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18 November 2009

BOOM Logistics Announces Equity Raising and Rejects Unsolicited and Highly Conditional Proposal

Key Points

- Boom Logistics Limited (“BOOM”) today announces a \$67 million fully underwritten equity raising at \$0.30 per share (“Offer Price”)
- Net proceeds of the equity raising will be used to reduce debt, which will significantly strengthen BOOM’s balance sheet and position it for the upcoming project pipeline and future growth opportunities
- Post the underwritten equity raising of \$67 million and tax refunds of \$10 million due by 31 December 2009, BOOM will have net debt¹ of \$139 million which represents gearing² of 45% and pro forma net debt / EBITDA³ of 2.5x
- On 17 November 2009, while in trading halt, BOOM received an incomplete, unsolicited and highly conditional proposal from McAleese Investments (“McAleese”) (its 12.2% shareholder), an associate of Harbrew Group
- The proposal from McAleese is to acquire 100% of BOOM at \$0.60 per share in cash through a Scheme of Arrangement
- The proposal represents a discount of 32% to BOOM’s NTA of \$0.89 as at 30 June 2009, a 8% premium to the three month VWAP of \$0.56 prior to the approach and a 6% premium to the one month VWAP of \$0.57 prior to the approach
- The Board of BOOM has rejected the proposal from McAleese:
 - It is highly conditional and incomplete compared to the certainty of an underwritten equity raising
 - Proceeding only with their proposal would prevent BOOM from raising much needed equity to deleverage its balance sheet and deal with bank covenant issues

Details of the Equity Raising

The equity raising consists of:

- A 1-for-1 fully underwritten accelerated non-renounceable pro-rata entitlement offer to eligible BOOM shareholders as at 7.00pm (AEDT), Monday 23 November 2009 (“Record Date”) to raise approximately \$52 million (“Entitlement Offer”);
- A fully underwritten placement of 15% of BOOM’s expanded share capital to institutional investors to raise approximately \$15 million (“Institutional Placement”); and

¹ Based on pro forma net debt post equity raising (excluding any proceeds from the SPP) and tax refunds of \$5m received on 11 November 2009, and a further \$5m expected prior to 31 December 2009.

² Defined as net debt / book equity. Pro forma book equity as at 31 October 2009, adjusted for equity raising

³ Based on FY10 EBITDA of \$55m (mid point of guidance announced to ASX on 4 November 2009)

- A non-underwritten share purchase plan, which will provide eligible BOOM shareholders as at the Record Date the opportunity to subscribe for up to \$15,000 worth of New Shares, subject to a cap of \$20 million (“SPP”).

The Entitlement Offer and the Placement totalling \$67 million are fully underwritten by RBS.

The Offer Price for the shares to be issued under the Entitlement Offer, Institutional Placement and SPP is \$0.30 per share. This represents a 36.2% discount to the closing price of BOOM shares on Monday 16 November 2009 (the last trading day before the commencement of the trading halt) and a 19.8% discount to TERP⁴.

Commenting on the equity raising, CEO Mr Brenden Mitchell said: “Having reviewed the proposal from McAleese Investments and undertaken a strategic review of a range of alternatives, the Board has decided that an equity raising represents the best overall outcome for BOOM and its shareholders at this time. The net proceeds of the equity raising will be used to reduce debt, providing BOOM with a strengthened and deleveraged balance sheet position.”

“This equity raising, combined with the revised Earnings Leverage Ratio covenant (“ELR”), will allow BOOM to take advantage of the substantial emerging project construction opportunities in the infrastructure and resources sectors. It also strengthens BOOM’s position as the market leader in providing lifting solutions to blue-chip mining and industrial maintenance clients.”

“Following receipt of the proceeds of the equity raising and tax refunds of \$10 million due by 31 December 2009, BOOM’s balance sheet gearing will be reduced from 96% at 30 June 2009 to 45% which we believe is a prudent and sustainable level in the current environment.”

Unsolicited Proposal from McAleese Investments

On 17 November 2009, BOOM entered a trading halt pending an announcement on the equity raising described in this announcement. After this trading halt was in place and following strong support from investors for the equity raising, BOOM received an incomplete, unsolicited and highly conditional proposal from McAleese Investments (its 12.2% shareholder), an associate of Harbrew Group. This proposal follows a previous, unsolicited merger approach in July 2009 from Harbrew whereby BOOM would acquire Harbrew’s business. That proposal did not meet BOOM’s investment criteria.

