

3 April 2017

Boart Longyear Reaches Recapitalisation Agreement with Key Stakeholders to Reduce Debt, Extend Maturities and Improve Liquidity

Boart Longyear Limited (**ASX:BLY**) – [Boart Longyear](http://www.boartlongyear.com) announces that it has entered into a binding recapitalisation agreement with its key creditors, affiliates of Ares Management, L.P. (“Ares”), Ascribe II Investments, LLC (“Ascribe”) and affiliates of Centerbridge Partners, L.P. (“Centerbridge”), who collectively represent over 75% of its secured lenders and 90% of its unsecured lenders (“Recapitalisation”). The Recapitalisation will reduce the Company’s debt and interest costs, improve liquidity and extend debt maturities, which will provide the Company with a more sustainable capital structure and is critical to supporting its operations and future growth. In conjunction with the Recapitalisation, lenders affiliated with Centerbridge, Ares and Ascribe also have entered into an agreement with the Company for an incremental, short-term US\$15 million loan facility to provide additional working capital to support the Company until the Recapitalisation is completed. Subject to shareholder and other approvals, the Recapitalisation is expected to be completed in June 2017.

Important Recapitalisation outcomes include:

- **Deleveraging:** Current outstanding debt will be permanently reduced by exchanging US\$196 million of 7% Senior Unsecured Notes for 42% of the Company’s post-Recapitalisation ordinary equity before the issue of warrants. The remaining US\$88 million of the Senior Unsecured Notes will be reinstated with an interest rate of 1.5%.
- **Additional Liquidity:** A new US\$75 million ABL facility to be fully backstopped by lenders affiliated with Centerbridge, Ares and Ascribe provides the Company US\$35 million of additional debt capacity. It will replace the existing ABL facility and the short-term facilities provided by lenders affiliated with Centerbridge, Ares and Ascribe to support the completion of the Recapitalisation.
- **Extension of Debt Maturities:** The maturities on Term Loan A, Term Loan B, the 10% Senior Secured Notes and the 7% Senior Unsecured Notes will be extended until December 2022 (from their original maturity dates: October 2020, October 2018, October 2018 and April 2021, respectively).
- **Adjustment to Interest Rates and Payments:** Through December 2018, interest payments on all debt facilities (excluding the ABL Revolver) may be paid-in-kind rather than in cash. Thereafter, interest on the 10% Senior Secured Notes and the ABL Revolver will be paid in cash. (See additional information on debt facility terms provided below.) Additionally, the paid-in-kind interest rates on Term Loan A and Term Loan B will be reduced from 12% to 10% per annum through the end of 2018 and to 8% thereafter. As a result of the modification, the Centerbridge Term Loan A and Term Loan B lenders are foregoing up to US\$83 million of interest over the life of the term loans. In return for this and other modifications, those Centerbridge entities will receive 52.3% of the Company’s ordinary equity post-Recapitalisation (before the issue of warrants). Existing equity interests held in entities affiliated with Centerbridge, including their Convertible Preference Shares,

will be diluted to 3.7% of the Company's ordinary equity post-Recapitalisation. Accordingly, the Centerbridge entities will have a total equity position of 56% of the Company's ordinary shares post-Recapitalisation and before the issue of warrants.

- **Shareholder Recoveries:** Due to equity being issued for the deleveraging and reduced interest costs secured from lenders, the percentage of ordinary shares held by parties other than Centerbridge will decrease from approximately 35% today to 2% post-Recapitalisation. Shareholders (excluding Centerbridge) will also receive warrants for 2.5% of the Company's ordinary equity post-Recapitalisation.
- **Share Purchase Plan:** Eligible shareholders also will be offered the opportunity to purchase up to a total of AUS\$5,000 worth of shares in the Company at a price per share of AUS\$0.02, with the total amount to be raised by the Company under the Share Purchase Plan to be capped at AUS\$9 million.

Marcus Randolph, Chairman of the Board, commented, "Boart Longyear is an excellent company with a good business model. The sustained market downturn we have faced has meant our current debt load cannot be sustained, both in terms of the Company continuing to meet future interest payments and the prospects for refinancing our debt at maturity. The Recapitalisation creates the opportunity for the Company to move forward in a sustainable, positive way for the Company's employees and other stakeholders. The situation the Board faces is the choice between this Recapitalisation, which maximises value for its stakeholders, and a potential insolvency; there are no competing offers, and none are expected. Given this choice, the Independent Directors unanimously recommend that shareholders vote in favour of the Recapitalisation, subject to no superior proposal emerging and the independent expert concluding the Recapitalisation is reasonable to the non-associated shareholders. In making this recommendation, I note the Independent Directors have significant shareholdings in the Company and experience the same outcome as ordinary shareholders."

Chief Executive Officer Jeff Olsen added, "We are continuing to position the Company and its stakeholders to benefit from an eventual recovery in our core mining markets and from the significant operational improvements we have implemented. Over the past four years, we have worked tirelessly to take cost out of the business, improve productivity and operate more efficiently. These fundamental improvements have led to steadily improving margins despite continued pressure on revenues. Additionally, we have continued to invest in new product development, including down-hole instrumentation technologies, which will keep us at the forefront of future opportunities in the drilling services and products spaces. We believe that, cumulatively, these improvements and the Recapitalisation provide a stable platform for the business."

