



LR500 Drill Rig – Nevada, USA

**Annual General Meeting**  
**June 2017 – Melbourne**



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Chairman's Address  
Marcus Randolph



# Who We Are



## PERFORMANCE



## DRILLING



## SAFETY & HEALTH



## TEAMWORK



## TECHNOLOGY



## CUSTOMER FOCUS

## PRODUCTS



## INNOVATION

Boart Longyear is the leading provider of drilling services, drilling equipment, and performance tooling for mining and drilling companies globally

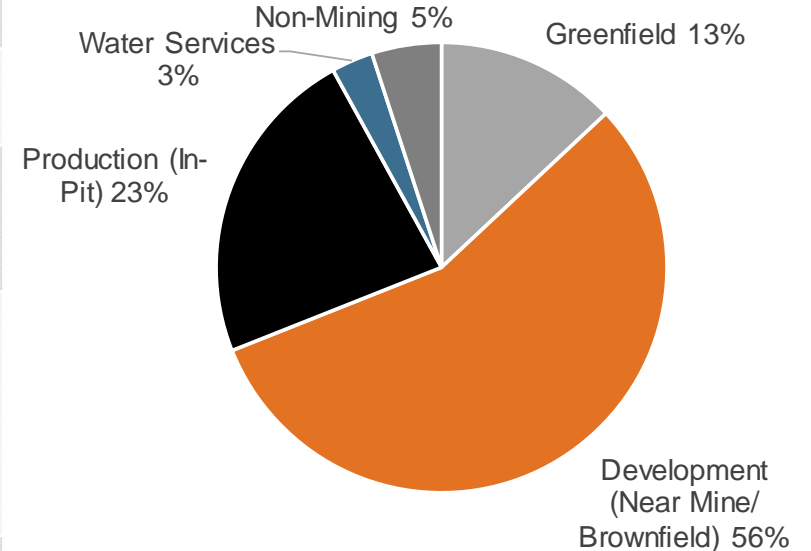
# Global Drilling Services

## Active Across all Mining Stages



Stage	Boart Longyear Service Offering
Explore	<ul style="list-style-type: none"> <li>• Surface coring</li> <li>• Reverse Circulation ("RC") to get through overburden quickly</li> <li>• Rotary for water exploration</li> </ul>
Evaluate	<ul style="list-style-type: none"> <li>• Surface coring</li> <li>• Reverse Circulation</li> </ul>
Develop & Construct	<ul style="list-style-type: none"> <li>• Water services</li> <li>• Underground drilling</li> <li>• Surface coring</li> </ul>
Mine	<ul style="list-style-type: none"> <li>• Reverse Circulation for step out drilling</li> <li>• Reverse Circulation to get through overburden quickly</li> <li>• Underground blast and percussive drilling</li> <li>• In-pit surface and underground coring</li> <li>• Horizontal drilling and vertical drains for pit stabilization</li> </ul>
Process & Optimize	<ul style="list-style-type: none"> <li>• Underground coring</li> <li>• Water services</li> <li>• Sonic</li> </ul>

FY 2016 Drilling Services Revenue by Stage







# Global Products

## Technology Innovator



		Key Innovations
Drilling Tools		<ul style="list-style-type: none"> <li>• <b>NEW Longyear™ Diamond Bits</b> (to be released in 2017) <ul style="list-style-type: none"> <li>- Easier to use / higher penetration rates / longer life</li> </ul> </li> <li>• <b>NEW XQ™ Drill Rods</b> (to be released in 2017) <ul style="list-style-type: none"> <li>- Easier to use / longer life / more depth capacity</li> </ul> </li> <li>• <b>Roller Latch™</b> <ul style="list-style-type: none"> <li>- Increased safety / higher productivity</li> </ul> </li> </ul>
Drilling Equipment		<ul style="list-style-type: none"> <li>• <b>LF160™ Surface Coring Rig with Freedom™ Loader</b> <ul style="list-style-type: none"> <li>- Deep coring rig / completely hands-free rod handling</li> </ul> </li> <li>• <b>LS250 MiniSonic™ Rig</b> <ul style="list-style-type: none"> <li>- More efficient / better samples / smaller footprint</li> </ul> </li> <li>• <b>DCi™ Control System</b> <ul style="list-style-type: none"> <li>- Unattended drilling / increased productivity</li> </ul> </li> </ul>
Data Services		<ul style="list-style-type: none"> <li>• <b>TruCore™</b> <ul style="list-style-type: none"> <li>- Easier to use / accurate core orientation</li> </ul> </li> <li>• <b>TruShot™</b> <ul style="list-style-type: none"> <li>- Easier to use / accurate survey data</li> </ul> </li> <li>• <b>TruScan™</b> <ul style="list-style-type: none"> <li>- Same-day assay data / on-site by drill crew</li> </ul> </li> </ul>

