

ASX ANNOUNCEMENT (ASX:BLY)

27 December 2023

BOART LONGYEAR ENTERS INTO ARRANGEMENT AGREEMENT WITH AMERICAN INDUSTRIAL PARTNERS CAPITAL FUND VIII FOR TAKE-PRIVATE TRANSACTION**Highlights** *(All dollar figures in US dollars unless otherwise stated)*

- Boart Longyear Group Ltd. (**Boart Longyear** or the **Company**) has entered into a binding arrangement agreement (**Arrangement Agreement**) with an affiliate of American Industrial Partners Capital Fund VIII, L.P. (**AcquireCo**) under which AcquireCo will acquire all of the issued and outstanding common shares of the Company pursuant to a court approved plan of arrangement (**Transaction**).
- The consideration payable under the Transaction implies an equity value for the Company of approximately US\$371 million¹ as at 22 December 2023. The consideration of US\$1.9554 in cash per Company common share payable to Company shareholders other than Ascribe and Centerbridge² represents a significant premium of:
 - 64% to the closing price of Company CDIs on ASX of A\$1.75 on 22 December 2023, being the last trading day immediately before announcement of the Transaction³; and
 - 96% to the 30-day VWAP of A\$1.46 per Company CDI up to and including the last trading day immediately before announcement of the Transaction⁴.
- Boart Longyear's Board of Directors unanimously recommends that the Company's shareholders vote in favour of the Transaction.
- Each of the Company's five largest shareholders, Centerbridge, Ascribe, First Pacific, Corre and Nut Tree, who in aggregate hold beneficial interests in 98.86% of the Company's common shares, have entered into irrevocable voting and support agreements with AcquireCo pursuant to which they have agreed to vote all of their respective Company shares in favour of the Transaction and against any alternative transaction.

¹ Based on 295,920,414 common shares on issue plus the aggregate amount payable to holders of the Company's warrants on cancellation of the warrants in accordance with their terms on a change of control of Boart Longyear occurring under the Transaction.

² Ascribe and Centerbridge will each receive US\$1.2351 in cash per Company common share. Current shareholders First Pacific, Corre and Nut Tree will be exchanging the majority of their Company shares for shares in AcquireCo (or a holding entity of AcquireCo). The cash consideration that is received by Centerbridge, Ascribe, First Pacific, Corre and Nut Tree is subject to adjustments to reduce that cash consideration for certain transaction costs incurred by the Corporation in connection with the Transaction.

³ Based on US\$/A\$ exchange rate on 22 December 2023 of US\$1/A\$1.4666

⁴ Based on US\$/A\$ exchange rate on 22 December 2023 of US\$1/A\$1.4666

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ASX ANNOUNCEMENT (ASX:BLY)**Transaction summary**

Boart Longyear Group Ltd. (ASX:BLY) announces that it has entered into a binding arrangement agreement with a wholly owned subsidiary of American Industrial Partners Fund VIII, L.P. under which AcquireCo will acquire all of the issued and outstanding common shares of the Company pursuant to an Ontario court approved plan of arrangement.

If the Transaction is implemented:

- Ascribe II Investments LLC and related entities (who currently hold beneficial interests in 14.83% of the Company's common shares) (**Ascribe**) and entities managed by Centerbridge Partners, L.P. (which currently hold beneficial interests in 45.45% of the Company's common shares) (**Centerbridge**) will receive US\$1.2351⁵ in cash per Company common share;
- First Pacific Advisors, L.P. and related entities (who currently hold beneficial interests in 15.58% of the Company's common shares) (**First Pacific**), Corre Partners Management, LLC and related entities (who currently hold beneficial interests in 14.26% of the Company's common shares) (**Corre**) and Nut Tree Capital Management, LP and related entities (who currently hold beneficial interests in 8.74% of the Company's common shares) (**Nut Tree**) will exchange the majority of each of their respective Company common shares for shares in AcquireCo (or a holding entity of AcquireCo) so that they will hold in aggregate an interest in approximately 33% of AcquireCo's shares immediately post completion of the Transaction, and will receive US\$1.9554⁶ in cash per Company common share for the remainder of their Company common shares (First Pacific, Corre and Nut Tree, together are the **Rollover Shareholders**); and
- All other Company shareholders will receive US\$1.9554 in cash per Company common share.

Board recommendation

After consultation with its outside financial and legal advisers, the Board of Directors of the Company unanimously approved entering into the Arrangement Agreement. The Board of the Company unanimously recommends that the Company's shareholders vote in favour of the Transaction at the shareholder meeting to approve the Transaction.

The Company's directors and officers have entered into voting and support agreements pursuant to which they have agreed to vote their respective Company common shares in favour of the Transaction.

⁵ The cash consideration that is received by Centerbridge and Ascribe is subject to adjustments to reduce that cash consideration for certain transaction costs incurred by the Corporation in connection with the Transaction.

⁶ The cash consideration that is received by First Pacific, Corre and Nut Tree is subject to adjustments to reduce that cash consideration for certain transaction costs incurred by the Corporation in connection with the Transaction.

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Major Shareholder support

Each of the Company's five largest shareholders, Centerbridge, Ascribe, First Pacific, Corre and Nut Tree (**Major Shareholders**), who in aggregate hold beneficial interests in 98.86% of the Company's common shares, have entered into irrevocable voting and support agreements with AcquireCo pursuant to which they have agreed to vote all of their respective Company shares in favour of the Transaction and against any alternative transaction. The voting and support agreement also restrict the Major Shareholders from disposing of their Company shares, subject to certain limited exceptions.