"In summary, we believe the Recapitalisation will significantly contribute to Boart Longyear, which has been operating for more than 125 years, remaining fundamentally strong."

Recapitalisation Overview

The Company's primary objectives in its evaluation of recapitalisation alternatives were to reduce debt (both principal and interest costs), secure additional liquidity and extend debt maturities while maintaining the best possible outcome for shareholders. The Company also noted in its recent communication to

shareholders concurrent with the announcement of its 2016 full-year financial results on 27 February 2017 that a recapitalisation was likely to be highly dilutive to shareholders and that lenders were likely to obtain significant equity interests, governance rights and control given the deleveraging, liquidity and reduced interest costs the Company requires. The Recapitalisation the Independent Directors are recommending is consistent with those objectives and comments.

The Company and lenders affiliated with Centerbridge, Ares and Ascribe have entered into a Restructuring Support Agreement (“RSA”) to effectuate the Recapitalisation, subject to certain conditions precedent being satisfied or waived (as applicable). While a detailed summary of the RSA is attached as Appendix A, the key features and terms of the Recapitalisation are, as follows:

ABL Revolver	<ul style="list-style-type: none"> ▪ <u>Size</u>: US\$75 million new revolving ABL facility (which will replace the existing US\$40 million ABL facility, US\$20 million Delayed Draw Term Loan (“DDTL”) and US\$15 million short-term Second-Out ABL facility referenced below) ▪ <u>Backstop</u>: If third party financing is not available, the new ABL will be fully backstopped by lenders affiliated with Centerbridge, Ares, and Ascribe, reduced by the amount raised by the Company under the Share Purchase Plan ▪ <u>Maturity / Interest / Fees</u>: Will be determined in conjunction with the implementation of the new ABL
Centerbridge Term Loan A and Term Loan B	<ul style="list-style-type: none"> ▪ Term Loans A and B reinstated ▪ Reduction of the current interest rate of 12% per annum to the rates below, providing US\$83 million in savings over the life of the loans ▪ As consideration for the above interest savings, the Centerbridge lenders will receive 52.3% of the Company’s ordinary equity post-Recapitalisation (subject to warrant dilution and in addition to 3.7% of ordinary shares held by other Centerbridge entities on account of the shares they currently hold and issued on conversion of the Convertible Preference Shares) ▪ Intellectual property subsidiary that guarantees Term Loans A and B will also provide a junior unsecured guarantee to the Senior Secured Notes ▪ <u>Amended Terms</u>: <ul style="list-style-type: none"> ○ <u>Maturity</u>: 12/31/2022 ○ <u>Interest Rate</u>: Payable in kind at 10% until December 2018, then payable in kind at 8% thereafter ○ <u>Call Schedule</u>: Non-call protection prior to December 2018; callable at par thereafter ○ <u>Secured Debt Cap</u>: An amount not less than US\$420 million plus additional amounts to permit (a) accrued interest and principal amounts in respect of the 10% Senior Secured Notes, (b) the incurrence of the increased ABL Revolver, and (c) a potential additional \$40 million of additional ABL capacity

	<ul style="list-style-type: none"> ○ <u>Covenants</u>: <ul style="list-style-type: none"> • Covenants will be amended to be generally consistent with 10% Senior Secured Notes and ABL Revolver will share Term Loan A collateral package • Change of control put waived
10% Senior Secured Notes	<ul style="list-style-type: none"> ■ Reinstated at US\$199.875 million plus accreted interest (at a rate of 12% per annum) from 1 January 2017 through the day before the Recapitalisation is completed ■ <u>Amended Terms</u>: <ul style="list-style-type: none"> ○ <u>Maturity</u>: 12/31/2022 ○ <u>Interest Rate</u>: <ul style="list-style-type: none"> • First four coupon payments (beginning with June 2017 payment) may be paid in kind at 12% at the Company's option • All coupons thereafter will be paid in cash at 10% ○ <u>Interest Payment Dates</u>: Amended to June and December annually from April and October ○ <u>Secured Debt Cap</u>: An amount not less than US\$420 million plus additional amounts to permit (a) accrued interest and principal amounts in respect of the 10% Senior Secured Notes, (b) the incurrence of the increased ABL Revolver, and (c) a potential additional \$40 million of additional ABL capacity ○ <u>Covenants</u>: <ul style="list-style-type: none"> • Change of control put waived • Minimise or remove significant restricted payment and permitted investment baskets ○ <u>New guarantees</u>: Junior unsecured guarantee on the Company's intellectual property subsidiary for entire 10% Senior Secured Note claim (principal + future paid-in-kind interest)
7% Senior Unsecured Notes	<ul style="list-style-type: none"> ■ Together with the coupon payment due on 1 April 2017, US\$196 million equitized in exchange for 42% of the Company's ordinary equity post-Recapitalisation (subject to warrant dilution) ■ Receive warrants as set forth below ■ Receive US\$88 million face value Subordinated Unsecured Notes <ul style="list-style-type: none"> ○ <u>Maturity</u>: 12/31/2022 ○ <u>Interest Rate</u>: Payable in kind at 1.5% ○ <u>Ranking</u>: Subordinated to unsecured interest accrued on Term Loans A and B ○ <u>Secured Debt Cap</u>: An amount not less than US\$420 million plus additional amounts to permit (a) accrued interest and principal amounts in respect of the