The next phase of innovation in drilling technology is being developed and will focus on revolutionary changes in drilling rates

# FY 2016 Summary

(Results compared to FY 2015, except as otherwise indicated)



## ➤ Safety

- Lost time incident rate (LTIR) at 0.11 – 39% improvement over FY 2015
- Moderate increase in total case incident rate (TCIR) to 1.41
- No fatalities; 6 lost time incidents

## ➤ Adjusted EBITDA

- Up \$32M despite a \$93M (13%) drop in revenue
- Adjusted COGS down \$105M (16%); adjusted SG&A down \$10M (8%)

## ➤ Cash from Operating Activities

- Used \$5M less cash despite revenue decline (\$50M used in FY 2016 vs. \$55M used in FY 2015)

## ➤ Productivity

- 12% improvement in drill meters per shift
- 9% improvement in meters per hour
- Reduction in non-billable time

## ➤ Business Environment

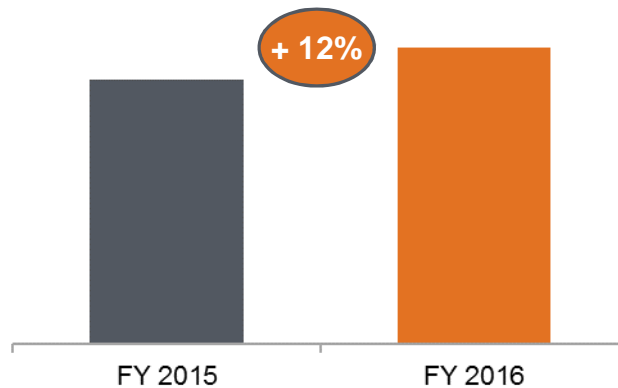
- Gold (\$1266 per ounce as of 26 May 2017) up 18% from 1 Jan 2016 – 57% of Drilling Services revenue
- Copper (\$2.56 per pound as of 26 May 2017) up 22% from 1 Jan 2016 – 17% of Drilling Services revenue
- Equity raisings by junior miners at strongest levels since 2012

# Drilling Services Productivity Initiative Update



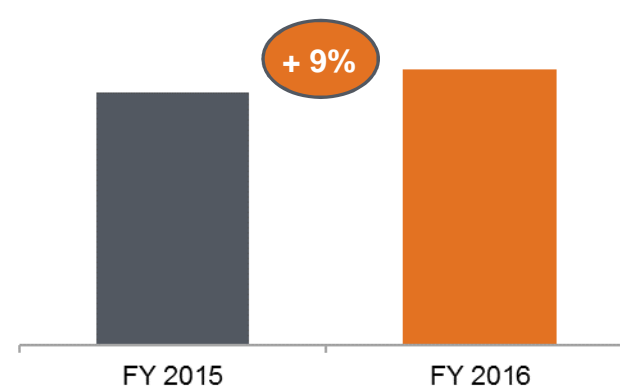
## Shift Productivity

### Meters per Shift



## Drill Rate

### Meters per Hour



- Tracking key metrics daily
- Results reported and highly visible throughout company
- Coaching and performance management for underperformers

**Productivity initiative driving measureable improvements with customers**



# Becoming a data provider, not just a driller



## Today

- Data acquisition done by third parties at our rigs
- Assay done off-site
- Slow, costly and not user-friendly for our customers

## Future

- Core orientation, core logging, survey and assay all done by our crews at the rig
- Direct data feed into customer databases
- Instantaneous, low-cost and user-friendly

