2007

HALF YEAR RESULTS

30 June 2007

BOART LONGYEAR

Boart Longyear Limited

ABN 49 123 052 728

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Agenda

- H12007 Highlights
- Business Highlights
- Financial Overview
- Strategy & Outlook
- Q&A

H12007 Highlights

Business highlights

- Robust market demand
- Sound results
  - Strong top line growth
  - Bottom line on track
  - Improvement in working capital
  - Backlog continues to grow
- Acquisitions performing well, integration well advanced
- Manufacturing restructuring complete

Results snapshot

- H12007 Pro forma Revenue US$753 million (52% of FY Prospectus forecast)
- H12007 Pro forma EBITDA US$156 million (49% of FY Prospectus forecast)
- Improved cash flows

Confident we'll meet full year prospectus forecasts

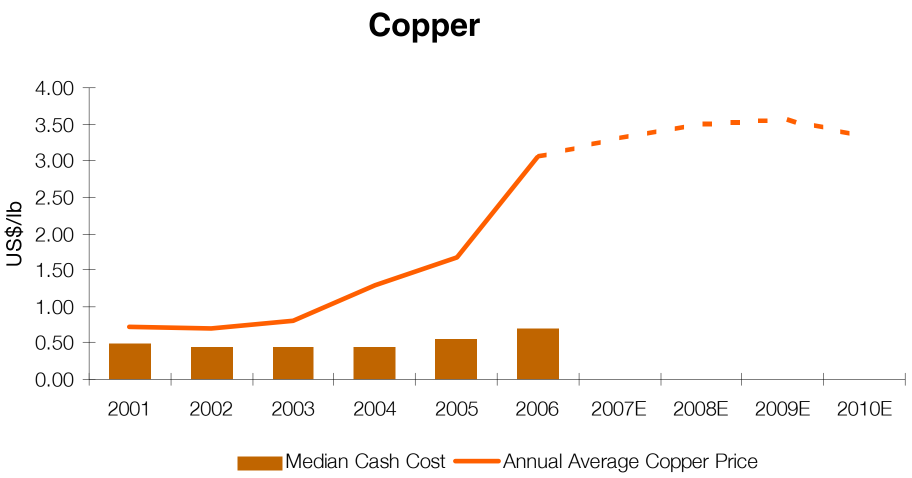
BOART LONGYEAR

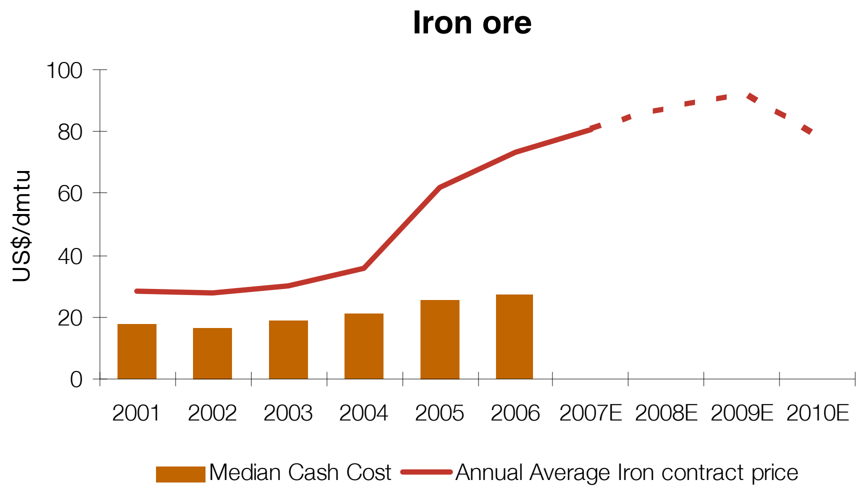
BUSINESS HIGHLIGHTS

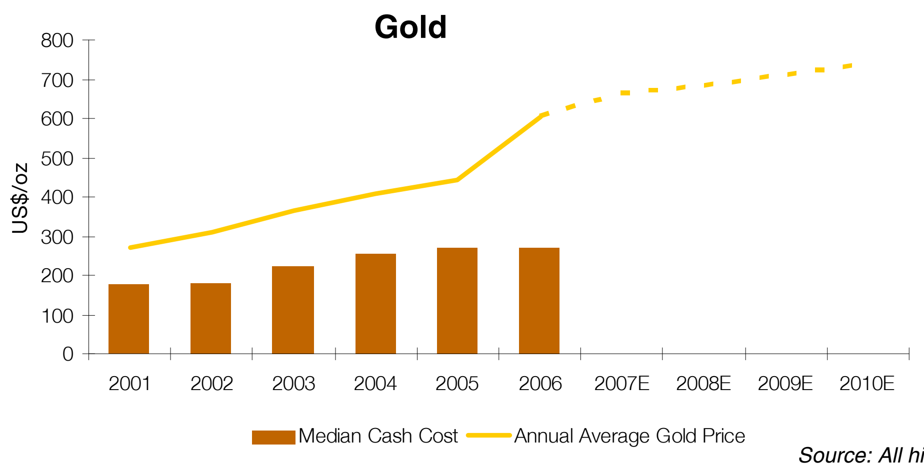
Paul Brunner - CEO

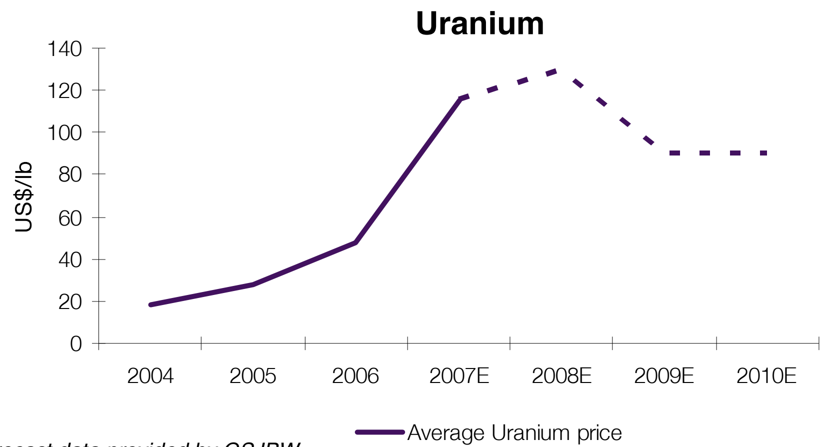
Strength in commodities markets

High prices + Strong demand + Limited reserves = Increasing exploration expenditure