	<p>10% Senior Secured Notes, (b) the incurrence of the increased ABL Revolver, and (c) a potential additional \$40 million of additional ABL capacity</p> <ul style="list-style-type: none"> o <u>Covenants</u>: Consistent terms with existing 7% Senior Unsecured Notes
Existing Equity	<ul style="list-style-type: none"> ■ Existing shareholders to maintain their shares, which would (excluding Centerbridge) be diluted to 2% of the Company's ordinary equity post-Recapitalisation ■ Existing Convertible Preference Shares and ordinary shares held by Centerbridge affiliates will be converted to 3.7% of the post-Recapitalisation ordinary shares of the Company ■ Existing shareholders (excluding Centerbridge) will receive warrants as set forth below ■ Existing eligible shareholders will be able to purchase up to a total of AUS\$5,000 worth of shares in the Company at a price per share of AUS\$0.02, with the total amount to be raised by the Share Purchase Plan to be capped at AUS\$9 million. Any amounts raised pursuant to the share purchase plan will reduce Centerbridge's, Ares' and Ascribe's commitment to backstop the ABL Revolver and, to the extent third party financing is not available on acceptable terms, reduce the principal amount of the ABL Revolver.
Warrants	<ul style="list-style-type: none"> ■ 7% noteholders will receive seven-year warrants as follows: <ul style="list-style-type: none"> o Warrants for 5% of the reorganized equity with a strike price of the equity value implied by a US\$750 million total enterprise value ("TEV") o Warrants for 2.5% of the reorganized equity with a strike price of the equity value implied by a US\$850 million TEV ■ Existing shareholders (excluding holders affiliated with Centerbridge) to receive seven-year warrants for 2.5% of the reorganized equity with a strike price of the equity value implied by a US\$1.0 billion TEV ■ Equity strike price of warrants calculated using equity price of TEV minus net debt at closing
Governance	<ul style="list-style-type: none"> ■ The Board of Directors will be reduced to seven directors, including the Chief Executive Officer, upon the completion of the Recapitalisation. Ares and Ascribe will each be entitled to nominate one director and affiliates of Centerbridge will be entitled to nominate four directors and the Chairman
Other	<ul style="list-style-type: none"> ■ Delayed Draw Term Loan repaid and certain security arrangements implemented in conjunction with the DDTL will be reversed ■ The Second-Out ABL Facility, described below, will be repaid ■ The Company will jointly determine with Centerbridge, Ares and Ascribe prior to April 2018 whether to change its corporate and tax domicile to the United States or another jurisdiction.

Implementation by Shareholder Vote and Scheme of Arrangement

Shareholders are not required to take any action at the present time. A shareholder meeting is expected to be convened in June 2017 to consider the resolutions required to give effect to the Recapitalisation. The Company will seek to implement the Recapitalisation primarily by two Australian creditors' schemes of arrangement and seek recognition by a chapter 15 filing in the United States to implement the above equity arrangements and bind all holders of the Company's Senior Secured Notes and Senior Unsecured Notes to the proposed changes to the terms of those debt instruments.

Short-term Additional Liquidity Facility

The Company has entered into an additional US\$15 million asset-based loan facility with lenders affiliated with Centerbridge, Ares and Ascribe ("Second-Out ABL Facility") in conjunction with executing the RSA. The Second-Out ABL Facility has been established to provide short-term financial support to the Company until the Recapitalisation can be completed.

The material terms of the facility are:

- *Commitment* – US\$15 million in aggregate principal amount
- *Security* – The Second-Out ABL Facility is secured by substantially the same collateral currently pledged to the Company's existing ABL.
- *Commitment Period and Maturity* – US\$15 million, with US\$7.5 million available immediately, and US\$7.5 million that may be drawn once the Company's liquidity decreases to certain specified levels. Matures upon the earlier of 31 December 2017 or the date on which the Recapitalisation is completed.
- *Interest Rate* – Payable in kind at 12% per annum or 10% if paid in cash
- *Closing and Commitment Fees* – None, other than the Company's reimbursement of Ares', Ascribe's and Centerbridge's legal fees to negotiate the facility agreement.
- *Call Protection* – None
- *Other Terms and Conditions* – The Second-Out ABL Facility contains other customary terms and conditions.

The Company has obtained a waiver from the ASX in respect of Listing Rule 10.1 for the Second-Out ABL ("Waiver"). The Waiver's terms are set out in Appendix B.

Recommendation of the Independent Directors

The Independent Directors have determined the Recapitalisation to be in the best interests of the Company and its shareholders. Subject to no superior proposal emerging and the independent expert concluding that the Recapitalisation is reasonable to the non-associated shareholders, the Independent Directors unanimously recommend that shareholders vote in favour of the resolutions required to give effect to the Recapitalisation.

In arriving at their decision to pursue the Recapitalisation, the Independent Directors considered, among other factors, that:

- The Recapitalisation is the best and only executable option to maximise long term value for the Company and its stakeholders;

- The Company's current capital structure is not sustainable, and the Company requires additional liquidity to fund current and future operations and a reduction in its overall debt to facilitate the refinancing of its existing debt facilities when they mature;
- A comprehensive strategic review was undertaken to evaluate and consider all options available to the Company;
- Other options considered by the Company are not currently executable or provide less favourable outcomes for shareholders and other stakeholders (largely because of the rights held by current debt holders);
- The Recapitalisation will provide the Company with a more sustainable capital structure and provide improved financial flexibility; and
- While existing shareholders will be significantly diluted, the Recapitalisation will give those shareholders the best feasible opportunity to extract value from their shareholding when measured against the alternatives.