## Status



- **TruCore™** (Core Orientation) Successfully launched in 2015



- **TruShot™** (Down-hole Survey) Expected to roll out in Q4 2017



- **TruScan™** (On-site Assay) Field testing underway



- **TruProbe™** (Down-hole Geophysics) Prototype testing underway



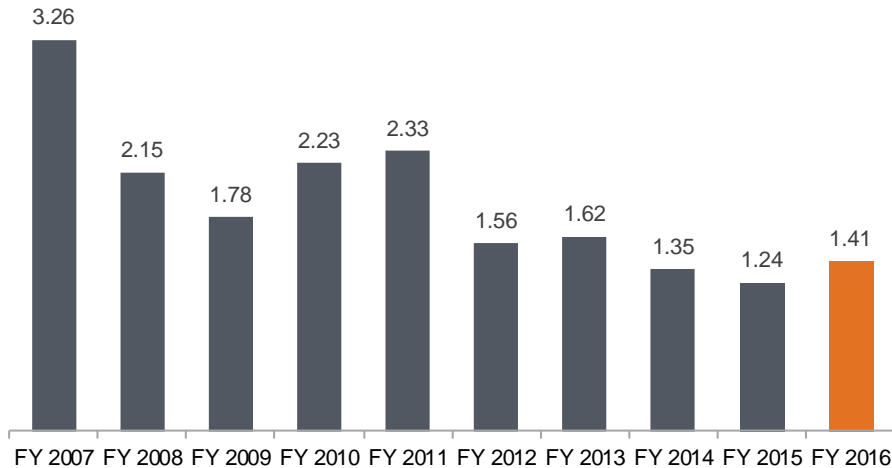
**BOART  
LONGYEAR™**

# Safety & Environment

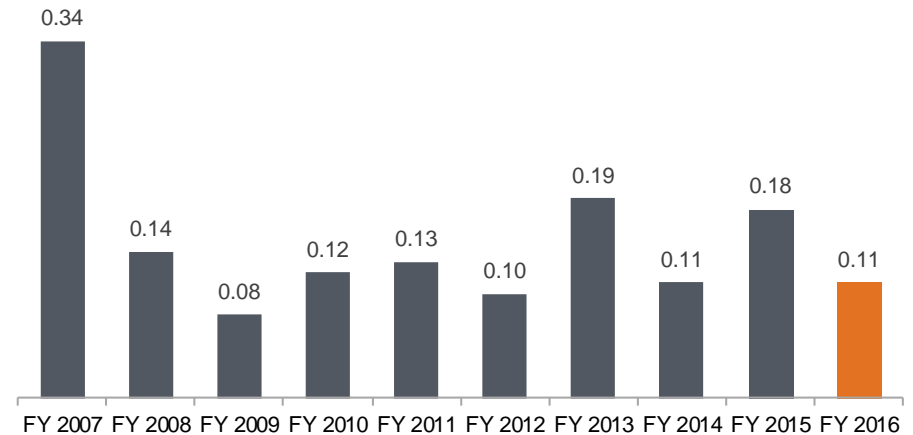
Our goal is to add value with zero harm



## Total Case Incident Rate



## Lost Time Incident Rate



- **Safety Performance**

- Improvement in lost time incident rate
- Moderate increase in total case incident rate
- No fatalities; 6 lost time incidents during the year

- **Proactive Safety Culture**

- Focused field leadership interactions with field employees and other initiatives covering significant areas of risk

