

ASX ANNOUNCEMENT (ASX:BLY)

29 April 2021

ASX Markets Announcement Office
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000**BY ELECTRONIC LODGEMENT****2021 First Quarter Appendix 4C**Please find attached for release to the market, Boart Longyear Limited's *2021 First Quarter Appendix 4C***Authorised for lodgement by:**Nora Pincus,
Company Secretary**About Boart Longyear**

Established in 1890, Boart Longyear is in its 131st year as the world's leading provider of drilling services, orebody-data-collection technology, and innovative, safe and productivity-driven drilling equipment. With its main focus in mining and exploration activities spanning a wide range of commodities, including copper, gold, nickel, zinc, uranium, and other metals and minerals, the company also holds a substantial presence in the energy, oil sands exploration, and environmental sectors.

The Global Drilling Services division operates for a diverse mining customer base with drilling methods including diamond coring exploration, reverse circulation, large diameter rotary, mine dewatering, water supply drilling, pump services, production, and sonic drilling services.

The Geological Data Services division utilises innovative scanning technology and down-hole instrumentation tools to capture detailed geological data from drilled core and chip samples. This valuable orebody knowledge gives mining companies the ability to make timely decisions for more efficient exploration activities.

The Global Products division offers sophisticated research and development and holds hundreds of patented designs to manufacture, market, and service reliable drill rigs, innovative drill string products, rugged performance tooling, durable drilling consumables, and quality parts for customers worldwide.

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](#).

Investor Relations:**Matthew Broomfield**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

29 April 2021

Boart Longyear announces first quarter 2021 results & statement covering strategic review

Boart Longyear Limited (**ASX: BLY**) – [Boart Longyear](http://www.boartlongyear.com), the world's leading provider of drilling services and a pioneer in innovative drilling equipment and performance tooling, announces results for the first quarter ended 31 March 2021. All results are referenced in US dollars.

Jeff Olsen, Boart Longyear's CEO, commented on the Company's results, stating, "The first quarter was strong for the Company with this level of exploration & mining activity last experienced before 2014. The Company saw continued reinvestment into our sector with major mining houses flagging increased exploration spend and junior and intermediate miners now accessing capital through equity raisings, allowing them to explore for tomorrow's resources. We anticipate activity levels will continue to increase through 2021 as mining houses look to recover lost ground and implement investment spending to return reserve levels closer to historic levels.

At the same Mr Olsen noted, "The Company remains committed to improving its capital structure through the strategic review process that was previously announced (7 Jan 2021). The capital structure, that includes debt of \$870M, is unsustainable for a company of our size, and is inhibiting growth. The Company anticipates the process, if successful, is likely to involve existing lenders converting all or part of their debt to equity, which could be highly dilutive to existing shareholders. The company will provide updates to the market as soon as we have a material update to share."

KEY METRICS FOR YEAR THROUGH 31 MARCH 2021 (Compared to 31 MARCH 2020)

- **REVENUE – \$209M – Up \$38M (22%)** with improving market conditions, the Company's fleet was mobilised earlier than prior years along with increasing demand for products and services
- **ADJUSTED EBITDA – \$26M – Up \$17M (189%)**, driven largely by increased demand for our products and services, along with ongoing cost management and productivity improvements
- **NET PROFIT AFTER TAX – (\$10M) – Improvement of \$15M** was supported by underlying operational activity
- **NET DEBT - \$869M – Increase of \$75M** from 2020 interest converting to debt (PIK)
- **NET CASH FLOWS FROM OPERATING ACTIVITIES – \$10M – Improvement of \$5M** through improvement in operational profitability and net working capital improvement initiatives

COMPARATIVE RESULTS

(US \$M)	Consolidated Results		
	3 Months Ended		% Change Fav/(Unfav)
	31-Mar-21	31-Mar-20	
Total Company			
Revenue	209	171	22%
Statutory EBITDA	23	8	188%
Adjusted EBITDA	26	9	189%
Statutory Net Profit/(Loss) After Tax	(10)	(25)	60%
Net Cash Flows from Operating Activities	10	5	100%
Net Debt	869	794	9%

