

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

25th August 2014

ASX ANNOUNCEMENT

SWICK – FY14 Earnings and Dividend Announcement

- ☐ FY14 Revenue \$117.6m – down 20% year-on-year (YOY)
- ☐ FY14 EBITDA \$16.6m – down 46% YOY
- ☐ FY14 NPAT \$1.5m – down 83% YOY
- ☐ Declaration of a fully franked final dividend of 0.2 cents per share
- ☐ Record Year for Underground Diamond Division - metres drilled

Western Australia – (August 25, 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 announced its FY14 Earnings and dividend declaration.

AUDITED FY2014 FINANCIAL RESULTS	FY 2014	FY 2013	Change
	\$000	\$000	%
Consolidated Results			
Revenue	117,615	146,535	-20%
EBITDA	16,550	30,843	-46%
EBITDA Margin %	14.1%	21.0%	-33%
Depreciation and Amortisation	13,118	14,432	-9%
Interest	1,617	1,731	-7%
EBT	1,815	14,680	-88%
NPAT	1,535	11,310	-86%
NPAT Margin %	1.3%	7.7%	-83%
Cash Flow			
Net Cash from Operating Activities	11,486	36,336	-68%
Net Cash from Investing Activities	(21,334)	(21,355)	-0%
Free Cash flow	(9,848)	14,981	-166%
At Balance Date			
Cash	4,194	20,873	-80%
Debt	20,844	22,523	-7%
Net Debt	16,650	1,650	909%
Net Debt %	15.4%	1.5%	-927%
EPS - cents per share	0.71	4.85	-85%

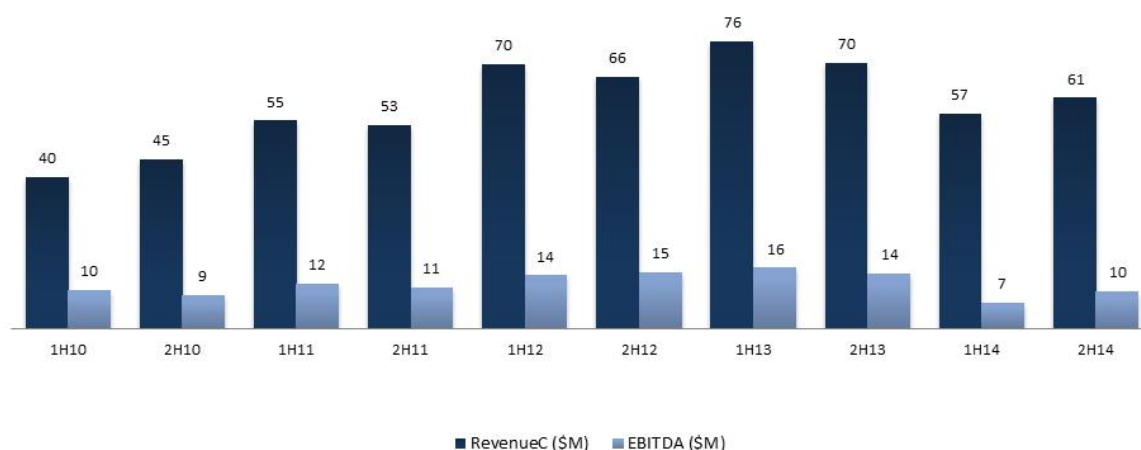
Financial Performance and Dividend

Due to the reduced demand for mineral drilling services, particularly in the first half of the financial year as well as a suspension of the underground production drilling division in the last quarter saw the full year revenue result down 20% on last year's result.

Swick achieved full year revenue of \$117.6 million with an EBITDA of \$16.5 million for the 2014 financial year, a reduction of 20% and 46% respectively over FY2013. These results were slightly ahead of the Company's market guidance for revenue and EBITDA of between \$113m to \$117m and \$14m to \$16m respectively.

