

SWICK MINING SERVICES

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ASX ANNOUNCEMENT

SWICK - 1Q FY13 Operating Update

- ☐ **Record 1Q FY13 Revenue of \$38.0m (unaudited), full year guidance maintained**
- ☐ **Fleet utilisation at 83% at end of quarter (62 rigs in operation from fleet of 75)**
- ☐ **Additional three Swick mobile underground diamond drill rigs added to fleet and mobilised to work.**
- ☐ **New Swick mobile underground diamond drill rigs delivered and operating in field.**
- ☐ **Underground Diamond Drilling Trial awarded at Neves Corvo mine in Portugal.**

Western Australia – (October 18, 2012) – Swick Mining Services Limited (“Swick”, “the Company”; ASX: SWK) is pleased to provide an operating update for the first quarter of FY13.

Operations Update

First quarter unaudited revenue of \$38.0m was a record for the Company and in line with expectations. This represents a 9% increase on the prior corresponding period.

A total of 62 rigs from a fleet of 75 (including three client owned rigs) were operating in the field as of September 30, 2012 compared to 59 rigs in operation from a fleet of 67 (including three client owned rigs) a year ago. The Company has approved the associated capital expenditure for additional underground diamond drill rigs to increase the rig fleet to a total of 83 (including three client owned rigs) by 30 June, 2013.

Swick is still experiencing solid market demand for its services, in particular its market leading underground diamond drilling division, despite general negativity in the resource sector. The brownfield, operating mine focus of Swick has allowed the Company to increase utilisation over the last quarter. In addition, the tender pipeline for additional work is strong.

The Company has recently been awarded a six month rig trial at Neves Corvo, a world class Copper-Zinc mine in Portugal. The trial is planned to commence on site in January 2013 and is in advance of the opportunity to tender for the long term, multi rig contract around mid 2013. Neves Corvo is owned by Somincor, a subsidiary of Lundin Mining (TSX:LUN). Neves Corvo currently has six underground diamond drill rigs contracted at the site.

Safety and Training

The organisation has contracted a specialist Safety provider to assist Swick in reviewing and updating the safety management system with the aim of further improving the group safety performance. To that end, the Total Recordable Injury Frequency Rate (TRIFR) continued to decline (25% reduction over the last 12 months), despite the addition of a net number of 21 employees over the last quarter, which takes the total number of employees across the group including North America to 615 personnel.

The management team across the business will continue to champion and support the implementation of the revised safety management system over the coming months.

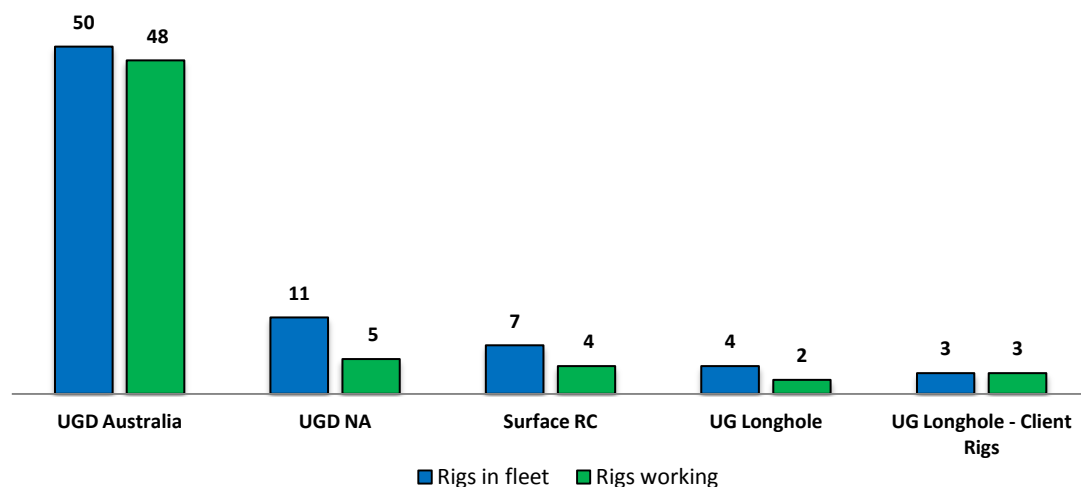
Fleet Utilisation and Monthly ARPOR

The total rig fleet grew by a net three underground diamond rigs during the quarter to a total of 75 drill rigs across all divisions.

