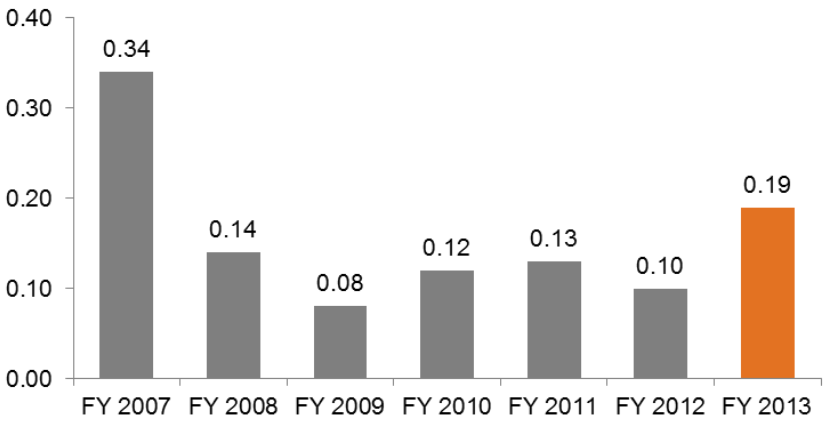
Total Case Incident Rate



Lost Time Incident Rate



- **Safety Performance**
  Tragic loss of Andy Buttram: one of our own. Involved in a motor vehicle accident while driving in hazardous conditions
- **Make it Personal**
  Program roll out features each employee's family as a reminder of what is important – Getting home safely!
- **THINK**
  Field level risk assessment applied for all new tasks and any time things change.
- **Sustainability**
  Minimising impacts to air quality, implementing steps to conserve energy and water, and reducing waste generation and the use of hazardous material.

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FY 2013 – Consolidated Results Summary

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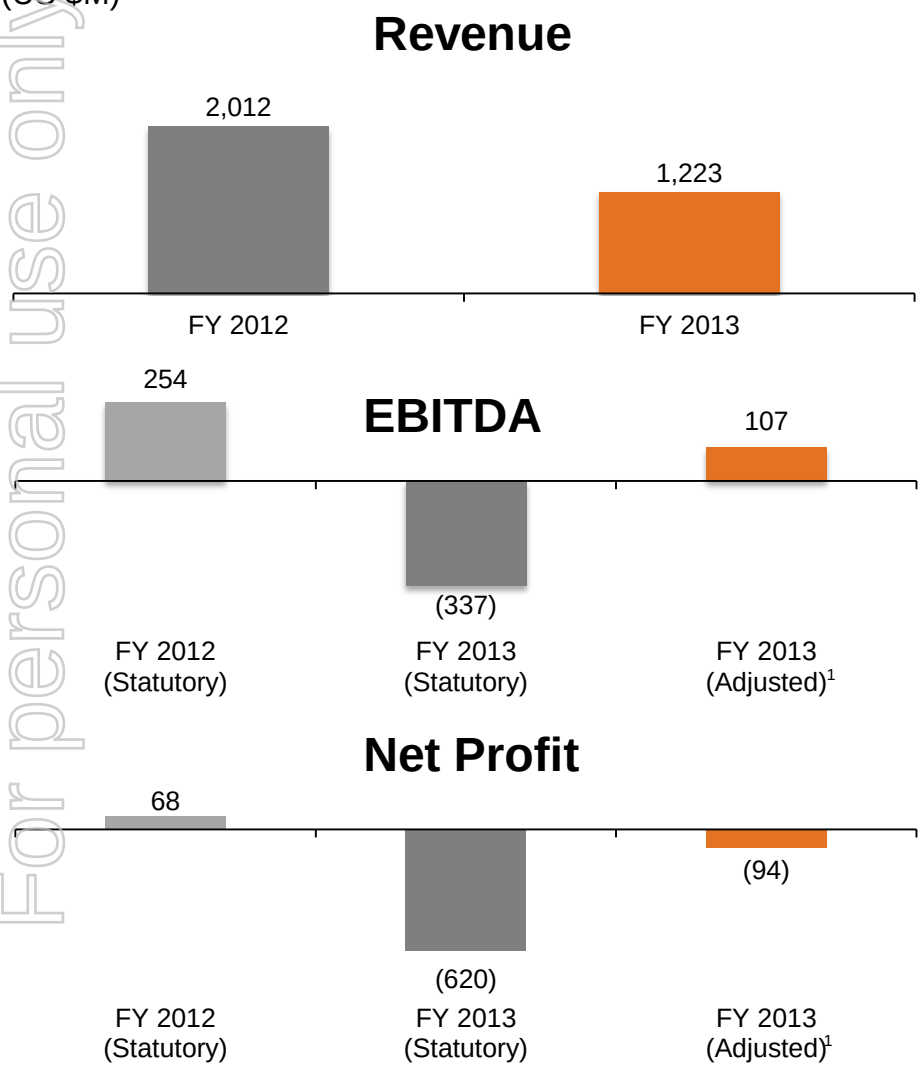
(US $M)



- Sector-wide contraction in mining spend which began in the back half of 2012 persisted through 2013
- Stable demand for underground applications and products
- Drill rig utilisation[2] down ~20 percentage points on a year over year basis

- Realised $115 million of cost savings in 2013:
  - ***Dec 2012 Initiative:*** $55 million
  - ***August 2013 Initiative*:** $60 million with an additional $30 million expected in 2014
- Approximately $421 million of the $461 million restructuring and impairment adjustments were non-cash
- No dividend to be paid for FY 2013

[1] Adjusted EBITDA, Adjusted EBIT, and Adjusted NPAT are non-IFRS measures and are used internally by management to assess the performance of the business and, for 2013, have been derived from the Company's financial statements by adding back US$444 million pre-tax (US$526 million post-tax) comprising US$461 million of restructuring charges and impairments, offset by a pension related gain of US$17 million.

[2] See Footnote Disclosure 2 in the Appendix

2013 was a year of decline and contraction across the industry…

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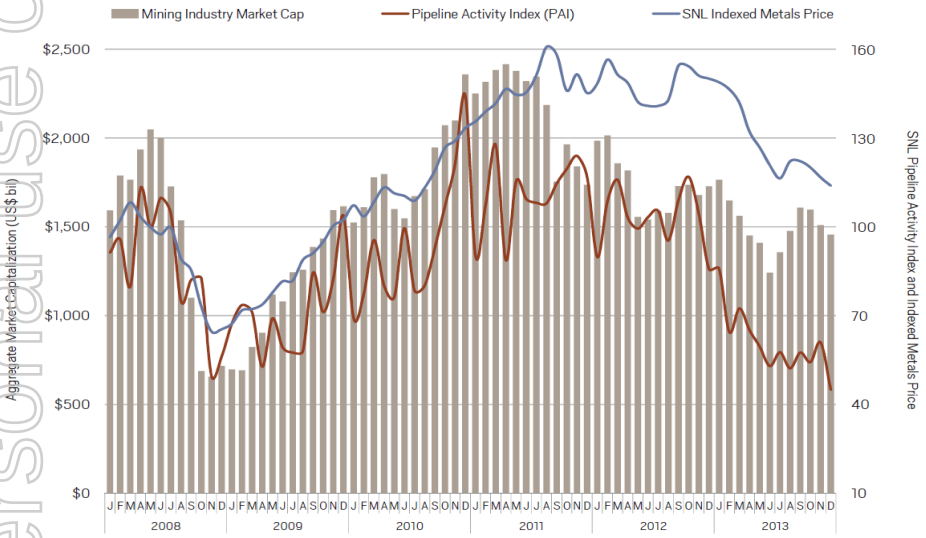
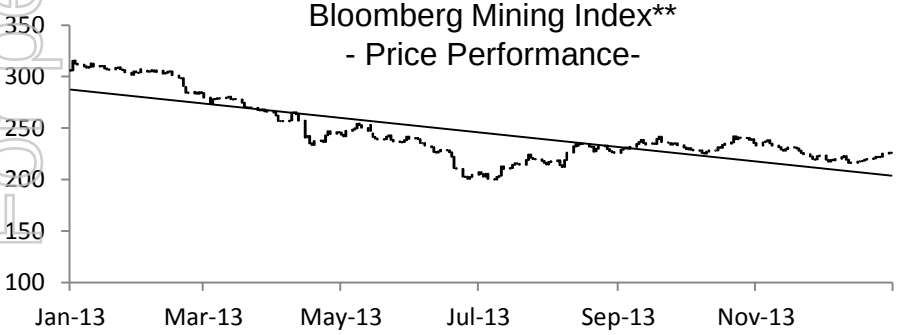
Mining Performance

SNL MEG*
- Pipeline Activity Index-



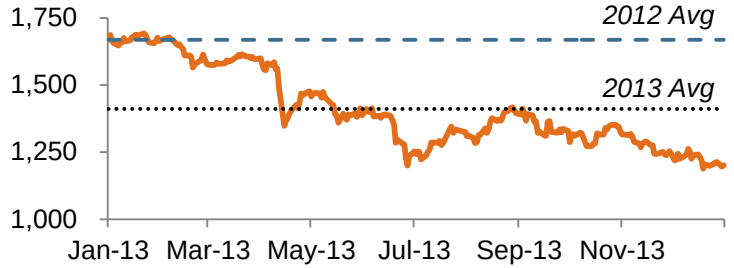
Bloomberg Mining Index**
- Price Performance-



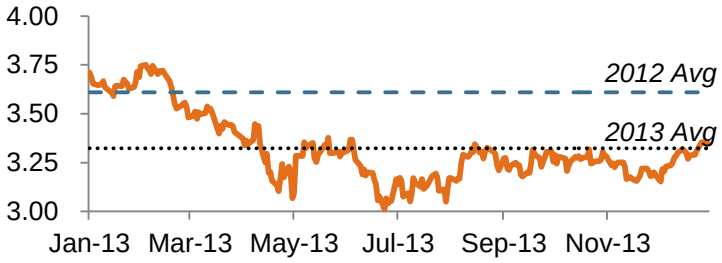
* Source: SNL Metals Economics Group
**Source: Bloomberg

Key Commodity Trends

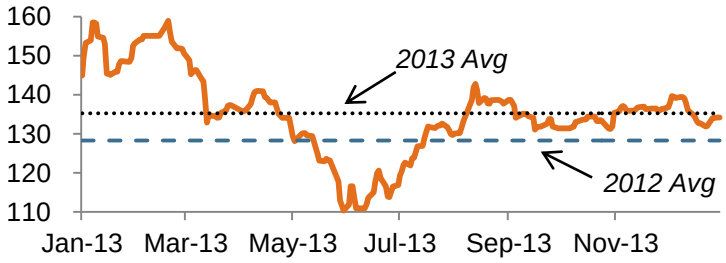
Gold ($/oz.)



Copper ($/lb.)