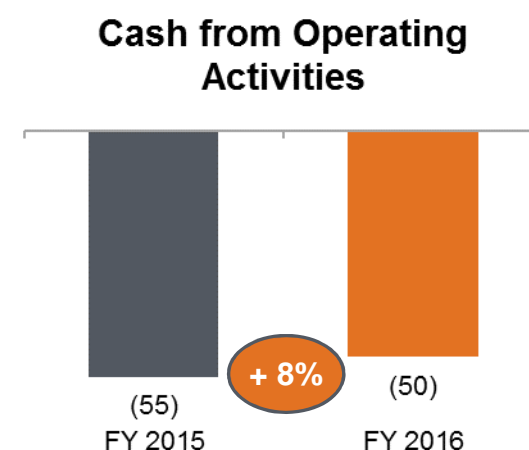
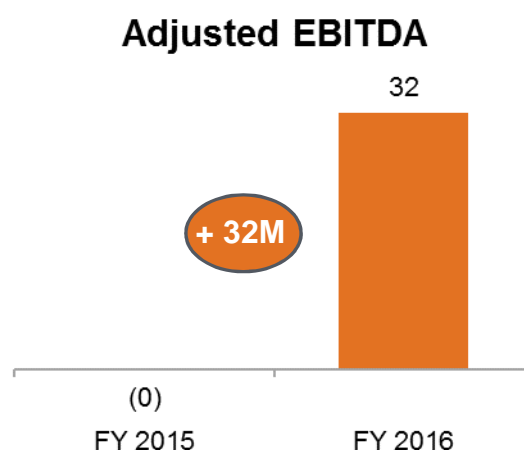
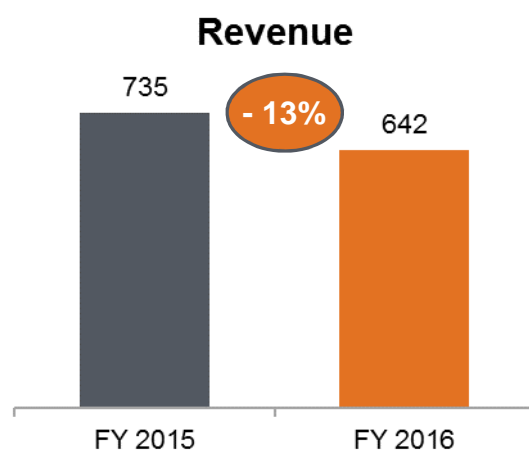
- **Continual Improvement**

- Focus on significant incident root cause analysis and corrective actions, supported by operations-centric incident reviews



**Improvement in lost time safety performance in FY 2016 and no fatalities**

# Productivity & cost controls are improving results



**Significant improvement in EBITDA and cash despite revenue decline**



# Q1 2017 Update



## Consolidated Results

(US \$M) Total Company	3 Months Ended		% Change Fav/(Unfav)
	31-Mar-17	31-Mar-16	
Revenue	164	142	15%
Statutory EBITDA	(4)	(12)	64%
Adjusted EBITDA	9	(6)	NMF
Statutory Net Profit After Tax	(47)	(61)	23%
Adjusted Net Profit After Tax	(34)	(55)	38%
Net Cash Flows Used in Operating Activities	(39)	(50)	21%
Net Debt	726	640	-14%
SG&A	27	27	-2%
Number of Employees	4,444	4,611	4%

## Divisional Results

Global Drilling Services	3 Months Ended		% Change Fav/(Unfav)
	31-Mar-17	31-Mar-16	
Revenue	107	97	10%
Statutory EBITDA	10	2	450%
Average Number of Operating Drill Rigs	300	257	17%
Average Number of Drill Rigs *	738	911	-19%
Average Rig Utilisation	41%	28%	12%
Number of Employees	3,146	3,300	5%

## Global Products

Revenue	56	44	27%
Statutory EBITDA	6	2	220%
Average Backlog	22	15	46%
Number of Employees	974	974	0%

\* A number of drill rigs have been sold, scrapped or decommissioned since Q1 2016.

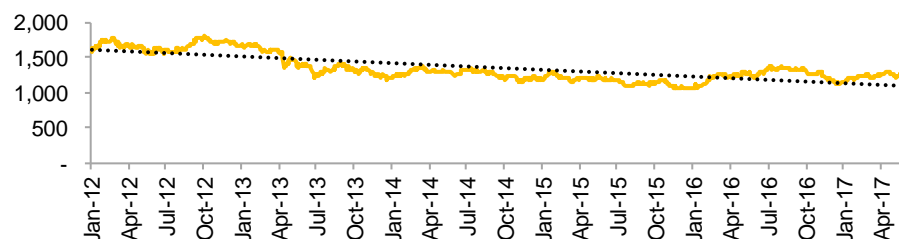
- Q1 2017 revenue up 15%
- Revenue increase primarily driven by increased volumes
- Excellent flow-through on margins – EBITDA up 64%
- Cash used in operations improved by \$11M or 21%
- Improvements in profitability and cash driven by strict cost control and productivity initiatives

