SWICK MINING SERVICES

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4th November 2015 **ASX ANNOUNCEMENT**

SWICK – 1Q FY16 Operations Update

- **Revenue of $34.5m (unaudited) for 1Q16 up from $32.7m for the previous corresponding period (pcp), an increase of 6%**
- **Total metres drilled of 358,186 for the quarter up 8% from 330,288 pcp**
- **Underground diamond metres drilled of 277,549 for the quarter up from 242,794 pcp, an increase of 14%**
- **Underground diamond drill rig shifts worked 9,189 up 3% from 8,953 pcp**
- **52 rigs operating at end of quarter for 17 clients across 20 mine sites globally, a fleet utilisation of 64%**
- **Underground diamond fleet utilisation at 71% at end of quarter down from 75% pcp**

Western Australia – (November 4, 2015) – 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 first quarter of FY16.

Operations Update

Revenue for the quarter ending September 30, 2015 was $34.5 million (unaudited), up from $32.7 million for the corresponding period a year ago. The Company is operating at 20 mine sites for 17 individual clients, of which 4 sites are international.

A total of 52 rigs from a fleet of 83 (including three client owned rigs) were operating in the field as of September 30, 2015 compared to 57 rigs from a fleet of 81 a year ago. Of the total rigs in work, the Underground Diamond division represented 49 rigs operating from a fleet of 69, compared to 50 rigs operating from a fleet of 67 a year ago.

As foreshadowed in our FY15 full year update Swick has experienced a decrease in rigs in work in the later part of the quarter. This has however, been offset by an increase in productivity per rig, a result of ongoing productivity improvements being implemented on our rigs. Demand is expected to remain relatively steady with existing clients, however further reductions in rigs in work may occur if the overall market conditions worsen forcing clients to reconsider their drilling requirements.

Key operating statistics for 1Q16 are shown below;

Operational Performance	1QFY16	1QFY15	% Change
Total Metres Drilled	358,186	330,288	8%
Total Rigs in Fleet (Period end)	83	81	2%
Total Rigs in Use (Period End)	52	57	-9%
Consolidated Revenue ($m)	34.5	32.7	6%
UD Metres Drilled	277,549	242,794	14%
UD Rigs in Fleet (Period end)	69	67	3%
UD Rigs in Use (Period End)	49	50	-2%
Total Employees	585	619	-5%

Swick believes its market leading underground diamond division is still well placed to see through the current tough market conditions as a result of continued improvements in rig productivity and its focus on total value in the sector.

Swick remains on track to achieve its strategic objective to 'double the metres per man-hour' from June 2012 to June 2017. The strategy is based on two key elements – increase rig productivity and reduce rig manning. The Company has over the last few years carried out various technological upgrades which have resulted in a significant improvement in rig productivity over the last year and especially this quarter. While the roll-out of these upgrades on all UD rigs will continue for the remainder of this financial year, the Company has now embarked on the second key element of reducing manning on rigs.

Kent Swick, Managing Director stated "*It is pleasing to see the engineering upgrades on the underground diamond fleet making a difference to the group's productivity despite only 15% of the rigs being upgraded as at the end of the September quarter. The first phase of the productivity initiatives are expected to be fitted to the entire UD fleet by the financial year end, with a second phase to be completed around June 2017.*"

"*Most, if not all, mining service providers have already renegotiated contract rates with their clients and cannot afford to give back any more margin. Cost reductions are still available, however contractors and clients have to work together to strip costs out of their business rather than to continue to expect the same service for less. As an example of margin reduction being at its limit - calendar year to date, approximately 18 drilling contractors including some with in excess of 30 rigs in their fleet, have fallen into administration as a result of the market pressure.*"

"*Clients are still demanding further value in this market and Swick is dedicated to providing it. However, to share value, you first have to create it and this is being achieved by Swick increasing the productive capacity of the drill rigs whilst also implementing drilling automation and control systems that reduce the need to maintain historic manning levels. For clients to benefit from this technology they need to progress their thinking, which they are doing, by conditionally approving the reductions in manning at the rig given that risk is mitigated by engineered interlocks and operational techniques. This technology can then provide immediate benefits to both parties with reduced FIFO costs and direct wage costs.*"

"*Whilst the roll out of the engineering initiatives has only just begun, continued improvements in performance will follow as more of the fleet is fitted out with the Swick technologies and the clients approve reduced manning*"