Iron Ore ($/MT)



Source: Bloomberg & BLY Analysis

…which tempered demand for our services and products…

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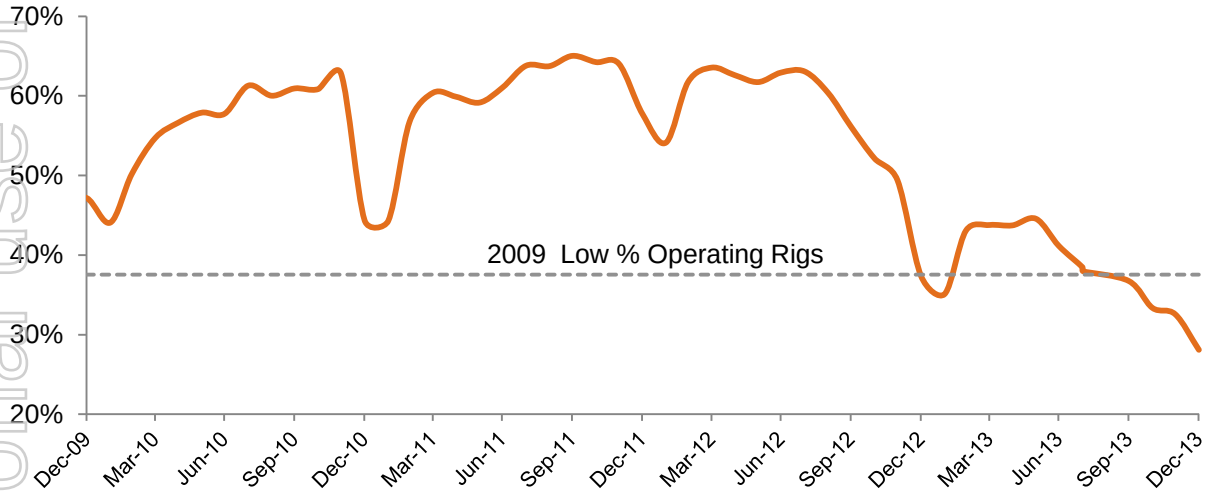
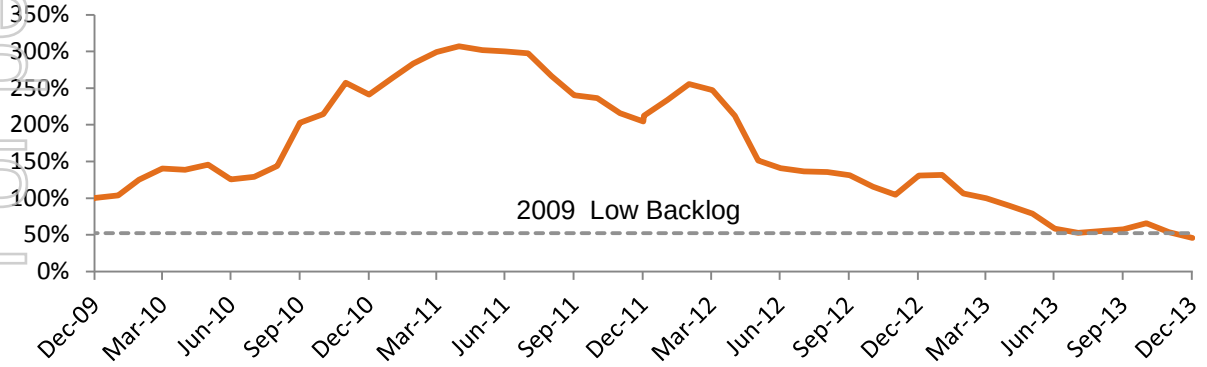
Drilling Services' Historical Operating Rig Percentage[1]



- In late 2013, operating rig utilisation fell below the low point experienced in April 2009
- A surplus of global rig capacity 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
- Inventory in place to fill existing customer demand

[1] See Footnote Disclosure 2 in the Appendix

… and in response to the prevailing market conditions, Boart Longyear took action

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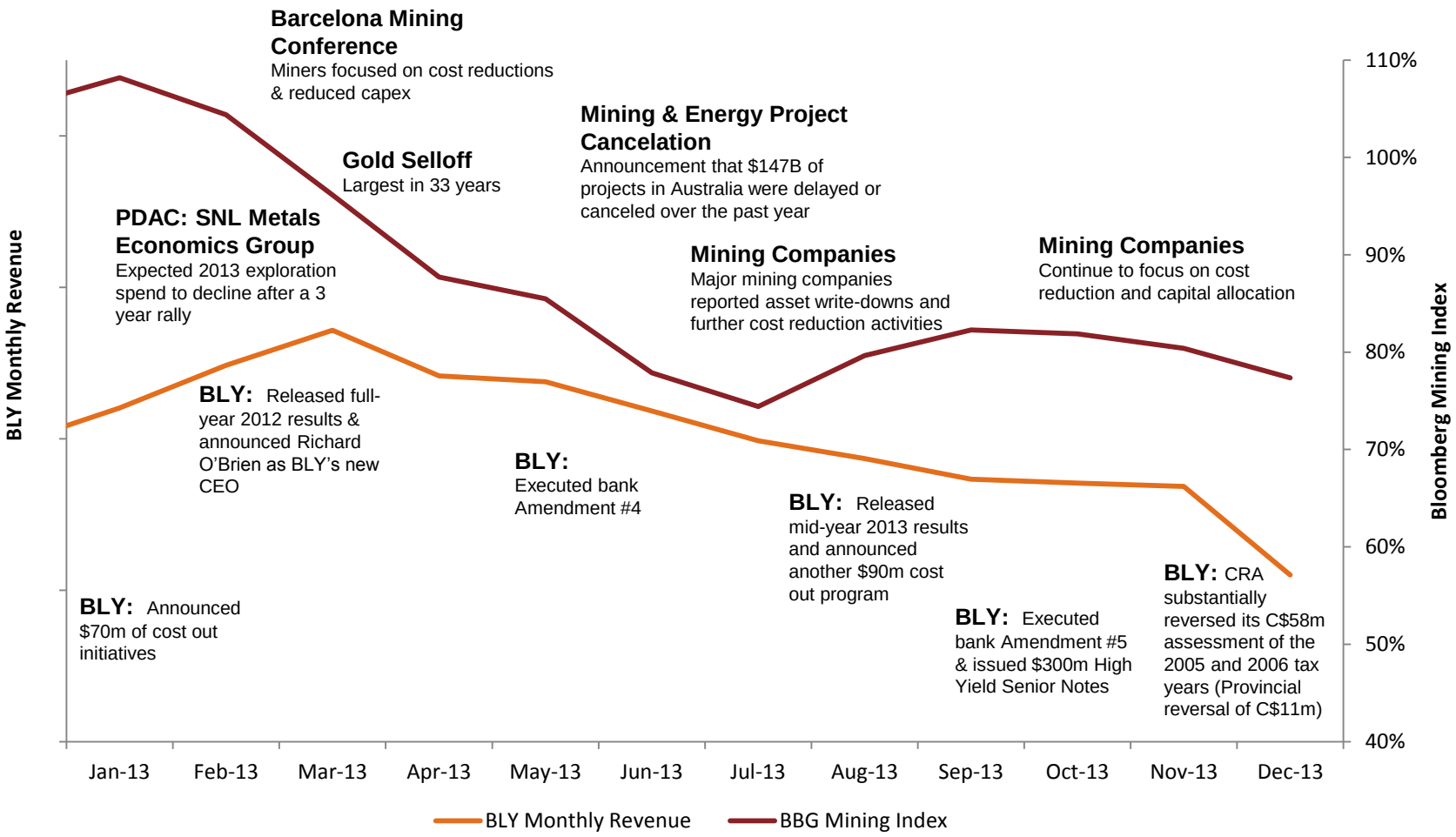
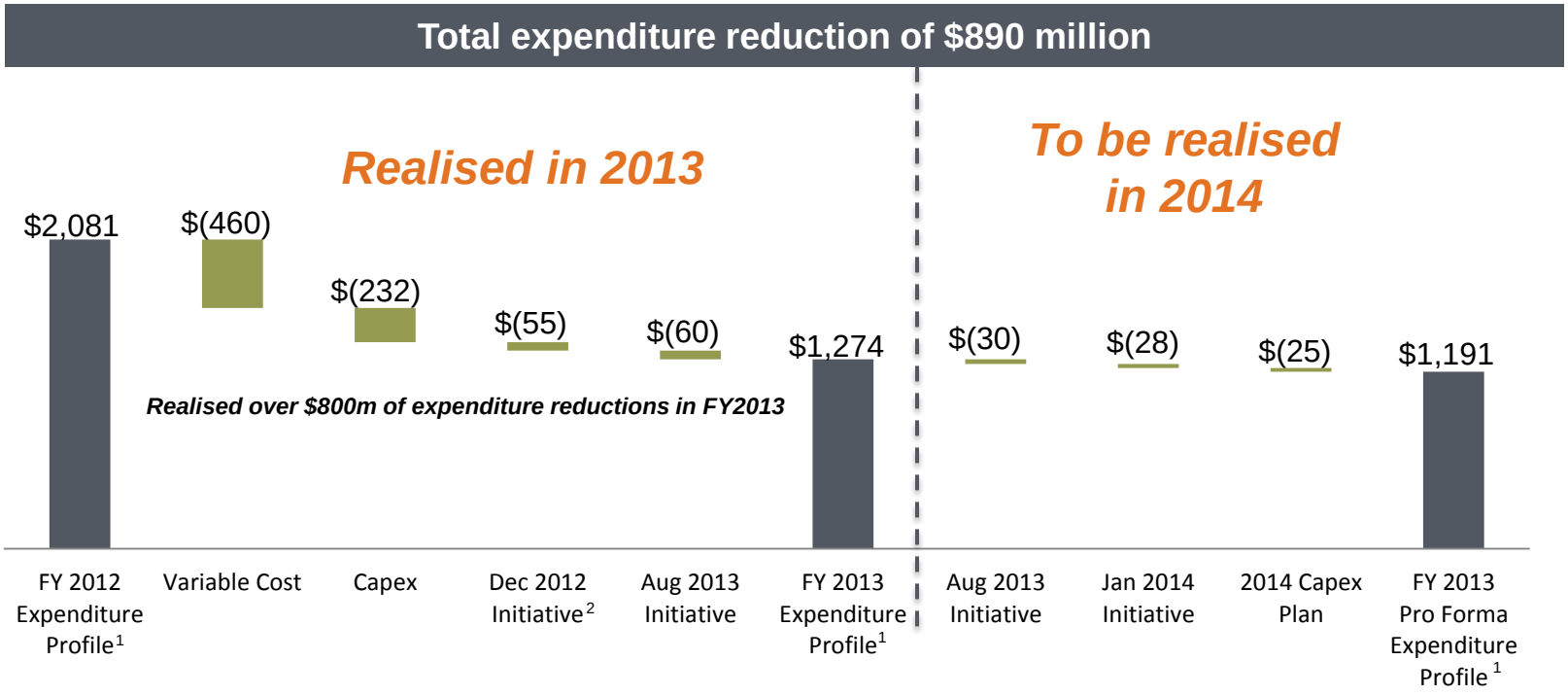
Key Events & Themes Occurring in 2013