Next Steps for Shareholders

A notice of meeting, which will contain an explanatory memorandum and independent expert Report will be sent to shareholders in due course. Shareholders are strongly encouraged to read these documents carefully. They will contain important information about the Recapitalisation and the resolutions required to give effect to the Recapitalisation. The Independent Directors encourage shareholders to attend the meeting or vote via the proxy form that will be included in the notice of meeting.

Disclosure of Confidential Information Provided to Lenders Currently Not Supporting the Recapitalisation

The Company has engaged in confidential discussions concerning the Recapitalisation with certain additional debt holders who evaluated the Recapitalisation. In connection with such discussions, the Company provided confidential information, including certain financial forecasts, ("Confidential Information") to those parties and their respective financial and legal advisers to assist their evaluation of the Recapitalisation. Pursuant to the Company's confidentiality agreements with those holders, the Company is required to publicly disclose the Confidential Information it has disclosed to them. A summary of the Confidential Information is set out in Appendix C.

Disclaimer

Nothing contained in this announcement constitutes investment, legal, tax or other advice. You should make your own assessment and take independent professional advice in relation to the information and any action on the basis of the information.

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, as amended (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, U.S. Persons unless the securities have been registered under the U.S. Securities Act or pursuant to an exemption from, or in a transaction not subject to, registration.

This announcement includes forward-looking statements within the meaning of securities laws. 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. Any



Boart Longyear Limited
ABN 49 123 052 728

26 Butler Boulevard, Burbridge Business Park
Adelaide Airport
South Australia 5950, Australia
Tel: +61 8 8375 8375 • Fax: +61 8 8375 8498
www.boartlongyear.com

forward-looking statements involve known and unknown risks and uncertainties, many of which are outside the control of the Company and its representatives. Forward-looking statements may also be based on estimates and assumptions with respect to future business decisions, which are subject to change. Any statements, assumptions, opinions or conclusions as to future matters may prove to be incorrect, and actual results, performance or achievement may vary materially from any projections and forward-looking statements.

About Boart Longyear

Established in 1890, Boart Longyear is the world's leading provider of drilling services, drilling equipment and performance tooling for mining and drilling companies. It also has a substantial presence in aftermarket parts and service, energy, mine de-watering, oil sands exploration, production drilling, and down-hole instrumentation.

The Global Drilling Services division operates for a diverse mining customer base spanning a wide range of commodities, including copper, gold, nickel, zinc, uranium, and other metals and minerals. The Global Products division designs, manufactures and sells drilling equipment, performance tooling, down-hole instrumentation and parts and services.

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](#).

Investor Relations:

Nate Stubbs

Director, Investor Relations
Australia +61 8 8375 8300
USA +1 801 952 8343
ir@boartlongyear.com

Media:

Michael Weir

Citadel-MAGNUS
Australia: +61 8 6160 4903
Mobile: +61 402 347 032
mweir@citadelmagnus.com

APPENDIX A: Key Terms of the Restructuring Support Agreement (“RSA”)

Term	Summary
Conditions precedent	<p>Consummation of the transactions contemplated by the RSA (Recapitalisation) is subject to the satisfaction or waiver (if applicable) of certain conditions precedent, including:</p> <ul style="list-style-type: none"> • The independent expert failing to conclude that the Recapitalisation is "not fair" and "not reasonable" to non-associated shareholders of the Company; • Shareholders of the Company approving the required resolutions at the general meeting by the requisite majorities; • Creditors of the Company approving the creditors' schemes of arrangement by the requisite majorities; • Court approval of the creditors' schemes of arrangement; • The Company entering into director appointment agreements with lenders affiliated with each of Centerbridge, Ares and Ascribe (“Supporting Creditors”); • The new ABL Revolver being duly executed by all the parties to it and all conditions precedent to the ABL Revolver being satisfied (other than those conditions relating to the creditors' schemes of arrangement becoming effective); • The warranties given by the Company and the Supporting Creditors being true and correct in all material respects; and • All relevant Supporting Creditors obtaining approval under the <i>Foreign Acquisitions and Takeovers Act 1975</i> (Cth); • The issue of shares, notes and warrants notes under the Recapitalisation, where relevant, being exempt from registration under the United States Securities Act of 1933; and • The Company obtaining all other relevant regulatory approvals, confirmations, consents or waivers, including ASX confirmation that it approves the terms of the warrants. <p>Each party must use its respective reasonable endeavours to procure that each of the conditions precedent is satisfied as soon as reasonably practicable.</p> <p>The RSA may be terminated by either the Company or the Supporting Creditors (acting unanimously) in the event that a condition precedent becomes incapable of being satisfied by 31 December 2017, or as extended by agreement.</p>
Implementation and milestones	<p>The Company agrees to implement the Recapitalisation in accordance with the RSA. The Supporting Creditors have agreed to support the creditors'</p>