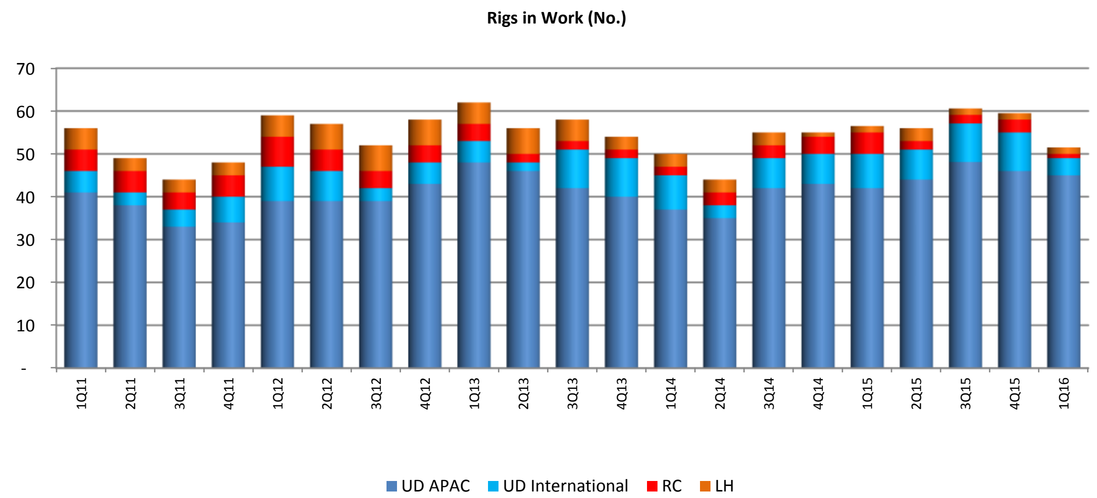
Safety and Training

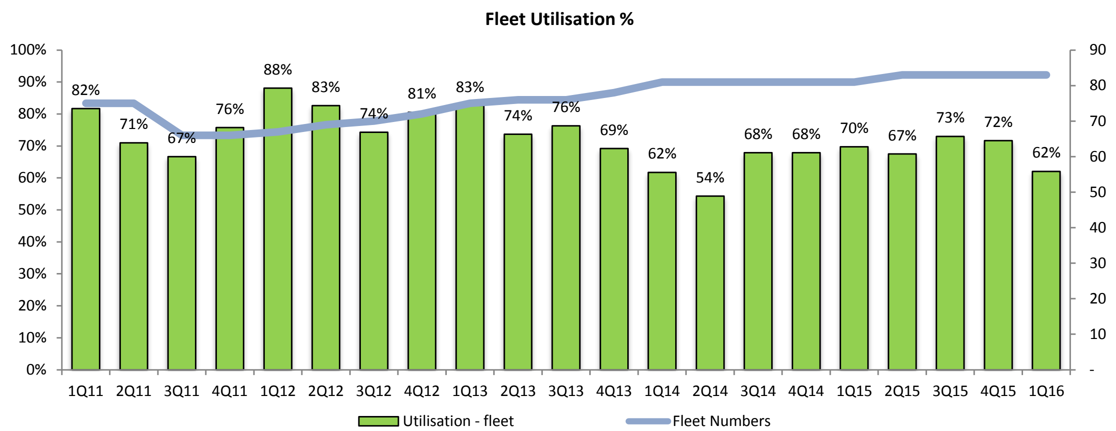
The journey towards zero harm continues at Swick with the focus this quarter being on partnering with clients and external specialist to further enhance on the much improved safety performance and training field supervisors. The TRIFR at 30th September 2015 stands at 12.4 per million man-hours which is down 28% from the level at the same time last year.

Swick is engaged with external safety specialists and university researchers with the aim to leverage their experience from other industries which we can apply to Swick. Our underlying philosophy of continuous improvement and engineering design, will ultimately lead to significant developments at the drill site to further reduce risk.

Rigs at Work and Fleet Utilisation

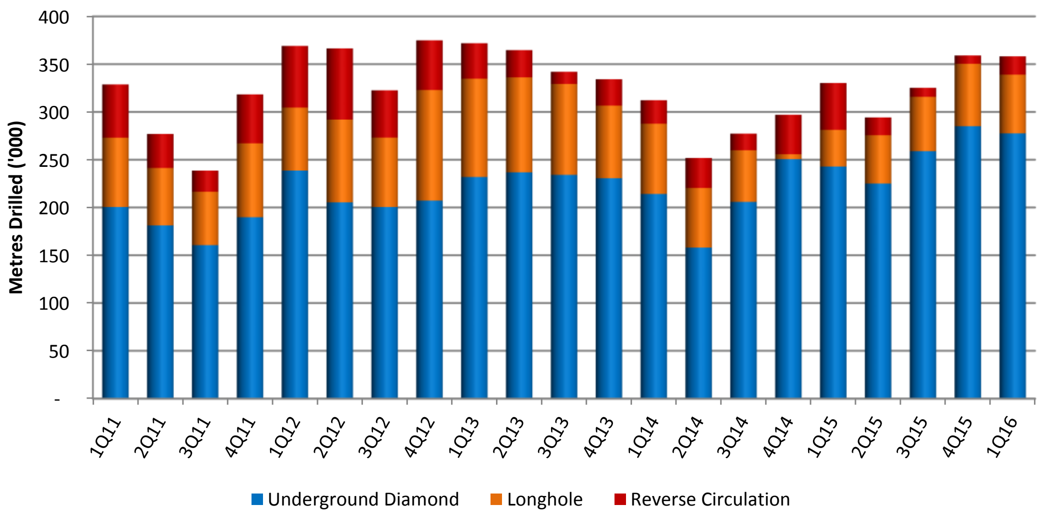
As at 30 September 2015, rigs in work totalled 52 from a fleet total of 83 (including three client owned rigs).