The proposal from McAleese is to acquire 100% of BOOM at \$0.60 per share in cash through a Scheme of Arrangement. The proposal is highly conditional, including being subject to unspecified due diligence, finalisation of funding with McAleese’s financiers, BOOM not proceeding with its proposed capital raising and requires shareholder and court approvals. In addition, the proposal requires BOOM to grant exclusivity with a 1% break fee in favour of McAleese.

The proposal represents:

- a discount of 32% to BOOM’s Net Tangible Assets of \$0.89 as at 30 June 2009
- 8% premium to the three month VWAP of \$0.56 prior to the approach

⁴ Theoretical ex-rights price (TERP) is the theoretical price at which BOOM shares should trade immediately after the ex-date for the Entitlement Offer and includes the New Shares issued under the Placement. TERP is a theoretical calculation only and the actual price at which BOOM shares trade immediately after the ex-date for the entitlement offer will depend on many factors and may not be equal to TERP.

- 6% premium to the one month VWAP of \$0.57 prior to the approach

The Board of BOOM has rejected the proposal as it is highly conditional and incomplete compared to the certainty of an underwritten equity raising. Proceeding only with their proposal would prevent BOOM from raising much needed equity to deleverage its balance sheet and deal with bank covenant issues.

The Board of Boom, in accordance with the discharge of their directors' duties, will consider the merits of any proposal made for the Company. However, having assessed the McAleese proposal, the Board of Boom does not consider that it credibly delivers value or certainty to Boom shareholders.

Balance Sheet Position

Post the underwritten equity raising and tax refunds of \$10 million due by 31 December 2009, BOOM will have pro forma net debt of \$139 million which represents gearing⁵ of 45% and pro forma net debt / EBITDA⁶ of 2.5x.

Post the underwritten equity raising, tax refunds of \$10 million due by 31 December 2009 and assuming the SPP raises \$20 million, BOOM will have net debt of \$119 million. This represents gearing⁵ of 36% and pro forma net debt / EBITDA⁶ of 2.2x.

BOOM's banks have agreed, conditional upon the equity raising, to amend its ELR⁷ covenant to 5.2x as at 31 December 2009, 4.5x as at 30 June 2010 and 3.4x as at 31 December 2010. This provides BOOM with significant headroom on its ELR covenant.

BOOM's other covenants, comprising a Debt Service Cover Ratio covenant, Balance Sheet Gearing covenant and Asset Leverage covenant, all have significant headroom throughout FY10.

Earnings Guidance

BOOM maintains its previous FY10 EBITDA guidance of \$50-60 million and provides FY10 EBIT guidance of \$16-26 million. Based on this guidance, BOOM does not anticipate paying a distribution for FY10.

This guidance has been prepared on the basis of BOOM's year to date operating performance, with conditions consistent with those experienced in the first four months of FY10. It assumes only limited improved performance from a number of current and future opportunities, which is considered prudent given delays in commencement of many of the major projects that have been announced over the past 12 months. Depreciation has been estimated on the basis of the existing asset base, adjusted for the c. \$26 million of capital additions and planned disposals with amortisation for contractual rights.

⁵ Defined as net debt / book equity. Pro forma book equity as at 31 October 2009, adjusted for equity raising

⁶ Based on FY10 EBITDA of \$55m (mid point of guidance announced to ASX on 4 November 2009)

⁷ Defined as total debt / last 12 months EBITDA

Key Dates⁸

Announcement of equity raising	Wednesday 18 November 2009
Institutional Entitlement Offer and Placement	Wednesday 18 - Thursday 19 November 2009
BOOM shares recommence trading	Friday 20 November 2009
Record Date for the Entitlement Offer and SPP	7.00pm (AEDT), Monday 23 November 2009
Retail Entitlement Offer opens	Friday 27 November 2009
Retail Entitlement Offer booklet and Entitlement and Acceptance Form dispatched to eligible retail shareholders	Friday 27 November 2009
Settlement of Institutional Entitlement Offer and Placement	Tuesday 1 December 2009
Issue of New Shares under the Institutional Entitlement Offer and Placement, and normal trading of these shares expected to commence on ASX	Wednesday 2 December 2009
Retail Entitlement Offer closes	5.00pm (AEDT), Tuesday 15 December 2009
Settlement of Retail Entitlement Offer	Wednesday 23 December 2009
Issue of New Shares under the Retail Entitlement Offer	Thursday 24 December 2009
Normal trading of New Shares issued under the Retail Entitlement Offer expected to commence on ASX	Tuesday 29 December 2009
Dispatch of holding statements	Tuesday 29 December 2009
SPP offer	January 2010