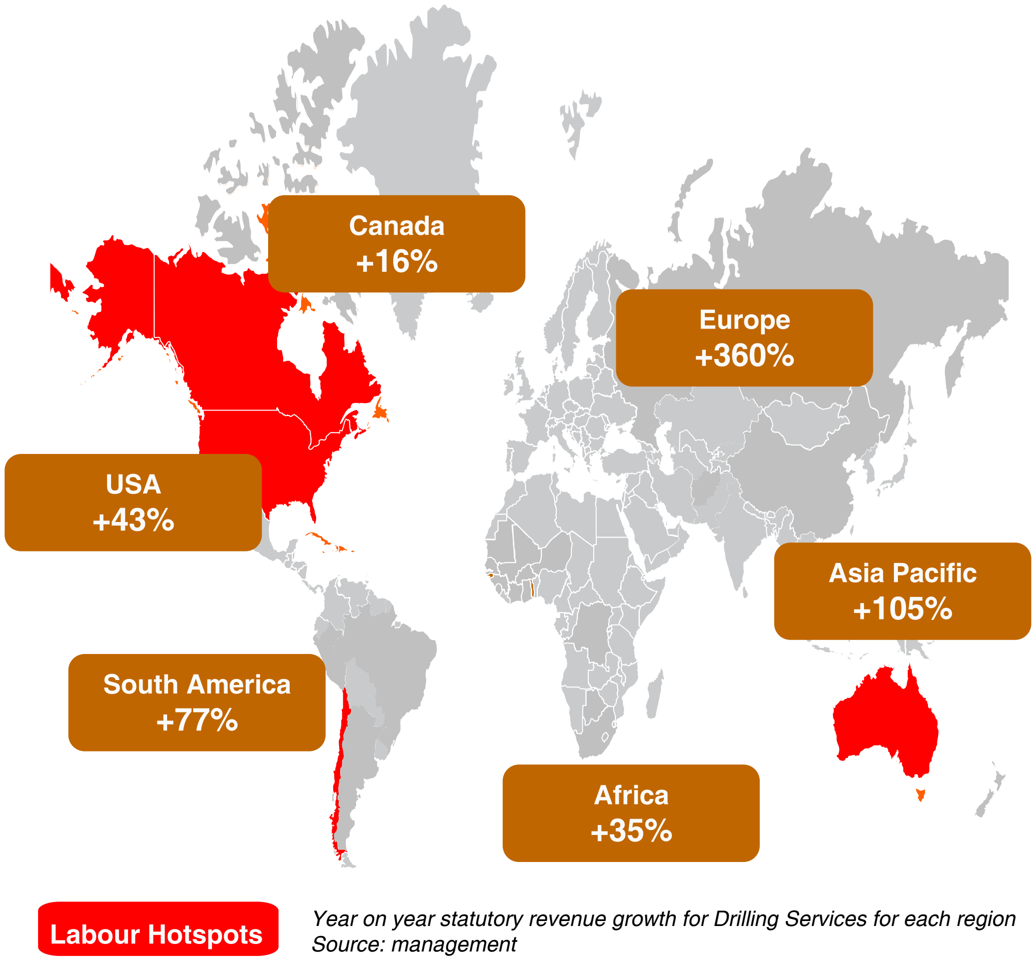


Source: All historic and forecast data provided by GSJBW

BOART LONGYEAR H1 2007

Drilling Services

51% year on year revenue growth

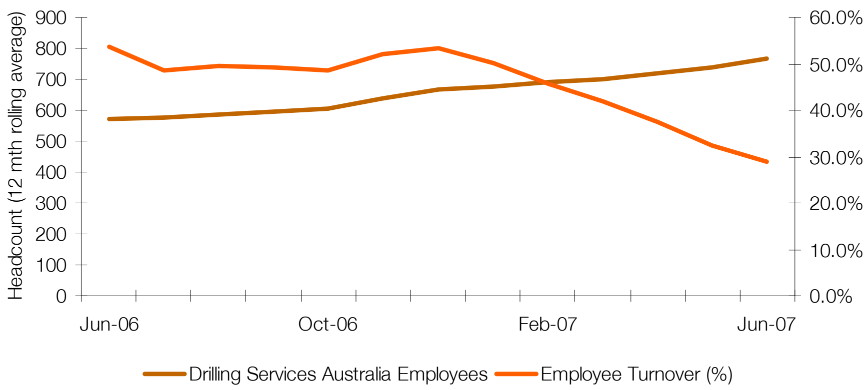


Year on year statutory revenue growth for Drilling Services for each region
Source: management

Successes

- Wage inflation currently in control
- Recruitment, training, and retention improving

Australian employee turnover in decline



Source: management

Challenges

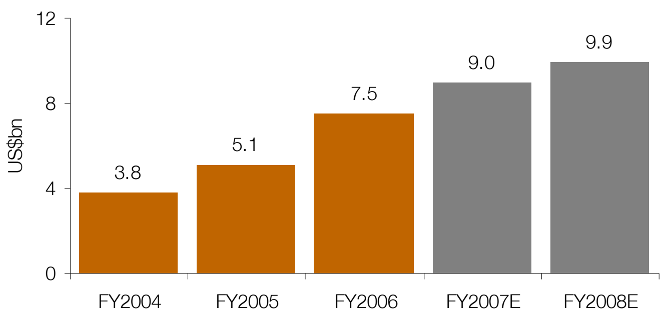
- Third party rig deliveries slow
- Select labour markets tight

BOART LONGYEAR H1 2007

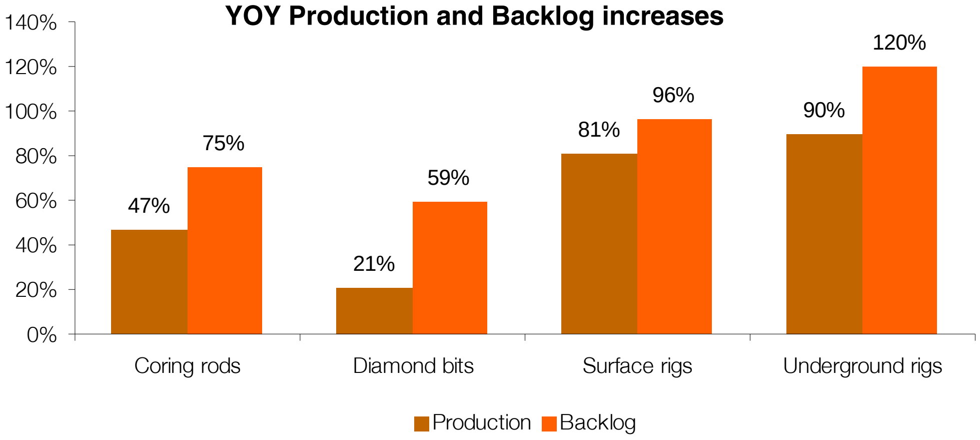
Products

31% year on year revenue growth

Global nonferrous minerals exploration budgets forecast to increase



Source: Metals Economics Group data, FY2004 – FY2006 and FY2007 Estimate; Management's FY2008 estimate



Percentage change in volume of units produced and order backlog for the six months to 30 June 2007 versus the six months to 30 June 2006.

Record production driven by strong demand

- Revenue growth double of Prospectus forecast
- Capacity expansion complete, looking for more

Volume	**27%**
Price	**3%**
FX	**1%**
Revenue growth	**31%**

Year on year Statutory revenue growth of Products, including revenue of MCE Poland (US$7 million) in H12006, a business sold in H22006.