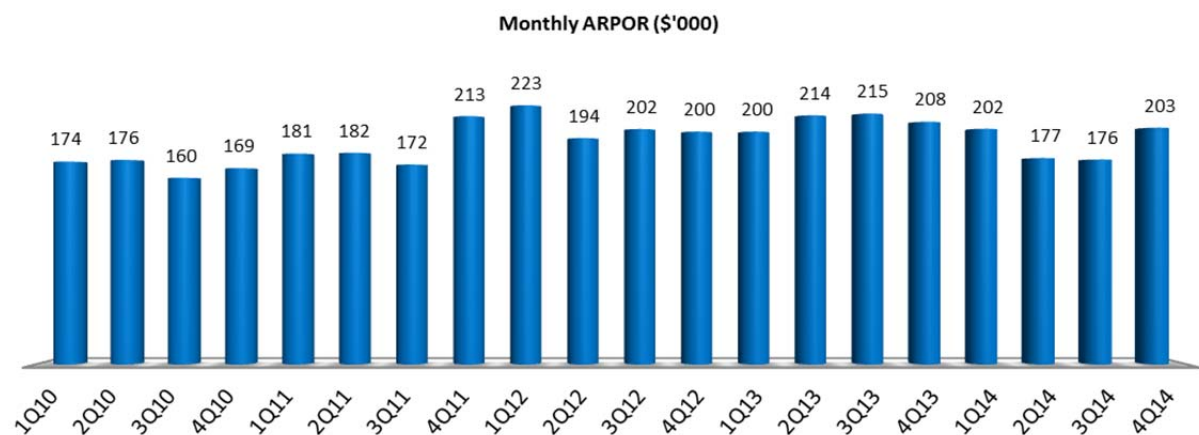
The year ended 30 June 2014 was impacted by lower demand from the client base as a result of reduced budgets and cost saving measures as mining companies, globally, focused on conserving cash. Despite the continued challenging conditions with the global drilling market Swick completed the last quarter of the 2014 financial year with a record number of metres drilled within its core Underground Diamond division. This record was on the back of recent contract wins in both Australia and Internationally.

The Group's revenue and EBITDA profile over the past five years is graphically illustrated below:



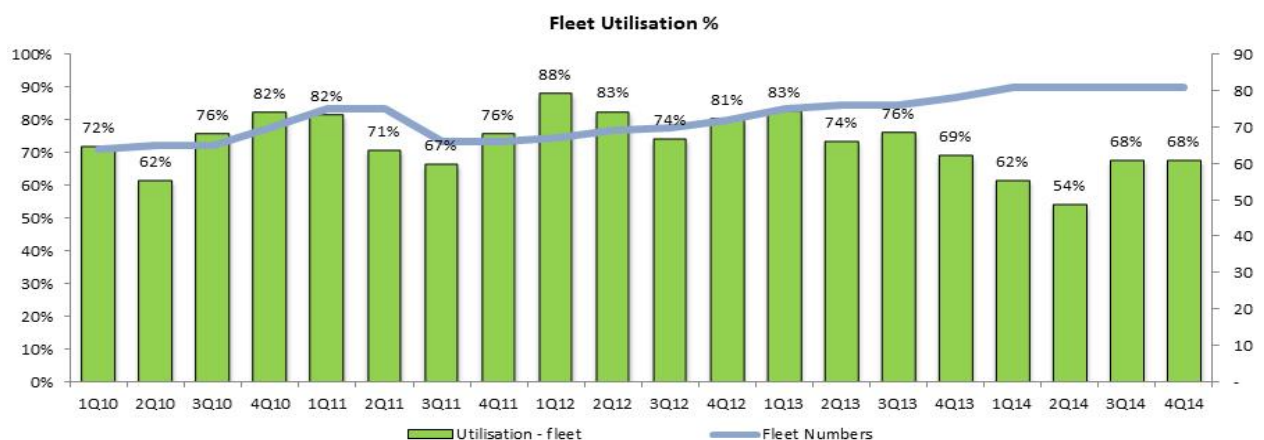
With the continued volatility within the commodity markets and particularly the ongoing weakness in gold and copper prices, mining companies continue to tightly manage cash costs within their businesses. Although this continues to be an extremely tough market for mining services companies, the Company believes that the advantages of its world leading underground diamond drilling technology continues to demonstrate its value to our customers. As a company we are committed to delivering a safe, efficient and productive low unit cost solution to our customers. The graph below shows the Swick Average Revenue per Operating Rig (ARPOR) from FY10 through to FY14. ARPOR was adversely impacted through the middle of the current financial year with the tougher operating environment seeing clients demobilising rigs around Christmas and some converting to single shifts. Following a period of bedding in new contracts in 3Q14, the Average Revenue per Operating Rig (ARPOR) improved in 4Q14 to levels achieved in the beginning of the financial year. This