…and reduced its overall cost structure

(US $M)



The Jan 2014 initiative includes:

- Wage freezes and the suspension of profit sharing in certain jurisdictions
- Bonus plan aligned to the company's ability to generate cash
- Ongoing consolidation of corporate and regional functions and facilities

Ongoing cost action in response to prevailing market conditions

[1] See Footnote Disclosure 5 in the Appendix
[2] Realised an additional $15M of savings in FY2012

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Key Performance Indicators

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	2013			
	Q1	Q2	Q3	Q4
Avg. Rig Count	~1,150	~1,140	~1,040	~1,030
Avg. Operating Rig Utilisation (new) [1]	~40%	~45%	~40%	~30%
Avg. Operating + Assigned Rig Utilisation	~60%	~50%	~45%	~40%
Avg. Product Backlog	~$40M	~$30M	~$20M	~$20M
Headcount	~8,300	~7,300	~6,020	~5,700
Net Debt [2]	$571M	$564M	$530M	$526M

Note: Figures shown above are at period ends unless otherwise noted

Positive

- Underground and large rotary businesses remain stable
- Targeted R&D investment continues
- Key Drilling Services project wins in 2013
- Ability to fulfill customer orders with existing stock

Weaknesses

- Commodity prices remain depressed relative to recent price levels
- Global rig utilisation at historic lows
- Mining companies continue to reduce spend and focus on cost reduction

Focus on safety, customer satisfaction, cost reduction, and deleveraging

[1]See Footnote Disclosure 2 in the Appendix
[2]See Footnote Disclosure 3 in the Appendix

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Financial Overview

BOART LONGYEAR™

FY 2013 Consolidated Overview

(US $M)

Statutory

	2012	2013	% Change
Revenue	**2,012**	**1,223**	**-39%**
Gross Margin	**512**	**202**	**-61%**
Gross Margin as a % of Revenue	25%	17%	
EBIT / Op Profit (loss)	**127**	**(468)**	**NM**
EBIT / Op Profit % of Revenue	6%	-38%	
EBITDA (loss)	**254**	**(337)**	**NM**
EBITDA as a % of Revenue	13%	-28%	
NPAT (loss)	**68**	**(620)**	**NM**
NPAT as a % of Revenue	3%	-51%	
EPS (cents)	**15.0**	**(136.1)**	**NM**
Cash from Operations[2]	**156**	**76**	**-51%**
Net Debt[3]	**512**	**526**	**3%**
Headcount	**9,162**	**5,681**	**-38%**

Adjusted[1]

	2012	2013	% Change
Revenue	**2,012**	**1,223**	**-39%**
Gross Margin	**512**	**202**	**-61%**
Gross Margin as a % of Revenue	25%	17%	
EBIT / Op Profit (loss)	**195**	**(24)**	**NM**
EBIT / Op Profit % of Revenue	10%	-2%	
EBITDA (loss)	**322**	**107**	**-67%**
EBITDA as a % of Revenue	16%	9%	
NPAT (loss)	**116**	**(94)**	**NM**
NPAT as a % of Revenue	6%	-8%	

Significant restructuring and impairment charges impact statutory results

[1] See Footnote Disclosure 1 in the Appendix
[2] Excludes interest & Taxes
[3] See Footnote Disclosure 3 in the Appendix

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FY 2013 Half over Half Overview

(US $M)

Statutory

	1H13	2H13	2013	% Change Half over Half
Revenue	**719**	**504**	**1,223**	**-30%**
Gross Margin	**134**	**68**	**202**	**-49%**
Gross Margin as a % of Revenue	19%	13%	17%	
EBIT / Op Profit (loss)	**(307)**	**(161)**	**(468)**	**NM**
EBIT / Op Profit % of Revenue	-43%	-32%	-38%	
EBITDA (loss)	**(235)**	**(102)**	**(337)**	**NM**
EBITDA as a % of Revenue	-33%	-20%	-28%	
NPAT (loss)	**(329)**	**(291)**	**(620)**	**NM**
NPAT as a % of Revenue	-46%	-58%	-51%	
EPS (cents)	**(73.0)**	**(63.1)**	**(136.1)**	**NM**
Cash from Operations[2]	**16**	**60**	**76**	**277%**
Net Debt[3]	**564**	**526**	**526**	**-7%**
Headcount	**7,270**	**5,681**	**5,681**	**-22%**

Adjusted[1]

	1H13	2H13	2013	% Change Half over Half
Revenue	**719**	**504**	**1,223**	**-30%**
Gross Margin	**134**	**68**	**202**	**-49%**
Gross Margin as a % of Revenue	19%	13%	17%	
EBIT / Op Profit (loss)	**8**	**(32)**	**(24)**	**NM**
EBIT / Op Profit % of Revenue	1%	-6%	-2%	
EBITDA (loss)	**80**	**27**	**107**	**-66%**
EBITDA as a % of Revenue	11%	5%	9%	
NPAT (loss)	**(60)**	**(34)**	**(94)**	**NM**
NPAT as a % of Revenue	-8%	-7%	-8%	

Challenging market conditions led to a 30% contraction in topline revenue from 1H13 to 2H13

[1] See Footnote Disclosure 1 in the Appendix
[2] Excludes interest & Taxes
[3] See Footnote Disclosure 3 in the Appendix

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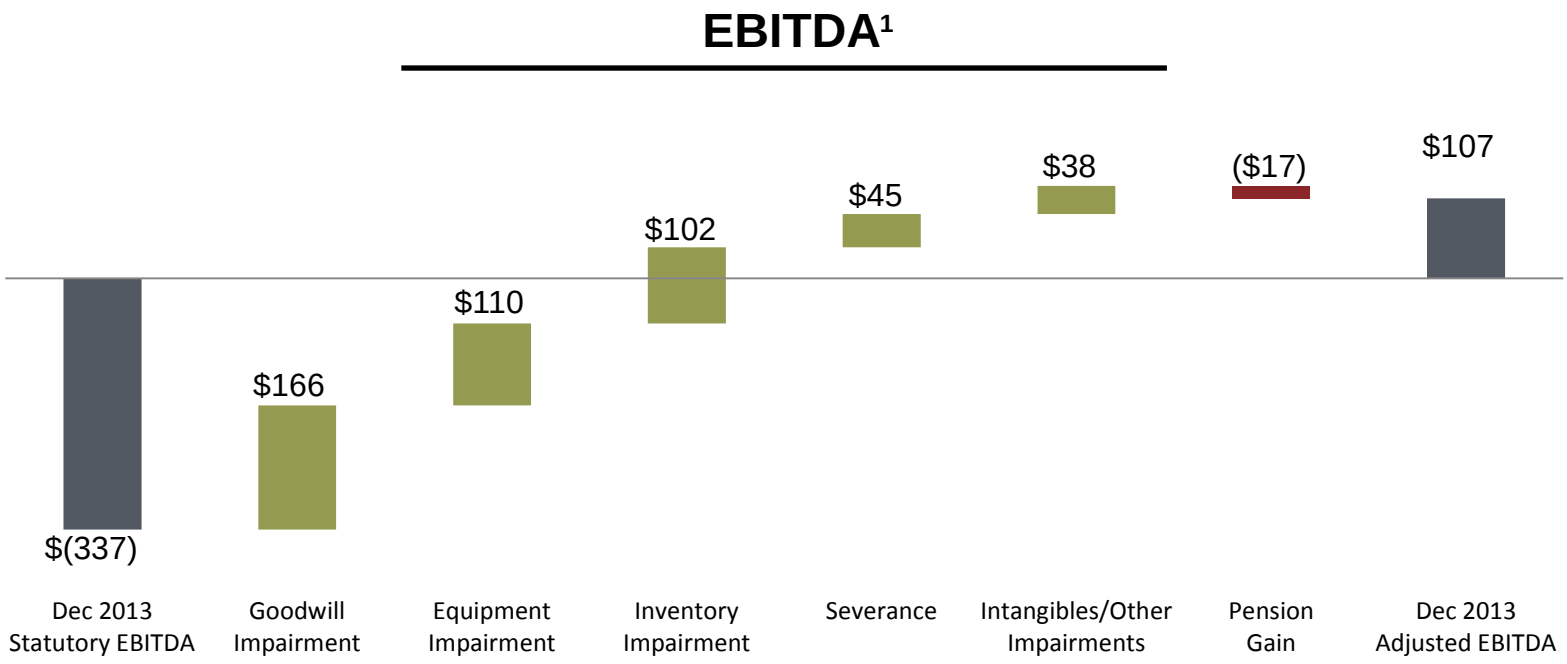
Reconciliation: Statutory to Adjusted EBITDA

(US $M)



Other considerations not included in Adjusted EBITDA:

- $23M impact of non-cash inventory obsolescence expense which is expected to be largely non-recurring in 2014
- $15M impact of fixed cost de-leveraging due to low manufacturing volumes which is expected to be ongoing until manufacturing volumes increase

[1] See Footnote Disclosure 1 in the Appendix

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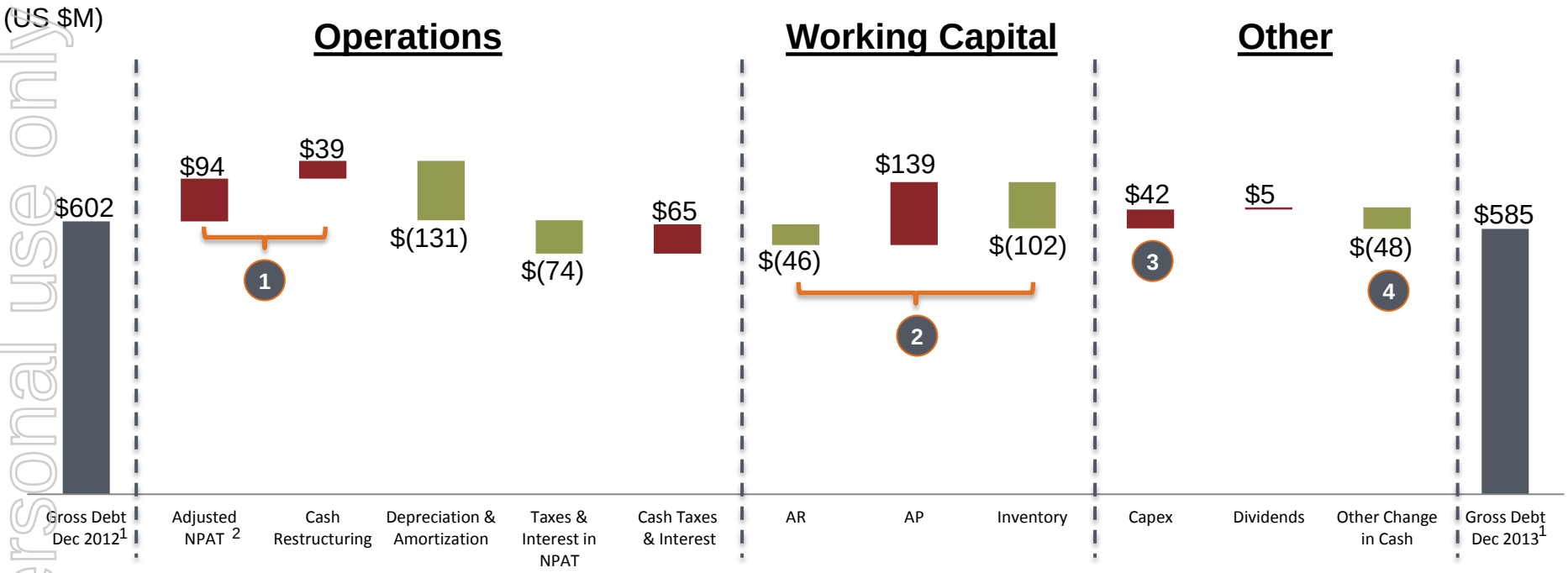
FY 2013: Debt Bridge



