

Boart Longyear Limited ABN 49 123 052 728

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4 March 2013

Boart Longyear Finalises the Appointment of Richard O'Brien as President and CEO

Boart Longyear Limited (**ASX: BLY**) – Boart Longyear confirms it has finalised the terms of Richard O'Brien's appointment as President and CEO effective 1 April 2013.

As outlined in the Company's announcement on 18 February 2013, Mr O'Brien most recently served as President and CEO of NYSE-listed Newmont Mining Corporation, one of the world's largest gold producers, and brings 25 years of operational and financial experience in the natural resources, energy and power sectors to Boart Longyear.

A summary of Mr O'Brien's' key terms of employment is attached.

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 energy, mine de-watering, oil sands exploration, and production drilling.

Boart Longyear is a global company headquartered in Salt Lake City, Utah, USA, and is listed on the Australian Securities Exchange in Sydney, Australia. Sales in 2012 were over US\$2 billion, and the company employs approximately 8,500 employees worldwide. Contract drilling services are conducted in over 40 countries, and drilling products are manufactured in six global factories and sold to our customers in the 100+ countries where they operate.

More information about Boart Longyear can be found on the Internet at www.boartlongyear.com. To get Boart Longyear news direct, visit http://www.boartlongyear.com/rssfeed.

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Mr Richard O'Brien Summary of Key Terms of Employment

1. Employment Commencement Date

 Mr O'Brien's commencement date is 1 April 2013 ("Employment Commencement Date")

2. Duration of Contract

The employment contract is a continuing contract with no fixed term.

3. Remuneration

- Fixed Remuneration Mr O'Brien's starting base salary is US\$750,000 per year.
- Short-Term Incentive Mr O'Brien will participate in the Company's
 Corporate Bonus Plan at a target annual bonus of 100% of base salary. The
 actual annual bonus amount is subject to the achievement of corporate
 financial and safety objectives and personal objectives approved annually by
 the Board of Directors.
- Long-Term Incentive Mr O'Brien will receive an annual long term incentive grant at a target value of approximately US\$2,500,000.
 - The 2013 long term incentive grant is included in the US\$3,750,000 sign-on grant of performance share rights reflected in section 4, below.
 - Future annual long term incentive grants also are expected to be in the form of performance share rights ("PSR") under the Company's Long Term Incentive Plan ("LTI Plan").
 - Except in the event of a termination of Mr O'Brien's employment for cause, all PSRs granted under the LTI Plan after 1 January 2016 will cease to be subject to the LTI Plan condition that he will remain employed by the Company for the full three-year performance period ("Continued Employment Condition") and would remain eligible to vest subject to the Company's performance relative to the three-year return-on-equity performance criterion ("Performance Condition") tested at the end of the three-year testing period for each such grant.
- o Other Perguisites Mr O'Brien also will be entitled to
 - An automotive allowance of US\$980 bi-weekly;
 - Reimbursement of up to US\$3000 annually for tax preparation and financial advisory fees; and
 - Reimbursement of relocation costs of up to US\$50,000 at the end of his employment.

4. One-Time, Sign-on Equity Grants

- O Mr O'Brien will be granted PSRs with a target value of approximately US\$3,750,000 under the LTI Plan effective the Employment Commencement Date. The PSRs will be subject to the LTI Plan's Continued Employment Condition and Performance Condition. The number of PSRs granted will be determined based on the volume-weighted average sale price of Boart Longyear shares (rounded to the nearest full cent) over the period commencing on the ten trading days prior to the Employment Commencement Date ("VWAP") and will be rounded to the nearest 1,000 share rights.
- O Mr O'Brien also will be granted retention share rights ("RSRs") under the LTI Plan with a target value of approximately US\$1,250,000 effective the Employment Commencement Date. The number of RSRs granted will be determined based on the VWAP of Boart Longyear stock, as explained in the preceding paragraph, and will be rounded to the nearest 1,000 share rights. The RSRs will be granted in three equal tranches vesting on the first, second and third anniversaries of the Employment Commencement Date. In addition to the three-year continuous service requirement for rights granted under the LTI Plan, the RSRs granted to Mr O'Brien will be subject to the additional special vesting requirement that Mr O'Brien purchase prior to, and hold on, the vesting date of each RSR tranche Boart Longyear shares (which shall not include shares awarded under any plan sponsored by the Boart Longyear Group) equal to one-half of the amount of RSRs due to vest.
- The PSRs and RSRs granted to Mr O'Brien as a sign-on incentive contain terms regarding their vesting that deal with certain specific circumstances, as follows:
 - Upon a change of control, a pro-rata portion of the RSRs would vest, and a pro-rata portion (through the date of the change of control) of the PSRs would vest subject to the Company's performance relative to the Performance Condition. The Board of Directors would retain discretion to vest a larger portion of the RSRs and PSRs in such a circumstance.
 - Upon termination of employment other than for cause, the extent to which RSRs would vest, and PSRs would remain eligible to vest subject to the Performance Condition, would depend on the effective date of the termination. More specifically:
 - ✓ If termination were to occur prior to the mid-point of a grant's vesting term, a pro-rata portion of RSRs comprising that grant would vest at the time of termination and a pro-rata portion of PSRs would remain eligible to vest subject to performance relative to the Performance Condition tested at the end of the three-year testing period.
 - ✓ If termination were to occur after the mid-point of a grant's vesting term, all RSRs comprising that grant would vest at the time of termination and all PSRs would remain eligible to vest subject to performance relative to the Performance Condition tested at the end of the three-year testing period.

The vesting term mid-point for the sign-on PSRs is eighteen months from their grant date. The vesting term mid-point for the RSRs is six months from their grant date for the first tranche, twelve months for the second and eighteen months for the third.

5. Notice Periods

- The contractual notice period required from Mr O'Brien should he voluntarily terminate his employment, such as for retirement, is 180 days.
- No notice period is required from the Company.

6. Termination Rights

- Termination by the Company with cause requires payment of statutory entitlements only.
- Termination by the Company without cause, or by Mr O'Brien for "good reason," requires the:
 - Payment of twelve months' salary;
 - Payment of Mr O'Brien's annual bonus on a pro-rata basis through the termination date but subject to the achievement of the corporate financial and safety objectives and personal objectives established for the year in which termination occurs; and
 - Waiver of medical insurance premiums for twelve months or until 1 April 2015, whichever is later.
- All termination rights other than payment of statutory entitlements are contingent on Mr O'Brien executing a release of claims in the Company's favour in conjunction with the cessation of his employment.

7. Restrictive Covenants

- The employment contract contains certain restrictive covenants, including:
 - A confidentiality obligation for a perpetual term; and
 - Twelve-month non-competition and employee non-solicitation covenants, with the Company possessing the right to extend those covenants for up to another twelve months with payment of one month's base salary for each month of extension.

8. Shareholder Approvals

 The sign-on equity grant in section 4 and termination benefits in section 6 will be submitted to shareholders for approval at the Company's 2013 Annual General Meeting. Should the Company fail to secure approval for the grant, Mr O'Brien would receive cash rights under the LTI Plan or other cash compensation that confers a comparable economic benefit.