

9 August 2017

Boart Longyear Recapitalisation: Settlement with First Pacific Advisors

Boart Longyear Limited (**ASX:BLY**) (**Boart Longyear** or the **Company**) is pleased to announce that it has reached a settlement with First Pacific Advisors (**First Pacific**) during the mediation ordered by the Supreme Court of New South Wales (the **Court**).

Under the settlement:

- First Pacific has agreed to withdraw its opposition to the creditors' schemes of arrangement forming part of the Company's previously announced recapitalisation (the **Creditors' Schemes**) and to otherwise support the Creditors' Schemes; and
- the Company has agreed to certain amendments to the Creditors' Schemes and the Subscription Deed, as summarised by the following table:

Component	Summary of amendments
Secured Creditors' Scheme for 10% Secured Notes and TLA/TLB	<ul style="list-style-type: none"> • A Premium will be payable at the maturity of the Secured Notes as well as in certain circumstances if they are redeemed prior to maturity (such as in connection with certain asset sales under the terms of the indenture for the Secured Notes). The amount of Premium payable is determined at the redemption date, the maturity date, or the date of completion of an asset sale offer, as applicable (the "Determination Date"). The amount of Premium payable (expressed as a percentage of the principal redeemed or repaid, including PIK Interest) is set out in the Appendix. • Upon any acceleration of the maturity of the 10% Secured Notes following an Event of Default, the 10% Secured Notes will be repayable at par plus accrued but unpaid interest, but without the payment of any Premium by the Company. • If there is a Change of Control Event under the terms of the 10% Secured Notes, the Company will be required to make an offer to redeem the 10% Secured Notes at 101% of par plus accrued but unpaid interest, but without the payment of any Premium by the Company. • Holders of the 10% Secured Notes (including Centerbridge, Ares, Ascribe and First Pacific) receive a total of 4% of the Company's post Recapitalisation issued share capital on a pro-rata basis based on their holdings of the 10% Secured Notes.

Component	Summary of amendments
Unsecured Creditors' Scheme for 7% Unsecured Notes	The number of ordinary shares to be issued to Ares and Ascribe, as holders of the 7% Unsecured Notes, will each be reduced by an amount equal to 1% of the Company's post Recapitalisation issued share capital.
Subscription Agreement	The number of ordinary shares to be issued to Centerbridge will be reduced by an amount equal to 2% of the Company's post Recapitalisation issued share capital.
Other	<ul style="list-style-type: none"> The Company has agreed to reimburse First Pacific for fees and expenses incurred in connection with the Creditors' Schemes, up to US\$3 million. First Pacific will provide, or procure the provision by another holder of the 10% Secured Notes, 50% of Ares' commitment under the Backstop ABL.

The Company has been unable to reach a settlement with entities associated with Mr Anthony Maurici, who continues to oppose the Creditors' Schemes.

Next steps and timetable

The amendments to the Creditors' Schemes require the approval of the Court, and the Company will seek to have the amendments approved at the Second Court Hearing, which continues before the Court today. The Court is expected to render judgment on the proposed amendments to the Creditors' Scheme in mid-August and then on whether the Creditors' Schemes should be approved (with or without these amendments) shortly thereafter. The Company will advise on a more precise update on the timetable of its recapitalisation as soon as possible.

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Appendix

Six Month Period Ending On and Including	<u>Redemption/repurchase price</u>
December 31, 2017	100.9%
June 30, 2018	101.7%
December 31, 2018	102.7%
June 30, 2019	104.7%
December 31, 2019	107.1%
June 30, 2020	109.3%
December 31, 2020	112.0%
June 30, 2021	114.8%
December 31, 2021	117.7%
June 30, 2022	121.0%
December 31, 2022	124.4%