1. Reported net loss of $620m offset by $421m of non-cash impairment & restructuring charges and a $17m pension related gain

2. ***AR:*** Primarily driven by the year over year reduction in revenue
   AP: Minimal purchasing levels as sales and consumption was filled with existing stock
   Inventory: Continue to focus on cash generation due to inventory reduction

3. Cash capex of $42m compared to accrual capex of $49m

4. Significant items included in "Other Change in Cash":
   - Proceeds from the disposal of a subsidiary: $25m
   - Proceeds from the sale of property, plant and equipment: $15m

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[1] See Footnote Disclosure 3 in the Appendix
[2] See Footnote Disclosure 1 in the Appendix

Debt maturity profile significantly extended through issuance of Secured Notes

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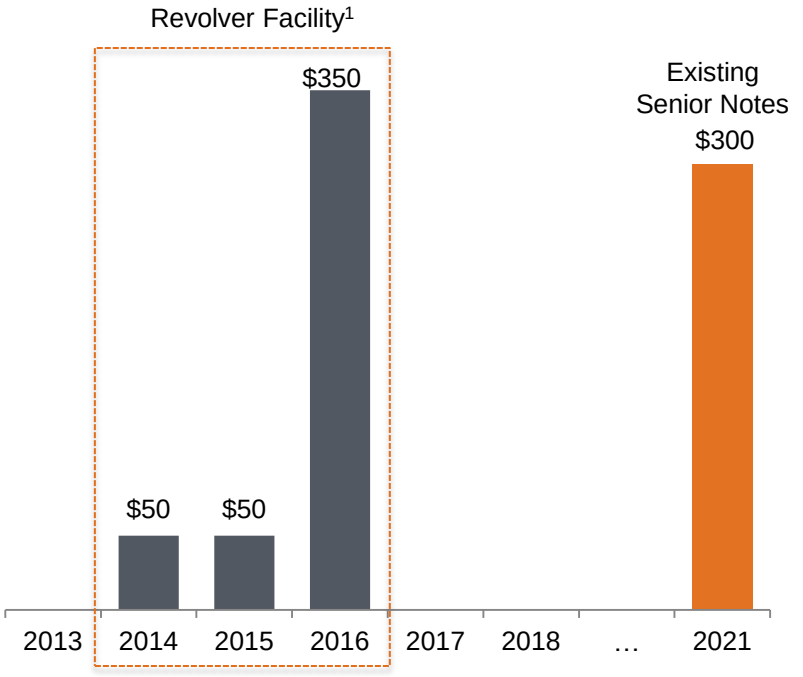
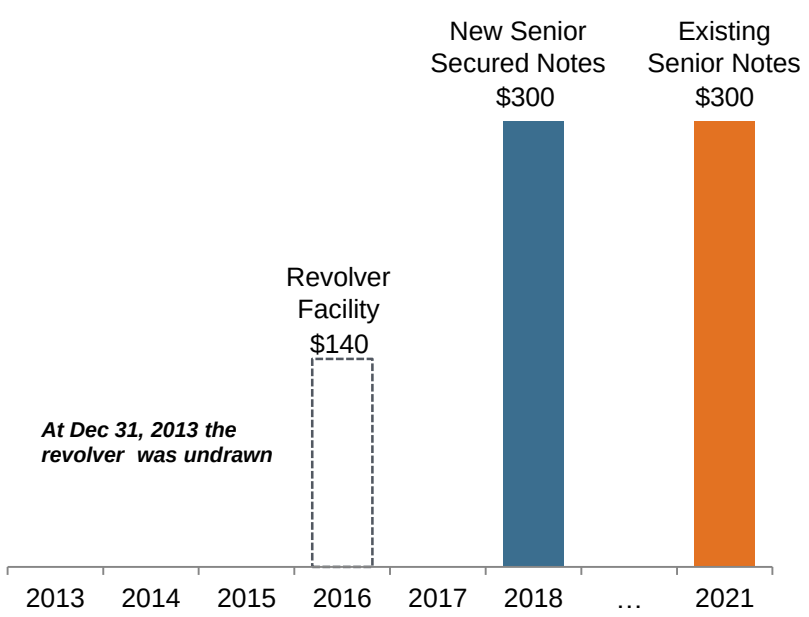
Pre-September 2013 Refinancing Debt Maturity (US$ million)



Post-September 2013 Refinancing Debt Maturity (US$ million)



No maturity prior to 2016

[1] Scheduled reductions in commitments in 2014 and 2015 under bank loan facility (per amendment dated 29 June 2013)

Debt Covenant Compliance for FY 2013

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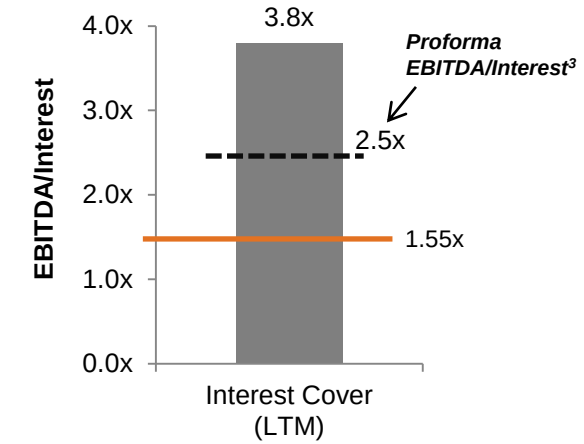
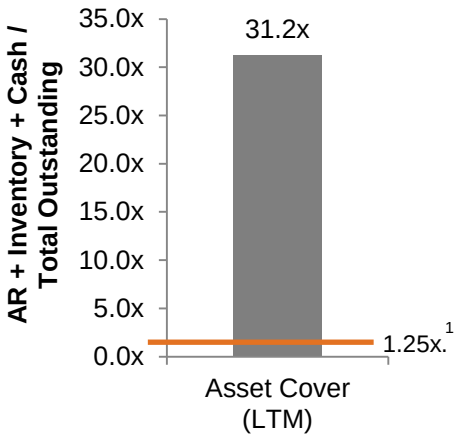
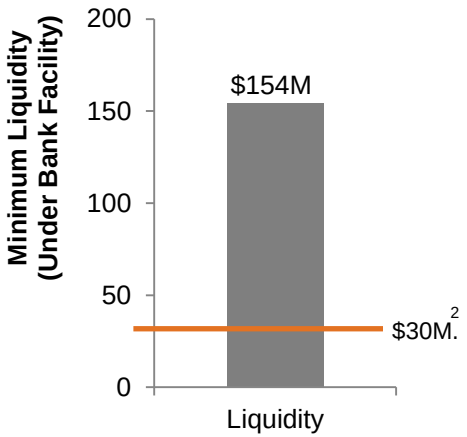
Debt Compliance
(as of 31 Dec 2013)







Covenant Requirements

[1] (Accounts receivable + inventory + unrestricted cash of obligor subsidiaries) / total outstanding loans and letters of credit under the bank facility
[2] Unrestricted cash of obligor subsidiaries plus availability under the bank facility
[3] Assumes 12 months' of interest expense on the senior secured notes issued in September 2013

Recent Amendment to the $140 million Revolving Credit Facility[2]

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Modified covenant structure to provide financial flexibility

	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16
Min Asset Coverage	Eliminated									
Min Liquidity	$30M	Suspended				$30M →				
Min Interest Coverage	1.55X	Suspended				1.55X →				
Min LTM EBITDA	N/A	$45M →				N/A				
Max Total Indebtedness	N/A	$700M	$700M	$670M	$720M	$725M	$725M	$725M	$725M	$725M

[1]

Other Key Deal Terms[2]:

- ***Monthly Borrowing Base:*** 75% of eligible AR plus 35% of eligible inventory
- ***Drawn Pricing:*** LIBOR + 475 basis points
- ***Capital Expenditures:*** Maximum of $55M per year

[1] The amended facility retained the original maturity of 29 July 2016
[2] Effective as of 22 Feb 2014

Canadian Tax Dispute

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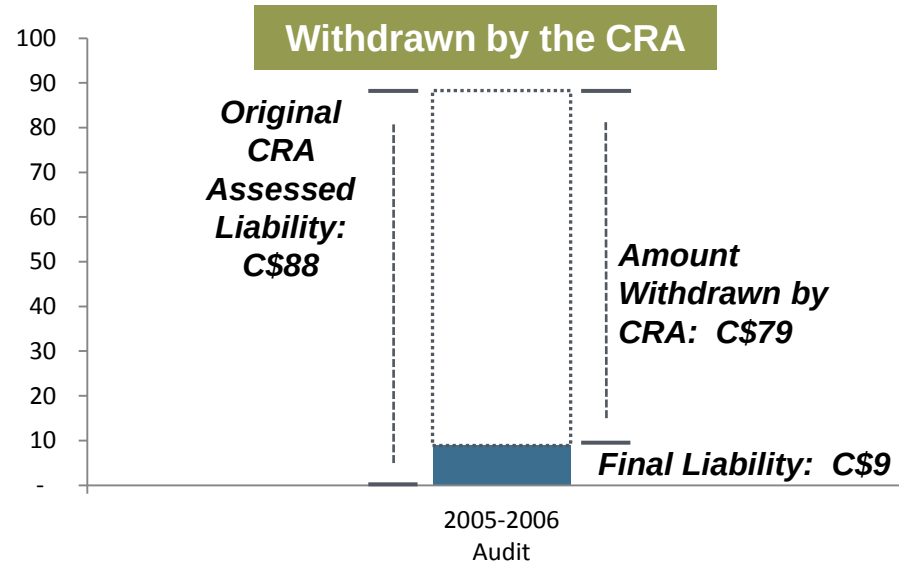
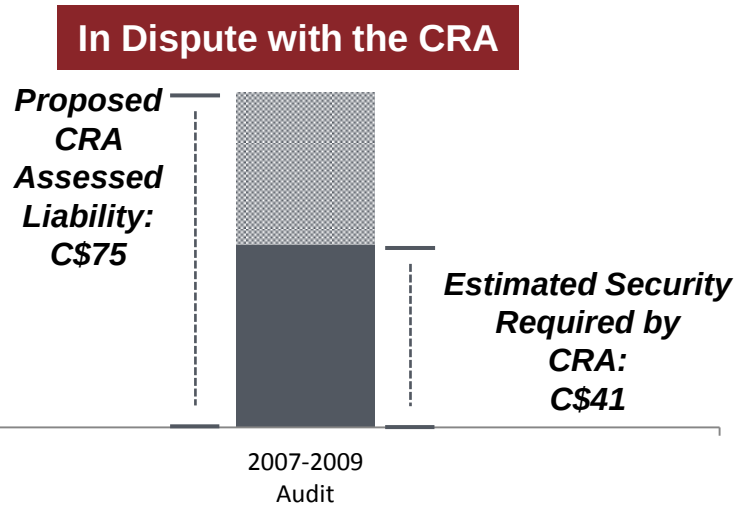
2005 to 2006 Audit



- Anticipate the imminent release of C$37m collateral
- CRA Competent Authority withdrew its 2005/2006 assessments.
- The remaining 2005/2006 liability is for domestic issues and will be settled with amounts already paid related to the 2005-2006 tax periods, subject to timing.