	Divisional Results		
	3 Months Ended		% Change Fav/(Unfav)
	31-Mar-21	31-Mar-20	
Global Drilling Services			
Revenue	141	117	21%
Statutory EBITDA	21	11	91%
Average Number of Operating Drill Rigs	285	260	10%
Average Number of Drill Rigs	638	689	(7%)
Average Rig Utilisation	45%	38%	7%

Global Products			
Revenue	68	54	26%
Statutory EBITDA	16	6	167%
Average Backlog	51	37	38%

RESULTS COMMENTARY

Revenues for the first quarter closed 22% higher compared to the prior year, representing the strongest first quarter since 2014. Resurgence in drilling activity is visible in the Company's operating trends. The impacts of COVID-19 on a global scale have now decreased; however, we continue to experience interruptions to our operations in some regions.

Adjusted EBITDA for the first quarter increased by \$17M year-over-year to \$26M, driven largely by the increasing demand for our products and services. Company-wide work to reduce operating costs and improve productivity also contributed to the improvement. With increasing utilisation, significant increases in steel pricing and challenges in hiring additional employees, the Company expects improved pricing to reflect supply fundamentals and rising costs.

The Company saw an improvement in cash from operations through the first quarter of \$5M (\$10M generated in March 2021 compared to \$5M in March 2020). The improvement in operating activities and ongoing initiatives to improve its net working capital position were the main contributors to improving cash flow. First quarter of each year is a seasonal cash investment period for the Company with upfront investment in working capital and capex to support the upcoming drilling season.

Liquidity on 31 March 2021 was \$44M, comprised of cash balances totalling \$27M and a further \$17M of availability under the Company's asset-based loan facility.

GLOBAL MINING AND EXPLORATION UPDATE

The outlook for the mining and exploration industries reflects current commodity pricing trends and increased investment into the sector that has been depressed for nearly 10 years. Recent market commentary suggests that the industry has now entered a significantly improved commodity cycle driven by the post-COVID-19 pandemic recovery, government stimulus initiatives and the anticipated impacts of environmental policies on demand and supply for metals.

During the first quarter several intermediate and junior mining houses entered the capital markets and obtained financing to fund their capital programmes. The first quarter witnessed global equity raisings that generated \$5.1B from ~453 raisings. March 2021 became the tenth consecutive month of metals and mining raisings greater than \$1B setting a record over previously reported periods.

Miners have under-invested in finding and developing new resources in recent years to improve their balance sheets. Recent investment in exploration activities has focused on extending existing assets and improving reserves and resources to meet future demand.

Over the long term, gold has accounted for approximately 40-50% of the global exploration activities with copper making up approximately 20-30% of the remaining base metal commodities. Historically, both copper and gold prices have held a strong correlation to exploration spend levels, both of which are currently on the rise. Gold miners have seen a reduction in reserve lives of greater than 30% as a result of focus on costs, and average indicated mine lives have fallen from highs of 14 years to 9 years. The base metals sector, of which copper is the dominant player, has analysts predicting insufficient supply over the next 5 years, even when factoring in the current project pipelines. Electric vehicles and green technologies will increasingly contribute to supply shortages.

STATEMENT COVERING COVID-19

Boart Longyear holds the health and safety of our employees and surrounding communities as a top priority. With concerns regarding the COVID-19 pandemic, the Company implemented its business continuity plan. The plan included measures required to protect the health and wellbeing of employees while ensuring ongoing operational sustainability; transitioning of corporate and regional offices staff to work from home; and ceasing all non-essential international and domestic travel. The Company is in constant communication with customers and employees to fine tune these plans to prevent the transmission of the virus. We continue to monitor information released by the World Health Organisation and governments where we operate and adjust our operating procedures to ensure we comply with government guidelines.

