

28 May 2020

### **Boart Longyear Announces proposed amendments to Senior Secured Notes – COVID-19 update**

Boart Longyear Limited (**ASX: BLY**) – Boart Longyear wishes to advise that, following on from its recent announcements concerning the impact of COVID-19 on its business, the Company is proposing to pursue certain amendments to its Senior Secured Notes due December 2022 as a measure to preserve cash liquidity.

The effect of the amendments to be proposed, if implemented, will be that the Company will be able to satisfy the interest payments due in respect of those notes on 30 June 2020 and 31 December 2020 by way of payment-in-kind (i.e. through the issue of further Senior Secured Notes rather than by the payment of cash). These amendments will have a favourable impact on the Company's objective to preserve its cash liquidity in the current circumstances. The Company will shortly commence a formal solicitation process with its Senior Secured Noteholders to seek noteholder consent to those PIK amendments. This solicitation process is expected to conclude on 15 June 2020.

The Company's Annual Report which was released to ASX on 15 April 2020 contains details of the Company's debt as at 31 December 2019. The principal amount outstanding under the Senior Secured Notes as at that date was USD217 million and accreted interest was USD36.6 million. The current rate of interest applicable in respect of the notes is 10%. The interest entitlement for those noteholders who agree to take interest by way of payment-in-kind (**PIK**) will be 12.0% and 14.5% for 30 June 2020 and 31 December 2020 respectively.

Subject to the receipt of ASX relief, that is necessary to permit the proposed amendments to be made to the Senior Secured Notes, the Company has determined that it intends to proceed with the proposed amendments if they are consented to by at least 90% of the Senior Secured Noteholders. In preparation for the formal solicitation process the Company has secured commitments from Senior Secured Noteholders of approximately 93% of its Senior Secured Notes through entry into a Support and Lock Up Agreement that those Senior Secured Noteholders will consent to the proposed amendments to the Senior Secured Notes and consequently the Company expects that the solicitation process will receive at least that level of noteholder support. The Support and Lock Up Agreement is on conventional terms and is subject to a termination right if the Company has not given effect to the relevant Senior Secured Notes amendments by 29 June 2020 (NY time). Senior Secured Noteholders who do not consent to the proposed amendments will remain entitled to receive interest at the current, lower, stated interest rate in cash.

As noted above the proposed amendments will have a favourable impact on the Company's objective to preserve its cash liquidity in the current circumstances. If the proposed amendments to the Senior Secured Notes do not proceed the Company will instead need to satisfy its 30 June 2020 obligations in cash and consequently may be in a position where it will not be able to satisfy all of its other financial obligations, including the 31 December 2020 interest payment on the Senior Secured Notes, in the second half of this year. If there is an event of default under the Senior Secured Notes indenture and the Senior Secured Notes are accelerated, the Company would consider other restructuring options.



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## **STATEMENT COVERING COVID-19**

Boart Longyear holds the health and safety of our employees and surrounding communities as a top priority. With rising concerns regarding the COVID-19, the company implemented in early March its business continuity plan. The plan included measures required to protect the health and wellbeing of employees while ensuring ongoing operational sustainability; transitioning of corporate and regional offices staff to work from home status; ceasing all non-essential international and domestic travel.

Impacts from COVID-19 on the Boart Longyear operations were hardest felt through April and May with exploration activities reducing, impacted by government-imposed closures along with customers choosing to delay projects. The Company continues to work closely with our customers to ensure operations can continue while ensuring we protect our people and the communities they work in.

The Company has further responded to the current environment by reducing all non-essential operating and capital expenditures. As part of these cost reduction measures, the Board, CEO and all Group Executives have elected to individually reduce their remuneration between 75-100%. Effective from 6 April 2020, the Company has temporarily moved into a partial or full stand down of the workforce in most parts of the global business where there has been or is likely to be a material change in workload. We will be matching our workforce to the activity in each of our business units with a view to continue to provide support to our customers.

What is unclear to us currently is the duration of COVID-19 impacts on the industry and ultimately our operations. The steps taken to date by the Executive team have been measured to ensure employees remain employed and that Boart Longyear will be in a position to continue to support the Mining industry when it returns to its normal operating levels.

**Authorised for lodgement by:**  
Robert Closner,  
Company Secretary



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**Disclaimer**

*This announcement contains certain “forward-looking statements.” The words “anticipate, “believe”, “expect”, “project”, “forecast”, “estimate”, “likely”, “intend”, “should”, “could”, “may”, “target”, “plan” and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Due care and attention has been used in the preparation of forecast information. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the Company’s control and may cause actual results to differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements.*

**About Boart Longyear**

Established in 1890, Boart Longyear is in its 130th year as the world’s leading provider of drilling services, orebody-data-collection technology, and innovative, safe and productivity-driven drilling equipment. With its main focus in mining and exploration activities spanning a wide range of commodities, including copper, gold, nickel, zinc, uranium, and other metals and minerals, the company also holds a substantial presence in the energy, oil sands exploration, and environmental sectors.

The Global Drilling Services division operates for a diverse mining customer base with drilling methods including diamond coring exploration, reverse circulation, large diameter rotary, mine dewatering, water supply drilling, pump services, production, and sonic drilling services.

The Geological Data Services division utilizes innovative scanning technology and down-hole instrumentation tools to capture detailed geological data from drilled core and chip samples. This valuable orebody knowledge gives mining companies the ability to make timely decisions for more efficient exploration activities.

The Global Products division offers sophisticated research and development and holds hundreds of patented designs to manufacture, market, and service reliable drill rigs, innovative drill string products, rugged performance tooling, durable drilling consumables, and quality parts for customers worldwide. Boart Longyear is headquartered in Salt Lake City, Utah, USA, and listed on the Australian Securities Exchange in Sydney, Australia (ASX:BLY). More information about Boart Longyear can be found at [www.boartlongyear.com](http://www.boartlongyear.com). To get Boart Longyear news direct, follow us on [Twitter](#), [LinkedIn](#) and [Facebook](#).

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