2007 to 2009 Audit



- 2007 – 2009 assessed by Audit division are essentially on the same basis as the 2005/2006 assessments.
- Assessed liability includes interest and potential penalties.
- Will pursue appeals of the adjustments when they are officially assessed as well as relief from security requirement

Note, all amounts presented on this page are in CAD Millions

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Business Overview

Northern Canada

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Diversified End Market Exposure

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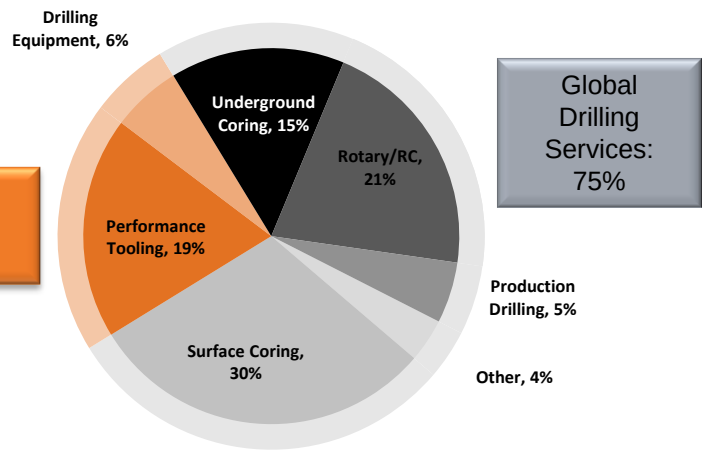
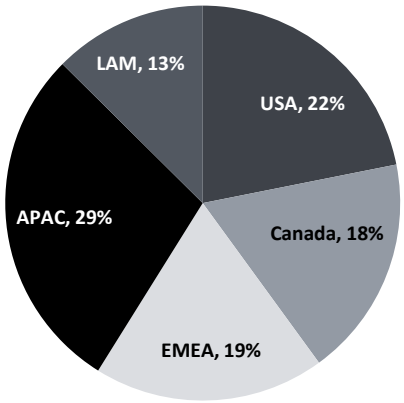
FY 2013 Total BLY Revenue – Products & Services



Global Products: 25%

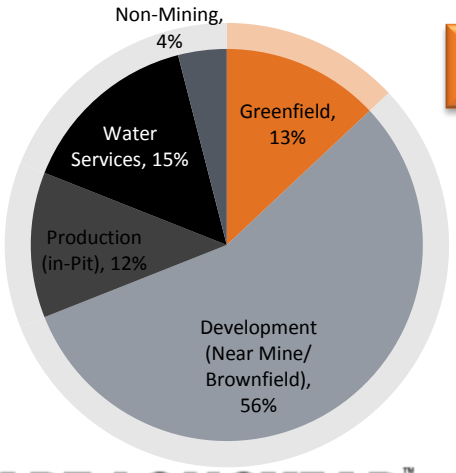
Global Drilling Services: 75%

FY 2013 Total BLY Revenue by Region – Products & Services



Global revenue base

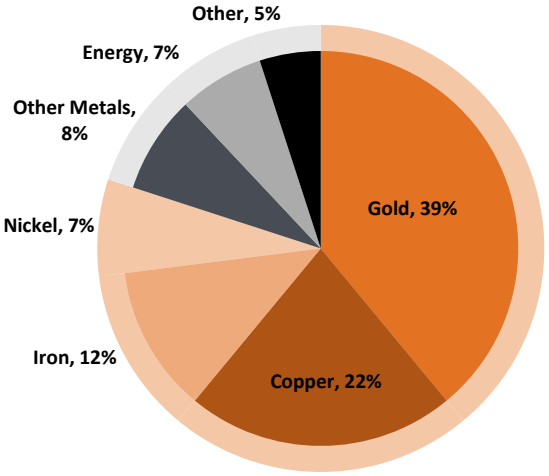
FY 2013 Drilling Services Revenue by Stage



Non Greenfield: 87%

Greenfield: 13%

FY 2013 Drilling Services Revenue by Commodity



Gold, Copper, Iron and Nickel: ~80%

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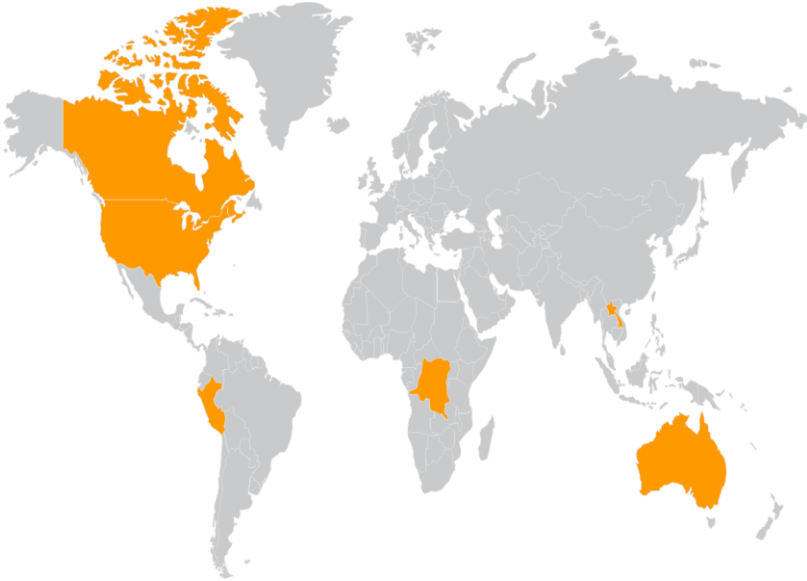
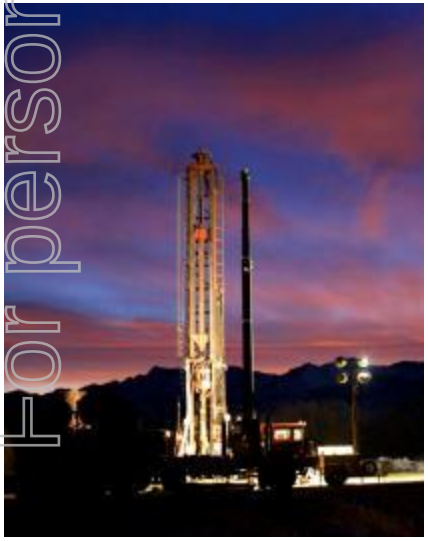
FY 2013 Operations
Drilling Services

Drilling Services	2012	1H13	2H13	2013	% Change Half over Half	% Change YOY
(US$M)						
Revenue	1,516	538	379	917	-30%	-39%
COGS	1,187	453	330	783	-27%	-34%
SG&A	137	50	35	85	-32%	-38%
EBITDA[1]	290	84	58	142	-31%	-51%
EBITDA as a % of Revenue	*19%*	*16%*	*15%*	*15%*		

Water Services Gaining Traction





Water Services: Nevada, USA

- Cost: Global actions flowing through P&L
- Utilisation: Below 2009 levels
- Markets: Key wins in 2013 – Chile, Saudi Arabia, Democratic Republic of Congo
- Price: 2013 realised impact in the mid-single digits
- Categories: Surface coring slow, underground stable, gaining traction in water services

1 Does not include restructuring and impairment charges

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FY 2013 Operations
Products

Products	2012	1H13	2H13	2013	% Change Half over Half	% Change YOY
(US$M)						
Revenue	495	181	125	306	-31%	-38%
COGS	312	131	106	237	-19%	-24%
SG&A	91	36	29	65	-19%	-28%
EBITDA[1]	107	22	(6)	16	NMF	-85%
EBITDA as a % of Revenue	*22%*	*12%*	*-5%*	*5%*		

Products: Proforma[2]	2012	2013	% Change
(US$M)			
Sales to BLY Drilling Services Division	148	57	-62%
Proforma revenue	643	363	

Examples of Products that Launched in 2013

Digital Control Interface

S250 Rock Drill

LX11 Multipurpose Rig

Roller Latch Head Assembly

RSUMX Reamer

- Global 3rd Party Utilisation: Declined until Q3, flat in Q4
- Price: 2013 realised impact in the low-single digits
- Categories: Surface coring slow, underground steady
- Backlog: At or slightly below 2009 levels
- New Products: R&D investment to focus on production drilling opportunities & incremental improvements to enhance productivity
- Non Cash Inventory Expense: $23M due to slow moving inventory (expected to be mostly non recurring)

1 Does not include restructuring and impairment charges
2 See Footnote 4 in the Appendix

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Driving Cost and Efficiencies
Synergies: Products & Drilling Services

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Aftermarket & Maintenance Synergies

- Expanded aftermarket footprint using existing Drilling Services facilities
  - Resulted in key wins in Indonesia, West Africa and Western Canada
  - Improved resource utilisation – manpower, facilities and inventory

Supply Chain Synergies

- Focus on streamlining distribution channels – closer to customer base
  - Realigned Canadian warehouses to reduce lease expense, freight costs, and delivery time

- Reduction in overall inventory and lead times
  - Planning demand and supply resource consolidation
  - Resource leverage and elimination of redundant processes and inventory

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LM 90 Underground Rig

Company Outlook

BOART LONGYEAR™

Current Commodity Landscape

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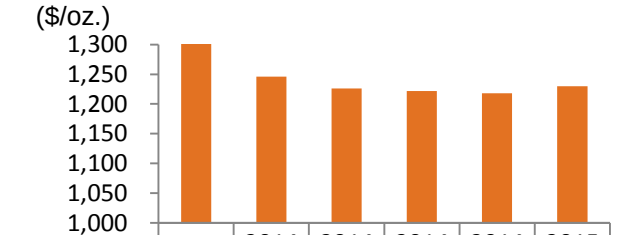
Key Commodity Themes