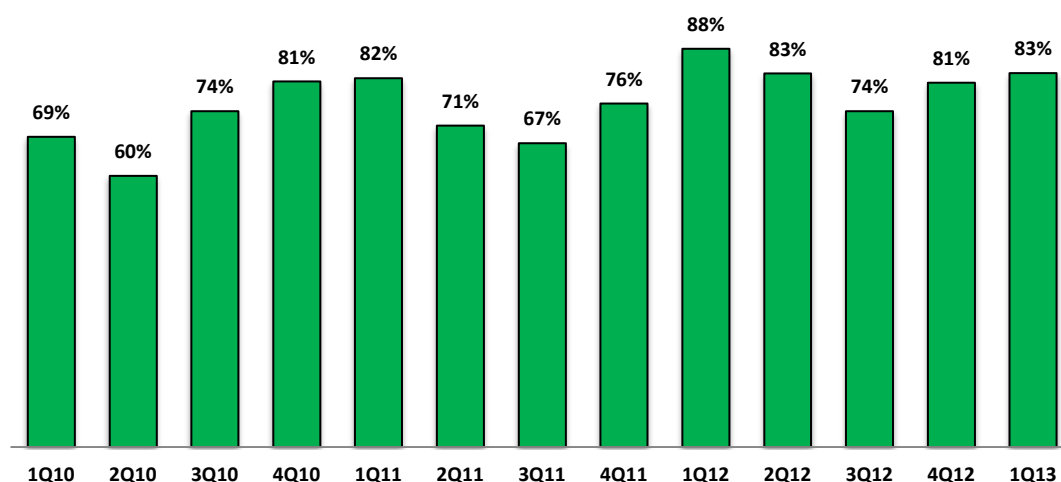
The Board has approved further underground diamond drill rig builds in advance of expected demand that will take the Company to a total forecast fleet of 83 by 1Q FY14. The capability of the latest in-house Swick built rigs is exceptional and further widens the technical advantage over the Company's competitors. Fabricating the components and assembling the drill rigs internally allows a lower capital cost than historically achieved despite the improved performance capability of the rig.

Current rig utilisation, both by division and overall, is shown below:

Fleet Utilisation as of 30 September 2012

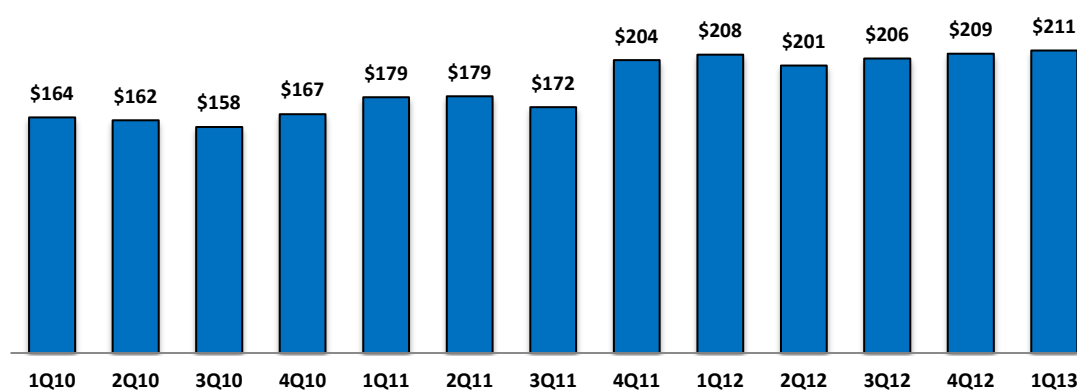


Fleet Utilisation %



The Company's monthly *Average Revenue per Operating Rig* (ARPOR) metric below has been maintained at record levels due to continued demand as well as improved contract rates and productivity.

Monthly ARPOR (\$'000)



Commentary

Swick's Managing Director, Mr. Kent Swick states; "The 2013 financial year has started strongly for the Company with continued demand for our services and a strong tender pipeline for additional work. The maiden European contract is an exciting opportunity for Swick to demonstrate the value of its market leading drilling services and equipment to a world class operation. Europe, including Scandinavia, provides a new and exciting frontier for the business to develop into."

“There have been a number of contract renewals during the quarter including Henty Gold Mine, Renison Tin Mine and Tritton Copper Mine. In addition, we are in advanced stages of finalising agreements on two new underground diamond drilling contracts in the Mt Isa region of Queensland.”

“On the 31st of August, 2012, Swick revealed its latest version of our underground diamond drilling rig at an industry event at our South Guildford workshops. This rig was the first of the Swick in-house builds where we have constructed the rig from bare steel from the ground up. The rigs are fitted with the latest Swick innovations including high flow water pumps, rod handling capability and are automation ready. The rod handling systems and automation are in the final stages of prototype testing and will be available as a retrofit to our existing fleet. The response from industry to our latest innovations was exceptional”

Mr. Swick commented; “It is very exciting as a Mechanical Engineer and a drilling industry professional to witness our teams’ in-house engineering capabilities at work and it is a rewarding period for our shareholders where we are able to independently produce the world’s leading underground diamond drilling rig for our own exclusive use and provide our Company with an ever widening competitive advantage”

About Swick Mining Services:

Swick Mining Services Ltd (ASX:SWK) is one of Australia’s largest mineral drilling contractors, providing high quality underground and surface drilling services to a diverse group of mining houses and across a spread of commodities. The Company has a strong reputation for innovation in rig design and drilling practices that delivers improvements in productivity, safety, versatility and value. Swick has a global presence with Operational revenue from Australia, Canada and the United States.

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