Term	Summary
	<p>schemes and have agreed to implement the transactions subject to the terms of the RSA.</p> <p>Following execution of the RSA, the Company and the Supporting Creditors will use reasonable endeavours to agree in good faith the documents to give effect to the Recapitalisation in accordance with agreed milestones. Some of the key milestones are set out in the Schedule at the end of this Appendix.</p>
Exclusivity	<p>The Company is required to comply with certain exclusivity obligations under the RSA, which include:</p> <ul style="list-style-type: none"> • No shop restriction – the Company must not solicit, invite, encourage or initiate any enquiries, proposals, negotiations or discussions (or communicate any intention to do any of these things) with a view to obtaining any expression of interest, offer or proposal from any other person in relation to a competing proposal or potential competing proposal. • No talk restriction – subject to a fiduciary carve-out (summarised below), the Company must not: <ul style="list-style-type: none"> (a) enter into, continue or participate in any negotiations or discussions with any person regarding a competing proposal or which may reasonably be expected to lead to a competing proposal; (b) provide any non-public information regarding the Company's businesses or operations to a person for the purposes of enabling or assisting that person to make a competing proposal; or (c) accept, enter into or offer to accept or enter into any agreement, arrangement or understanding in relation to an offer or proposal from any other person in relation to a competing proposal. • Notification – the Company must notify the Supporting Creditors if it is approached about a potential competing proposal, or provides or proposes to provide any material non-public information to a third party to enable that party to make a competing proposal. <p>A fiduciary carve-out allows the Company's Board to consider certain competing proposals received after entering into the RSA and before shareholders approve the required resolutions for the Recapitalisation at the general meeting of shareholders, if:</p> <ul style="list-style-type: none"> • Such action is in response to a bona fide competing proposal that was not solicited or encouraged in contravention of the "no shop" or "no talk" restriction; • The Board, acting in good faith, determines that the competing proposal is a superior proposal or that such action which the Board

Term	Summary
	<p>proposes to take may reasonably be expected to lead to a competing proposal that is a superior proposal; and</p> <ul style="list-style-type: none"> The Board, acting in good faith, determines after receiving written legal advice from the Company's external legal advisors (and, if appropriate, the Company's financial advisors) that failing to take such action in response to such competing proposal would reasonably be expected to constitute a breach of the Board's fiduciary or statutory duties under applicable law. <p>A competing proposal under the RSA means any dissolution, winding up, liquidation, reorganisation, assignment for the benefit of creditors, merger, transaction, consolidation, business combination, joint venture, partnership sale of assets, financing (debt or equity), refinancing, or restructuring of the Company, other than the restructuring contemplated in the RSA, including, but not limited to, any proposal, agreement, arrangement or transaction, received in writing within the period from the commencement date to the completion date, which the Company's Board determines, in good faith and in consultation with the Company's counsel, if completed, would mean a third party (either alone or with any associate of that third party) may: (i) directly or indirectly acquire a relevant interest in 20% or more of the Company's shares or 50% or more of the share capital of any material subsidiary of the Company; (ii) acquire control of the Company; (iii) directly or indirectly acquire a legal, beneficial or economic interest in, or control of, all or a material part of the Company's business or assets or the business or assets of the Company taken as a whole, or (iv) otherwise directly or indirectly acquire or merge with the Company or acquire a material subsidiary of the Company.</p> <p>A superior proposal under the RSA means a bona fide written competing proposal of the kind referred to in (ii) or (iii) of the definition of competing proposal (above) that the Board, acting in good faith, and after receiving written legal advice from the Company's counsel and advice from its financial advisor, determines: (i) is reasonably capable of being valued and completed, taking into account all aspects of the competing proposal including any timing considerations, any conditions precedent, the identity, reputation and financial standing of the proponent, the current contractual rights of the Supporting Creditors under the relevant finance documents, and any requirements set forth by the Supporting Creditors in their response to a competing proposal; (ii) would, if completed substantially in accordance with its terms, be more favourable to the Company's shareholders (as a whole) and the creditors of the Company than the transaction (having regard to the fact that trade creditors will be paid in full under the transaction) taking into account all terms and conditions of the competing proposal; and (iii) would reasonably be expected to require it by virtue of its directors' fiduciary or statutory duties under applicable law to</p>

Term	Summary
	<p>respond to such competing proposal or to change, withdraw or modify its recommendation.</p>
<p>Matching right</p>	<p>The RSA requires that, if the Company determines that a competing proposal is a superior proposal, the Company will provide the Supporting Creditors with details of the competing proposal that is a superior proposal. The Supporting Creditors will have the right until the expiration of five business days of receiving the information to make one or more offers to the Company in writing to amend the terms of the RSA or propose any other transaction (a "Counterproposal").</p> <p>If the Supporting Creditors make a Counterproposal, then the Board must review the Counterproposal in good faith to determine whether it is more favourable to the Company than the superior proposal.</p> <p>If the Board determines that the Counterproposal is more favourable to the Company, its shareholders and its creditors than the superior proposal, and is capable of being implemented in a reasonable time, then:</p> <ul style="list-style-type: none"> (a) if the Supporting Creditors contemplate an amendment to the RSA, the parties will enter into an amending deed reflecting the Counterproposal; (b) if the Counterproposal contemplates any other transaction, the Company will make an announcement recommending the Counterproposal, in the absence of a superior proposal and, if required, subject to the conclusions of an independent expert, and the parties will pursue implementation of the Counterproposal in good faith with their best endeavours; and (c) the Company will effect a change of recommendation of the Board in relation to the transaction and will not authorise or enter into any letter of intention, memorandum of understanding, recapitalisation agreement or other agreement, arrangement or understanding relating to (or consummate) such former superior proposal. <p>The requirements of paragraph (b), above, will not preclude the Board from receiving and considering any further competing proposal (including from the same person which provided the former superior proposal). Any further competing proposal will require the board of the Company to comply with the requirements in paragraph (c), above.</p> <p>Any modification of any superior proposal will constitute a new superior proposal and require the Company's board to again comply with paragraph (b), above.</p>

