

SWICK MINING SERVICES

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ASX ANNOUNCEMENT

SWICK – 3Q FY13 Operations Update

- ☐ Record unaudited 3rd Quarter revenue of \$35.5m (YTD \$111.5m)
- ☐ Full year guidance refined to \$145m - \$150m revenue and \$30.0m - \$32.0m EBITDA
- ☐ Total fleet utilisation of 78% at end of quarter (59 of 76 rigs operating)
- ☐ Underground diamond fleet utilisation at 84% and end of third quarter
- ☐ Additional three Swick mobile underground diamond drill rig builds complete and ready for commissioning into the fleet

Western Australia – (April 26, 2013) – 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 an operations update for the third quarter of FY13.

Operations Update

Revenue for the quarter ending March 31, 2012 of \$35.5 million (unaudited), up 13% from the corresponding period a year ago, was a record third quarter for the Company and in line with expectations.

A total of 59 rigs from a fleet of 76 (including three client owned rigs) were operating in the field as of March 31, 2013 compared to 50 rigs in operation from a fleet of 69 (including three client owned rigs) a year ago. The company has also completed the build of an additional three underground diamond drill rigs and expects these to be commissioned into work in the last quarter.

With the focus of all mining companies firmly on cost controls and productivity improvements, Swick continues to work with its customers to deliver a safe, efficient and productive low unit cost solution. Swick believes its market leading underground diamond division is well placed to see continued growth both in new and established markets as a result of continued improvements in its service provision.

The Company has now commenced operations in Portugal at the world class Neves Corvo Copper-Zinc mine. Originally a single rig, six month trial, this has been expanded to a two rig trial until calendar year end with an opportunity for long term work on successful completion.

Kent Swick, Managing Director stated *“Swick has continued to maintain a high utilisation rate of its drilling equipment in a difficult macro market. North American mobilisations are now complete and we look forward to an improved contribution from this region on a go forward basis.”*



"Tendering opportunities for our underground diamond drilling division remains strong. The Company is confident of its ability to further increase its global market share in this area as a result of recent key engineering developments that have strengthened the Company's competitive advantage. This is a result of the high powered, high quality standard of the in-house Swick mobile diamond drill rig, development of the underground rod handling system and the benefits of the semi-automated electronic drill functions. These key developments will allow Swick the opportunity to offer better overall value to its customers and a safer operating environment into the future."

Commenting on the current state of the wider market, Mr Swick states: *"The Resource sector is obviously under pressure and there are many reviews of discretionary and non-discretionary expenditure being undertaken by both clients and suppliers. In general, the type of work that Swick specialises in is non-discretionary spend and is, in the main, a required process when mining underground. Potential does exist that customers may seek to lower their rig utilisation rates or defer non-essential drilling. Whilst Swick has not had any contracts cancelled as a result of the current conditions, start dates of recently awarded work were pushed out by up to a month. As a result of the later start ups, management has softened guidance a little to take this into consideration."*

"Swick is remaining cautious in regards to our capital allocations for growth, strategic R&D and other uses. The board and management will ensure that capital is put to best use to maximise our shareholder returns. Capital expenditure for growth, R&D and maintenance for the full FY13 period will approximate a total of \$20 million reviewed down from previous guidance of around \$23m. Swick has constructed six new rigs this year and has long lead components in stock for a further four rig builds."

Safety and Training

The organisation has now commenced the roll-out of its new safety management system with the aim of further improving the group safety performance. Swick is pleased to confirm that its Total Recordable Injury Frequency Rate (TRIFR) has continued to improve and has decreased in total by 47% over the last 12 months.

