



Boart Longyear Limited
ABN 49 123 052 728

26 Butler Boulevard, Burbridge Business Park
Adelaide Airport
South Australia 5950, Australia
Tel: +61 8 8375 8375 • Fax: +61 8 8375 8498
www.boartlongyear.com

17 November 2016

Boart Longyear Announces Third Quarter 2016 Results

Boart Longyear Limited (**ASX:BLY**), the world's leading supplier of drilling services, equipment and tooling for mining and drilling companies, today announces results for the third quarter ended 30 September 2016. All results are unaudited and are referenced in US dollars.

Jeff Olsen, Boart Longyear's CEO, commented on the results, saying, "The third quarter of 2016 was yet another challenging quarter for the resources sector, and exploration levels remain low overall. Despite those challenges, we continue to make progress in our productivity and cost cutting initiatives, and this is evident when comparing our third quarter 2016 results to third quarter 2015. While revenues were down \$12 million from the same period last year, EBITDA was up \$15 million and net profit after tax improved by \$27 million. Net cash generated in operating activities was \$17 million in third quarter 2016 compared to \$2 million in third quarter 2015. Key drivers in our margin and cash improvements were careful cost control and a significant improvement in drilling performance as a result of our productivity initiative started in August 2015.

"We are cautiously optimistic about some of the leading indicators that we follow. Gold, which represents over half of our revenues, is up substantially since the beginning of the year. We've also seen an increase in equity raisings by junior mining companies in the second and third quarters of 2016.

"As stated in our half-year results, our objective is to be cash positive in 2017 through continued improvements in operating performance combined with modestly better volumes from an improving market. In addition, we will continue to focus on at-site drilling technologies and leading our industry in safety performance."

KEY PERFORMANCE INDICATORS FOR Q3 2016 (compared to Q3 2015)

NEGATIVE FACTORS:

- **REVENUE – Down \$12M (6%) driven by lower volume and unfavourable currency translations**
- **PRICING – Down 1% in Drilling Services, relatively flat in Products**
- **NET DEBT – Up 22% from 30 September 2015**

POSITIVE FACTORS:

- **EBITDA – Up \$15M driven by improved productivity and lower costs**
- **CASH FROM OPERATING ACTIVITIES – \$17M generated in Q3 2016 (\$15M improvement)**
- **ADJUSTED COGS – Down \$17M (10%) driven by productivity initiative started in 2H 2015**
- **ADJUSTED SG&A – Down \$3M (9%) driven by continued discipline around operating costs**
- **NET PROFIT AFTER TAX – Up \$27M (50%)**

COMPARATIVE RESULTS

| (US \$M) | Consolidated Results | | | | | |
|---|-----------------------------|------------------|-----------------------------|-----------------------|------------------|-----------------------------|
| | 3 Months Ended | | % Change Fav/(Unfav) | 9 Months Ended | | % Change Fav/(Unfav) |
| | 30-Sep-16 | 30-Sep-15 | | 30-Sep-16 | 30-Sep-15 | |
| Total Company | | | | | | |
| Revenue | 175 | 187 | -6% | 486 | 574 | -15% |
| Statutory EBITDA | 14 | (1) | NMF | 17 | (40) | NMF |
| Adjusted EBITDA | 17 | 3 | 456% | 31 | 5 | 537% |
| Statutory Net Profit After Tax | (26) | (53) | 50% | (100) | (205) | 52% |
| Adjusted Net Profit After Tax | (23) | (49) | 53% | (86) | (161) | 47% |
| Net Cash Generated / (Used) in Operating Activities | 17 | 2 | 725% | (56) | (83) | 33% |
| Net Debt | 674 | 555 | -22% | | | |
| Adjusted SG&A | 28 | 31 | 9% | 84 | 94 | 11% |
| Number of Employees | 4,626 | 5,089 | 9% | | | |