Operating initiatives progressing

Functional expertise	*Delivering results*
Sales	Made progress with KAM program, but capacity constrained Expanded focus to Products customers
Product development	 Innovation loop – 3 new products to market Alpha 3 stage diamond bit – now 10% of bit orders More new products in pipeline
Manufacturing	Headcount reductions US$5M annualised savings to come
Sourcing	US$700M annual spend managed globally US$15M savings on track


BOART LONGYEAR
FINANCIAL
OVERVIEW
Ron Sellwood - CFO

Group overview

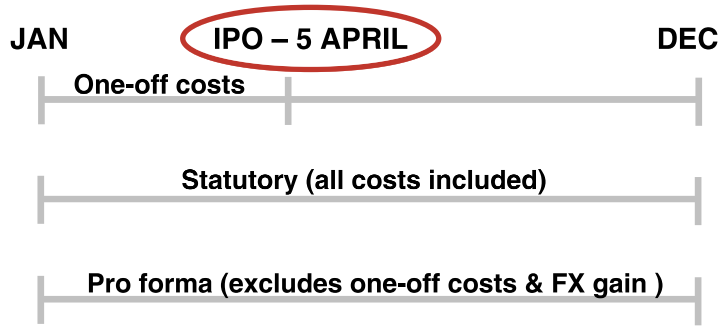
Statutory financials

US$m	H12006 Actual	H12007 Actual	FY2007 Prospectus[4]
Revenue	526[1]	750	1,460
COGS	344	478	891
Gross Margin	182[3]	272[3]	569[3]
Gross Margin	*35%*	*36%*	*39%*
EBITDA	77[1]	140	291
EBITDA Margin	*15%*	*19%*	*20%*
EBIT	53	110	229
NPAT	6[2]	17	78
EPS (cents)		1.2	5.3

Pro forma financials

	H12007 Actual	FY2007 Prospectus[4]
Revenue	753	1,461
COGS	473	882
Gross Margin	280[3]	579[3]
Gross Margin	*37%*	*40%*
EBITDA	156	320
EBITDA Margin	*21%*	*22%*
EBIT	126	256
NPAT	72	149
EPS (cents)	4.8	10.0

Pro forma results are adjusted for IPO and other non-recurring items to reflect the ongoing performance of the Group

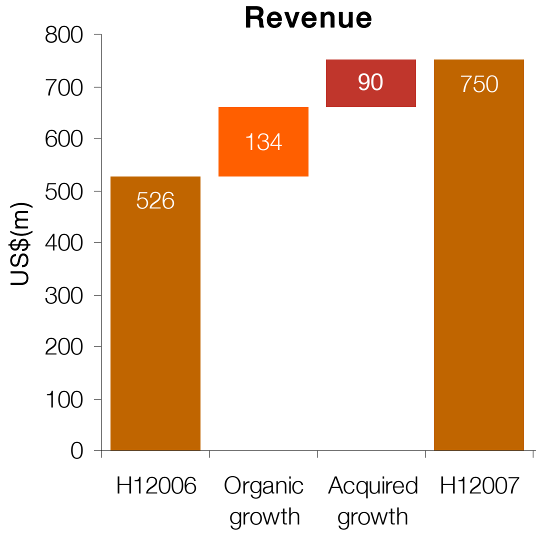


1.H12006 includes US$7million of revenue and US$0.5 of EBITDA in respect of MCE Poland, a business sold in 2006.
2.H12006 NPAT from continuing operations shown for comparison
3. Gross margin is presented on a cash basis, before accounting for depreciation
4. The FY2007 estimates are as shown in the IPO Prospectus

H12007 – Statutory basis

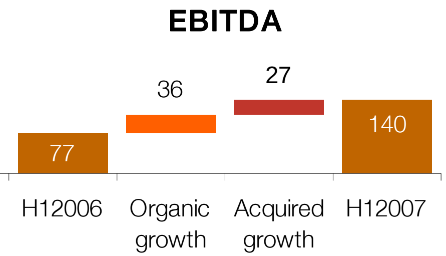
Year on year performance

US$m	H12006 Actual	H12007 Actual
Revenue	526[1]	750
COGS	344	478
Gross Margin	182	272
Gross Margin	*35%*	*36%*
Other Expenses	105	132
S,G&A	115	144
Other income	(10)	-
FX Gain	-	(12)
EBITDA	77[1]	140
EBITDA Margin	*15%*	*19%*
Dep. & Amort.	23	30
EBIT	53	110
Net Finance Costs	20	81
Tax Expense	27	12
NPAT	6[2]	17



Revenue Growth 43%
- **Organic 26%**
- **Acquired 17%**

EBITDA Growth 82%



- Leveraging overhead cost base
- Pre IPO debt funding costs
- 2007 Effective tax rate 41%, ongoing at 32%

