

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

1st August 2014

ASX ANNOUNCEMENT

SWICK – 4Q FY14 Operations Update

- ☐ Record quarter for the UD drilling division with over 250,000 metres drilled.
- ☐ Previous guidance expected to be marginally exceeded when audited results are released 25th August 2014,
- ☐ Total fleet utilisation of 68% at end of quarter (55 of 81 rigs operating)
- ☐ Underground diamond fleet utilisation of 77% at end of quarter (50 of 67 rigs operating)

Western Australia – (1st August 2014) – 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 fourth quarter of FY14.

Operations Update

Key operating statistics for 4Q14 are shown below, in AUD;

Operational Performance	4Q14	4Q13	% Change
Total Metres Drilled	297,018	334,201	-11%
Total Rigs in Fleet (Period end)	81	78	4%
Total Rigs in Use (Period End)	55	54	2%
Manhours ('000)	306.0	318.6	-4%
Metres Drilled per Manhour	0.97	1.05	-7%
Consolidated Revenue (\$m)	32.4	34.8	-7%
Consolidated Revenue per Metre (\$/metre)	109.00	104.16	5%
UD Metres Drilled	250,541	230,603	9%
UD Rigs in Fleet (Period end)	67	64	5%
UD Rigs in Use (Period End)	50	49	2%
Manhours ('000)	243.9	236.9	3%
Metres Drilled per Manhour	1.03	0.97	6%
UD Revenue (\$m)	28.92	30.81	-6%
Revenue per metre (\$/Metre)	115.44	133.60	-14%
Total Employees	604	608	-1%



Despite the continued challenging conditions with the global drilling market Swick has completed the last Quarter of the 2014 financial year with a record number of metres drilled within its core Underground Diamond division. This record is on the back of recent contract wins both in Australia and Overseas.

Swick advises that it will release its audited financial result for the year ended 30 June 2014 pre-market on 25th August 2014 and expects the results to be slightly ahead of the upper range of previous market revenue and EBITDA guidance of between \$113m to \$117m and \$14m to \$16m respectively.

Kent Swick, Managing Director stated *'The last quarter of the 2014 financial year saw a significant improvement in the group revenue and profitability on the back of the underground division delivering record metres with a record number of rigs in work. This is a very satisfying position to be in, given the macro market difficulties that still remain in regards to drilling expenditures worldwide. The result is testimony to the continued high quality service provision of this business as well as the total value Swick offers its clients.'*

'I am confident from our improved results, market growth and feedback received from clients that our safety, production and quality is continuing to improve in a market that potentially may encourage short cuts and lower quality. Swick remains totally dedicated to the safety of its employees, the quality of our service and the total value created to the client as a result.'

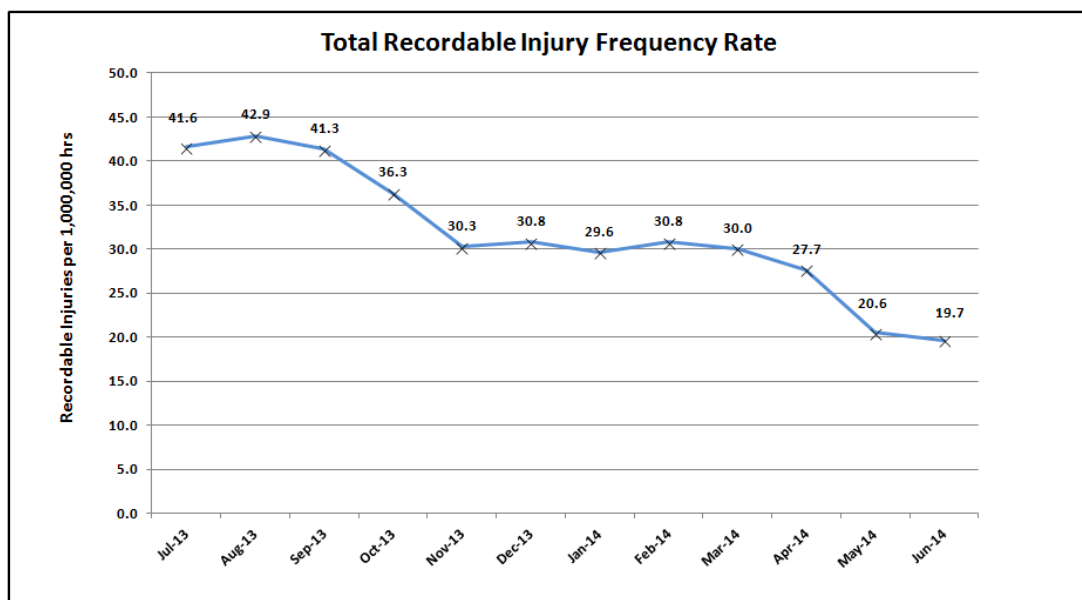
'Swick has been working for some time on improving the practical effectiveness of the safety program and it is pleasing to see the positive impact that has had with the on-site culture, as well as the lead and lag indicators.'

