



Swick Mining Services Ltd

Euroz Rottnest Island Conference Presentation

14th March 2017

ASX: SWK

www.swickmining.com

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Unless otherwise stated all the currency disclosures in this presentation are Australian Dollars.

Information included in this presentation is dated 14th March 2017.

Company Overview

- Top five global mineral drilling provider operating in Australia, US , Canada and Europe
- > 1,300,000 metres drilled across 3 divisions in FY2016
- Total of ~ 1,000,000 metres drilled globally by market leading Underground Diamond division in FY2016
- Technology upgrades in progress on underground fleet
- Swick is working with and developing disruptive technology that will lead the market forward
- Proven performer in difficult macro circumstances



Corporate Snapshot

Corporate Structure

- ASX: SWK - Listed Nov 2006
- Shares outstanding: 211.2m
- Share Price 8 Mar 17: \$0.275
- Market Cap 8 Mar 17: \$58.1m

Board and Executive Management

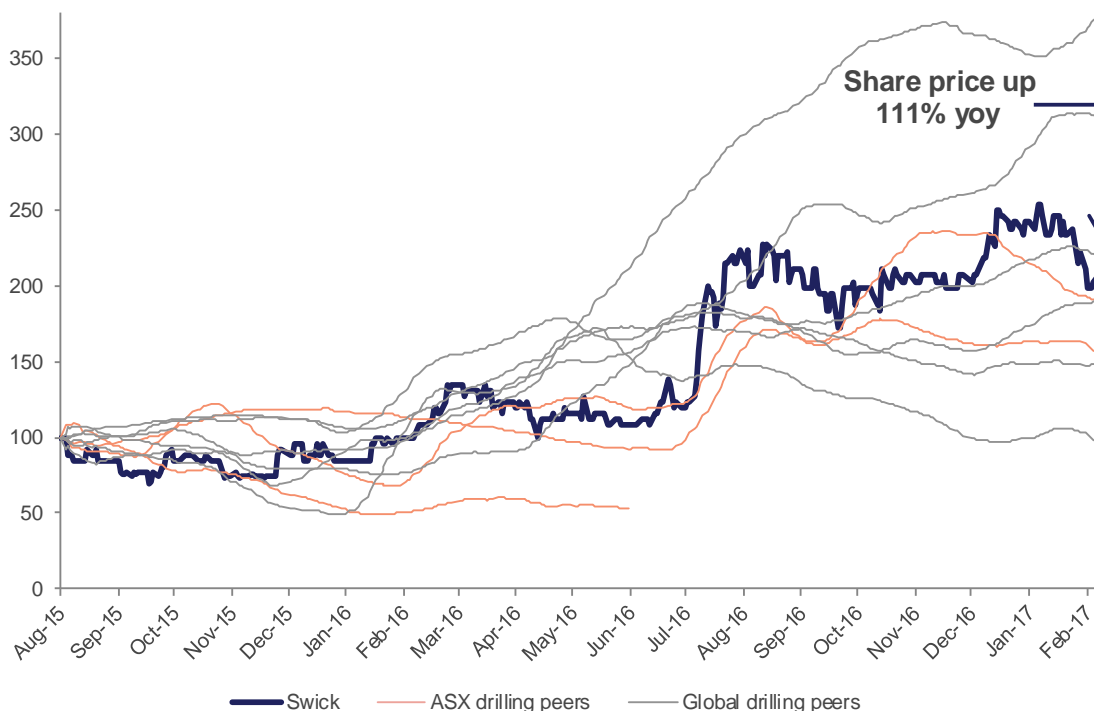
- Andrew Simpson - NEC
- Kent Swick - MD
- Phil Lockyer - NED
- David Nixon - NED
- Ian McCubbing – NED
- Vahid Haydari – CEO
- Jitu Bhudia– CFO

Substantial shareholders*

- Kent Swick (15.7%)
- Perennial Value Mgt. (12.5%)
- Simone Lourey (11.6%)
- Vanshap Capital (10.3%)
- Schroder Investment Mgt. (7.0%)
- Rosanne Swick (6.6%)

*As at 31st December 2016

Share price relative to ASX and Global peers Aug 2015 to current SWK is up 111% YOY



