

SWICK MINING SERVICES

Swick Mining Services Ltd
(ABN 20 112 917 905)
64 Great Eastern Highway
South Guildford WA 6055

PO Box 74
Guildford WA 6935
P: +61 8 9277 8800
F: +61 8 9277 8844

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ASX ANNOUNCEMENT

SWICK – 1H FY13 Operations Update

- ☐ Record revenue of \$75.6m (unaudited) for the half year
- ☐ Record EBITDA (unaudited) of \$15.8m for the half year
- ☐ Full year guidance of \$145m to \$155m revenue and \$30.5m to \$34.5m EBITDA maintained
- ☐ Significant new contract awards in Australia and North America
- ☐ Successful period of contract renewals during the half

Western Australia – (January 23, 2012) – Swick Mining Services Limited (“Swick” or “the Company”; ASX: SWK), a leading provider of high quality and high value underground and surface mineral drilling services today provided its unaudited financial result and an operations update for the first half of FY13.

Operations Update

Revenue for the six months ending December 31, 2012 of \$75.6 million (unaudited), up 9% from the corresponding period a year ago, was a record first half for the Company and in line with guidance.

EBITDA of \$15.8 million (unaudited) for the first half was also a record for the Company and represents an increase of 14% over the prior corresponding period. Full audited H1 results will be posted mid to late February, 2013.

A total of 56 rigs from a fleet of 76 (including three client owned rigs) were operating in the field as of December 31, 2012 compared to 57 rigs in operation from a fleet of 69 (including three client owned rigs) a year ago. Significant contract wins in North America and Australia will add to the rigs in work early in calendar year 2013.

Kent Swick, Managing Director stated *“It has been a terrific half for Swick in terms of posting a solid financial result in a difficult market for mineral drilling contractors. Our strategy to de-risk the business from significant exposure to the exploration sector, targeting brownfield operations with a niche service provision has proven to be the correct course of action for our shareholders.”*

“Recent contract awards in North America are significant because it shows that the experience Swick has garnered over the last three years of providing services in that region from an operations and business development perspective has been very worthwhile. There is a solid base load of work secured in the North American region for calendar year 2013, and we are confident of further expanding this position in the coming months. Based on recent contract awards, there will be a record number of drill rigs at work in the North American Division by March 2013.”

New Contract Awards

The Company is pleased to provide a summary of the recent underground diamond drilling tender awards as follows;

- MMG, Dugald River Mine, Queensland Australia - 2yr agreement, one rig from November 2012
- Nyrstar, Langlois Mine, Quebec, Canada – 20,000m contract commenced January 2013
- Nyrstar, Tennessee Zinc Mines, USA – 45,000ft contract commenced January 2013
- Xstrata Nickel, Fraser Morgan, Bowtie Complex, Sudbury Ontario, Canada - 1yr agreement, three rigs from Feb. 2013

In addition to these confirmed tender awards, Swick is in the final stages of negotiations in regards to at least three other significant contracts which will be advised to the market in due course.

