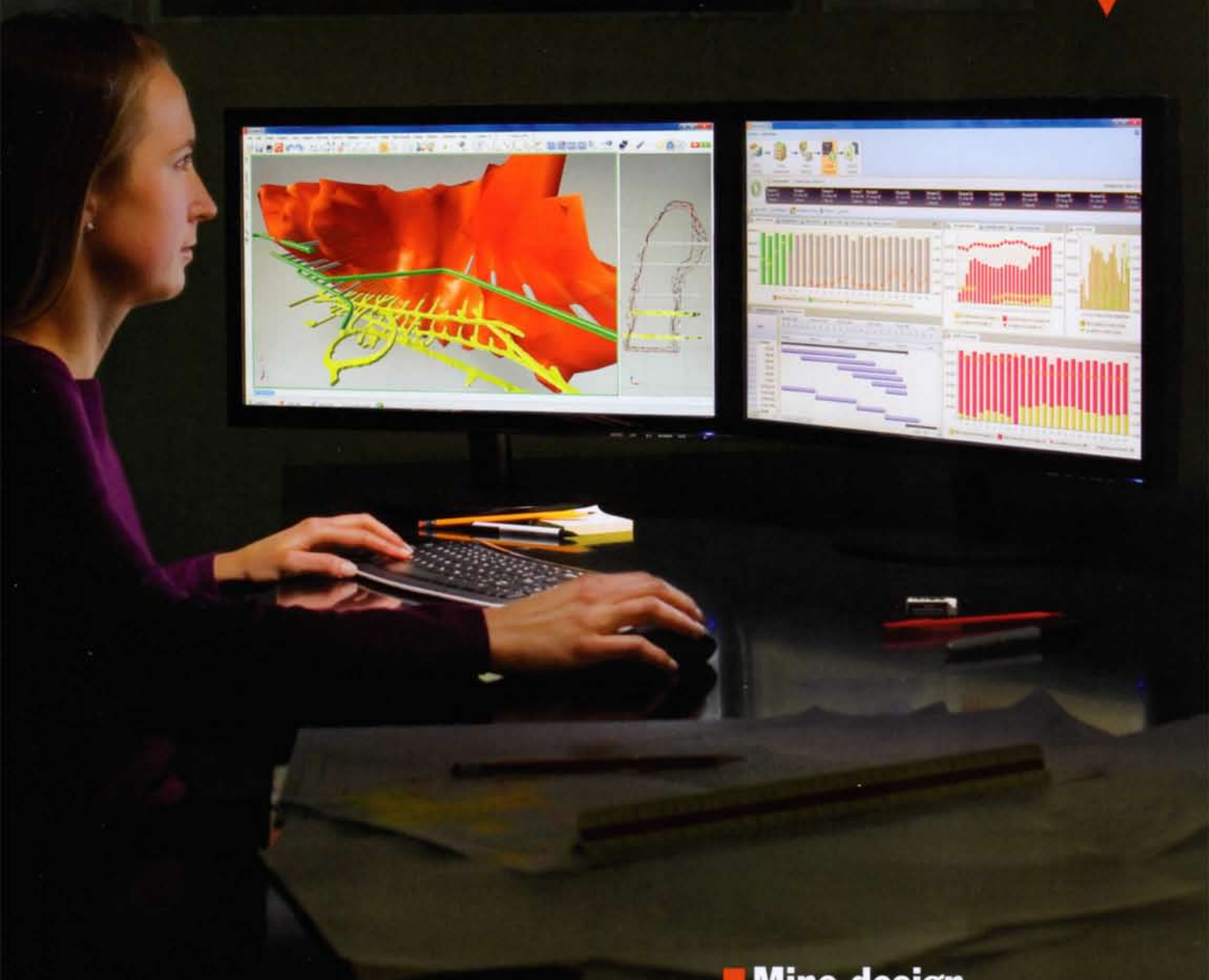


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Capacity, innovation and service

Anna Hayes speaks to Kevin Tomaszewski, Boart Longyear's director of global product management and marketing communications, about the company's activities during 2011 and plans for the coming year

Q Please describe the range of equipment that Boart Longyear supplies to the mineral exploration market

In mineral exploration we are always extracting a core sample for our geologists. This can either be a complete or chipped sample, depending on ground formation and drilling method, but sample integrity is critical.