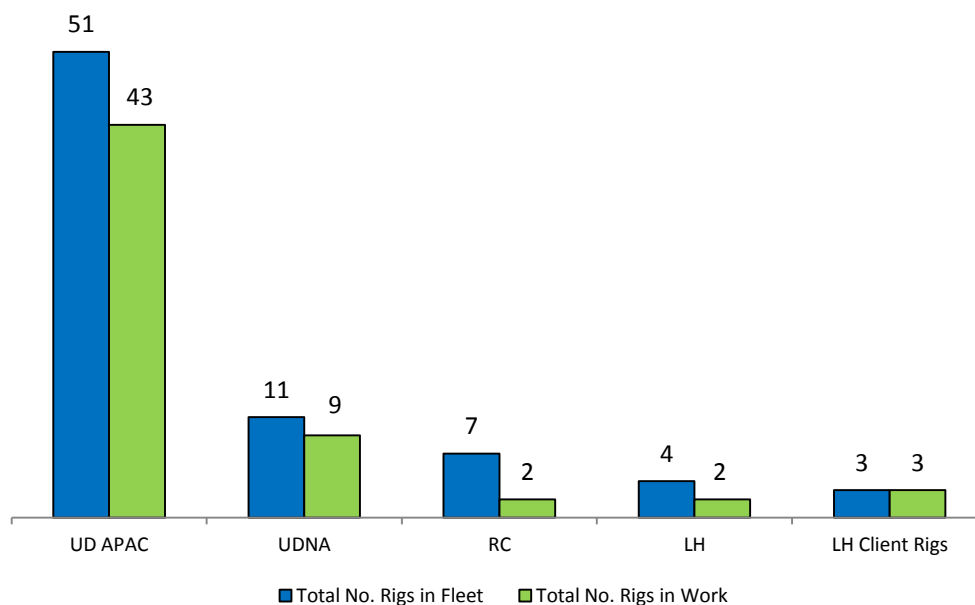
Mr Swick stated: *"I am very pleased that the actions taken by the Company to improve the safety of its personnel are proving to be successful. This was a dedicated effort from the Safety, Operations and the Engineering departments, all working together to ensure that the modifications to our equipment, systems of work and training methodologies have successfully lowered the risk our personnel are facing."*

"The lag indicators are presently showing the yield of this renewed focus; however it is also pleasing that the lead indicators are increasing which provides evidence of the cultural change within the business. Lead indicators include hazard reports, safety audits, training events and site and equipment inspections. Over the last twelve month period, the TRIFR has decreased by nearly 50%, and at the same time the lead indicators have increased over 300%, both very impressive outcomes"

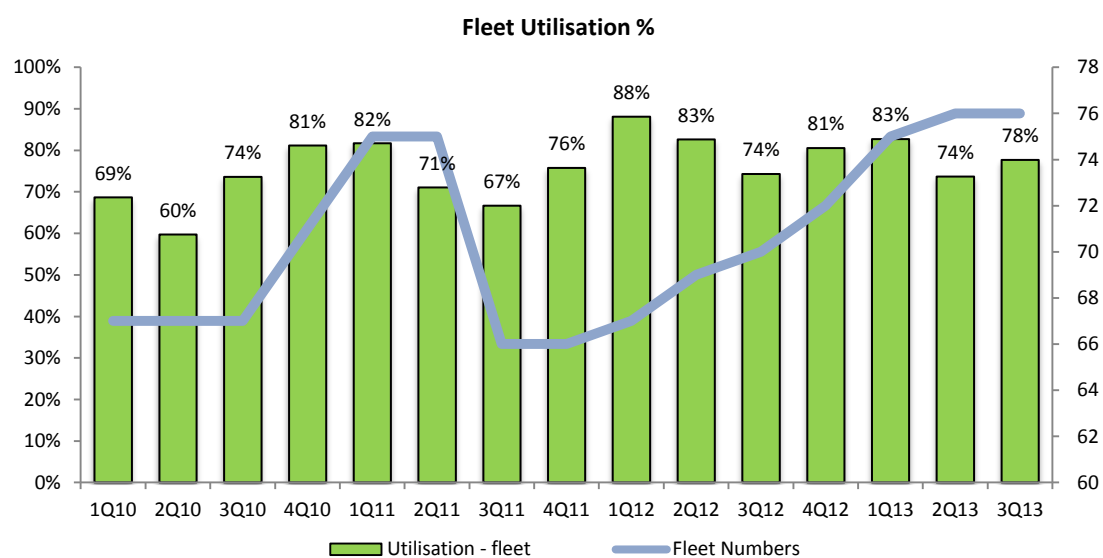
At the end of the quarter global employees totalled 647.