- Broker consensus suggest that a significant price recovery in commodities may not occur in the near-future
- Miners continue to focus on free cash flow by reducing overall spending levels and cutting costs
- Miners are also incorporating more stringent capital allocation hurdle rates and decision process specifically addressing development projects, dividend payments, and M&A

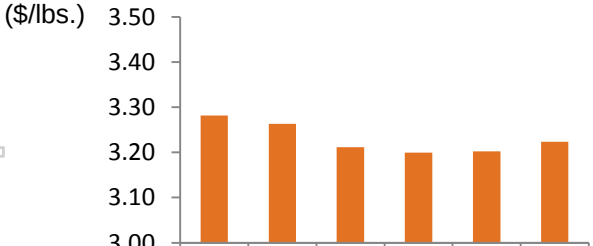
Gold: ~39% of DS Revenue



	Spot	2014 Q1	2014 Q2	2014 Q3	2014 Q4	2015 (f)
Broker Consensus	1,313	1,246	1,226	1,222	1,218	1,230

2014 Consensus:
- Mean: $1,227
- High: $1,487
- Low: $1,080

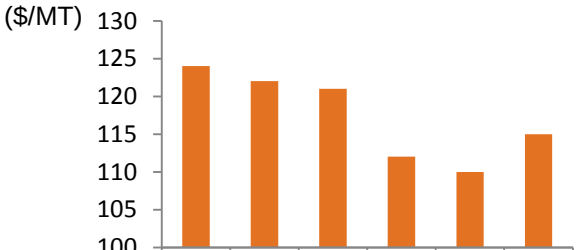
Copper: ~22% of DS Revenue



	Spot	2014 Q1	2014 Q2	2014 Q3	2014 Q4	2015 (f)
Broker Consensus	3.28	3.26	3.21	3.20	3.20	3.22

2014 Consensus:
- Mean: $3.22
- High: $3.63
- Low: $2.86

Iron Ore: ~12% of DS Revenue



	Spot	2014 Q1	2014 Q2	2014 Q3	2014 Q4	2015 (f)
Broker Consensus	124	122	121	112	110	115

2014 Consensus:
- Mean: $120
- High: $144
- Low: $104

Source: Bloomberg and public filings as of 18 Feb 2014

2014 Business Outlook

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Forecasting & Guidance:

- The volatility and cyclicality of the industry make forecasting very challenging
- The Company will not provide Revenue and EBITDA guidance
- The Company will provide quarterly metrics & KPI's

Current Industry Conditions:

- Mineral exploration and mining capital expenditures may remain at current levels and could compress even further in 2014
- Excess global rig capacity could put further downward pressure on price in the Drilling Services business while we expect pricing to remain flat to slightly down in the Products business
- Mining companies continue to deplete their existing reserve bases and will need to eventually replenish their reserves which should trigger a future recovery in mineral exploration spend

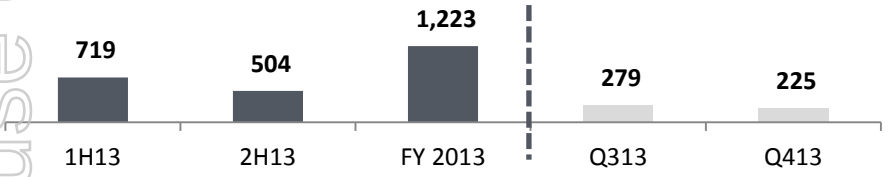
The Company is not providing Revenue & EBITDA guidance

The low-end of analysts' consensus[1] appears to be lagging current market conditions

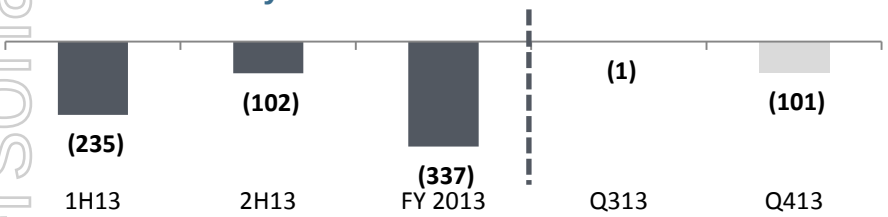
(US $M)

2014 Forecast Considerations

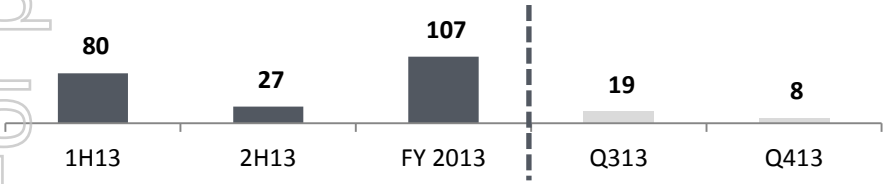
FY 2013 Revenue Profile



FY 2013 Statutory EBITDA Profile



FY 2013 Adjusted[2] EBITDA Profile



Impact in 2014 relative to 2H13:

- ↓ Pricing pressure & carry over impact from 2013
- ↓ Drilling activity levels declined from Q313 to Q413
- ↓ Continued strengthening of USD
- ↑ Flow through of cost programs
  - *Aug 13 Initiative - $30M*
  - *Jan 14 Initiative - $28M*
- ↑ Inventory obsolescence expense not expected to repeat in 2014
  - *1H13 - $10M*
  - *2H13 - $13M*

[1] The Company notes that as of 22 Feb 2014, the low-end of consensus estimates found in Bloomberg for 2014 Revenue and EBITDA were $979m and $79m, respectively

[2] See Footnote Disclosure 1 in the Appendix

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Review of Strategic Options

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Engaged Goldman Sachs to assess a comprehensive spectrum of strategic options

Goldman Sachs

Objectives of the Strategic Option Review:

- *Evaluate the feasibility and timing of all potential options available to the company*
- *Maximise value for all Boart Longyear stakeholders*
- *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*

Boart Longyear's 2014 Business Objectives

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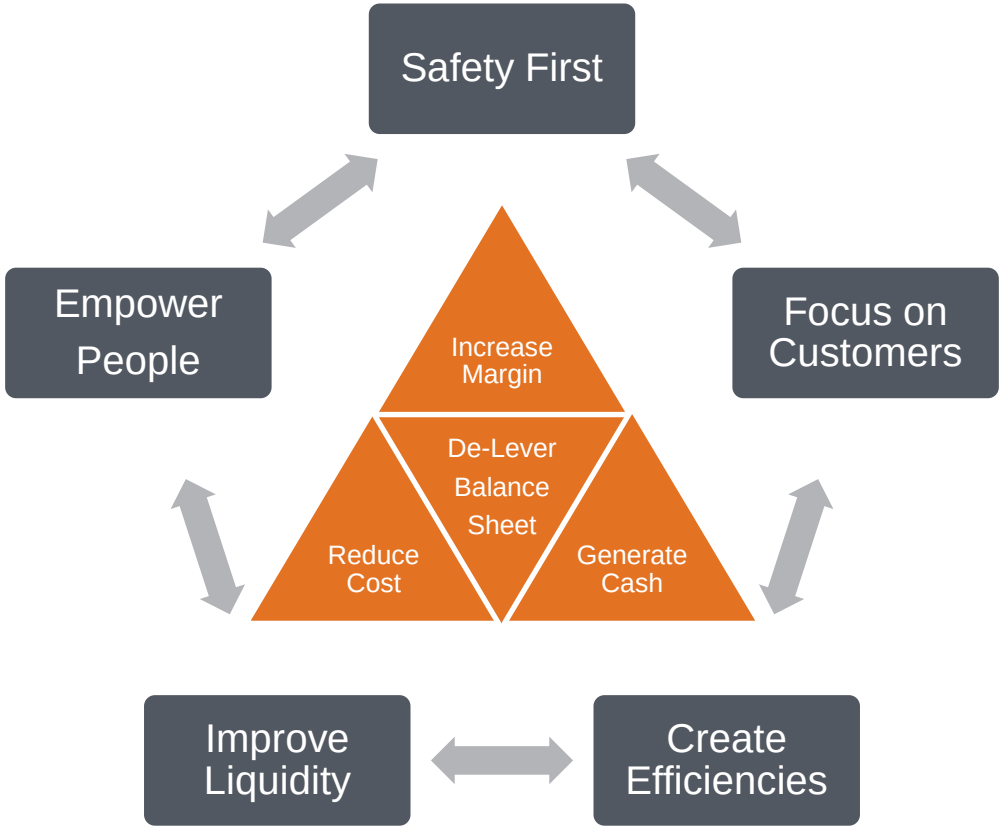
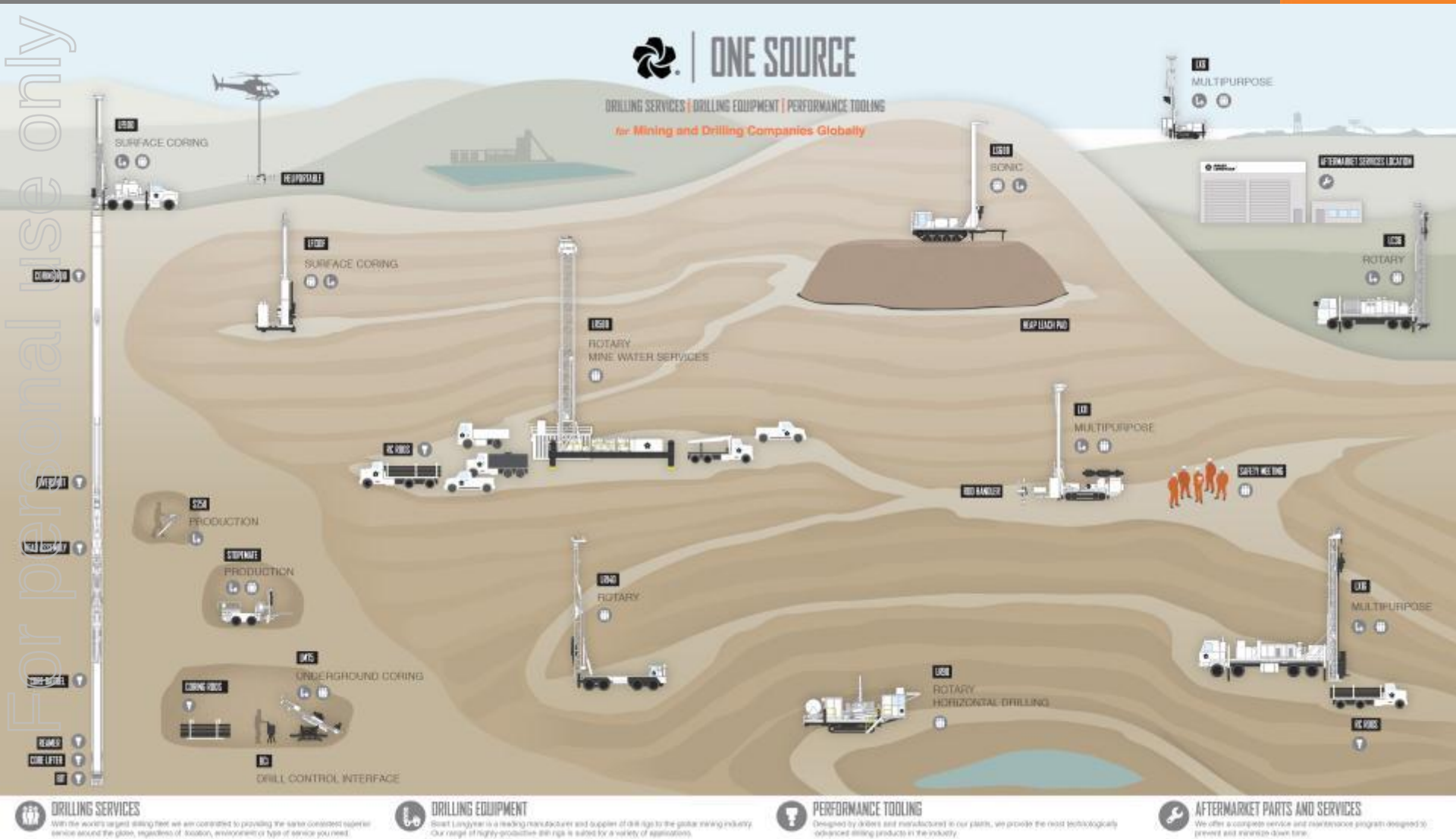