Commenting on the proposed Transaction, the Company's President and CEO, Jeff Olsen, said:

"We believe this transaction provides the Company's shareholders with the opportunity to realise an attractive cash amount for their shares at a significant premium to the recent trading price. We also expect that our customers and employees will benefit from AIP's planned investment in our core business to drive sustainable growth and long-term value."

About American Industrial Partners

American Industrial Partners has deep roots in the industrial economy and currently manages over \$16 billion on behalf of its limited partners. AIP is distinctively focused on industrial businesses across a broad range of end-markets that include aerospace and defense, automotive, building products, capital goods, chemicals, industrial services, industrial technology, logistics, metals & mining, and transportation, among others. AIP seeks to generate differentiated returns by working with management teams to implement comprehensive Operating Agendas to improve profitability and build long-term value. Current AIP portfolio companies generate aggregate annual revenues in excess of \$28 billion and employ over 70,000 employees as of September 30, 2023.

Details of the Arrangement Agreement

The Transaction will be implemented by way of a court approved plan of arrangement under the *Business Corporations Act* (Ontario). The plan of arrangement will require the approval of (i) at least 66 2/3% of the votes cast by the Company's shareholders at the special meeting of the Company shareholders held to consider the Transaction (**Special Meeting**) and (ii) a simple majority of the votes cast by the Company's shareholders at the Special Meeting (other than the Rollover Shareholders).

In addition to shareholder approval, the Transaction is subject to certain other customary closing conditions, including:

- Approval of the Ontario Superior Court of Justice;
- Receipt of certain regulatory approvals and clearances required for the Transaction including Competition Act (Canada) clearance and expiration or early termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976;

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- Compliance in all material respects by the Company and AcquireCo with their respective obligations under the Arrangement Agreement and the accuracy of their respective representations and warranties, subject to certain negotiated materiality standards;
- No action or proceeding pending or threatened by any governmental entity that prohibits, or imposes any limitations on, AcquireCo's ability to acquire, hold, or exercise full rights of ownership over, any Company shares or which prevents or delays the consummation of the Transaction, or if the Transaction is consummated, would have a material adverse effect; and
- No material adverse effect in relation to the Company having occurred since the date of the Arrangement Agreement.

The Transaction is not subject to any financing or due diligence conditions.

The Arrangement Agreement contains customary deal protection provisions including non-solicitation covenants, notification obligations of the Company in respect of acquisition proposals received from other parties and a right for AcquireCo to match any Superior Proposal (as defined in the Arrangement Agreement). In addition, so long as the irrevocable voting and support agreements entered into by AcquireCo with the Major Shareholders are in force, the Company will be prohibited from responding to, or engaging with any party with respect to, any unsolicited acquisition proposal. The Arrangement Agreement also details circumstances under which the Company may be required to pay AcquireCo a termination fee of US\$10 million and AcquireCo may be required to pay the Company a reverse termination fee of US\$22.26 million.

Indicative timetable

Boart Longyear shareholders do not need to take any action at this time.

Subject to receipt of the interim order from the court, shareholders will be asked to approve the Transaction at a Special Meeting of the Company's shareholders expected to be held in February 2024. Full details of the Transaction, including the reasons for the Board's unanimous recommendation, will be provided to the Company's shareholders in an information circular to be sent to the Company's shareholders in the following weeks.

The Transaction is currently expected to be completed in the first quarter of 2024.

Substantial holding information

As part of its admission to the Official List of ASX, the Company undertook to ASX to inform the market on becoming aware, to the best of the Company's knowledge, of a person beginning to have a substantial holding (as that term is defined in the *Corporations Act 2001* (Cth) (**Corporations Act**)) in the Company, as if those provisions of the Corporations Act applied to the Company in the way they apply to an Australian entity.

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In accordance with the undertaking, the Company informs the market that it has become aware that an affiliate of AIPCF VIII Global Corp Holding LP, an affiliate of American Industrial Partners Capital Fund VIII, L.P. and AcquireCo (**AIP**) began to have what would be considered to be a substantial holding (as that term is defined in the Corporations Act) in the Company (if the relevant provisions of the Corporations Act were applicable to the Company) at the time of entry by AcquireCo into the irrevocable voting and support agreements with each of the Major Shareholders on 22 December 2023. To the best of the Company's knowledge, AIP would, for the purposes of the undertaking, be deemed to have voting power (as that term is defined in the Corporations Act) in 292,579,239 common shares in the Company (equal to 98.87% of the total issued common shares in the Company), being the aggregate number of common shares in which the Major Shareholders and Company directors and officers who have entered into voting and support agreements with AcquireCo hold beneficial interests. AIP is deemed to have this voting power for the purposes of the undertaking as a result of the voting and support agreements entered into between AcquireCo and each of the Major Shareholders and the Company directors and officers which contain certain restrictions on the Major Shareholders and Company directors and officers disposing of their Company common shares.

Advisors

Boart Longyear has appointed Goldman Sachs as exclusive financial advisor, Osler as Canadian legal advisor and Ashurst Australia as Australian legal advisor.

AIP has appointed Jefferies as financial advisor, Stikeman Elliott LLP as Canadian legal advisor, Ropes & Gray as U.S. legal advisor and Gilbert + Tobin as Australian legal advisor.

Authorised for lodgement by:

Board of Directors
Boart Longyear Group Ltd.

ASX ANNOUNCEMENT (ASX:BLY)**About Boart Longyear**

Established in 1890, Boart Longyear is in its 133rd year as the world's leading provider of drilling services, orebody-knowledge 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 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.

Veracio, a wholly owned Boart Longyear subsidiary, offers mining clients a range of solutions that improve, automate, and digitally transform their orebody sciences by championing a modern approach through a diverse product portfolio by fusing science and technology together with digital accessibility. Veracio leverages AI and advanced analytics to accelerate real-time decision making and significantly lower the cost of mineral exploration.

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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