While the Company believes the worst of the impacts of COVID-19 on the business have been felt, there remains a level of uncertainty while humanity comes to grips with managing through this pandemic.

STATEMENT COVERING STRATEGIC REVIEW

The Company remains committed to improving its capital structure. The strategic review that the Company has previously announced is ongoing and we will provide an update to the market as soon as we have a material update to share.

Authorised for lodgement by:

Nora Pincus,
Company Secretary

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 in its 131st year as the world’s leading provider of drilling services, orebody-data-collection technology, and innovative, safe and productivity-driven drilling equipment. With its main focus in mining and exploration activities spanning a wide range of commodities, including copper, gold, nickel, zinc, uranium, and other metals and minerals, the company also holds a substantial presence in the energy, oil sands exploration, and environmental sectors.

The Global Drilling Services division operates for a diverse mining customer base with drilling methods including diamond coring exploration, reverse circulation, large diameter rotary, mine dewatering, water supply drilling, pump services, production, and sonic drilling services.

The Geological Data Services division utilises innovative scanning technology and down-hole instrumentation tools to capture detailed geological data from drilled core and chip samples. This valuable orebody knowledge gives mining companies the ability to make timely decisions for more efficient exploration activities.

The Global Products division offers sophisticated research and development and holds hundreds of patented designs to manufacture, market, and service reliable drill rigs, innovative drill string products, rugged performance tooling, durable drilling consumables, and quality parts for customers worldwide.

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](#).

Investor Relations:**Matthew Broomfield**

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

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Boart Longyear Limited

ABN

49 123 052 728

Quarter ended ("current quarter")

31 March 2021

Consolidated statement of cash flows	Current quarter \$'000 USD	Year to date 3 months \$'000 USD
1. Cash flows from operating activities		
1.1 Receipts from customers	187,794	187,794
1.2 Payments for		
(a) research and development	(775)	(775)
(b) product manufacturing and operating costs	(150,785)	(150,785)
(c) advertising and marketing	(852)	(852)
(d) leased assets	(5,730)	(5,730)
(e) staff costs	(4,857)	(4,857)
(f) administration and corporate costs	(6,306)	(6,306)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	5	5
1.5 Interest and other costs of finance paid	(1,706)	(1,706)
1.6 Income taxes paid	(2,516)	(2,516)
1.7 Government grants and tax incentives	-	-
1.8 Other (Unrealized FX and restructuring charges)	(3,911)	(3,911)
1.9 Net cash from / (used in) operating activities	10,361	10,361
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(10,340)	(10,340)
(d) investments	-	-
(e) intellectual property	(1,870)	(1,870)

Consolidated statement of cash flows		Current quarter \$'000 USD	Year to date 3 months \$'000 USD
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	370	370
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(11,840)	(11,840)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	34,229	34,229
3.6	Repayment of borrowings	(29,084)	(29,084)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	5,145	5,145

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	23,513	23,513
4.2	Net cash from / (used in) operating activities (item 1.9 above)	10,361	10,361
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(11,840)	(11,840)

Consolidated statement of cash flows		Current quarter \$'000 USD	Year to date 3 months \$'000 USD
4.4	Net cash from / (used in) financing activities (item 3.10 above)	5,145	5,145
4.5	Effect of movement in exchange rates on cash held	(378)	(378)
4.6	Cash and cash equivalents at end of period	26,801	26,801

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$'000 USD	Previous quarter \$'000 USD
5.1	Bank balances	26,801	23,513
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	26,801	23,513

6.	Payments to related parties of the entity and their associates	Current quarter \$'000 USD
6.1	Aggregate amount of payments to related parties and their associates included in item 1	-
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$'000 USD	Amount drawn at quarter end \$'000 USD
7.1	Loan facilities	899,920	856,385
7.2	Credit standby arrangements	-	5,966
7.3	Other (ABL Facility Block, "Springing Dominion" and Borrowing Base Availability Adjustment)	-	20,807
7.4	Total financing facilities	899,920	883,158
7.5	Unused financing facilities available at quarter end		16,762
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
	See schedule 7.6 for information about each facility.		
	Items outlined as drawn under 7.2 & 7.3 reduce the amount that can be drawn under facilities listed in 7.1 (ABL).		