Further details of the equity raising are provided in the Annexure.

Lazard Pty Limited is acting as financial adviser to BOOM. RBS is acting as sole lead manager and underwriter for the Entitlement Offer and Institutional Placement.

Shareholder Enquiries

Retail shareholders who have any queries about the Entitlement Offer should contact the BOOM Shareholder Information Line on 1300 513 412 (within Australia) or +61 3 9415 4369 (from outside Australia) at any time from 8.30am to 5.30pm (AEDT) Monday to Friday during the Offer period or go to the BOOM website at www.boomlogistics.com.au.

The equity raising and other information described in this announcement is also set out in an Investor Presentation which BOOM has filed with the ASX today. This Investor Presentation contains important information including risk factors and international selling restrictions with respect to the equity raising.

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⁸ The above timetable is indicative only and subject to change. All times and dates refer to Australian Eastern Daylight Time (AEDT). BOOM, in conjunction with the Lead Manager and subject to the Corporations Act, the ASX Listing Rules and other applicable laws, has the right to vary any of the above dates without notice. In particular, BOOM reserves the right to extend the closing date of the Retail Entitlement Offer or accept late applications, either generally or in particular cases, without prior notice. Quotation of New Shares is subject to confirmation from ASX.

Annexure: Equity Raising Details

BOOM is seeking to raise up to \$87 million of equity as follows:

- Approximately \$52 million via a 1-for-1 accelerated non-renounceable pro-rata entitlement offer (“Entitlement Offer”)
 - Institutional Entitlement Offer of approximately \$13 million
 - Retail Entitlement Offer of approximately \$39 million
- Approximately \$15 million via a placement of 15% of BOOM’s expanded share capital to institutional investors (“Institutional Placement”); and
- A non-underwritten share purchase plan, which will provide eligible BOOM shareholders with the opportunity to subscribe for up to \$15,000 worth of New Shares up to a cap of \$20 million (“SPP”).

Under the Entitlement Offer, eligible shareholders are invited to subscribe for 1 new BOOM share (“New Share”) for every 1 existing BOOM share held at 7.00pm (AEDT) on Monday 23 November 2009 (the “Record Date”).

The offer price for the New Shares to be issued under the Entitlement Offer, Institutional Placement and SPP is \$0.30 per New Share (“Offer Price”) representing a 36.2% discount to the closing price of BOOM shares on Monday 16 November 2009 (the last trading day before the commencement of the trading halt) and a 19.8% discount to the TERP⁹.

The Institutional Entitlement Offer and Institutional Placement are expected to raise approximately \$28 million and will be conducted on Wednesday 18 and Thursday 19 November 2009. BOOM will remain in a trading halt until completion of the Institutional Entitlement Offer and Institutional Placement and is expected to recommence trading on Friday 20 November 2009.

New Shares to be issued under the Entitlement Offer, Placement and SPP will rank equally in all respects with existing ordinary BOOM shares from their time of issue.

The Entitlement Offer is non-renounceable. Entitlements cannot be traded on the ASX nor otherwise transferred. This means that BOOM shareholders who do not take up their Entitlement to participate in the Entitlement Offer will not receive any value for those Entitlements and their equity interest in BOOM will be diluted.

Retail Entitlement Offer

The Retail Entitlement Offer, which is expected to raise approximately \$39 million, will open on Friday 27 November 2009 and close at 5.00pm (AEDT) on Tuesday 15 December 2009. Eligible Retail Shareholders (as defined in the retail offer booklet) may apply for New Shares in excess of their Entitlement subject to availability and scale-back at the sole discretion of BOOM. The Retail Entitlement Offer is not being extended to any shareholder outside Australia or New Zealand.

