

5 January 2017

Boart Longyear Announces New US\$20 Million Credit Facility from Centerbridge

Boart Longyear Limited (**ASX:BLY**) – [Boart Longyear](http://www.boartlongyear.com) announces that it has entered into a US\$20 million credit facility with Centerbridge Partners L.P., its largest equity and debt investor. The facility has been established to provide additional financial resources to support ongoing restructuring discussions with the Company's lenders as well as to provide additional working capital in the first quarter of 2017, when the Company's working capital needs are typically at their seasonal peak due to the start-up of drilling projects globally. The facility is subject to certain collateral requirements that must be satisfied before it can be drawn.

The new facility is in support of the Company's discussions with Centerbridge and other lenders to the Company on modifications to the amount of indebtedness and the terms of the indebtedness that the Company currently has outstanding. These discussions, which the Company announced in late August, are ongoing, and the Company's lenders, including Centerbridge, remain actively engaged in seeking a holistic financial restructuring solution. The Company will provide further updates to the market related to the restructuring discussions if and when there are material developments to announce.

The material terms of the new Centerbridge credit facility are, as follows:

- **Delayed Draw Term Loan Facility ("DDL"):** Commitment of US\$20 million in aggregate principal amount;
- **Collateral:** The DDL is secured by US\$50 million of collateral in the form of certain of the Company's drilling rigs in the United States, Canada and Australia;
- **Commitment Period:** The DDL will be available to the Company upon the satisfaction of the conditions to drawing (which is expected to occur in the next two or three weeks) until the earlier of (1) 31 December 2017 or (2) the date on which the Company enters into a comprehensive restructuring agreement (as described below);
- **Revocability:** The Company may unwind the DDL (and the associated collateral arrangements) at its option if it concludes and finalizes (subject to shareholder and regulatory approval) an agreement with Centerbridge and the Company's secured and unsecured noteholders by 31 January 2017 on a more comprehensive balance sheet restructuring that meets certain deleveraging, liquidity and equity preservation objectives (as well as other criteria currently being negotiated with the Company's lenders). If the Company has drawn on the DDL, revocation would become effective upon the consummation of such a restructuring;
- **Maturity Date:** If not revoked earlier by the Company, the facility maturity date is 31 December 2020;
- **Closing and Commitment Fees:** None, other than the Company's reimbursement of Centerbridge's legal fees to negotiate and document the DDL;
- **Interest Rate:** 12 percent per annum payable in kind or 10 percent payable in cash at the Company's option, in each case payable quarterly in arrears;
- **Call Protection:** Other than in connection with a revocation and comprehensive restructuring (as described above) any optional prepayment of the DDL is subject to a customary make-whole provision; and
- **Other Terms and Conditions:** The DDL includes other customary terms and conditions, including customary covenants and events of default that are substantially the same as those in the Centerbridge Term Loans A and B.

The Company and Centerbridge have also modified certain terms of Term Loans A and B, which were entered into as part of the Centerbridge-led recapitalisation completed in January 2015, as follows:

- **Maturity:** The maturity dates for Term Loans A and B have been amended from 1 October 2020 and 1 October 2018, respectively, to 3 January 2021;
- **Interest Rate:** The interest rate for both Terms Loans A and B has been amended from 12 percent per annum payable in kind to either 12 percent payable in kind or 10 percent payable in cash at the Company's option;
- **Make-Whole:** The period for the make-whole obligations under Term Loans A and B has been extended to 3 January 2021;
- **Minimum asset coverage covenant:** The Company must at all times maintain at least 90% of all its US, Canada and Australia tangible assets, including the collateral for the DDL, as collateral supporting Term Loans A and B.
- **Revocability:** If the Company revokes the DDL in connection with a restructuring, the modifications to Term Loans A and B will also be unwound.

The Company's overall financial condition and outlook remain as previously announced. Notwithstanding the additional liquidity provided by the DDL (subject to the conditions to drawing being satisfied), the Company remains subject to the liquidity and indebtedness risks and material uncertainties outlined in its 2016 half-year financial report (released in August 2016), and the Company is actively negotiating and working with its financial partners to create a capital structure that is more suitable to the cyclical nature of the environment in which it operates. The DDL facility is not designed to, and does not address, the fundamental capital structure requirements of the Company.

The Company has obtained a waiver from the ASX in respect of Listing Rule 10.1 for both the DDL and the modifications to Term Loans A and B (the "Waiver"). The Waiver as it relates to the modifications to Term Loans A and B replaces the prior waiver obtained by the Company and disclosed to the ASX on 27 October 2014.

The terms of the Waiver are set out in Attachment A.

The Company advises that it expects to repay the DDL and the Term Loans A and B Loan in accordance with the maturity dates of those loans and at the same time to seek to discharge the security granted in relation to those loans.

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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Attachment A – Waiver



3 January 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 21 November 2016 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”) and its associates, including the additional US\$50 million of the Company’s fixed assets (i.e. rigs in the United States, Canada and Australia) through its subsidiaries (“Security”) to secure the Company’s obligations under a term loan comprising two tranches being Term Loan A and Term Loan B for a maximum total of US\$225 million pursuant to the loan agreement as amended (“Amended Loan Agreement”) and the drawdown facility in the amount of up to US\$20 million (“Drawdown Facility”) without obtaining shareholder approval, on the following conditions.*
 - 1.1. *The Security includes a term that if an event of default occurs and Centerbridge, or any of its associates, exercises their rights under the Security, neither Centerbridge nor any of its 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 Amended Loan Agreement, Drawdown Facility 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 Centerbridge) appointed by Centerbridge exercising its power of sale under the*

Amended Loan Agreement, Drawdown Facility 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 Centerbridge in accordance with its legal entitlements.

- 1.2. *A summary of the material terms of the Amended Loan Agreement, the Drawdown Facility and the Security is made in each annual report of the Company during the term of the Amended Loan Agreement, Drawdown Facility and the Security.*
 - 1.3. *Any variations to the terms of the Amended Loan Agreement, Drawdown Facility 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 Amended Loan Agreement and Drawdown Facility 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.*
2. *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]

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