# Positive signs in recent commodity trends...

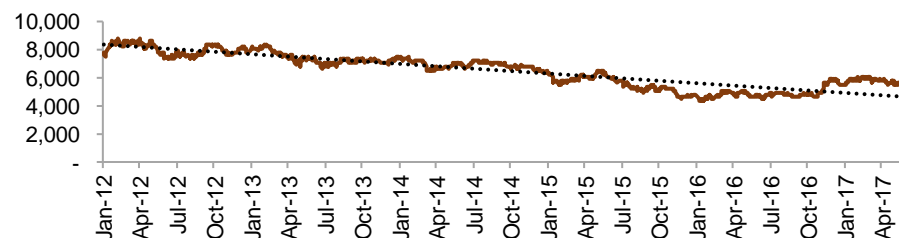


## Long-Term Commodity Trends

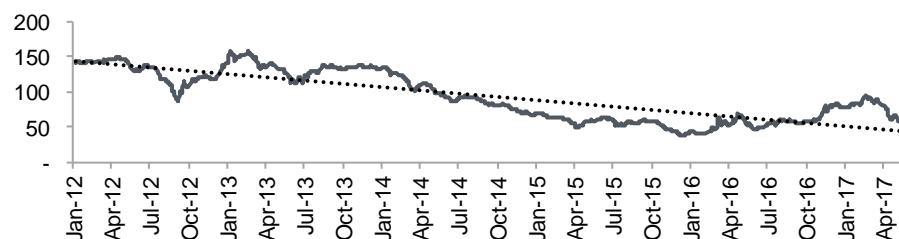
Gold (\$/oz.)



Copper (\$/MT)

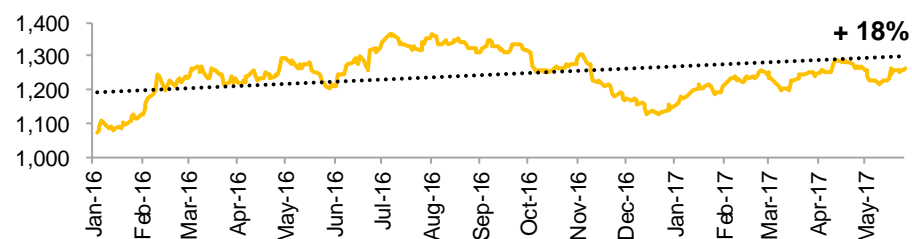


Iron Ore (\$/MT)

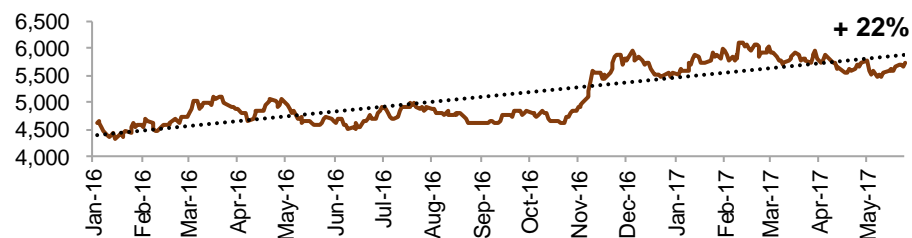


## Recent Commodity Trends (since Jan-16)

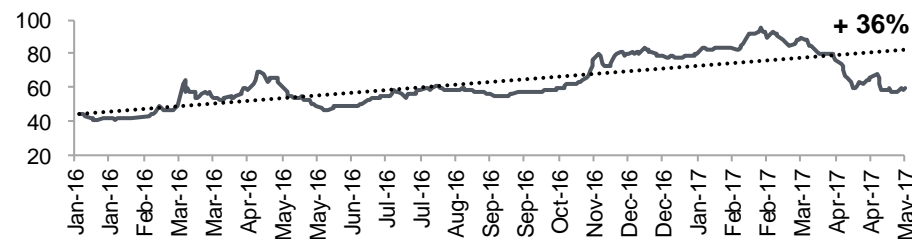
Gold (\$/oz.)



