

ASX ANNOUNCEMENT (ASX:BLY)

16 July 2021

BOART LONGYEAR SHAREHOLDER LETTER

Boart Longyear Limited (ASX:BLY) (the **Company** or **Boart Longyear**) announces the following shareholder letter (**Appendix A**) has been sent to all shareholders today to increase awareness of the comprehensive recapitalisation initiative.

Authorised for lodgement by:Nora Pincus,
Company Secretary**About Boart Longyear**

Established in 1890, Boart Longyear is in its 131st 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 utilises 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. To get Boart Longyear news direct, follow us on Twitter, LinkedIn and Facebook.

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ASX ANNOUNCEMENT (ASX:BLY)**Appendix A - Letter to Shareholder**

16 July 2021

Dear Shareholder,

As we look ahead to a new Boart Longyear (ASX: BLY) (the **Company** or **Boart Longyear**), I wanted to take an opportunity to share with you, the Company's progress and enlist your support as we advance the comprehensive recapitalisation initiative, to greatly strengthen the Company's future by reducing debt and improving liquidity. It has now been two months since an overwhelming majority of Boart Longyear's lenders agreed to the proposed recapitalisation, under which our debt would decrease to less than US\$200 million with approximately US\$800 million of debt converted into 98.5% of the Company post-recapitalisation ordinary shares.

The Company has seen continued reinvestment into our sector with major mining houses flagging increased exploration, and junior and intermediate miners now accessing capital through equity raisings, allowing them to explore for tomorrow's resources. The Company's underlying business is sound. Our operations are competitive, demand for our products and services is increasing, and the operating outlook is brighter than it has been in many years. However, our debt level and its servicing costs, has remained unsustainably high and must be addressed.

In conjunction with the recapitalisation, we are also seeking to implement a redomiciliation of the Company to North America whilst retaining our ASX listing. This is consistent with the location of most of the senior management and key employees, as well as the majority of investors. There are several benefits to this including a simplified corporate structure that is expected to result in cost savings, and to provide additional geographic context for growth through access to lower-cost capital and the potential for a broader investment pool. The redomiciliation will be implemented through a members' scheme of arrangement. I want to reassure shareholders that if the redomiciliation does go ahead, the Company will remain listed on the ASX through its new Canadian holding entity and also expects that entity will pursue a dual listing of its shares in North America at a later date.

The recapitalisation will require the approval of shareholders at an extraordinary general meeting (**EGM**) to be convened by the Company and expected to be held in September 2021. You can look forward to receiving the notice of meeting for the EGM shortly, following the first court hearing for the lender recapitalisation process and the members' scheme of arrangement, which is expected to be held in late July 2021. The notice of meeting for the EGM will include information about the recapitalisation and other planned activities. The redomiciliation will also require the approval of shareholders at a scheme of arrangement meeting to be convened by the Company immediately following the conclusion of the EGM. In addition to the notice of meeting for the EGM, you will also receive the notice of the scheme of arrangement meeting and associated explanatory statement, including information on the redomiciliation.

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As you consider your support for the recapitalisation plan, I would like to reinforce several points:

- Recapitalisation creates substantial benefits. This action would substantially reduce debt, strengthen the balance sheet, lower interest expense, with the potential to enhance liquidity - all of which will support the Company's operations and future growth in the context of improving global market conditions.
- Recapitalisation is absolutely necessary. Our debt level and related servicing costs have remained unsustainably high and must be structurally addressed.
- While existing shareholders will be diluted, you will be given the opportunity to participate in a share purchase plan at the same price as the lenders are participating in the recapitalisation.
- If the redomiciliation is approved, small shareholders will be given the opportunity to sell their parcels of BLY shares should they choose not to retain their holdings going forward.

I invite you to review the notice of meeting for the EGM and notice of the scheme of arrangement meeting and the explanatory statement for the redomiciliation scheme carefully. When you do, I'm confident you will come to the same conclusion as the board of directors, its financial advisors and its management team unanimously reached - this approach is the best for the Company, its shareholders, and its creditors. Thank you in advance for your consideration and your support.

For more information about the restructuring including a video on the topic from Jeff Olsen (President and CEO), see the Restructuring Initiatives page at: <https://www.boartlongyear.com/company/investors/restructuring-initiatives/>. Investors can also contact the Investor Support line at 1300 540 303 (within Australia) or +61 2 9066 4083 (outside Australia).

Finally, I draw your attention to the two enclosed forms:

- *Electronic securityholder communications form* - to enable shareholders to elect to receive electronically, all communications from the Company; and
- *Direct credit of payments form* - to enable shareholders to elect to receive electronically, any payments from the Company.

Yours sincerely,



Kevin McArthur
Board Chair

Enclosures:

- Electronic securityholder communications form
- Direct credit of payments form



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GO ONLINE AND GO GREEN TO HELP THE ENVIRONMENT

Everyone benefits from electronic securityholder communications. As an investor you will benefit from secure, convenient and prompt delivery of information by electing to receive your communications electronically which helps reduce the impact on the environment and costs associated with printing and sending materials by mail.

To receive your securityholder communications electronically via your nominated email address you can log on to the website: **www.linkmarketservices.com.au** or scan the QR code and follow the instructions provided. Alternatively please insert your email address in the space provided and return the form.



Yes, I would like to receive ALL my shareholder information electronically. I have provided my email address below.

My email address is:





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A
BANKING INSTRUCTIONS FOR DIRECT CREDIT OF PAYMENTS

Please use a BLACK pen. Print CAPITAL letters inside the shaded areas.

A B C

1 2 3

Insert details of your Australian or New Zealand Financial Institution, Branch and Account into which you wish to have your payments made. This request will not cancel any reinvestment plan participation (if any) unless we receive specific instructions from you. A detailed payment advice will be provided for each payment.

A direct credit request form is required for each holding.

Name(s) in which your account is held

BSB Number (must be 6 digits)

Bank/Branch (NZ only)

Account Number (7 digits only for NZ)

Suffix (NZ domiciled only)

Name of Financial Institution

Branch Suburb/Town

B
SIGNATURE(S) OF SECURITYHOLDER(S) – THIS MUST BE COMPLETED

Securityholder 1 (Individual)

Joint Securityholder 2 (Individual)

Joint Securityholder 3 (Individual)

Sole Director and Sole Company Secretary/Director (delete one)

Director/Company Secretary (delete one)

Date ____/____/____

Signing Instructions: This form should be signed by the securityholder. If a joint holding, all securityholders should sign. If signed by the securityholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth) (or for New Zealand companies, the *Companies Act 1993*).

Personal Information Collection Notification Statement: Link Group advises that personal information it holds about you (including your name, address, date of birth and details of the financial assets) is collected by Link Group organisations to administer your investment. Personal information is held on the public register in accordance with Chapter 2C of the *Corporations Act 2001*. Some or all of your personal information may be disclosed to contracted third parties, or related Link Group companies in Australia and overseas. Your information may also be disclosed to Australian government agencies, law enforcement agencies and regulators, or as required under other Australian law, contract, and court or tribunal order. For further details about our personal information handling practices, including how you may access and correct your personal information and raise privacy concerns, visit our website at www.linkmarketservices.com.au for a copy of the Link Group condensed privacy statement, or contact us by phone on +61 1800 502 355 (free call within Australia) 9am–5pm (Sydney time) Monday to Friday, excluding public holidays) to request a copy of our complete privacy policy.