8.	Estimated cash available for future operating activities	\$'000 USD
8.1	Net cash from / (used in) operating activities (item 1.9)	10,361
8.2	Cash and cash equivalents at quarter end (item 4.6)	26,801
8.3	Unused finance facilities available at quarter end (item 7.5)	16,762
8.4	Total available funding (item 8.2 + item 8.3)	43,563
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A
	<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
	8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer:	
	8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer:	

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 29 April 2021



Authorised by: Nora Pincus, Company Secretary

Schedule 7.6

Description	Principal Outstanding as at 31 March 2021 (millions)	Accreted Interest as at 31 March 2021 (millions)	Debt Modification / Applicable Premium ⁽¹⁰⁾ (millions)	Interest Rate	Scheduled Maturity	Total Facility Amount as at March 31, 2021 (millions)	Amount drawn as at March 31, 2021 (millions)	Lender	Security
Senior Secured Notes (CUSIP: 09664PAJ1bod)	\$216.4	\$62.3	\$42.9	Variable ²	Dec-22	\$321.6	\$321.6	Public Debt	Secured
Senior Secured Notes (CUSIP: 09664PAE2)	\$0.6	Nil	Nil	10% ⁹	Dec-22	\$0.6	\$0.6	Public Debt	Secured
Term Loan – Tranche B ⁷	\$159.8	\$31.7	Nil	8% ³	Dec-22	\$191.5	\$191.5	Centerbridge	Secured
ABL ^{1,8}	\$31.4	Nil	Nil	Variable ⁴	Jul-22	\$75.0	\$31.4	PNC Bank	Secured
Term Loan – Tranche A ⁷	\$132.6	\$26.3	Nil	8% ³	Dec-22	\$158.9	\$158.9	Centerbridge	Secured
Backstop ABL ⁸	\$45.0	\$13.6	Nil	11% ⁵	Oct-22 ⁵	\$58.6	\$58.6	Consortium	Secured
Senior Unsecured Notes	\$88.9	\$4.9	Nil	1.5% ⁶	Dec-22	\$93.8	\$93.8	Public Debt	Unsecured

- (1) Letters of credit of \$5.97 million were issued in addition to the \$31.4 million borrowings that were outstanding.
- (2) Interest was payment-in-kind from 1 January 2020 to 30 June 2020 at an interest rate of 12%. Interest was payment-in-kind from 1 July 2020 to 31 December 2020 at an interest rate of 14.5%. Interest in cash at a reduced interest rate of 10% per annum from 1 January 2021. The effective interest rate on a go-forward basis is 14.4%. Refer to Note 21 of Boart Longyear Limited's ("BLY's") Annual Financial Report for the year ended 31 December 2020 for additional information.
- (3) Interest is 8% payment-in-kind.
- (4) Based on LIBOR + margin (grid-based margin is currently 3.25%).
- (5) Interest is payment-in-kind at 11% at the Company's election or 10% cash. Maturity Date is October 2022 or 90 days after the ABL due date.
- (6) Interest is 1.5% payment-in-kind at the Company's election until maturity.
- (7) The secured amounts under Term Loan A and Term Loan B are capped at the base principal amounts as agreed in the recapitalisation 2017 amendments.
- (8) In July 2019, the Company amended terms to provide the Company additional liquidity and extend maturities from July 2020 to July 2022 and from October 2020 to October 2022 for the ABL and Backstop facilities, respectively. See Note 21 of BLY's Annual Financial Report for the year ended 31 December 2020 for more information.
- (9) Interest in cash at an interest rate of 10% per annum.
- (10) Refer to Note 21 of BLY's Annual Financial Report for the year ended 31 December 2020 for information on the debt modification and applicable premium.