Copper (\$/MT)



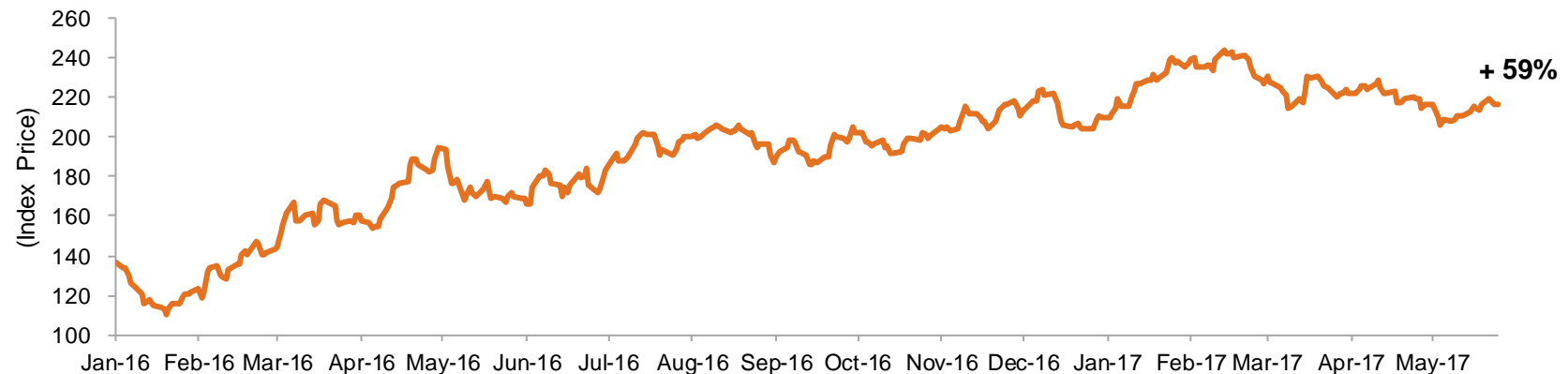
Iron Ore (\$/MT)



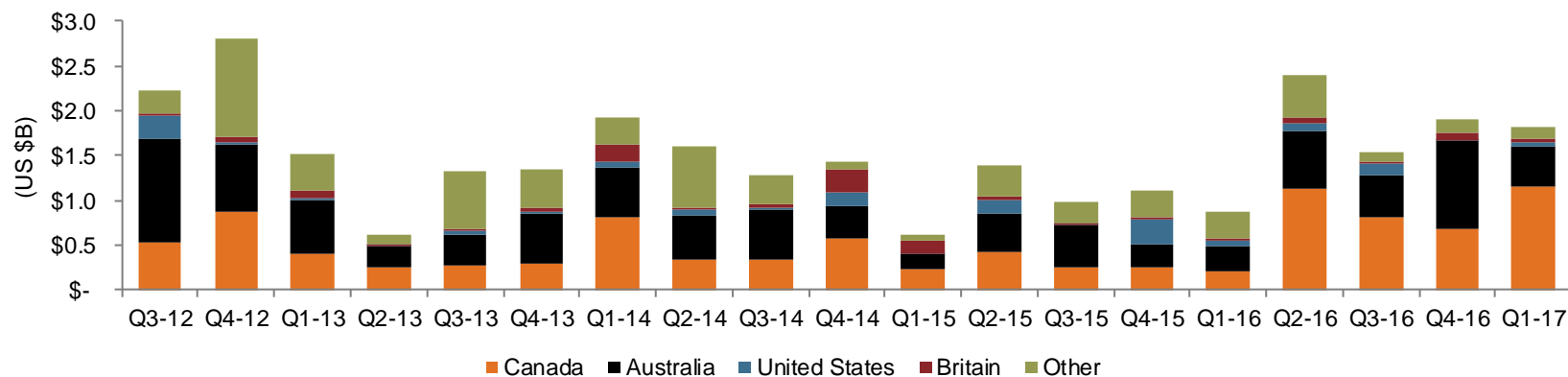
...as well as positive movements in mining equities and junior equity raisings



### MSCI World Metals & Mining Index



### Equity Raisings by Junior Miners (Q3 2012 - Q1 2017)



Note: "Juniors" defined as mining companies with a market cap of less than \$500M

# We remain committed to our Strategic Priorities



## ➤ **Safety**

- Continue to be an industry leader

## ➤ **Operations**

- Continue to improve on the productivity gains we have made in the last year

## ➤ **Technology**

- Focused on acquiring data from our drill holes and delivering to customers in a faster, lower-cost and user-friendly format

## ➤ **Cash / Debt**

- Continued improvements in our operating performance combined with better volumes from an improving market to achieve our goal of being cash positive in 2017 (net of restructuring costs)
- Improve capital structure in a way that balances the interests of all stakeholders





