

ASX ANNOUNCEMENT (ASX:BLY)

29 July 2021

TRADING UPDATE & SECOND QUARTER APPENDIX 4C

Boart Longyear Limited (ASX:BLY) (the **Company** or **Boart Longyear**) is pleased to provide an update to the market regarding the Company's trading performance in advance of the expected release of the explanatory statements and notice of meetings for the creditor and shareholder schemes to approve the Company's proposed recapitalisation and re-domiciliation to Canada.

Trading Update

The Company's demand for its products and services has continued to increase throughout the second quarter of the year, with asset utilisation rates reaching levels not seen since 2013. With commodity prices at their highest levels in ten years and global economies recovering from pandemic related restriction, S&P Global Market Intelligence has revised their exploration budget forecasts to increase 25%-35% year-over-year, up from their earlier increase of about 20%. The Company has seen continued reinvestment in the sector with major mining houses confirming increased exploration spend, and junior and intermediate miners accessing capital through equity raisings allowing them to explore for tomorrow's resources. Being a global leader in supplying products and services to the exploration market, Boart Longyear has also been able to capture significant year on year half-year revenue growth of 45%.

The Company was able to capitalise on the market growth by accessing additional liquidity which was available as a result of electing to satisfy its interest payments due on its debt by way of payment-in-kind and the implementation of a \$50M bridge loan.

UNAUDITED HALF-YEAR FINANCIAL INFORMATION

(US \$M)	Half-Year Ended		% Change
	30-Jun-21	30-Jun-20	Fav/(Unfav)
Total Company			
Revenue	447	309	45%
Statutory EBITDA	50	13	276%
Adjusted EBITDA	62	24	158%
Statutory Net Loss After Tax	(38)	(61)	38%
Net Cash Flows from Operating Activities	25	30	(15%)
Net Debt ¹	911	815	(12%)

Note 1 - Net Debt has increased primarily as a result of the Company electing to satisfy the interest payments due on its debt by way of payment-in-kind. Payment-in-kind interest and applicable premium recognised in the 12 months period ended 30 June 2021 equated to approximately \$88M.

Appendix 4C

The Company has provided its preliminary quarterly cash flow report for the quarter ended 30 June 2021. The Company's half year financial statements are in the process of being reviewed by the Company's auditor Deloitte Touche Tohmatsu. The Appendix 4D and half year financial statements are expected to be released on or around Thursday, 26 August 2021.

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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. The Company has implemented measures required to protect the health and wellbeing of employees while ensuring ongoing operational sustainability. The Company is in constant communication with customers and employees to fine tune these plans to prevent the transmission of the virus. We continue to monitor information released by the World Health Organisation and governments where we operate and adjust our operating procedures to ensure we comply with government guidelines.

While the Company believes the worst of the impacts of COVID-19 on the business have been felt, there remains a level of uncertainty while humanity comes to grips with managing through this pandemic.

Authorised for lodgement by:

Nora Pincus,
Company Secretary

Disclaimer

No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in this announcement. To the maximum extent permitted by law, neither Boart Longyear nor its directors, employees, agents or advisers, nor any other person, accepts any liability, including, without limitation, any liability arising from fault or negligence on the part of any of them or any other person, for any loss arising from the use of this announcement or its contents or otherwise arising in connection with it.

Forward looking statements

This announcement may contain 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 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.

Except as required by law or the ASX Listing Rules, Boart Longyear assumes no obligation to provide any additional or updated information or to update any forward looking statements, whether as a result of new information, future events or results, or otherwise. Nothing in this announcement will, under any circumstances (including by reason of this announcement remaining available and not being superseded or replaced by any other presentation or publication with respect to the Company, or the subject matter of this announcement), create an implication that there has been no change in the affairs of the Company since the date of this announcement.



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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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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Boart Longyear Limited

ABN

49 123 052 728

Quarter ended ("current quarter")

30 June 2021

Consolidated statement of cash flows	Current quarter \$'000 USD	Year to date 6 months \$'000 USD
1. Cash flows from operating activities		
1.1 Receipts from customers	228,151	415,945
1.2 Payments for		
(a) research and development	(903)	(1,678)
(b) product manufacturing and operating costs	(161,924)	(312,709)
(c) advertising and marketing	(1,340)	(2,192)
(d) leased assets	(6,626)	(12,356)
(e) staff costs	(12,996)	(17,853)
(f) administration and corporate costs	(9,334)	(15,640)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	7
1.5 Interest and other costs of finance paid	(3,260)	(4,966)
1.6 Income taxes paid	(3,998)	(6,514)
1.7 Government grants and tax incentives	-	-
1.8 Other (Unrealized FX, gain on disposal of fixed assets and restructuring charges)	(13,028)	(16,939)
1.9 Net cash from / (used in) operating activities	14,744	25,105
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(11,160)	(21,500)
(d) investments	-	-
(e) intellectual property	(3,033)	(4,903)
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$'000 USD	Year to date 6 months \$'000 USD
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	2,372	2,742
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(11,821)	(23,661)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	54,662	88,891
3.6	Repayment of borrowings	(53,575)	(82,659)
3.7	Transaction costs related to loans and borrowings	(100)	(100)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	987	6,132

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	26,801	23,513
4.2	Net cash from / (used in) operating activities (item 1.9 above)	14,744	25,105
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(11,821)	(23,661)