Boart Longyear supports a full range of diamond bits, in-hole tools (wireline), rods and casing. We have a full line of rigs, from shallow to deephole or core drilling, as well as a range of reverse circulation rigs. We also supply all of the consumables from drill strings and rods to swivels. All are used to collect the samples.

"Rig demand in 2011 increased above expectations"

Q Which products are proving popular in the current market?

Diamond core rigs will always take precedence in the industry. They offer a way to get deep and ensure you have a continuous sample. RC is used to get to shallower depths, around 200-500m is usually the limit, although people will push it to drill further.

Most exploration holes run at around 1,000m and the range is increasing. The more it increases, the more diamond coring you will see. We are seeing the diameter of core-retrieval increase as well at depths ranging from 1,000-3,000m – 1,000m is the average hole depth we see globally.



Rig demand in 2011 increased above expectations while utilisation rates have probably been 10-15% lower than during the boom in 2008.

What that means is that there are idle rigs. People are selecting the better contracts that are paying and keeping the utilisation lower, so that they do not stretch themselves or require use of their capital. There are more juniors getting back into the market because there is more money available.

In addition, we produced and sold more rods in 2011 than during the boom of 2008. A significant portion of these sales were due to an increase in adoption of our patented 'RQ' product.

Q What do you think is driving the demand for rods?

In 2008, a lot of people got caught because rods were hard to come by due to capacity issues, so they would load up their inventory. Obviously, rods are very expensive, so there was a clear decision to deplete inventory during the downturn. During the upturn more demand came in for what little inventory they had and contractors had to rely a bit more on the manufacturers.

We believe that we picked up some significant market share due to availability and product reliability. Having the capacity was something we focused on. At the same time, we have proprietary products in RQ rods, which have had strong demand.

We believe the demand was a combination of the two factors, but primarily a restocking of inventory. The upturn over the past two years was a lot faster than expected by the industry.

Business is doing very well, demand has been strong all year and we are very positive about the industry in 2012.

Q Is this growth in any particular regional areas?

Canada and Australia continue to grow with the market. We are also seeing strong growth in regions like Brazil, South Africa and Russia. This regional growth is creating more demand for rigs than we had expected for 2011, and we believe we will see similar demand in 2012. ▶



The Roller Latch assembly improves safety and productivity

Q Which minerals/metals are driving demand?

Gold is the prime mover, as can be seen from the price. Iron and copper also continue to drive demand.

Q Last year, R&D appeared to focus on drilling consumables, with new products released including bits, rods and head assemblies. Does this remain the major focus in 2011-12?

Concentrated effort on R&D and technology has always been Boart Longyear's focus for over 120 years. This will continue and you can expect, as a minimum, the same number of new launches in 2012 that we had in 2011, but they will be more staggered, perhaps by quarter.

After a downturn the first thing that comes back is the consumables, typically products like rods and bits. That technology has been around for quite some time and we believe that it was ready for a change.

We continue to focus on safety first, then productivity, since without safety you cannot get productivity. Our UMX bits allow drillers to keep the bit and drill string in the hole longer so that drillers don't have to trip so often, and can obtain more metres per shift.

The UMX bits feature a new matrix that is unique and patented. We also have new

designs around our staged waterways, allowing our drillers to get two to three times longer life.

We have also focused on our Roller Latch head assembly. New technology on the Roller Latch helps to improve safety and generate better productivity by having better pump-in speeds and better retraction, allowing drills to more efficiently retrieve core sample and increase productivity.

We have also concentrated effort on rigs – these programmes take longer to execute due to extensive design and testing requirements. In recent years, we have been focusing on a rig that is truly automated and provides hands-free management. We will launch it this year.

We provide a complete range of rigs that support diamond core, RC (reverse circulation), multi-purpose, rotary, construction, geotechnical, sonic, and drill and blast applications. We plan to launch a new rig in 2012 that supports the multi-purpose market.

We continue to look at the RC market, into which we launched the small LC6 (previously RC6) last year. This is primarily for the market in Africa and Latin America where they needed a pretty robust rig, mechanically driven, which provides samples at depths of 100-150m. It is not automated, but the need for automation tends to be specific to regions.