Fleet Utilisation and Monthly ARPOR

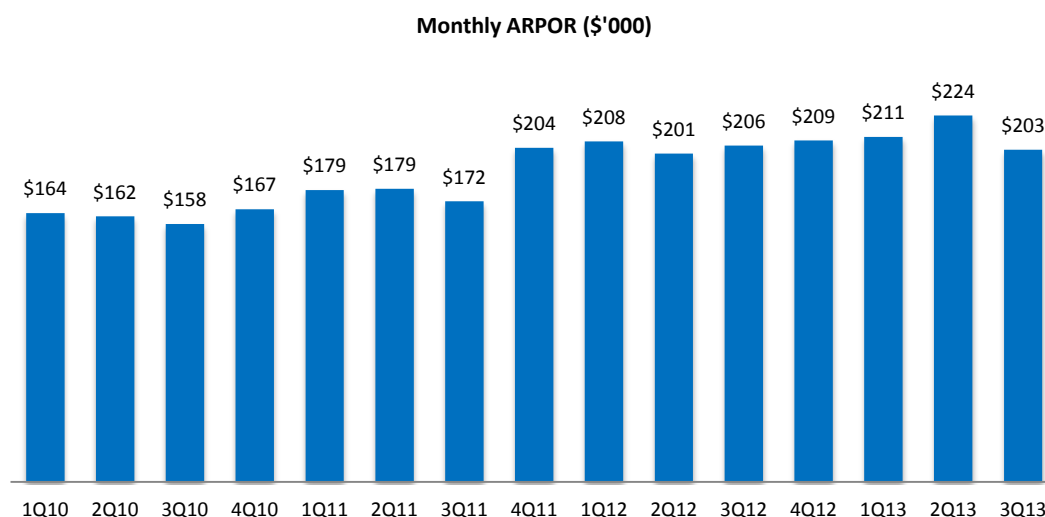
Fleet Utilisation as of 31 March 2013



Fleet utilisation at March 31 shows the positive impact of the increased utilisation of the North American division in the third quarter.



The Company's monthly *Average Revenue per Operating Rig* (ARPOR) metric below has reduced by approximately 10% in the last quarter. This is primarily due to several additional rigs mobilised in North America late in the third quarter, with no corresponding revenue for the whole period. ARPOR is calculated as the Company's quarterly revenue divided by rigs in work at quarter end, divided by three months.



Reporting by region; APAC's ARPOR for the third quarter was approximately \$229,000 per month and North America was approximately \$64,000 per month due to the start-ups of recently awarded contracts late in the quarter. North American ARPOR is expected to normalise around \$135,000 per month due to the restricted shifts per week, shift lengths and lower cost base in that region.

Commentary

Mr. Swick states: *"The Company is in a strong position heading into the fourth quarter to deliver both a significant increase in revenue and profitability for the full year despite being in a retracting resource market. The internal focus of the business is very much around increasing our efficiency by way of developing strategies and corresponding business plans to "double the metres per manhour" in the business from FY12 to FY17."*

"A few key research and development projects are now at the implementation stage, and these are expected to yield significant benefits over the next couple of years as the existing rig fleet is upgraded and the new rigs continue to roll out."

"I am confident that Swick's value to its customers is evident and that the market will benefit further by our continued investments in our people, safety management and research and development programs".

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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Disclosure Statement:

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