

24 July 2017

Boart Longyear Recapitalisation: New ABL Facilities & ASX Waivers

Boart Longyear Limited (**ASX:BLY**) (the **Company**) advises that it has entered into the two new ABL credit facilities (**New ABL Facilities**) as part of the previously announced recapitalisation proposal (**Recapitalisation**). Entry into these facilities is, except for court approval, the final prerequisite to implementation of the Recapitalisation's creditors' schemes.

The New ABL Facilities comprise a revolving credit facility provided by PNC Bank, National Association (**PNC**) (the **PNC ABL**) and a term loan credit facility provided by the affiliates of Centerbridge Partners, L.P., Ares Management LLC and Ascribe Capital, LLC (the **Supporting Creditors**) (the **Backstop ABL**).

The following table summarises key features of PNC ABL and the Backstop ABL:

	PNC ABL	Backstop ABL
Commitment	Up to US\$50 million	Aggregate principal amount equal to the lesser of (i) US\$45 million or (ii) US\$75 million <i>minus</i> the amount available to be drawn under the PNC ABL on the initial advance date.
Security	PNC ABL is secured by the collateral package securing the existing credit facility made available by PNC plus any additional collateral or guarantees that secure or guarantee the existing Term Loan A.	Backstop ABL is secured by substantially the same collateral as the PNC ABL.
Commitment Period and Term	Available for borrowing and re-borrowing until maturity (subject to the borrowing base). Termination Date: 23 July 2020 or earlier in certain circumstances.	Available for a single drawing on satisfaction of the conditions to the initial drawdown. Maturity Date: 23 October 2020 or 90 days after the PNC ABL.
Interest Rate	Cash pay interest only at the applicable base rate plus Applicable Margin. The initial margin will be the applicable base rate plus 2.50% (in the case of a Domestic Rate Loan) or 3.50% (in the case of a LIBOR rate loan). After 30 June 2018, the margin may be reduced by reference to the fixed charge coverage ratio.	11% per annum payable in kind or 10% per annum payable in cash at the option of the borrower, in each case payable quarterly in arrears.



Boart Longyear Limited

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Closing and Commitment Fees	Closing fee: <u>US\$750,000</u> Commitment fee: 0.50%	OID fee: 4.00%
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The Company has also obtained from the ASX waivers from Listing Rule 10.1 (the **10.1 Waiver**) and Listing Rule 14.7 (the **14.7 Waiver**). The 10.1 Waiver enables the Company to grant security in favour of the Supporting Creditors for the Backstop ABL, without obtaining the approval of shareholders of the Company. The 14.7 Waiver allows the Company to issue ordinary warrants to directors of the Company which are shareholders up until 13 October 2017 (from 13 July 2017, previously). This extension is required due to previously announced delays to implementation of the recapitalisation.

The terms of the 10.1 Waiver and 14.7 Waiver are set out in Attachment A.

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Attachment A – ASX Waiver

1. Based solely on the information provided, ASX Limited grants (“ASX”) Boart Longyear Limited (the “Company”) the following waivers:

1.1. 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 LLC (“Ares”) and Ascribe Capital LLC (“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 ABL Revolver”), pursuant to which the Lenders will provide the Company with debt up to a maximum of US\$75 million without obtaining shareholder approval, on the following conditions.

1.1.1. 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 ABL Revolver 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 ABL Revolver 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.

1.1.2. A summary of the material terms of the New ABL Revolver and the Security is made in each annual report of the Company during the term of the New ABL Revolver and the Security.

1.1.3. Any variations to the terms of the New ABL Revolver or the Security which is:

(a) not a minor change; or

(b) inconsistent with the terms of the waiver,

must be subject to shareholder approval.

1.1.4. The Company must seek to discharge the Security when the funds advanced under the New ABL Revolver are repaid, or if it is not discharged, seek shareholder approval for the continuation of the Security for any further loan amount.

1.1.5. The Company immediately releases to the market an announcement which sets out the terms of the waiver.



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1.2. A waiver from Listing Rule 14.7 to the extent necessary to permit the Company to issue 20,305,148 ordinary warrants ("Ordinary Warrants") to its Directors pursuant to resolution 11 as approved by shareholders at the annual general meeting held on 13 June 2017 (the "AGM") later than one month after the date of the AGM on the following conditions:

1.2.1. The Ordinary Warrants are issued no later than the implementation date of the Recapitalisation and in any event, no later than 13 October 2017.

1.2.2. The Company immediately releases the term of this waiver to the market.

2. ASX has considered Listing Rules 10.1 and 14.7 only and makes no statement as to the Company's compliance with other Listing Rules.