Break fee	<p>A break fee of totalling AUD\$1,000,000 (exclusive of GST) is payable by the Company to the Supporting Creditors (“Break Fee”) if:</p> <ul style="list-style-type: none"> • during the exclusivity period, a Superior Proposal is publicly announced by a third party and that third party or an associate acquires a relevant interest in 20% or more of the Company’s shares within 6 months of such an announcement; • prior to the completion date, any director of the Company (other than Conor Tochilin or Jeffrey Long, who will recuse themselves with respect to any vote regarding the Recapitalisation): <ol style="list-style-type: none"> (a) withdraws or adversely modifies his/her recommendation in favour of the transaction or recommends a Superior Proposal; (b) does not recommend that the shareholders approve the transaction resolutions in the notice of meeting; or (c) makes a public statement with the effect that the transaction resolutions are no longer recommended, other than as a result of the independent expert determining that the transaction resolutions are ‘not fair’ and ‘not reasonable’ for the Company’s non-associated shareholders; or • the Supporting Creditors terminate the Restructuring Support Agreement if (amongst other reasons) the Company materially breaches the Restructuring Support Agreement. <p>The Break Fee is in addition to the expense reimbursement provisions summarised below.</p>
Termination	<p>The RSA includes customary termination rights, including:</p> <ul style="list-style-type: none"> • Termination for no approval of the Recapitalisation - any party may terminate if, among others: <ol style="list-style-type: none"> (a) the completion date has not occurred by 31 December 2017; (b) the shareholders of the Company do not approve the required resolutions at the general meeting; (c) the creditors of the Company do not approve the respective creditors’ schemes of arrangement by the requisite majorities; (d) any government agency or court of competent jurisdiction issues a final, non-appealable judgment, order, injunction, decree, ruling or similar action restraining, enjoining or otherwise prohibiting the consummation of Recapitalisation or declaring unlawful the Recapitalisation; (e) an Australian court does not approve the creditors’ schemes of arrangement; or (f) a U.S. bankruptcy court or Canadian court enters a final, non-appealable order denying final approval of the

	<p>Australian court's approval of the Company's creditors' schemes.</p> <ul style="list-style-type: none"> • Termination by the Company for material breach – the Company may terminate at any time before the completion date by written notice to the other parties if a Supporting Creditor has materially breached the RSA; • Termination by any of Centerbridge, Ares or Ascribe – Any one of Centerbridge, Ares or Ascribe may terminate by written notice to all the parties if: <ul style="list-style-type: none"> (a) any one of them has materially breached the RSA (provided that the party terminating cannot be the party in breach); (b) the Company enters into an agreement to implement a competing proposal; or (c) a warranty given by a Supporting Creditor becomes untrue or misleading (provided that the party terminating cannot be the party who has given the warranty which has become untrue or misleading). • Termination by Centerbridge, Ares and Ascribe acting unanimously – The Supporting Creditors (acting unanimously) may terminate by written notice to the Company if either: <ul style="list-style-type: none"> (a) the Board fails to recommend the Recapitalisation resolutions or withdraws or modifies its recommendation that the Company's shareholders vote in favour of those resolutions or approves a competing proposal; (b) the Company materially breaches the RSA; (c) any capacity warranty given by the Company or other Company warranty becomes untrue or misleading; (d) a milestone has not been achieved (other than as a result of any action or omission by a Supporting Creditor, a regulator or court) on or before the date that is 10 business days following the applicable milestone date (as set out in the Schedule); (e) the Company seeks, and the Australian Court does not approve, an order under the Corporations Act and an insolvency event occurs; (f) the Company seeks, and the U.S. Bankruptcy Court denies, pursuant to a final, non-appealable order, interim or provisional relief and an insolvency event occurs; or (g) a material adverse event has occurred. • Other Circumstances for termination by the Company – the Company may terminate the RSA at any time before the date
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	<p>shareholders approve the Recapitalisation resolutions if, following full compliance with the RSA:</p> <ul style="list-style-type: none"> (a) the Company's board adversely changes or withdraws its recommendation in accordance with the RSA; or (b) the Company enters into an agreement or arrangement with a third party with respect to a Competing Proposal that is a Superior Proposal, as permitted by the RSA.
Commitments regarding the Recapitalisation	<p>Subject to certain exceptions, the Supporting Creditors agree not to sell, assign, transfer or otherwise dispose of any right, title or interest in respect of ownership in any of the supporting debt, or grant any proxies, or enter into a voting agreement with respect to the supporting debt, unless the transferee either:</p> <ul style="list-style-type: none"> • is a Supporting Creditor; or • agrees in writing to be bound by all the terms of the RSA.
Debt standstill	<p>From the date of the RSA until the earlier of 30 September 2017 (as may be extended by agreement), the consummation of the Recapitalisation or the termination of the RSA, the Supporting Creditors agree (among other things):</p> <ul style="list-style-type: none"> • to forbear from the exercise of any right or remedies they have under or in connection with the documents governing their respective claims against the Company (including any right to seek interest payments); and • not to declare any "event of default", including in respect of any circumstances subsisting as at or prior to the date of the RSA (unless the "event of default" occurs as a result of an insolvency event that would not otherwise arise by virtue of the transaction).
Failure of the creditors' schemes	<p>If:</p> <ul style="list-style-type: none"> • the shareholders of the Company do not approve the required resolutions at the general meeting; • the creditors of the Company do not approve the respective creditors' schemes of arrangement by the requisite majorities; • any government agency or court of competent jurisdiction issues a final, non-appealable judgment, order, injunction, decree, ruling or similar action restraining, enjoining or otherwise prohibiting the consummation of the Recapitalisation or declaring unlawful the Recapitalisation; • the Company seeks, and the Australian Court does not approve, an order under the Corporations Act, and the RSA is terminated by the Supporting Creditors; • an Australian court does not approve the creditors' schemes of arrangement, • the Company seeks, and the U.S. Bankruptcy Court denies, pursuant to a final, non-appealable order, interim or provisional relief, and the RSA is terminated by the Supporting Creditors;