1.H12006 includes US$7million of revenue and US$0.5 of EBITDA in respect of MCE Poland, a business sold in 2006.
2.H12006 NPAT from continuing operations shown for comparison

BOART LONGYEAR H12007

H12007 – Pro forma basis

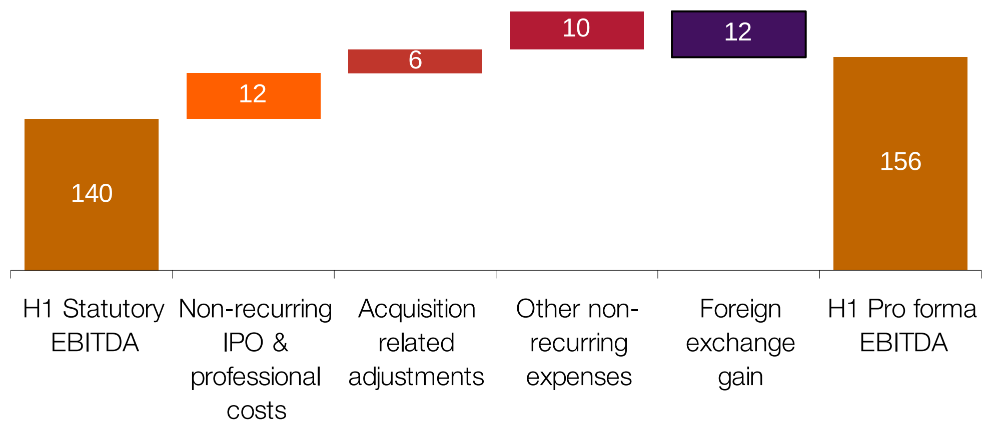
H1 Pro forma vs FY Prospectus forecast

US$m	H12007 Actual	FY2007 Prospectus[1]
Revenue	753	1,461
COGS	473	882
Gross Margin	280	579
Gross Margin	*37%*	*40%*
Other Expenses	124	259
EBITDA	156	320
EBITDA Margin	*21%*	*22%*
Dep. & Amort.	30	64
EBIT	126	256
Net Finance Costs	20	37
Tax Expense	34	70
NPAT	72	149

1. The FY2007 estimates are as shown in the IPO Prospectus

H1 Pro forma EBITDA by Division

H1 EBITDA – Reconciliation of Statutory to Pro forma



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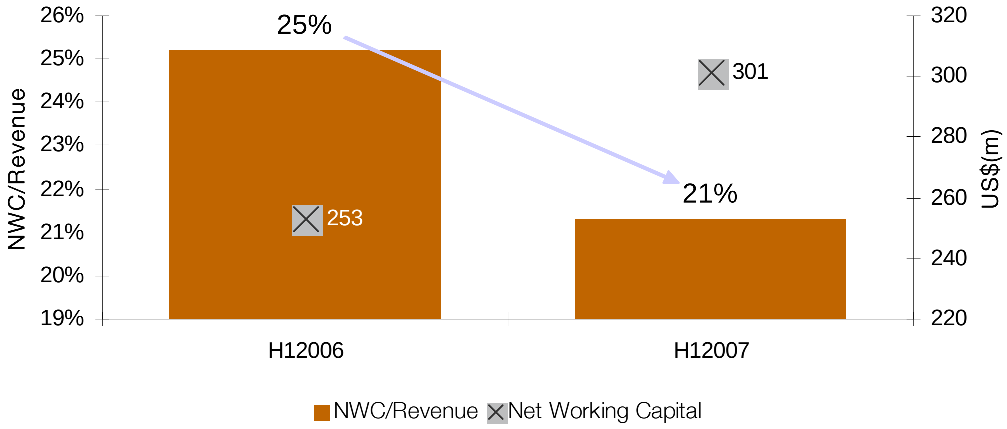
Investment in the business

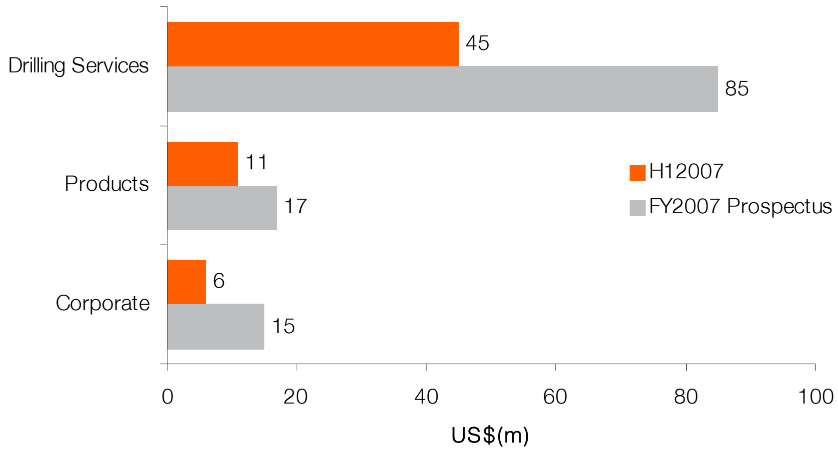
Significant reduction in working capital to revenue