QUESTIONS?



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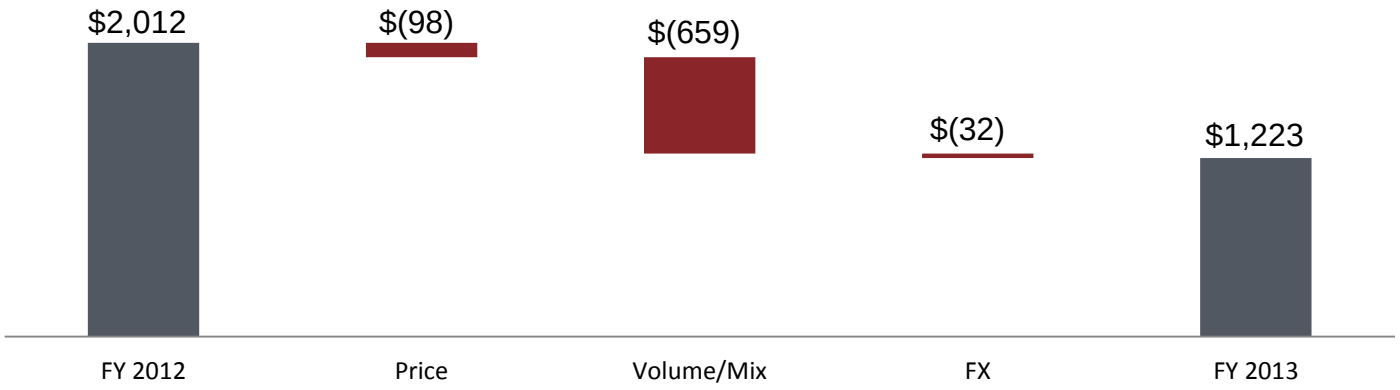
Appendix

BOART LONGYEAR™

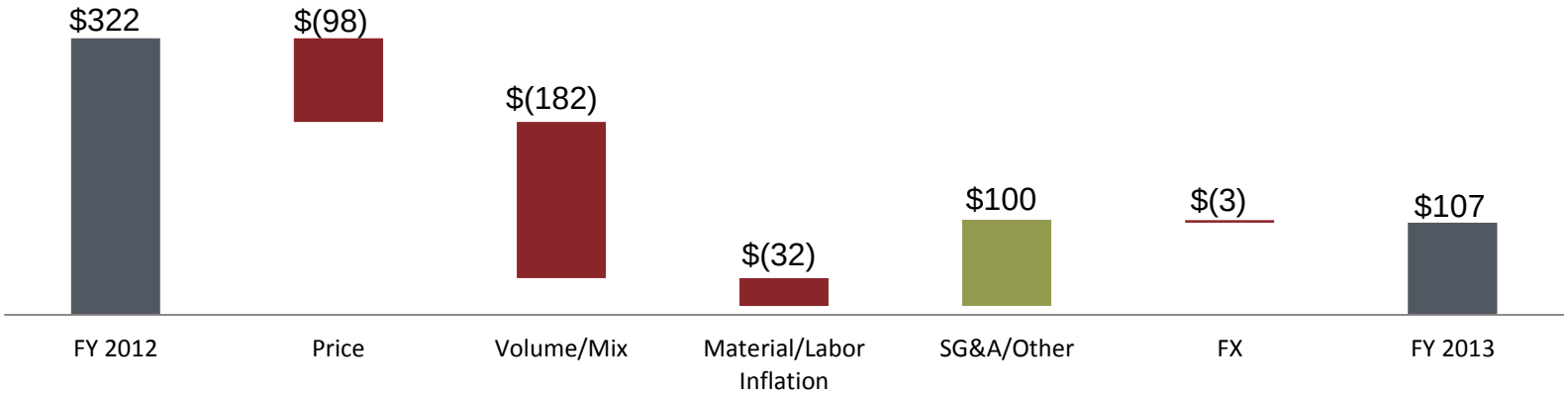
FY 2013 Consolidated Overview

(US $M)

Revenue Bridge



Adjusted[1] EBITDA Bridge



[1] See Footnote 1 in the Appendix

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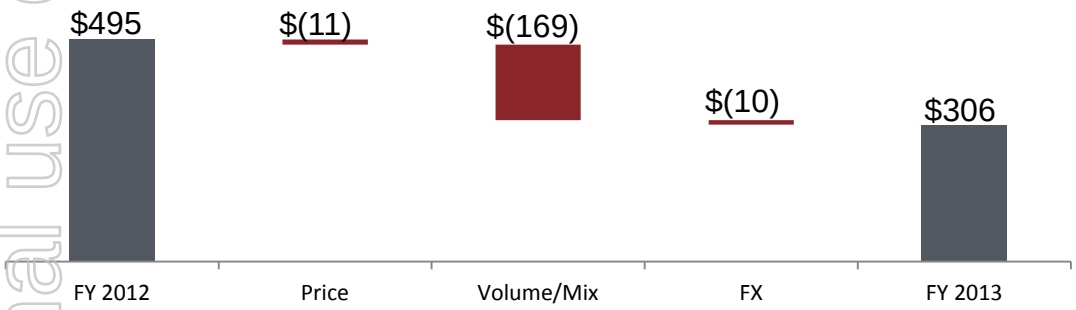
FY 2013 Performance Bridges
- Products

(US $M)

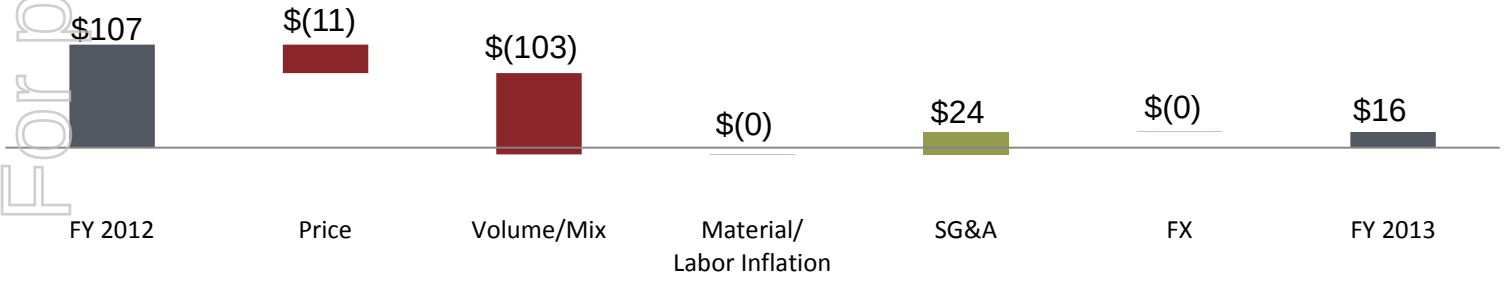
Products Revenue Bridge



- Revenue down 38%; minimal price impact

- $23M of non-cash obsolescence reserves impacting margins
  - $10M in 1H; $13M in 2H
- $15M of negative manufacturing variances impacting margins due to idling of the plants
  - $7M in 1H; $8M in 2H

Products EBITDA[1] Bridge



[1] Does not include restructuring and impairment charges

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FY 2013 Performance Bridges
- Drilling Services

(US $M)

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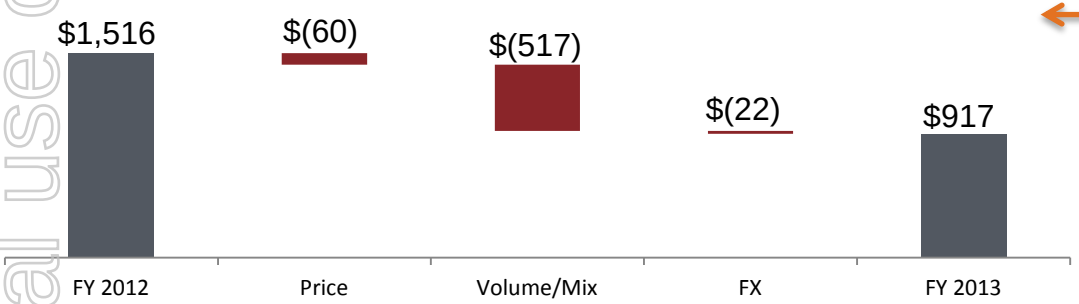
Drilling Services Revenue Bridge



- Revenue down 39%; driven by lower utilisation

- Margins negatively impacted by
  - Timing of reducing variable costs
  - One time severance costs
  - Price

Drilling Services EBITDA[1] Bridge

[1] Does not include restructuring and impairment charges

Reconciliation: Statutory to Adjusted

(US $M)

$ in Millions	Statutory 2012	Adjustments	Adjusted 2012 [1]	Statutory 2013	Adjustments	Adjusted 2013 [1]
Revenue	2,012	-	2,012	1,223	-	1,223
EBIT	127	68	195	(468)	444	(24)
EBITDA	254	68	322	(337)	444	107
NPAT	68	48	116	(620)	526	(94)

[1] See Footnote 1 in the Appendix

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Inventory

(US $M)