| | Divisional Results | | | | | |
|--|---------------------------|------------------|-----------------------------|-----------------------|------------------|-----------------------------|
| | 3 Months Ended | | % Change Fav/(Unfav) | 9 Months Ended | | % Change Fav/(Unfav) |
| | 30-Sep-16 | 30-Sep-15 | | 30-Sep-16 | 30-Sep-15 | |
| Global Drilling Services | | | | | | |
| Revenue | 124 | 135 | -9% | 343 | 417 | -18% |
| Statutory EBITDA | 20 | 16 | 25% | 43 | 38 | 14% |
| Average Number of Operating Drill Rigs | 310 | 339 | -9% | 289 | 340 | -15% |
| Average Number of Drill Rigs | 878 | 917 | -4% | 893 | 925 | -3% |
| Average Rig Utilisation | 35% | 37% | -2% | 32% | 37% | -4% |
| Number of Employees * | 3,307 | 3,420 | 3% | | | |
| Global Products | | | | | | |
| Revenue | 51 | 51 | 0% | 142 | 158 | -10% |
| Statutory EBITDA | 5 | 3 | 54% | 11 | 10 | 8% |
| Average Backlog | 13 | 17 | -23% | 13 | 18 | -28% |
| Number of Employees * | 988 | 1,314 | 25% | | | |

* ~300 employees were reclassified from Products to Drilling Services in 1H 2016

OTHER COMMENTARY

Significant items for the third quarter of 2016 totalled \$3 million, compared to \$4 million recorded in the corresponding period in 2015. These items primarily included employee and related costs as well as other restructuring costs.

Net working capital increased from 31 December 2015 levels, primarily due to higher receivables related to increasing revenues compared to year-end (normal seasonality) and lower payables on reduced spending. The Company typically sees a net working capital build during the first half of the year and into the third quarter followed by a net working capital release in the fourth quarter.



Boart Longyear Limited
ABN 49 123 052 728

26 Butler Boulevard, Burbridge Business Park
Adelaide Airport
South Australia 5950, Australia
Tel: +61 8 8375 8375 • Fax: +61 8 8375 8498
www.boartlongyear.com

REVIEW OF RESTRUCTURING ALTERNATIVES

The Company remains subject to the liquidity and indebtedness risks reported in its half-year financial report, which give rise to material uncertainty. Consequently, it continues to actively work with its financial partners to address its capital structure. Liquidity at 30 September 2016 was \$59 million, comprised of cash balances totalling \$53 million and a further \$6 million of availability under the Company's asset-based loan facility. The Company will provide further updates to the market concerning the status of the restructuring process when important developments occur.

STRATEGIC PRIORITIES

Technology and product innovation remain strategic priorities for the Company's future growth, supported by disciplined and prudent control over capital expenditures. The Company recently launched its new LF™160 surface coring rig and Freedom loader, a hands free rod handling solution. The Company was also recently awarded a licensing agreement for the Wireless Sub, a technology that monitors and optimises diamond drilling, from the Deep Exploration Technologies Cooperative Research Centre in Australia. This product is part of the Company's strategy to become the global technology leader in providing subsurface resource information to mining companies through its Geological Data Services business.

The Company also remains focused on creating key partnerships to expedite the expansion of new technologies. As announced in September, the government of Ontario has awarded Boart Longyear C\$1.37 million to support the development of a mineral exploration drilling test site and drilling systems technology.

With its industry-leading safety record, unparalleled operating performance, and the latest in drilling technology, coupled with the improvements made to its cost structure and productivity, Boart Longyear is uniquely positioned to realise significant operating 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

Boart Longyear is a leading global supplier of drilling services, drilling equipment and performance tooling. It also has a substantial presence in aftermarket parts and service, energy, mine dewatering, oil sands exploration, and production drilling.



Boart Longyear Limited
ABN 49 123 052 728

26 Butler Boulevard, Burbridge Business Park
Adelaide Airport
South Australia 5950, Australia
Tel: +61 8 8375 8375 • Fax: +61 8 8375 8498
www.boartlongyear.com

The Global Drilling Services division operates in 30 countries 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, and aftermarket parts and services to customers in over 100 countries.

Boart Longyear is headquartered in Salt Lake City, Utah, USA, and listed on the Australian Securities Exchange in Sydney, Australia. More information about Boart Longyear can be found at www.boartlongyear.com. To get Boart Longyear news direct, visit <http://www.boartlongyear.com/rssfeed>.

Investor Relations:

Nate Stubbs

Director, Investor Relations

Australia: +61 8 8375 8300

USA: +1 801 952 8343

ir@boartlongyear.com

Media:

Michael Weir

Citadel-MAGNUS

Australia: +61 8 6160 4903

Mobile: +61 402 347 032

mweir@citadelmagnus.com