followed a period of rig demobilisations and re-mobilisations affecting average revenues in the middle part of the year.

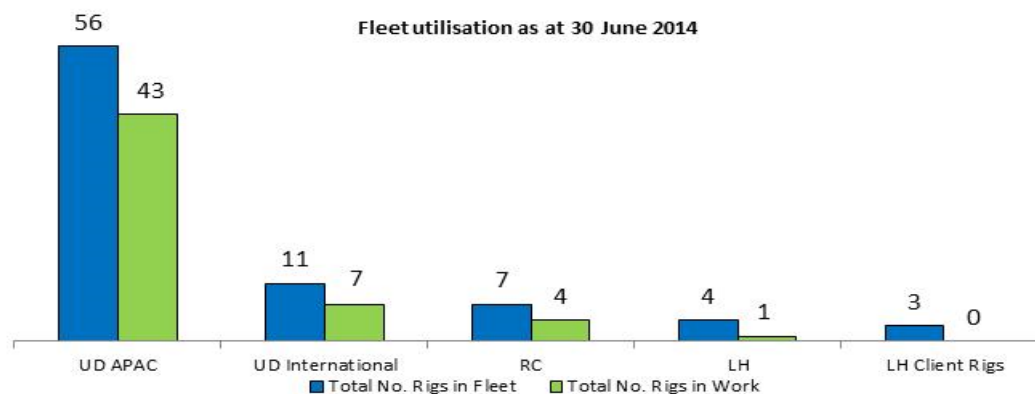


The Company's rig utilisation ended the year at 68%, only slightly lower than the end of FY13. Although utilisation in the current market remains difficult to forecast accurately, Swick does expect the current level of utilisation to continue through the first half of FY15. Throughout FY14 total rig numbers remained unchanged, with rig production halted in line with market conditions.

Despite the general macro market for mineral drilling remaining subdued, there is a significant amount of new work available in upcoming tenders.



The year-end utilisation by operating division is shown below;





The LH Division recommenced operations of the of the client rigs 1Q15 following an unscheduled mine shut down that affected the division over the last four months of the FY2014 period.

With Swick's focus on continual improvement in all areas of operations and safety management, our goal is to provide the highest quality, best value service available to our clients.

The Company is pleased to announce the declaration of a fully franked final dividend of 0.2 cents per share. The dividend record date will be the close of trade on Friday 19 September 2014, with the payment date being Monday 20 October 2014.

Commentary on FY14 Performance

Kent Swick. Managing Director stated: *"The financial year of 2014 was a year of two halves for our business. The first half saw a consistent decrease in drilling spend by our existing clients who cut back where possible, any discretionary spend. The second half saw a recovery due to additional work won by the business and in the latter part of the year, many of our clients that had previously suspended rigs, recommenced drilling."*

"I believe Swick recognised the needs of its clients and did what it could to offer the client base more competitive rates. The Company's challenge is now to effectively integrate and benefit from new technologies and operating systems developed in house to improve productivity."

"The best Company's do their best work in tough times and I am very proud of the efforts made throughout the business from the executive to the site crews in improving efficiency, removing waste and focusing on always delivering a quality product to the clients. I have received a lot of personal feedback from our clients in recent times, congratulating the Company on its improvements in quality and operating performance despite the difficult market."

"In a period of time where the output of Companies in our sector can easily deteriorate, Swick has maintained its core focus of safety, productivity and quality."



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

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.