Consolidated statement of cash flows		Current quarter \$'000 USD	Year to date 6 months \$'000 USD
4.4	Net cash from / (used in) financing activities (item 3.10 above)	987	6,132
4.5	Effect of movement in exchange rates on cash held	1,885	1,507
4.6	Cash and cash equivalents at end of period	32,596	32,596

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$'000 USD	Previous quarter \$'000 USD
5.1 Bank balances	32,596	26,801
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	32,596	26,801

6. Payments to related parties of the entity and their associates	Current quarter \$'000 USD
6.1 Aggregate amount of payments to related parties and their associates included in item 1	-
6.2 Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>	

7. Financing facilities	Total facility amount at quarter end \$'000 USD	Amount drawn at quarter end \$'000 USD
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	993,816	904,745
7.2 Credit standby arrangements	-	5,978
7.3 Other (ABL Facility Block, "Springing Dominion" and Borrowing Base Availability Adjustment)	-	5,630
7.4 Total financing facilities	993,816	916,353
7.5 Unused financing facilities available at quarter end		77,463
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
See schedule 7.6 for information about each facility. Items outlined as drawn under 7.2 & 7.3 reduce the amount that can be drawn under facilities listed in 7.1 (ABL).		

8. Estimated cash available for future operating activities	\$'000 USD
8.1 Net cash from / (used in) operating activities (item 1.9)	25,105
8.2 Cash and cash equivalents at quarter end (item 4.6)	32,596
8.3 Unused finance facilities available at quarter end (item 7.5)	77,463
8.4 Total available funding (item 8.2 + item 8.3)	110,059
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer:	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer:	

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 29 July 2021

Authorised by: 
Nora Pincus, Company Secretary

Schedule 7.6

Description	Principal Outstanding as at 30 June 2021 (millions)	Accreted Interest as at 30 June 2021 (millions)	Debt Modification / Applicable Premium ⁽¹⁰⁾ (millions)	Interest Rate	Scheduled Maturity	Total Facility Amount as at 30 June 2021 (millions)	Amount drawn as at 30 June 2021 (millions)	Lender	Security
Senior Secured Notes (CUSIP: 09664PAJ1bod)	\$216.2	\$76.9	\$60.4	Variable ²	Dec-22	\$353.5	\$353.5	Public Debt	Secured ¹²
Senior Secured Notes (CUSIP: 09664PAJ1)	\$0.3	\$0.1	\$0.1	10% ⁹	Dec-22	\$0.5	\$0.5	Public Debt	Secured
Senior Secured Notes (CUSIP: 09664PAE2)	\$0.5	\$0.1	\$0.1	10% ⁹	Dec-22	\$0.7	\$0.7	Public Debt	Secured
Term Loan – Tranche B ⁷	\$159.8	\$35.5	Nil	8% ³	Dec-22	\$195.3	\$195.3	Centerbridge	Secured
ABL ^{1,8}	\$5.9	Nil	Nil	Variable ⁴	Jul-22	\$75.0	\$5.9	PNC Bank	Secured
Term Loan – Tranche A ⁷	\$132.6	\$29.5	Nil	8% ³	Dec-22	\$162.1	\$162.1	Centerbridge	Secured
Bridge Loan	\$30.0	\$0.3	Nil	11% ¹¹	Dec-21	\$50.3	\$30.3	Consortium	Secured
Backstop ABL ⁸	\$45.0	\$17.3	Nil	11% ⁵	Oct-22 ⁵	\$62.3	\$62.3	Consortium	Secured
Senior Unsecured Notes	\$88.9	\$5.2	Nil	1.5% ⁶	Dec-22	\$94.1	\$94.1	Public Debt	Unsecured

- (1) Letters of credit of \$5.9 million were issued in addition to the \$5.9 million borrowings that were outstanding.
- (2) Interest is payment-in-kind from 1 January 2020 to 30 June 2020 at an interest rate of 12%. Interest is payment-in-kind from 1 July 2020 to 30 June 2021 at an interest rate of 14.5%. Interest in cash at a reduced interest rate of 10% from 1 July 2021 to 31 December 2021.
- (3) Interest is 8% payment-in-kind.
- (4) Based on LIBOR + margin (grid-based margin is currently 3.25%).
- (5) Interest is payment-in-kind at 11% at the Company's election or 10% cash. Maturity Date is October 2022 or 90 days after the ABL due date.
- (6) Interest is 1.5% payment-in-kind at the Company's election until maturity.
- (7) The secured amounts under Term Loan A and Term Loan B are capped at the base principal amounts as agreed in the recapitalisation 2017 amendments.
- (8) In July 2019 the Company amended terms to provide the Company additional liquidity and extend maturities from July 2020 to July 2022 and from October 2020 to October 2022 for the ABL and Backstop facilities, respectively. See Note 21 of the Annual Financial Report for the year ended 31 December 2020 for additional information.
- (9) Interest in cash at an interest rate of 10% per annum.
- (10) Balance includes a modification loss of \$9.5 million for the half-year ended 30 June 2021 due to a June 2021 amendment to the Senior Secured Notes to satisfy interest payments due on 30 June 2021 by way of payment-in-kind at a rate of 14.5% rather than by payment of cash at a rate of 10.0%. Refer to Note 21 of the Annual Financial Report for the year ended 31 December 2020 for additional information on the debt modification and applicable premium.
- (11) Interest is at 11.0% payment-in-kind until maturity. There is also a 1.5% interest payment-in-kind due on undrawn balance.
- (12) The applicable premium as payable under Senior Secured notes is unsecured.