	<ul style="list-style-type: none"> • the U.S. Bankruptcy Court enters a final, non-appealable order denying final approval of the Australian Court's approval of the Company's creditors' schemes; or • the Company enters into an arrangement to implement a superior proposal (other than superior proposal in which the unsecured notes claims are paid in full in cash), <p>then the Supporting Creditors agree during the three-month period following any of these events to:</p> <ul style="list-style-type: none"> • work together in good faith to cause the Company to implement an alternative restructuring; • engage in good faith consultations regarding alternative restructuring; and • not solicit, encourage or take other action in support of a restructuring or other transaction other than the agreed alternative restructuring.
Reimbursement of advisory fees	The Company agrees to pay in cash and in full, in accordance with their respective engagement letters, all invoiced fees and out of pocket expenses incurred by the Supporting Creditors (and their respective counsel and financial advisors).

Schedule – Selected Key Milestones

Milestone	Date
Notice of Meeting and Independent Expert's Report lodged with ASIC	10 April 2017
First Court Date for the Creditors' Schemes	4 May 2017
Notice of Meeting despatched to Shareholders	9 May 2017
Creditors' Scheme Meeting	25 May 2017
Shareholders Meeting	8 June 2017
Second Court Date for the Creditors' Schemes	13 June 2017
Effective date for the Schemes	14 June 2017
Completion date	21 June 2017



Boart Longyear Limited
ABN 49 123 052 728

26 Butler Boulevard, Burbridge Business Park
Adelaide Airport
South Australia 5950, Australia
Tel: +61 8 8375 8375 • Fax: +61 8 8375 8498
www.boartlongyear.com

APPENDIX B: Waiver



31 March 2017

Mr Scott Lai
Senior Associate
Ashurst Australia
5 Martin Place
Sydney NSW 2000 Australia

By email: Scott.Lai@ashurst.com

Dear Scott

Boart Longyear Limited (the "Entity"): request for Listing Rule waiver

I refer to your letter dated 8 March 2017 applying on behalf of the Entity for a waiver from ASX Listing Rule 10.1.

I am pleased to advise that ASX Limited (ASX) has decided to grant the waiver you have requested.

ASX's formal decision reads as follows:

"DECISION

1. *Based solely on the information provided, ASX Limited grants ("ASX") Boart Longyear Limited (the "Company") a waiver from Listing Rule 10.1 to the extent necessary to permit the Company and its subsidiaries to grant security over its assets in favour of Centerbridge Partners, L.P. ("Centerbridge"), Ares Management ("Ares") and Ascribe Capital ("Ascribe") or any of their affiliate or associates (collectively, the "Lenders") ("Security"), to secure the Company's obligations under a new term loan facility ("New Loan"), pursuant to which the Lenders will provide the Company with debt up to a maximum of US\$15 million without obtaining shareholder approval, on the following conditions.*
 - 1.1. *The Security includes a term that if an event of default occurs and the Lenders, or any of their associates, exercises their rights under the Security, neither the Lenders nor any of their associates can acquire any legal or beneficial interest in an asset of the Company in full or part satisfaction of the Company's obligations under the New Loan or the Security, or otherwise deal with the assets of the Company, without the Company first having complied with any applicable listing rules, including listing rule 10.1, other than as required by law or through a receiver, or receiver and manager (or any other person acting on behalf of the Lenders) appointed by the Lenders exercising its power of sale under the New Loan or the Security and selling the assets to an unrelated third party on arm's length commercial terms and conditions and distributing the cash proceeds to the Lenders in accordance with its legal entitlements.*
 - 1.2. *A summary of the material terms of the New Loan and the Security is made in each annual report of the Company during the term of the New Loan and the Security.*

- 1.3. *Any variations to the terms of the New Loan or the Security which is:*

 - 1.3.1. *not a minor change; or*
 - 1.3.2. *inconsistent with the terms of the waiver,*

must be subject to shareholder approval.