'The tender pipeline remains solid and Swick is confident it will be in a strong position to continue to attract and retain key clients. Swick is continuing to invest in productivity and safety based innovation that will allow the drill rigs and support equipment to continue to improve and the Company to drill safer and more efficiently going forward.'

Safety and Training

The Safety performance of the Company continued to improve and the TRIFR is now at a record low for the business. The TRIFR has reduced by 52% over the FY14 year.

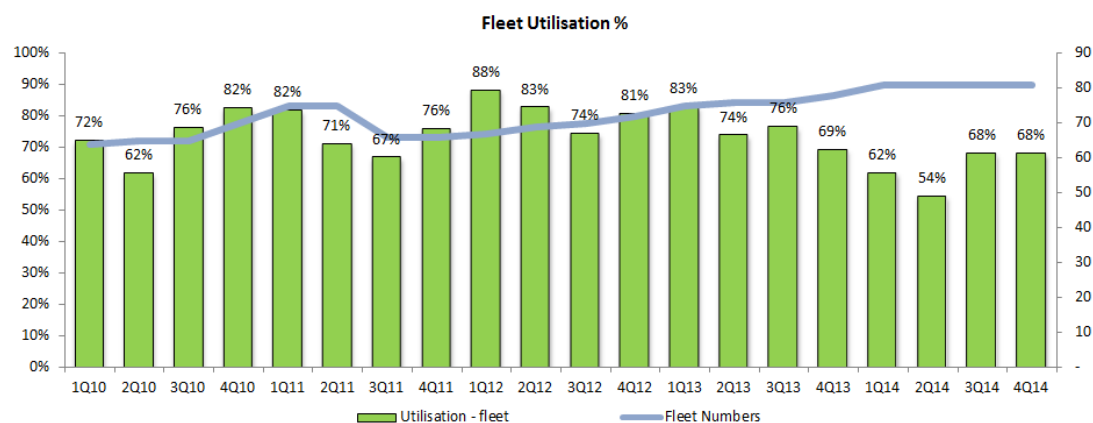
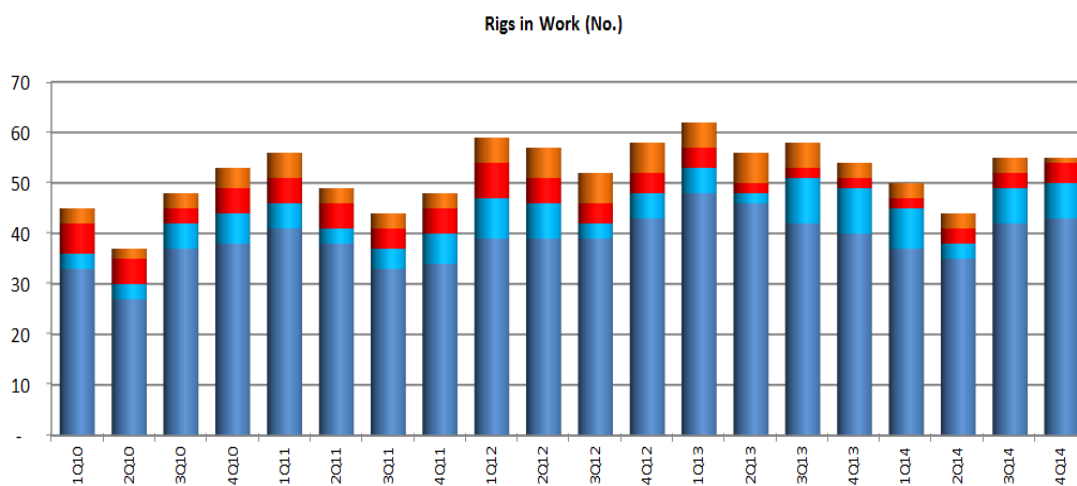
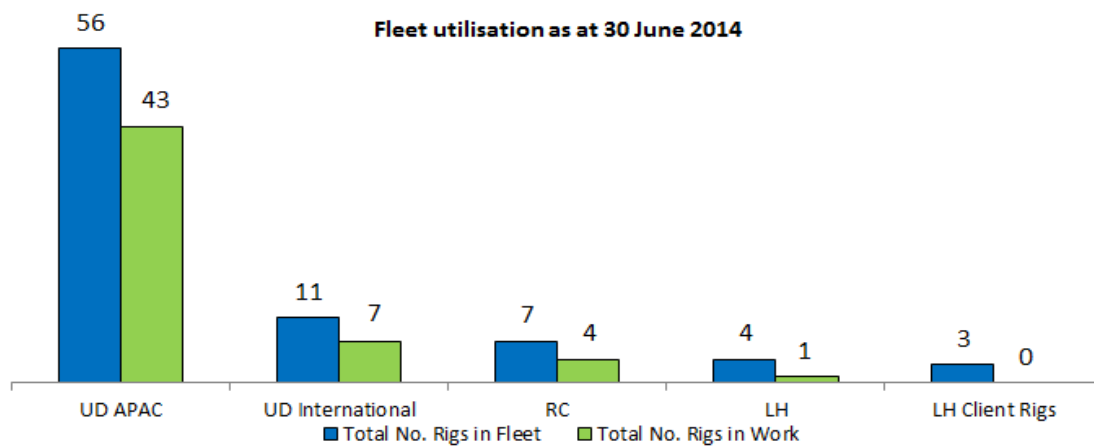
The Safety and Training organizational structure has broadened to include Technical Trainers as well as the Product Specialists and Safety Advisors. The technical training at Swick will focus on improving technical aspects of drilling knowledge as more challenging ground conditions are now being encountered with a broader geographical spread and client base.



