**Boart Longyear Limited**
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27 February 2017

**Boart Longyear Full-Year 2016 Results and Financial Restructuring Update**

Boart Longyear Limited (**ASX:BLY**) – Boart Longyear announces results for the full-year ended 31 December 2016. All results are referenced in US dollars.

Jeff Olsen, Boart Longyear's CEO, commented on the Company's full-year results, stating, "2016 was another challenging year for the resources sector, though we did start to see signs of improvement during the second half of the year. Exploration activity was low throughout the year, which is evident in our revenues dropping 13% vs. the prior year. That said, we continue to make clear and steady progress on our productivity and cost control initiatives. Comparing full-year 2016 to full-year 2015, adjusted EBITDA was up $32 million and cash from operating activities was up $5 million (8%) despite revenues being down 13%. We also continue to see positive signs in the market, including the recovery of prices for gold, copper and other key commodities. Through continued improvements in our operating performance combined with better volumes from an improving market, our goal is to be cash positive in 2017."

Mr. Olsen continued, "While our focus on cost control has been high, we have continued to invest in our future. We have already started rolling out at-site drilling data tools (survey geophysics, logging, core orientation and assay) and expect this to accelerate in 2017. As this is happening, Boart Longyear will transition from being a drilling company to the leading provider of a full suite of industry-leading data."

## RESTRUCTURING PROCESS

Mr. Olsen continued, "The financial restructuring process we announced in August 2016 remains ongoing. We continue to work with our lenders and advisors to create a sustainable capital structure. While the process is incomplete and its outcome remains uncertain, we have made significant progress. Our primary objectives include reducing our financial debt, securing additional liquidity to sustain the Company and extending maturities on our debt to facilitate an eventual refinancing. Achieving these objectives will likely require existing debt holders to convert all or part of their debt to equity, which will be highly dilutive to existing shareholders. We will also likely need to give our lenders significant governance rights and control post-restructuring. While these are the realities of our situation, we are committed to expeditiously pursuing the best possible outcomes for all of our stakeholders and will update the market on material developments as they occur."

## KEY METRICS AS OF 31 DECEMBER 2016 (compared to 31 December 2015, except as noted)

**NEGATIVE FACTORS:**

- **REVENUE – Down $93M (13%) driven by lower volume and unfavourable currency translations**
- **PRICING – Down 2% in total**
- **NET DEBT – Up 17%; relatively flat compared to 30 June 2016**

**POSITIVE FACTORS:**

**BOART LONGYEAR™**

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- **ADJUSTED EBITDA – Up $32M driven by improved productivity and lower costs**
- **CASH FROM OPERATING ACTIVITIES – $50M used in FY 2016 ($23M generated in 2H 2016)**
- **ADJUSTED COGS – Down $105M (16%) driven by productivity initiative started in 2H 2015**
- **ADJUSTED SG&A – Down $10M (8%) driven by cost-out actions implemented in 2H 2015**
- **OPERATING MARGIN – Up $138M (69%)**
- **NET PROFIT AFTER TAX – Up $169M (52%)**

**COMPARATIVE RESULTS**

| | Consolidated Results | | |
|---|---|---|---|
| (US $M) | Full-Year Ended | | % Change Fav/(Unfav) |
| **Total Company** | **31-Dec-16** | **31-Dec-15** | |
| Revenue | 642 | 735 | -13% |
| Statutory EBITDA | 2 | (115) | NMF |
| Adjusted EBITDA | 32 | (0) | NMF |
| Statutory Net Profit After Tax | (157) | (326) | 52% |
| Adjusted Net Profit After Tax | (108) | (132) | 18% |
| Net Cash Flows Used in Operating Activities | (50) | (55) | 8% |
| Net Debt | 676 | 576 | -17% |
| Adjusted SG&A | 113 | 122 | 8% |
| Number of Employees | 4,337 | 4,725 | 8% |

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| Divisional Results | Full-Year Ended | | % Change Fav/(Unfav) |
|---|---|---|---|
| **Global Drilling Services** | **31-Dec-16** | **31-Dec-15** | |
| Revenue | 448 | 528 | -15% |
| Statutory EBITDA | 52 | 41 | 26% |
| Average Number of Operating Drill Rigs | 287 | 331 | -13% |
| Average Number of Drill Rigs | 889 | 921 | -3% |
| Average Rig Utilisation | 32% | 36% | -4% |
| Number of Employees | 3,011 | 3,127 | 4% |
| **Global Products** | | | |
| Revenue | 195 | 207 | -6% |
| Statutory EBITDA | 13 | 14 | -7% |
| Average Backlog | 15 | 17 | -13% |
| Number of Employees | 1,001 | 1,258 | 20% |

## RESULTS COMMENTARY

Revenues for the full-year ended 31 December 2016 were down 13% compared to the corresponding period in 2015, primarily driven by lower volume as well as unfavourable currency translations due to a stronger US dollar. The negative impact of price on revenue was roughly 2%.

Significant items for the full-year totalled $27 million, compared to $98 million recorded in the corresponding period in 2015 (of which $72 million related to impairments). In full-year 2016, these items primarily related to restructuring charges for operational improvements as well as recapitalisation costs.

Cash used in operating activities was $50 million in full-year 2016, compared to $55 million used in the corresponding period in 2015. The $5 million improvement, despite lower revenues, demonstrates the positive impact of the Company's ongoing focus on operating improvement and efficiency, including additional cost-out measures and the Drilling Services productivity initiative started in third-quarter 2015. In line with typical seasonality, the Company generated $23 million of cash in the second half of the year.

Decreased demand and oversupply in the Company's core markets continue to challenge pricing, though the impact on results was lower than in recent years. Pricing in the Drilling Services division was down 2%, and pricing in the Products division was relatively flat outside of discounts given on certain slow moving and obsolete inventory.

Net working capital decreased from 31 December 2015 levels, primarily due to lower inventories, offset in part by lower payables on reduced spending. The Company typically sees a net working capital build during the first half of the year followed by a release in the second half, and 2016 was consistent with this historical pattern. Liquidity at 31 December 2016 was $64 million, comprised of cash balances totalling $59 million and a further $5 million of availability under the Company's asset-based loan facility.

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**BASIS OF ACCOUNT PREPARATION**

The Company's full-year 2016 financial statements have been prepared on the basis of a going concern, subject to the disclaimer of opinion by the Company's auditor and the certain risks reported in Note 1 of the financial report, which give rise to material uncertainty. The Company's ability to continue as a going concern remains subject to the ability to successfully achieve a financial restructuring or otherwise improve its capital structure and available sources of liquidity with the assistance of its financial lenders.

**STRATEGIC PRIORITIES**

Technology and product innovation remain strategic priorities for the Company's future growth, supported by disciplined and prudent control over capital expenditures. During 2016, the Company launched seven new products, and it continues to invest in its new product pipeline. New product development efforts largely remain focused on incremental product changes that increase productivity so customers are willing to pay for them regardless of the business environment. The Company launched TruCore™, the first in a range of instrumentation tools, which provides accurate core orientation measurements. This represents the first step in implementing the Company's strategy to be the global technology leader in providing subsurface resource information to mining companies through its Geological Data Services business.

With its industry-leading safety record, unparalleled operating performance, and the latest in drilling technology, coupled with the improvements we have made in our cost structure and productivity, Boart Longyear is uniquely positioned to realize significant operational leverage as the market recovers.

***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 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.

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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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