Contract Renewals

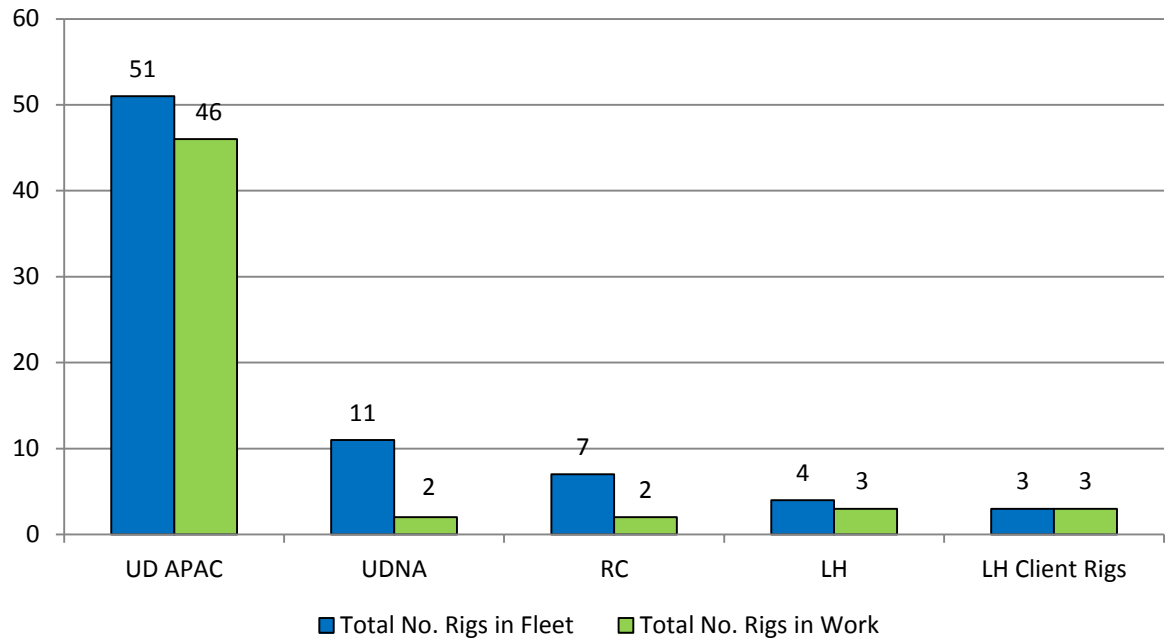
The Company is pleased to advise that a number of existing contracts were renewed during the half as follows;

- Unity Mining, Henty Gold Mine, Tasmania - 2 yrs to July 2014
- Metals X, Renison Tin Mine, Tasmania – 2 yrs to August 2014
- Straits, Tritton Copper Mine, NSW - 2yrs to October 2014
- Perilya, Broken Hill Mine, NSW - 2yrs to June 2014

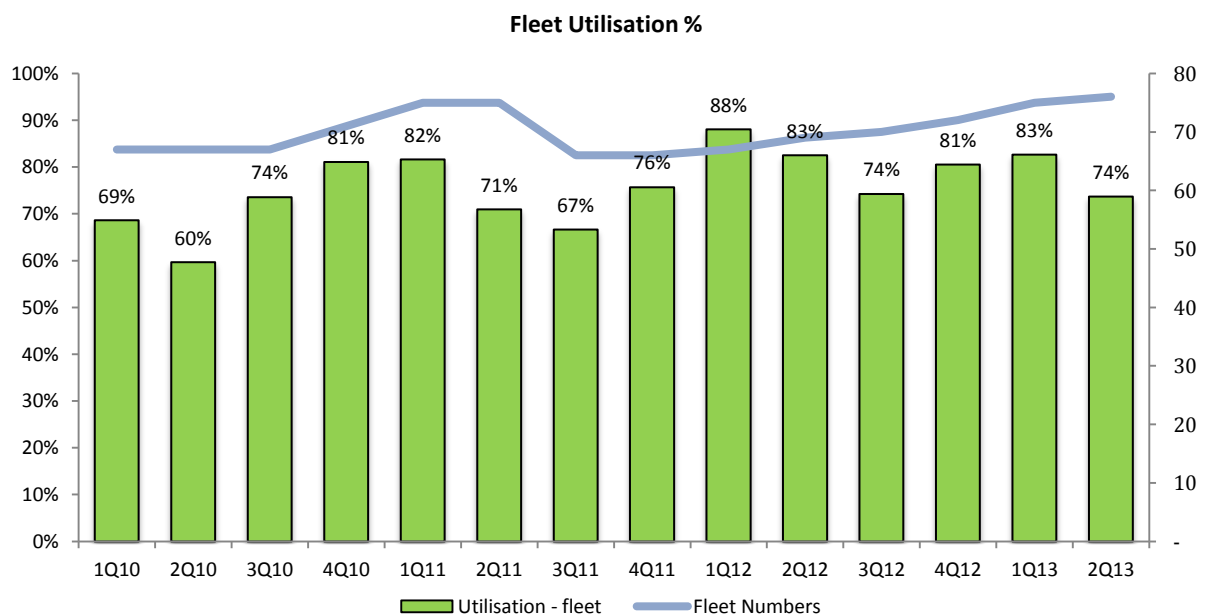
A number of existing contracts are currently in negotiations for renewal and the Company will be advising the market in due course.