- 1.4. *The Company must seek to discharge the Security when the funds advanced under the New Loan are repaid, or if it is not discharged, seek shareholder approval for the continuation of the Security for any further loan amount.*
- 1.5. *The Company immediately releases to the market an announcement which sets out the terms of the waiver.*
- 1.6. *ASX has considered listing rule 10.1 only and makes no statement as to the Company's compliance with other listing rules."*

As you will see, the waiver is subject to certain conditions. Under Listing Rule 18.1.1, these conditions must be complied with for the waiver to be effective.

ASX's power to vary or revoke waiver

It should be noted that under ASX Listing Rule 18.3, ASX may vary or revoke this waiver at any time.

Further enquiries

If you have any further enquiries in relation to this matter, please do not hesitate to contact me.

Yours sincerely

[Sent electronically without signature]

Joshua Strutt
Adviser, Listings Compliance
P: (02) 9227 0076
E: joshua.strutt@asx.com.au

APPENDIX C: Confidential Information Disclosed to Debt Holders Not Currently Supporting the Recapitalisation

The Company has disclosed certain confidential information (including forward looking information) to certain of its creditors in connection with the Recapitalisation. Those lenders acknowledged that:

- the forward-looking information had been prepared only for the Company's internal management purposes and for undertaking discussions with certain lenders;
- had not been approved or adopted by the board of the Company nor independently verified;
- depend on certain key assumptions which are matters of opinion only and may not be reasonable or prove to be correct (and some of which are unstated or hypothetical);
- depend on a number of matters which involved subjective opinions (and did not represent the Company's plans or decisions); and
- are subject to significant uncertainties and contingencies many of which were outside the Company's control.

Notwithstanding this, the Company has been advised that to comply with US securities laws it is required to publicly disclose certain information it has disclosed to those lenders.

The information disclosed to certain of the Company's lenders includes forward looking information which is inherently unreliable, as it constitutes forecasts based on scenarios and assumptions that may or may not occur long into the future. By its nature, forward-looking information is based on assumptions and involves unknown risks, uncertainties and other factors which may cause the information to be materially different from future results, performance or achievements expressed or implied by such forward-looking information. The disclosure of this forward-looking information is not a representation by the Company as to any future matter and, accordingly, readers should not place any reliance on the forward-looking information.

This disclosure is being furnished to comply with the Company's obligations under applicable legislation and non-disclosure agreements. These materials should not be regarded as an indication or a representation that the Company or any other person considered, or now considers, this information to be predictive of actual future results and does not constitute an admission or representation by any person that such information is material, or that the expectations, beliefs, opinions and assumptions that underlie these materials will remain the same as of the date of this disclosure.

The information contained in these materials may be or have been superseded by subsequent developments. None of the Company or any of its affiliates or representatives have made or make any representation to any person regarding the forecast financial information disclosure, and none of them undertakes any obligation to publicly update such information to reflect circumstances existing after the date when the information was made or to reflect the occurrence of future events, even in the event that any or all of the underlying assumptions are shown to be in error. The forecast financial information has been prepared by management of the Company without any independent verification and has not been approved or adopted by the board of the Company. It depends on certain key assumptions which are matters of opinion only and may not be reasonable or prove to be correct (and some of which are unstated or hypothetical). It also depends on a number of matters which involve subjective opinions (and do not represent the Company's plans or decisions) and are subject to significant uncertainties and contingencies many of which are outside the Company's control. Readers are cautioned not to place any reliance on these materials.

The financial information reflected in this disclosure does not purport to present the Company's financial condition in accordance with accounting principles generally accepted in Australia, the United States or any other country. The Company's independent accountants have not audited or performed any review procedures on this disclosure (except insofar as certain historical financial information may have been derived in part from the Company's historical annual financial statements).

Disclosure

The Company has produced the following business scenarios based on a certain set of assumptions regarding the market environment and other business conditions. These scenarios reflect the Company's disclosed base case as well as its downside and upside cases. Should any of the underlying assumptions change, the following figures will also change. Therefore, these scenarios are inherently unreliable and do not in any way constitute guidance by the Company. The information was prepared for the particular purpose of undertaking discussions with certain of its lenders. All scenarios presented are rounded to the nearest \$5 million.

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
(US \$M)	Range	Range	Range	Range	Range
Utilisation (Base Case)	34% - 38%	39% - 43%	41% - 45%	44% - 48%	46% - 50%
Revenue	650 - 730	685 - 825	715 - 930	750 - 1,040	750 - 1,155
SG&A	115 - 120	120 - 120	120 - 120	120 - 120	120 - 120
EBITDA	(30) - 15	35 - 110	40 - 170	45 - 240	45 - 325
Capital Expenditures	25 - 30	30 - 35	35 - 55	45 - 70	45 - 90
Change in Working Capital	20 - 35	(5) - 25	(10) - 0	(25) - 5	(30) - 5
Unlevered Free Cash Flow	(45) - (20)	5 - 40	(15) - 85	(20) - 125	(20) - 180

The business scenarios show that in the event that the Company is unable to successfully restructure its debt and secure new sources of liquidity, it will have inadequate liquidity as soon as Q2 2017 to meet its operating and financial needs.