The above graph shows continued improvement in the group Total Recordable Injury Frequency Rate (TRIFR) over the last twelve months as a result of improved systems, training and engagement with employees.

In addition to the employee and operational specific safety initiatives, the Company is also consistently investigating and deploying engineered solutions to assist in keeping personnel out of high risk areas.

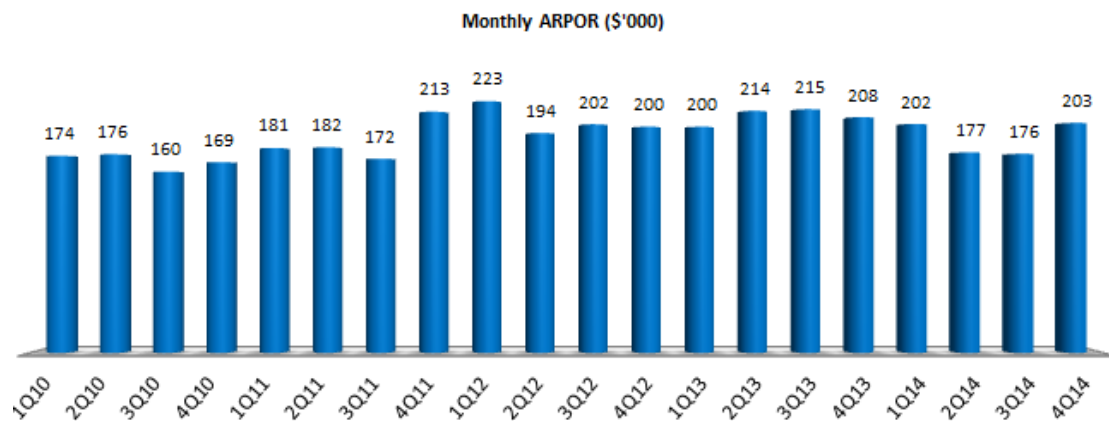
Rigs at Work and Fleet Utilisation



Fleet utilisation in 4Q14 was steady at 68% and although demand for additional rigs remains subdued Swick does expect this utilisation to continue through the first half of FY15.