NWC/Revenue is calculated using the last 12 months' revenue, adjusted for revenues of acquisitions as if part of the group for the full twelve month period

- Reduction in working capital needs
- Days sales outstanding reduced to 54 (63)
- Inventory turns increased to 6.5 (6.0)
- Days payables outstanding increased to 34 (31)

Capex investment on track



Capital expenditure is presented above on an accruals basis

- Drilling Services – investments in rigs and ancillary
- Products – investments in capacity and transfers

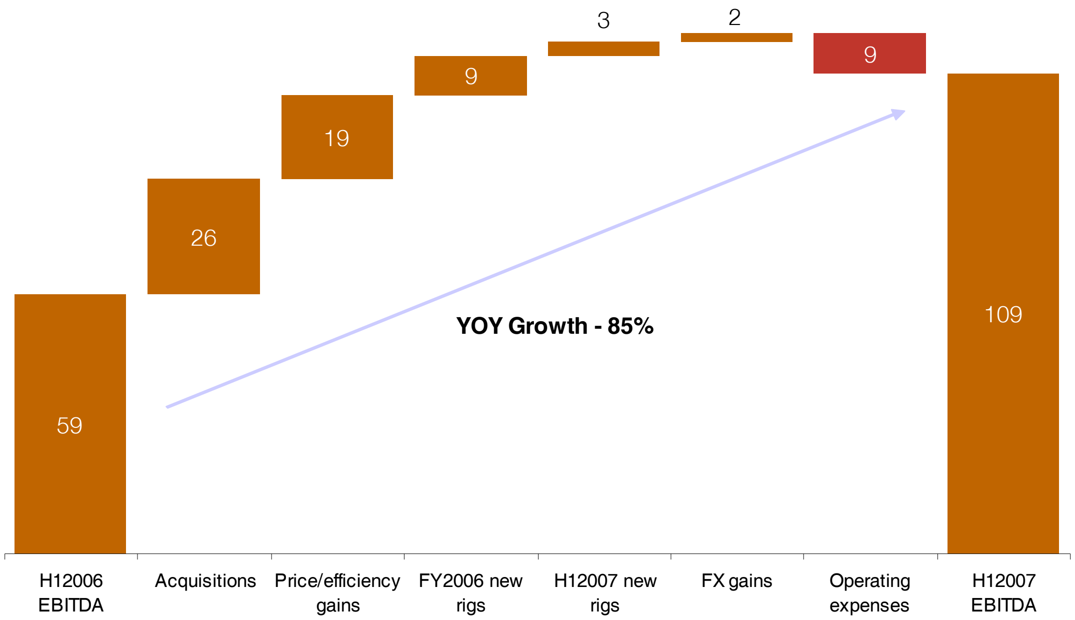
BOART LONGYEAR H12007

Drilling Services

US$m	Statutory basis H12006 Actual	Statutory basis H12007 Actual	Pro forma basis H12007 Actual	Pro forma basis FY2007 Prospectus
Revenue	305	460	463	908
EBITDA	59	109	121	251
EBITDA margin	*19%*	*24%*	*26%*	*28%*

- EBITDA margin – 5 percentage points increase
- 44% YOY EBITDA growth from acquisitions
- Price increases in 2007
- On track to meet Prospectus forecasts