*LFTM160 Surface Coring Rig w/ Freedom™ Loader*

**Recapitalisation Update**  
**Marcus Randolph**



# Capital Structure Review



## ➤ Capital Structure Review

- Proposed recapitalisation is the outcome of a capital structure review that commenced in August 2016
- Primary objectives were to:
  - **Reduce Debt**
  - **Improve Liquidity**
  - **Extend Debt Maturities**
- Independent Non-Executive Directors led process with significant involvement by the full Board
- Independent Directors are all substantial shareholders – interests are aligned with non-associated shareholders

**The Independent Directors believe the recapitalisation is the best available and only executable option to maximise long term value to BLY and its stakeholders**

# Recapitalisation Summary



## ➤ Recapitalisation Summary

- BLY has reached an agreement with its key debt holders that will achieve the following:
  - **Reduce Debt**
    - \$196M (in principal) of existing 7% unsecured notes will be converted to equity (and warrants issued)
    - Remaining \$88M (in principal) of unsecured notes will be reinstated with interest rate of 1.5% payable-in-kind
  - **Improve Liquidity**
    - New \$75M fully backstopped Asset Backed Loan provides BLY w/ \$35M of additional debt capacity
    - Until December 2018, interest on all debt facilities (excluding ABL) may be paid-in-kind rather than in cash. Thereafter, interest on the 10% secured notes will be paid in cash.
    - Paid-in-kind interest on Term Loans A and B will be reduced from 12% to 10% through 2018 and to 8% thereafter
  - **Extend Debt Maturities**
    - Maturities on existing debt (Term Loans, 10% notes & 7% notes) will be extended to Dec 2022
- Key features for shareholders include:
  - Share purchase plan offers eligible shareholders the opportunity to purchase up to A\$5,000 worth of shares at a price of A\$.02 per share (up to max of A\$9M)
  - Shareholders (other than Centerbridge) will have the opportunity to purchase ordinary warrants
  - BLY will take steps to re-domicile unless BLY and its supporting creditors determine that it is not in the best interest of the Company

**If the recapitalisation is not implemented, there is a significant and present risk that Boart Longyear would be placed in external administration**

# Independent Expert's Report – Fair and Reasonable



## ➤ Independent Expert's Report

- Key factors supporting the Independent Expert's conclusion that the recapitalisation is fair and reasonable:
  - Represents the “most superior option” currently available to non-associated shareholders
  - Provides Boart Longyear with an improved liquidity position
  - Exchanges the current debt maturity profile for a longer dated maturity profile combined with a harmonisation of covenants
  - Concludes the capital structure review providing certainty to non-associated shareholders

**The Independent Expert has concluded that the recapitalisation is fair and reasonable to non-associated shareholders**



# Benefits of the Recapitalisation to BLY



## Boart Longyear gains additional liquidity, maturity extensions & deleveraging

### Additional Liquidity (US \$M)

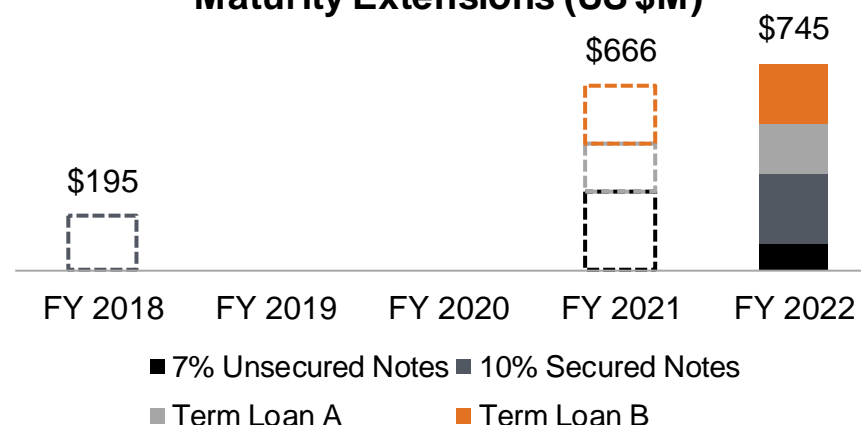
\$163



Additional Liquidity

- Cash Interest Saved on 7% Notes (4.5 Years)
- Cash Interest Saved on 10% Notes (2 Years)
- Additional ABL Capacity