Referring to the contract awards and renewals, Mr. Swick stated *“Swick is dedicated to being a high quality, efficient and reliable provider of specialised mineral drilling services and the recent tender awards and contract renewals indicate that our efforts are being valued by our current and prospective clients. We appreciate the responsibility we have in the providing essential services to our customer’s operations and our teams will ensure we meet and exceed their expectations at all times.”*

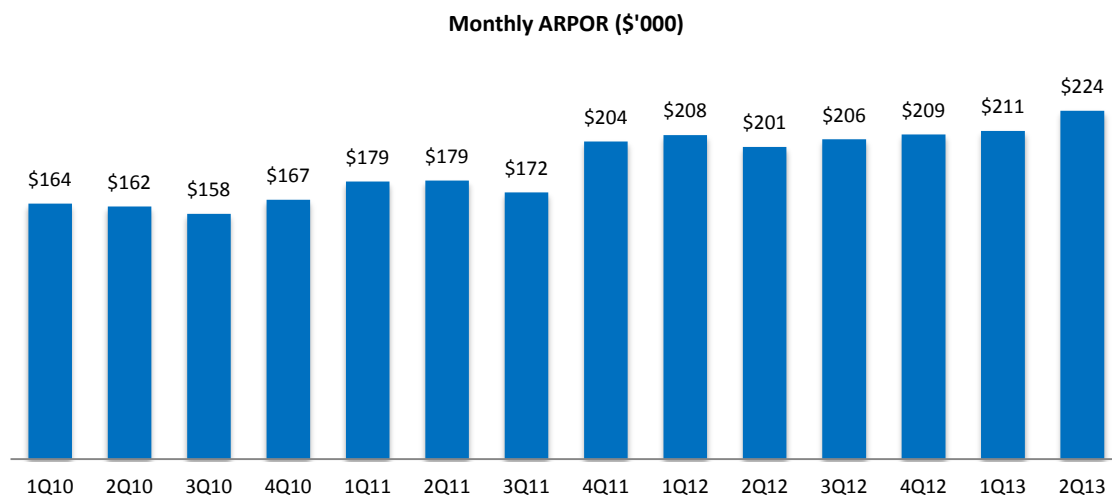
Fleet Utilisation as of 31 December 2012



Fleet utilisation at December 31 is traditionally affected by lower surface RC rig deployment due to seasonality of programs. Recent low utilisation experienced in the North American division will recover to nine rigs from eleven in the fleet by March 2013. The Company is also preparing to deploy additional rigs within our existing client base with additional demand requested from Perilya, Broken Hill Mine (additional UD rig), Sandfire Resources, Degruza Mine (additional UD rig) and Newmont, Granites Gold Mine (additional UD rig).



The Company's monthly *Average Revenue per Operating Rig* (ARPOR) metric below continues to indicate that the productivity and efficiency improvements taking place within the business are yielding results. The EBITDA margin of 20.9% for the first half ending December 31 2012, represents an increase of 4.5% over the 20.0% EBITDA margin achieved during the same period a year ago. Productivity and efficiency projects are continuing within the Company and further improvements in EBITDA margin are expected as a result.



Commentary

Mr. Swick states; *"The first half of the 2013 financial year has shown that our goal of not only being a reliable and high quality service provider to our clients but also a high quality and reliable investment for our shareholders is being met. The management and employees at Swick should all be proud of their achievements over the last six months and we look forward to meeting the challenges of mobilizing and establishing our operations at a number of new clients' mine sites this quarter. I am also confident that we will be advising shareholders in the near future of further significant contract awards that will add to our global market position"*

"The financial performance of the Company has been very solid this year to date and despite participating in the share buyback scheme and funding our usual capital expenditure and dividend payment, Swick ended the calendar year with over \$21m cash in the bank and a net debt of around \$2m. The Board of Directors will review the full audited 1H 2013 accounts before determining the cash dividend, which will be declared when the H1 FY13 accounts are announced in mid to late February"

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.

For further information re this announcement, please contact the following on +61 8 9277 8800:

Kent Swick
Managing Director

Bryan Wesley
Chief Financial Officer

Investor Relations: MZ North America
Ted Haberfield, President
Tel: +1-760-755-2716
Email: thaberfield@mzgroup.us
Web: www.mzgroup.us

Disclosure Statement:

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