Statutory EBITDA Bridge



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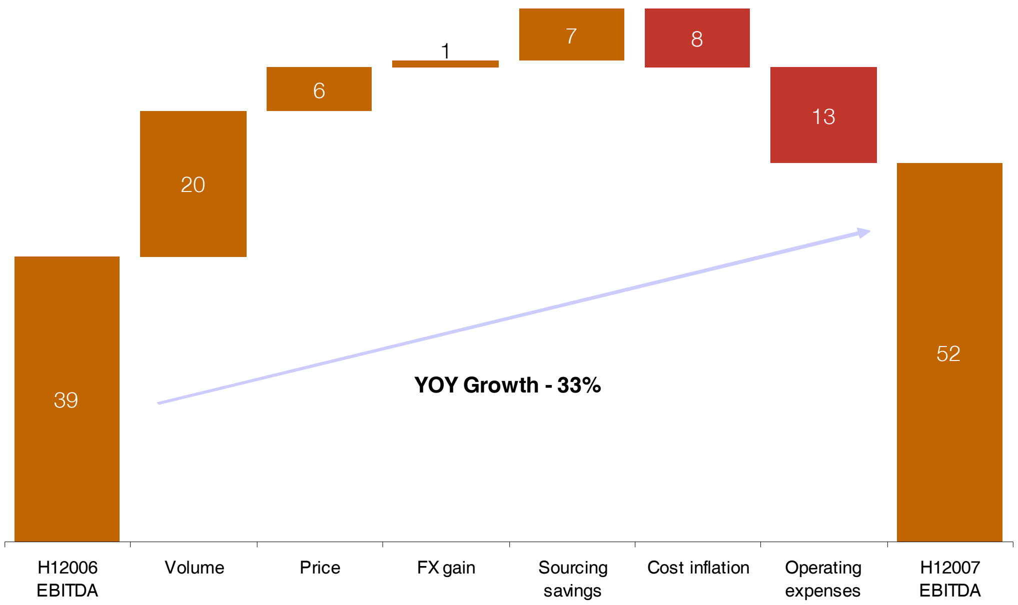
Products

US$m	Statutory basis H12006 Actual	Statutory basis H12007 Actual	Pro forma basis H12007 Actual	Pro forma basis FY2007 Prospectus
Revenue	221 [1]	290	290	553
EBITDA	39	52	56	121
EBITDA margin	*18%*	*18%*	*19%*	*22%*

1. H12006 includes US$7million of revenue and US$0.5 of EBITDA in respect of MCE Poland, a business sold in 2006.

- Volume effect – 51% increase in EBITDA
- H1 average price increase 3%
- Sourcing savings on track
- On track to meet Prospectus forecasts

Statutory EBITDA Bridge



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BOART LONGYEAR

STRATEGY & OUTLOOK

Paul Brunner - CEO

Near term growth strategy

DRILLING SERVICES

MINERALS

Organic & Acquired Growth

- Geographic expansion – South America, Africa, Russia
- Customer focus - KAM
- Technology expansion – Sonic

E&I

Organic Growth

- Geographic expansion – Europe, Australia
- Technology expansion – Sonic
- Segment diversity - Minerals

ENERGY

Organic Growth

- Customer focus – Oil Majors
- Segment focus – Oil Sands & Oil Shale
- Segment opportunity – CBM

PRODUCTS

Organic & Acquired Growth

- Geographic expansion – South America, Africa, Russia
- Customer focus – KAM
- Product development – New rig designs

Strategic acquisitions and divestments

Recent acquisitions and divestment

- Acquisitions performing well
  - Top line and bottom line
  - Continued to retain the talent
- Strategic targets being pursued
  - Minerals primary focus
  - Active pipeline – average target size US$25M Revenue
  - 3 to 4 transactions a year
- Non-core businesses being divested
  - MCE Australia sold

Outlook

- On track to meet FY07 Prospectus Statutory and Pro forma forecasts
- Strong market demand through 2008
- Drilling Services - labour capacity constraints will be a challenge
- Products – more capacity planned to address backlog
- Bolt-on acquisitions to continue – 3 to 4 a year

APPENDICES

Basis of Preparation

- Financial information has been prepared in accordance with A-IFRS
- Statutory and Pro forma Income Statements include the results of MCE Australia, a business sold in August 2007 for A$10.1(US$8.8) million.
- Pro forma financial figures reflect normalization adjustments for:
  - Full year impact of acquisitions and business initiatives
  - Significant items not reflective of the business going forward (e.g. capital structure, IPO related costs)
- All financial figures are reported in US$
- Earning per share computations for all periods presented reflect shares issued under the Company's recent Initial Public Offering (i.e. 1,485,250,000 common shares)

Reconciliation of Statutory to Pro forma Income Statement

US$m	H12007 Statutory Actual	IPO & Professional costs	Acquisiton related adjustments	Other non-recurring costs	Foreign exchange gain	Interest adjustment	Tax adjustment	H12007 Pro forma Actual
Revenue	750		3					753
EBITDA	140	12	6	10	(12)			156
EBIT	110	12	6	10	(12)			126
Net Finance Costs	(81)					61		(20)
Tax Expense	(12)						(22)	(34)
NPAT	17	12	6	10	(12)	61	(22)	72

The income statement for the first half year is presented on both a statutory and pro forma basis, consistent with the presentation of the historical and forecast full year income statements presented in the IPO Prospectus. There are a number of non-recurring and part year adjustments which have been applied to the statutory half year figures to arrive at the pro forma half year results. The pro forma results are presented as representative of the ongoing results of the Group.