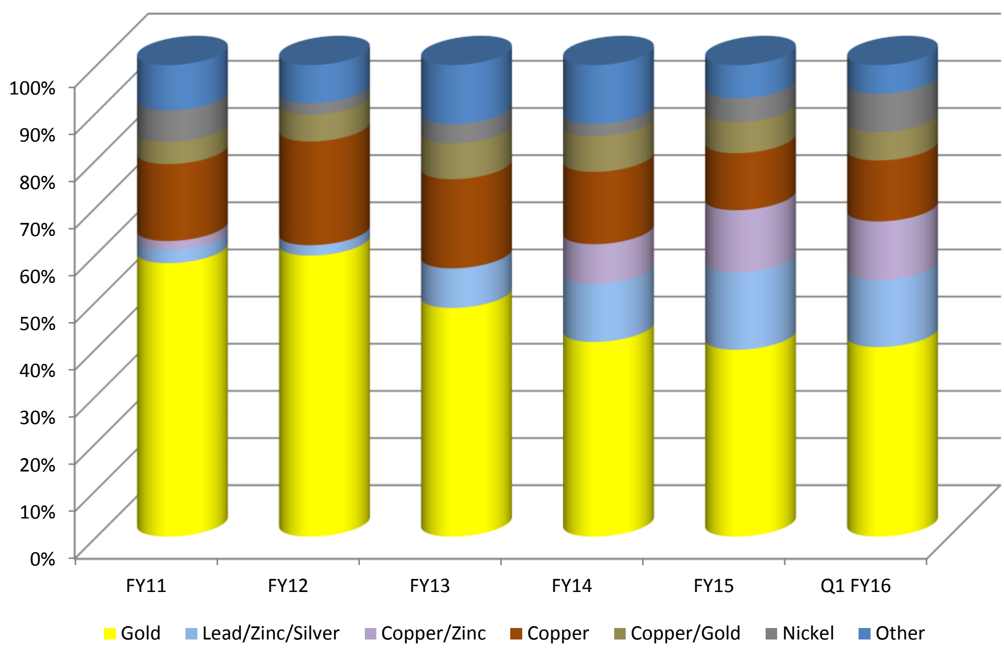


Metres Drilled

Total metres drilled for 1Q16 increased 8% to 358,186 metres from 330,288 metres in the corresponding period last year. The quarterly metres drilled by division is shown in the graph below with Underground Diamond up 14% , Longhole Production metres up 60% and RC metres down 61%, compared to the corresponding period last year.



Commodity Split based on Revenue



FY16 Outlook

The Company is not in a position to offer full year guidance at this time as the market remains potentially volatile in regards to rig demand and client's drilling budgets.

The current order book stands at around $100m, however the Company does advise that it is awaiting results on a few significant tenders that in total have the potential to materially increase the work in hand.

Commentary

Mr. Swick states: "*It is a very challenging market where you have to work extremely hard as a contractor to satisfy all stakeholders in the business. There are many facets to a successful drilling company and Swick is focussed on ensuring we are addressing them all to remain a strong, reliable contractor in our sector. I believe that Swick's pursuit of higher productivity and lower manning is the right one and the fact that we are ready to roll out these in-house initiatives now is more important than ever before.*"

"The Swick mobile underground diamond drill rig is now arguably the most advanced in the world, built in-house in Perth, Western Australia and only available to clients who contract our services. The rig truly is a one stop shop and best in class from shallow grade control holes as a result of its ease of moving and quick setups, through to deep exploration holes as a result of its power and finely tuned operational control. Over the last twelve months, the Swick mobile underground diamond drill rig has completed eight exploration holes for its clients in excess of 1,500 metres deep from underground locations and done so, both productively and cost effectively - further proving its wide range of capabilities."

"I look forward to Swick continuing to advance technologies in the mineral drilling sector, and working with our current and prospective clients to add value to their operations"

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.

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Disclosure Statement:

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