Eligible Retail Shareholders will receive a retail offer booklet including a personalised Entitlement and Acceptance Form in relation to the Retail Entitlement Offer which will provide further details on how to participate.

⁹ Theoretical ex-rights price (TERP) is the theoretical price at which BOOM shares should trade immediately after the ex-date for the Entitlement Offer and includes the New Shares issued under the Placement. TERP is a theoretical calculation only and the actual price at which BOOM shares trade immediately after the ex-date for the entitlement offer will depend on many factors and may not be equal to TERP.

Eligible Retail Shareholders are those holders of shares who:

- are registered as a holder of shares as at 7.00pm AEDT on the Record Date;
- have an address on BOOM's register of members in Australia or New Zealand;
- are not in the United States and are not, and are not acting for the account or benefit of, any U.S. Person;
- are not an Ineligible Retail Shareholder (as defined in the retail offer booklet);
- are not an eligible Institutional Shareholder who was successfully invited to participate in the Institutional Entitlement Offer (as determined by the Lead Manager); and
- are eligible under all applicable securities laws to receive an offer under the Retail Offer.

Stock Lending and Other Transactions

BOOM has been granted a waiver by the ASX so that, in determining shareholder entitlements for the Entitlement Offer, it may ignore any changes in shareholdings that occur after the commencement of the trading halt in BOOM shares that commenced on 17 November 2009 (other than registrations of transactions that were effected through ITS before that halt).

Accordingly, a person who is a registered BOOM shareholder at the Record Date as a result of a dealing after the commencement of the trading halt that commenced on 17 November 2009 (other than registrations of transactions that were effected through ITS before that halt) may not be entitled to receive an Entitlement under the Entitlement Offer.

In the event that a shareholder has existing BOOM shares out on loan at the Record Date, the borrower will be regarded as the shareholder for the purposes of determining the Entitlement (provided that those borrowed shares have not been on-sold or used to cover a short sale).

Important notice and disclaimer

This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or to, or for the account or benefit of, any "U.S. person" (as defined in Regulation S under the U.S. Securities Act of 1933 (the "U.S. Securities Act")) ("U.S. Person"). Securities may not be offered or sold in the United States, or to or for the account or benefit of, any U.S. Persons unless the securities have been registered under the U.S. Securities Act or an exemption from registration is available. The securities to be offered and sold have not been, and will not be, registered under the U.S. Securities Act, and may not be offered or sold in the United States or to, or for the account or benefit of U.S. Persons, unless the securities are registered under the U.S. Securities Act or an exemption from the registration requirements of the U.S. Securities Act is available.

Neither this announcement nor any other documents relating to the offer of New Shares may be sent or distributed to persons in the United States or to U.S. Persons or to any persons acting for the account or benefit of U.S. Persons.

The Offer does not constitute an offer, and New Shares will not be issued or sold under the Offer, in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer, issue or sale. No action has been taken to register or qualify the Shares or the New Shares or to otherwise permit a public offering of Shares or New Shares outside Australia. The New Shares may be offered, issued or sold in any other jurisdiction under the Offer where such offer, issue or sale is permitted under applicable law.

This announcement contains certain forward-looking statements with respect to the financial condition, results of operations and business of BOOM and certain plans and objectives of the management of BOOM. Forward-looking statements can generally be identified by the use of words such as 'project', 'foresee', 'plan', 'expect', 'aim', 'intend', 'anticipate', 'believe', 'estimate', 'may', 'should', 'will' or similar expressions. All such forward looking statements involve known and unknown risks, significant uncertainties, assumptions, contingencies and other factors, many of which are outside the control of BOOM, which may cause the actual results or performance of BOOM to be materially different from any future results or performance expressed or implied by such forward looking statements. Such forward-looking statements speak only as of the date of this announcement. Factors that could cause actual results or performance to differ materially include without limitation the following: risks and uncertainties associated with the Australian and global economic environment and capital market conditions, fluctuations in foreign currency exchange and interest rates, competition, BOOM's relationships with, and the financial condition of, its suppliers and customers, or legislative changes, or regulatory changes or other changes in the laws which affect BOOM's business. The foregoing list of important factors is not exhaustive. There can be no assurance that actual outcomes will not differ materially from these statements.

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