The adjustments made include the following:

<u>IPO & Professional costs</u>

Non-recurring costs in relation to the IPO being the change in group structure, and associated additional audit and accounting fees incurred in support of the IPO process (US$12 million);

<u>Acquisition related adjustments</u>

Earnings of the acquisitions of KWL, Grimwood Davies and Connors that were made after 1 January 2007, assuming they were part of the Group for the full six months of the half year. The pro forma includes an adjustment to Revenue of $3 million, to EBITDA of $0.6 million and to EBIT of $0.5 million;

The pro forma figures include the reversal of $5 million of inventory related expenses. The adjustment relates to inventory which was capitalised as part of the purchase price allocation on the businesses acquired which has been expensed to achieve conformance with Boart Longyear's accounting policies;

Adjustments also include integration costs associated with the businesses acquired, which principally related to redundancy costs, retention payments and other costs ($1 million);

<u>Other non-recurring expenses</u>

Additional costs associated with a profit share arrangement within an employment contract related to an acquisition which is due to expire at the end of 2007 and will not be renewed on similar terms (US$4 million);

Non-recurring relocation and other costs associated with staffing the Operational Head Office in Salt Lake City to the extent these had not been provided for as at 31 December (US$3 million);

Non-recurring costs associated with the Boart Longyear restructuring initiatives to the extent these have not been specifically provided for as at 31 December 2006 (US$2 million)

<u>Foreign exchange gain</u>

Foreign exchange gain of $12 million which was realised on Australian and Canadian dollar denominated intercompany loans which were unhedged for a portion of the half year period. The balances associated with the gains have been hedged. The foreign exchange gain was not forecast in the full year income statement presented in the Prospectus.

<u>Net finance cost adjustment</u>

Prior to the IPO, the Group had significantly higher debt levels, which were refinanced immediately following the IPO. Additional net finance costs as a result of the previous financing structure were incurred from 1 January 2007 until April 2007. An adjustment of $61 million has been made to represent the six month impact of the current debt funding arrangements.

<u>Tax adjustment</u>

The tax adjustment represents the net tax impact of the adjustments described above and the effect of the group restructuring which was completed in the first half which is expected to result in an ongoing effective tax rate of approximately 32%.

Statutory Income Statement

	Half-year ended 30 June 2007 US$'000	Half-year ended 30 June 2006 US$'000
Continuing operations		
Revenue	749,985	525,935
Cost of goods sold	(504,144)	(365,444)
Gross margin	245,841	160,491
Operating expenses:		
Selling, general and administration expenses	(146,194)	(115,847)
Other operating income	10,811	8,961
Operating profit	110,458	53,605
Investment and interest income	2,247	6,703
Interest expense	(83,264)	(26,601)
Profit before taxation	29,441	33,707
Income tax expense	(12,091)	(27,489)
Profit for the period from continuing operations	17,350	6,218
Discontinued operations (net of taxes)		
Loss for the period from discontinued operations	-	(706)
Loss on sale of discontinued operations	-	(5,617)
Profit (loss) for the period	17,350	(105)
Earnings per share:		
From continuing and discontinued operations:		
Basic and diluted earnings per share	1.17 cents	(0.01) cents
From continuing operations:		
Basic and diluted earnings per share	1.17 cents	0.42 cents

Statutory Balance Sheet

	30 June 2007 US$'000	31 December 2006 US$'000
Current assets		
Cash and cash equivalents	43,322	26,547
Trade and other receivables	250,448	226,885
Inventories	152,827	134,339
Other financial assets	725	2,222
Prepaid expenses and other current assets	21,412	22,116
	468,734	412,109
Assets classified as held for sale	9,244	-
Total current assets	477,978	412,109
Non-current assets		
Property, plant and equipment	294,774	243,383
Goodwill and other intangible assets	231,218	158,115
Deferred tax assets	51,024	17,991
Other financial assets	3,415	3,911
Other assets	432	1,303
Total non-current assets	580,863	424,703
Total assets	1,058,841	836,812
Current liabilities		
Trade and other payables	188,207	237,554
Provisions	24,063	28,542
Current tax payable	5,144	20,090
Loans and borrowings	4,417	11,884
	221,831	298,070
Liabilities directly associated with non-current assets classified as held for sale	2,399	-
Total current liabilities	224,230	298,070
Non-current liabilities		
Trade and other payables	624	686
Loans and borrowings	696,016	1,275,697
Other financial liabilities	-	2,300
Deferred tax liabilities	19,647	2,247
Provisions	25,402	37,786
Total non-current liabilities	741,689	1,318,716
Total liabilities	965,919	1,616,786
Net assets (liabilities)	**92,922**	**(779,974)**
Equity		
Issued capital	452,331	452,331
Reserves	6,600	5,189
Other equity	(143,236)	(991,546)
Accumulated losses	(222,773)	(245,948)
Total equity (deficit)	**92,922**	**(779,974)**

BOART LONGYEAR

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