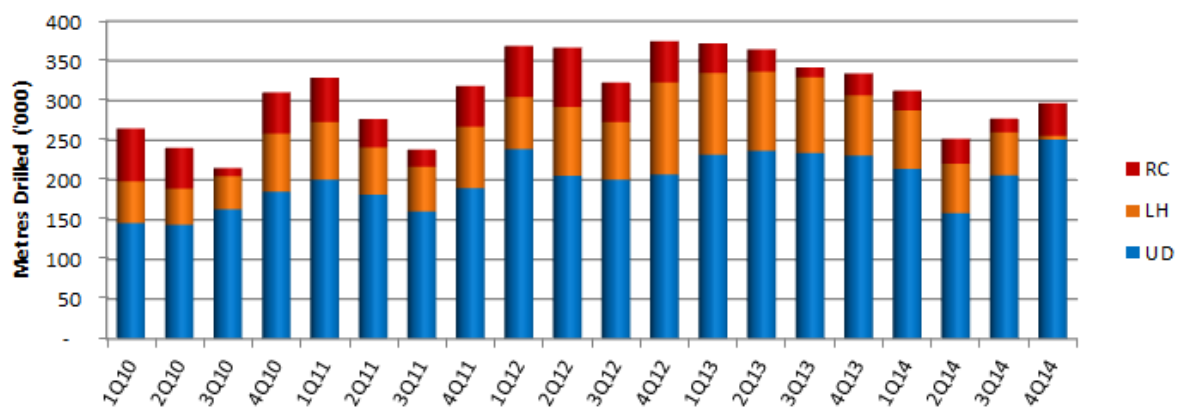
Monthly ARPOR and Metres Drilled

The Company's Average Monthly Revenue per Operating Rig (ARPOR) metric shown below has recovered in 4Q14 to be in the vicinity of levels experienced in 1Q14.



Total metres drilled for 4Q14 reduced 11% to 297,000 metres from 334,000 metres in the corresponding period last year. Despite this drop total metres drilled has increased 18% over the last three consecutive quarters with Underground Diamond posting a record total metres drilled of 250,541 metres. The previous record was achieved in 1Q12 with 238,660 metres drilled.

The quarterly metres drilled by division is shown in the graph below with Underground Diamond up 9%, Longhole Production down 93% and RC up 50%, compared to the prior corresponding period. The Longhole production metres were down 93% due to an unscheduled event at the Nifty copper mine in late March 2014, however that contract has just recommenced with one of three rigs operating as of this date and expected to increase to three rigs as the client recommences operations over the first half.



FY15 Outlook

During 4Q14 Swick maintained its fleet utilisation at 68% and expects this to remain reasonably constant for the first half of FY15.

The Company's forward order book as at 30 June 2014 is estimated at \$187m, down from \$224m. This has reduced in line with normal operations together with one contract cessation notice (Henty, UML) received from clients in the quarter. Although Swick is entering FY15 with a record run rate in underground diamond coring, the overall volatility that remains in the market is still high. Consequently, Swick has chosen to refrain from specific revenue guidance for FY15 at this stage.

Despite not providing revenue guidance, based on current contracted work, the company does expect rigs in work to remain relatively constant through the first half of FY15 and is confident margins will continue to improve from the lows for 1HFY14.

Commentary

Mr. Swick states: *"I am pleased to see FY14 completed and am looking forward to improved market conditions for Swick over the next financial year and beyond. Our business performance is very much centred on our core underground diamond drilling business due to its size in relation to other divisions. The record performance of this division in the last quarter is encouraging on a go forward basis."*

"The whole global team at Swick is focused on service excellence and customer satisfaction. The business systems developed at Swick are designed to ensure all departments are able to measure their performance, set new benchmarks and formulate strategies and plans to meet those targets."

"Ultimately the mineral drilling demand is beyond the control of Swick, however as a Company it should maintain safety and quality, be ready to assist clients at any time and aim to be first choice amongst its peers."



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, United States and Europe.

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

Kent Swick
Managing Director

Vahid Haydari
Chief Executive Officer

Bryan Wesley
Chief Financial Officer

Disclosure Statement:

These materials include forward looking statements. Forward looking statements inherently involve subjective judgement and analysis and are subject to significant uncertainties, risks and contingencies, many of which are outside of the control of, and may be unknown to, the Company. Actual results and developments may vary materially from those expressed in these materials. The types of uncertainties which are relevant to the Company may include, but are not limited to, commodity prices, political uncertainty, changes to the regulatory framework which applies to the business of the Company and general economic conditions. Given these uncertainties, readers are cautioned not to place undue reliance on such forward looking statements. Forward looking statements in these materials speak only at the date of issue. Subject to any continuing obligations under applicable law or any relevant stock exchange listing rules, the Company does not in providing this information undertake any obligation to publicly update or revise any of the forward looking statements or any change in events, conditions or circumstances on which any such statement is based.