Another area we have new products in is our Sonic product line. The market has



been demanding more manufacturers of Sonic technology. We have launched the LS 600C into this market. At PDAC, the LS 600C will be the centre of our booth.

We will also be focusing on drill bits and continuing to push out the UMX technology across the entire formation range. We are also improving our reamers and casing shoes. This will continue through to the middle and latter part of the year.

Q Is the sonic drill being used in exploration?

Due to its innate ability to penetrate fast, produce a nearly undisturbed sample to depth while using little or no water,

"We focus on designing safe, productive and patented products that meet the demands of drillers"



and its unique casing advancement system, the LS600 is ideal for several industries.

The mining industry benefits from the LS600's extremely accurate sampling of unconsolidated formations. Applications include: heap leach and tailing pad sampling; monitoring well installation and water sampling; dewatering applications; and wireline sampling.

We are trying to increase awareness to the fact that it can obtain samples of 152mm (6in) diameter up to depths of 183m (600ft).

Q Has there been a positive response to the new products?

In Quebec, the drillers are picking up an over 200% increase in bit life with the use of the UMX product. Demand for the product continues to increase as our customers begin to test and understand the features of the bits.

We are adding sales resources to support the trialling of these new products with our customers – working with the drillers on site is essential to establishing early adoption and to also create awareness around the product benefits of improved safety and performance.

We have had some good demand on the Roller Latch technology – it's early in the launch cycle and we are expecting continued success and adoption in 2012.

Q Are you finding any resistance to using the new technology?

The industry has a lot of history and adoption doesn't happen overnight. We respect that and do our best to hold demonstrations to try to get that adoption a little earlier. There is usually a minimum 12-month adoption period before you start seeing any big shifts from proven technology.

Drillers have been using the current wireline system for decades so it's a big deal to replace that with new parts and technology. So we are taking the Roller

Latch head assembly to clients to ensure they understand the product.

As we continue to introduce new technology, and communicate the advantages to the market, we will see adoption increase as drillers see productivity advantages.

Q Have you also seen resistance to automation?

In the mining industry, there has been resistance for decades. That is clearly turning around. There is a lot more demand from some of the big mining

“Working with the drillers on site is essential to establishing early adoption”



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Consumables include drill strings, rods and swivels



"We will continue to expand our rig offering with sonic and multi-purpose drills"

► companies who want the driller away from the rig. There are countries that do not use automation at this time due to education and training issues. Then you have countries that are clearly demanding it, like Australia, Canada and the US. The ultimate direction for us is to be able to support both and continue to evolve and integrate automation.

Even though there is some resistance, we believe we can continue to break down that barrier. We see pockets, like in Australia where they are looking for a hands-free automated drill. On the other hand, if you go to Africa and Latin America you don't see the same demand for automation.

Q Do you have your own software and monitoring systems?

Control systems continue to undergo development. Our latest technologies will be integrated into our new rig products planned for launch in the next 12-18 months.

Q The company recently opened a new Asia-Pacific headquarters. Is this a particular focus market for Boart Longyear?

Australia is a very important region to Boart Longyear – demand for exploration is strong there.

Q The company has recently started offering financial services to customers in North America. Why?

Providing financial services will provide opportunities to customers that require financing, whether they are existing or new customers. We have launched this service in specific regions and plan to expand in the near future.

We are excited about it and think it is a great opportunity to support our customers' needs, and ultimately grow our business.

Q What training and customer support do you provide?

We provide technical service support and training to our customers. These products are available by contacting your local sales representative. Regional contact details can be found at www.boartlongyear.com.

Another focus for 2012 is after-market services. We are putting a lot of focus on expanding our resources and efforts in this category, to support our customers' needs through maintenance programmes, improved spare availability, rebuilds, etc.

Q Where do you see the company going over the next few years?

We are being cautiously optimistic. We still see strong demand and indicators are quite good for 2012. We continue to focus on designing safe, productive and patented products that meet the demands of drillers.

We will continue to expand on the innovation of the UMX diamond bit and wireline Roller Latch technologies.

Additionally, we will continue to expand our rig offering with sonic and multi-purpose drills, while also focusing on advancements in automation and integrating these technologies in future rigs. ▼

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