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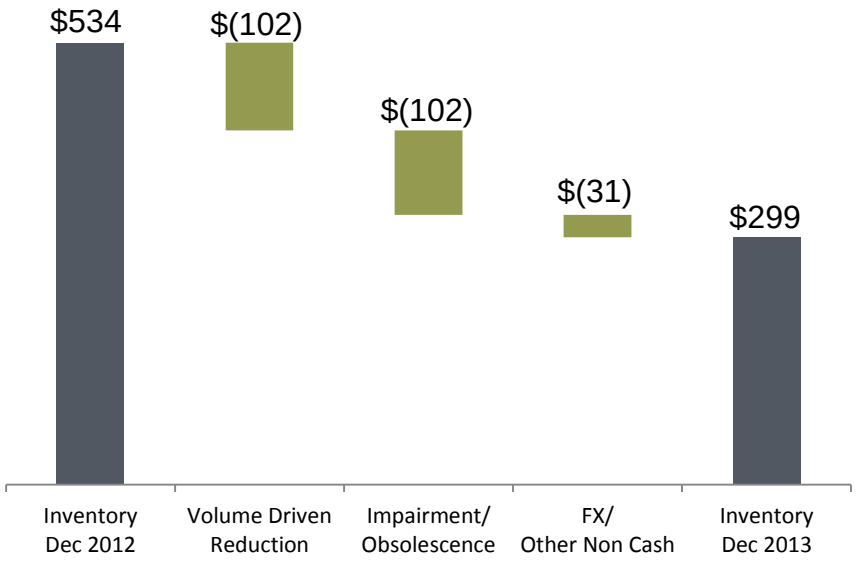
Inventory Balance



- Peaked at ~$570M in October 2012
- Continued focus on supply chain efficiencies to further decrease total company inventory
- Non-cash obsolescence expense of $23M expected to be largely non-recurring in 2014 and relates to our “slow moving” policy

End Market Exposure
Year over year comparison

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BLY Revenue - Products & Services

% of Revenue	FY 2013	FY 2012
Production Drilling	5%	3%
Surface Coring	30%	39%
Underground Coring	15%	10%
Rotary/RC	21%	20%
Other	4%	4%
Performance Tooling	6%	7%
Drilling Equipment	19%	18%
Total	**100%**	**100%**

Drilling Services Revenue by Stage

% of Revenue	FY 2013	FY 2012
Greenfield	13%	28%
Development (Near Mine/Brownfield)	56%	51%
Production (in-Pit)	12%	8%
Water Services	15%	11%
Non-Mining	4%	2%
Total	**100%**	**100%**

Drilling Services Revenue by Commodity

% of Revenue	FY 2013	FY 2012
Gold	39%	44%
Copper	22%	23%
Iron	12%	9%
Nickel	7%	5%
Other Metals	8%	5%
Energy	7%	5%
Environmental	0%	5%
Other Metals	5%	4%
Total	**100%**	**100%**

Revenue by Region - Products & Services

% of Revenue	FY 2013	FY 2012
USA	22%	23%
Canada	18%	14%
EMEA	19%	20%
APAC	29%	27%
LAM	13%	16%
Total	**100%**	**100%**

Income Statement

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	Year ended 2013 US$'000	Year ended 2012 US$'000
Revenue	1,222,853	2,011,507
Cost of goods sold	(1,020,718)	(1,499,060)
Gross margin	202,135	512,447
Other income	18,151	3,097
General and administrative expenses	(157,728)	(236,168)
Sales and marketing expenses	(44,405)	(61,490)
Restructuring expenses and related impairments	(461,165)	(67,584)
Other expenses	(24,828)	(23,454)
Operating (loss) profit	(467,840)	126,848
Interest income	2,851	3,143
Finance costs	(40,914)	(30,065)
(Loss) profit before taxation	(505,903)	99,926
Income tax expense	(114,040)	(31,762)
(Loss) profit for the year attributable to equity holders of the parent	(619,943)	68,164
Earnings per share:		
Basic (loss) earnings per share	(136.1) cents	15.0 cents
Diluted (loss) earnings per share	(136.1) cents	14.8 cents

Other comprehensive income (loss)	2013 US$'000	2012 US$'000
(Loss) profit for the year attributable to equity holders of the parent	(619,943)	68,164
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	(102,631)	6,324
Items that will not be reclassified subsequently to profit or loss		
Actuarial gain (loss) related to defined benefit plans	28,008	(19,448)
Income tax on income and expense recognised directly through equity	(8,874)	3,088
Other comprehensive loss for the year (net of tax)	(83,497)	(10,036)
Total comprehensive (loss) income for the year attributed to equity holders of the parent	(703,440)	58,128

Balance Sheet

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	31 December 2013 US$'000	31 December 2012 US$'000
Current assets		
Cash and cash equivalents	59,053	89,628
Trade and other receivables	196,912	260,502
Inventories	298,947	533,690
Current tax receivable	18,253	39,331
Prepaid expenses and other assets	25,054	42,021
	598,219	965,172
Assets classified as held for sale	-	33,997
Total current assets	598,219	999,169
Non-current assets		
Property, plant and equipment	408,311	628,691
Goodwill	103,974	290,786
Other intangible assets	92,028	128,158
Deferred tax assets	110,243	192,352
Other assets	17,706	11,582
Total non-current assets	732,262	1,251,569
Total assets	1,330,481	2,250,738
Current liabilities		
Trade and other payables	153,152	284,251
Provisions	33,263	36,271
Current tax payable	91,649	97,486
Loans and borrowings	84	189
Total current liabilities	278,148	418,197
Non-current liabilities		
Loans and borrowings	585,375	601,733
Deferred tax liabilities	1,179	7,757
Provisions	37,184	87,634
Total non-current liabilities	623,738	697,124
Total liabilities	901,886	1,115,321
Net assets	**428,595**	**1,135,417**
Equity		
Issued capital	1,129,014	1,122,189
Reserves	(37,312)	70,914
Other equity	(137,182)	(137,182)
(Accumulated Losses) Retained earnings	(525,925)	79,496
Total equity	**428,595**	**1,135,417**

Cash Flow Statement (1 of 2)

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	Year ended 2013 US$'000	Year ended 2012 US$'000
Cash flows from operating activities		
(Loss) Profit for the year	(619,943)	68,164
Adjustments provided by operating activities:		
Income tax expense recognised in profit	114,040	31,762
Finance costs recognised in profit	40,914	30,065
Depreciation and amortisation	130,724	127,443
Interest income recognised in profit	(2,851)	(3,143)
(Gain) loss on sale or disposal of non-current assets	(364)	900
Loss on disposal of business	1,962	-
Impairment of current and non-current assets	405,016	36,300
Non-cash foreign exchange loss	2,888	1,472
Share-based compensation	1,230	7,304
Long-term compensation - cash rights	(31)	3,336
Changes in net assets and liabilities, net of effects from acquisition and disposal of business:		
Decrease (increase) in assets:		
Trade and other receivables	45,851	45,906
Inventories	101,791	(140,276)
Other assets	16,427	(20,588)
Increase (decrease) in liabilities:		
Trade and other payables	(138,746)	(39,668)
Provisions	(22,629)	6,742
Cash generated from operations	76,279	155,719
Interest paid	(31,616)	(28,928)
Interest received	2,851	3,143
Income taxes paid	(36,012)	(65,722)
Net cash flows provided by operating activities	**11,502**	**64,212**

Cash Flow Statement (2 of 2)

For personal use only

	Year ended 2013 US$'000	Year ended 2012 US$'000
Cash flows from investing activities		
Purchase of property, plant and equipment	(35,528)	(247,653)
Proceeds from sale of property, plant and equipment	14,522	3,266
Intangible costs paid	(5,956)	(35,141)
Proceeds on disposal of subsidiary, net of cash disposed	24,810	-
Net cash flows provided by (used in) investing activities	**(2,152)**	**(279,528)**
Cash flows from financing activities		
Payments for share purchases for LTIP	-	(9,169)
Payments for debt issuance costs	(10,137)	(490)
Proceeds from borrowings	453,006	418,444
Repayment of borrowings	(461,139)	(129,872)
Dividends paid	(4,612)	(55,340)
Net cash flows (used in) provided by financing activities	**(22,882)**	**223,573**
Net (decrease) increase in cash and cash equivalents	(13,532)	8,257
Cash and cash equivalents at the beginning of the year	89,628	82,286
Effects of exchange rate changes on the balance of cash held in foreign currencies	(17,043)	(915)
Cash and cash equivalents at the end of the year	**59,053**	**89,628**

Restructuring & Impairment Detail

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	For the year ended 31 December			
	2013	2013	2012	2012
US$ Millions	**US$ Millions**	**US$ Millions**	**US$ Millions**	**US$ Millions**
EBITDA [1][3]	**(337.1)**		254.3	
NPAT[2][3]		**(619.9)**		**68.2**
Goodwill impairments	166.3	166.3	6.8	6.8
Property, plant and equipment impairments	109.9	109.9	6.0	6.0
Inventory impairments	101.9	101.9	7.7	7.7
Employee separation costs	44.8	44.8	31.6	31.6
Development asset impairments	14.6	14.6	8.4	8.4
Intangible assets impairments	9.1	9.1	3.5	3.5
Other restructuring and impairment costs	14.6	14.6	3.6	3.6
Gain on termination of post-retirement medical plan	(16.9)	(16.9)	-	-
Tax effect of above items and other tax write offs[4]		81.3		(19.7)
Total of significant items	444.3	525.6	67.6	47.9
Adjusted EBITDA[1][3]	**107.2**		**321.9**	
Adjusted NPAT[2][3]		**(94.3)**		**116.1**

[1] EBITDA is 'Earnings before interest, tax, depreciation and amortisation'. Adjusted EBITDA is 'Earnings before interest, tax, depreciation and amortisation and before significant items'. See reconciliation in section 7 'Non-IFRS Financial Information'.

[2] NPAT is 'Net profit after tax'. Adjusted NPAT is 'Net profit after tax and significant items'.

[3] These are non-IFRS financial information and have not been subject to audit by the Company's external auditor.

[4] Includes tax expense on de-recognition of deferred tax assets accruing in prior years and unrecognised tax losses in the current year ($160.3 million)

Footnote Disclosures

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- ***Footnote 1:*** Adjusted EBITDA, Adjusted EBIT, and Adjusted NPAT are non-IFRS measures and are used internally by management to assess the performance of the business and, for 2013, have been derived from the Company's financial statements by adding back US$444 million pre-tax (US$526 million post-tax) comprising US$461 million of restructuring charges and impairments, offset by a pension related gain of US$17 million.

- ***Footnote 2***: Drill rig utilisation defined as the average of the weekly average of operating rigs generating revenue. Previously, the Company has provided utilisation figures based on operating rigs, plus those assigned to a specific contract. To better align with market activity, it has elected to exclude assigned rigs from the utilisation metric.

- ***Footnote 3:*** Excludes contingent liabilities relevant to determining bank covenant compliance. See footnote #31 in Financial Report.

- ***Footnote 4****:* 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 5****:* Expenditure profile defined as operating costs plus capital expenditures