### Maturity Extensions (US \$M)



- 7% Unsecured Notes
- 10% Secured Notes
- Term Loan A
- Term Loan B

### Deleveraging (US \$M)

	Current Claim Amount	Transaction Changes	Pro Forma Claim Amount
7% Unsecured Notes <sup>1</sup>	289	(201)	88
10% Secured Notes <sup>1</sup>	200		200
Term Loan A <sup>2</sup>	110		110
Term Loan B <sup>2</sup>	133		133
<b>Total Debt<sup>3</sup></b>	<b>\$733</b>	<b>(\$201)</b>	<b>\$532</b>

# Implementation Timetable



## Remaining Key Milestones

- Shareholder meeting and vote
- Second court hearing for schemes
- SPP offer period opens
- Completion date / implementation of the schemes (shares, warrants and new debt issued)
- SPP offer period closes

## Projected Completion Date

June 13

July 4

July 7

July 12

July 21

May 2017

S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

Shareholder Meeting & Vote

Scheme Effective /  
Implementation

June 2017

S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

Second Court Hearing for  
Schemes

SPP Offer Period Closes

July 2017

S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

SPP Offer Period Opens

Holiday

# Conclusion



- **Our underlying business is solid and our data services business opens up exciting new opportunities for us – but debt relief is essential**
- **The recapitalisation provides \$163 million of additional liquidity, reduces debt by \$201 million (about 27%) and extends maturities until 2022**
- **Because of this, the percentage of shares held by parties other than Centerbridge, Ares, Ascribe and other current unsecured bondholders will decrease from about 35% to 2%**
- **Directors, who are also significant shareholders, unanimously support the recapitalisation**
- **There are no other offers and without the recapitalisation, insolvency is likely**

# Current Proxy Results



Resolution	Description	Lodged For	% For	Lodged Open	% Open	Lodged Against	% Against	Total Shares Lodged	% of Issued Capital
1	Election of Conor Tochilin	611,630,218	98%	12,676,630	2%	2,680,655	0%	626,987,503	66.1%
2	Re-Election of Peter Day	608,969,362	97%	12,282,827	2%	4,041,251	1%	625,293,440	65.9%
3	Re-Election of Rex McLennan	611,683,862	98%	12,292,827	2%	3,127,257	1%	627,103,946	66.1%
4	Remuneration Report	567,554,632	93%	12,401,706	2%	32,241,292	5%	612,197,630	64.5%
5	Issue of Shares Under the SPP	602,024,621	96%	12,092,723	2%	13,889,052	2%	628,006,396	66.2%
6	Acquisition of Shares by Centerbridge	137,317,685	85%	12,381,127	8%	12,449,158	8%	162,147,970	17.1%
7	Acquisition of Shares by Ares	592,280,221	96%	12,380,627	2%	12,398,143	2%	617,058,991	65.0%
8	Acquisition of Shares by Ascribe	592,281,721	96%	12,381,127	2%	12,397,643	2%	617,060,491	65.0%
9	Issue of Shares & Warrants to Holders of 7% Unsecured Notes	590,596,885	96%	12,379,699	2%	12,829,785	2%	615,806,369	64.9%
10	Issue of Ordinary Warrants to Shareholders (Other than CB)	579,186,893	96%	12,366,314	2%	12,478,475	2%	604,031,682	63.7%
11	Issue of Ordinary Warrants to Directors who are Shareholders	583,306,900	95%	12,343,186	2%	16,796,006	3%	612,446,092	64.6%
12	Election of Matthew Sheahan	611,805,841	98%	12,700,687	2%	2,734,152	0%	627,240,680	66.1%
13	Election of Lawrence First	602,657,174	97%	12,700,687	2%	2,901,342	0%	618,259,203	65.2%
14	Election of Jason Ireland	611,957,589	98%	12,428,187	2%	2,896,275	0%	627,282,051	66.1%
15	Election of Robert Smith	609,893,689	97%	12,428,187	2%	4,960,175	1%	627,282,051	66.1%
16	Election of Richard Wallman	25,873,821	59%	12,979,569	30%	4,830,235	11%	43,683,625	4.6%
17	Election of Kyle Cruz	609,221,811	97%	13,112,455	2%	4,947,785	1%	627,282,051	66.1%

**Broad shareholder support for all resolutions**