ASX listed peers include Mitchell Services, Boart Longyear, Hughes Drilling

Division Overview

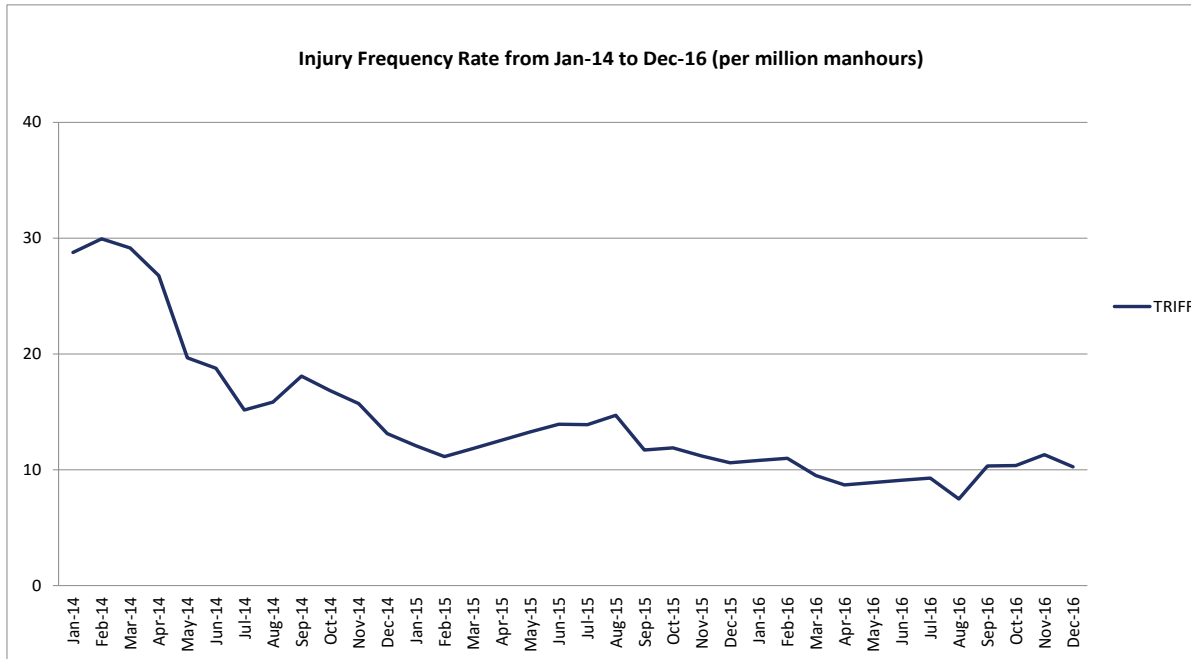


Drilling: Underground Delineation
Rig Type: Swick Mobile Drill
Sectors: Gold, Base Metals
Sites: Operating Mines
Advantage: Reliability, Productivity, Safety, Total Value
Range: + 1,500m
Fast Fact: World's Leading Drill Rig
Fleet Size: 68 Rigs (57 Asia Pacific & 11 International).
FY16 Revenue: \$109.8 million



Drilling: Reserve Definition & Exploration
Rig Types: Swick RC Drills
Sectors: Base Metals, Bults, Gold
Sites: Brownfield & Greenfield
Advantage: High Air Power, Deep Hole Capacity
Range: + 400m
Fast Fact: Award Winning Rig Design
Fleet Size: 7 Rigs
(6 Swick & 1 tracked Schramm)
FY16 Revenue: \$5.4 million

Safety – Towards Zero Harm

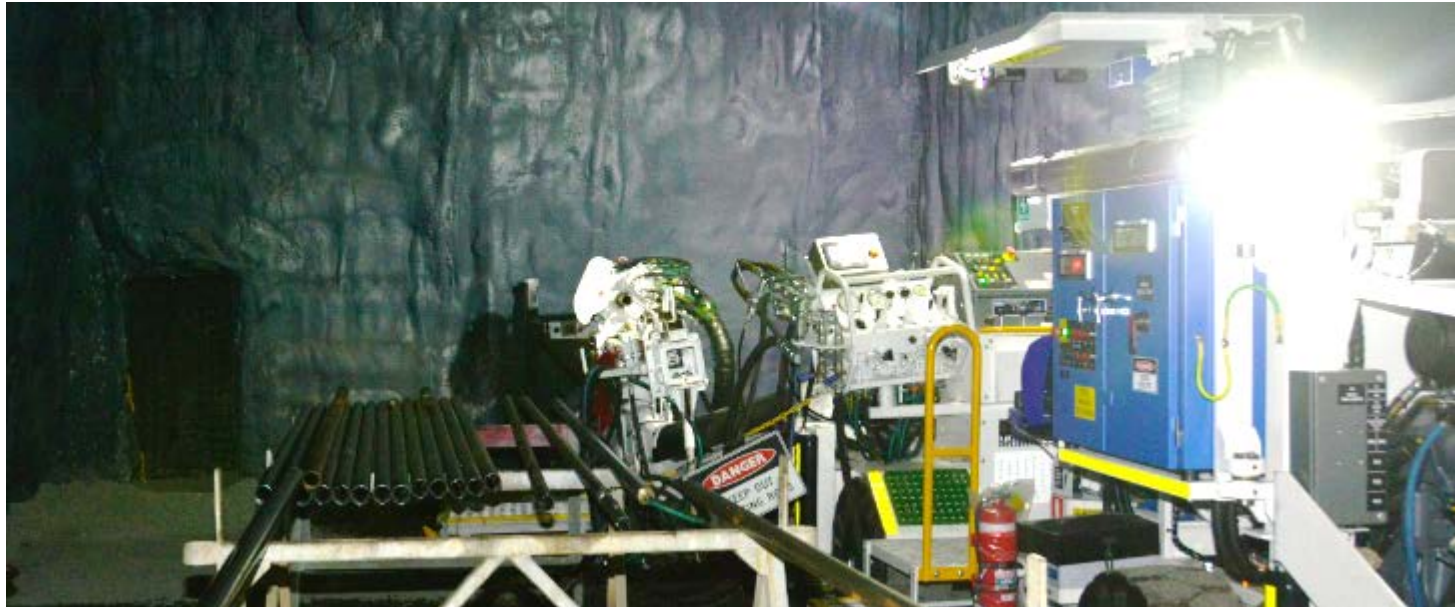


- Companywide TRIFR continues to trend down
- Biomechanical study incorporating engineering changes implemented
- 100% implementation of IPAD technology with HSE tools and Training videos
- Continued investment in Project Implementation and Technical Trainers (PITT)

Swick LAD Redesign










Training – U/G simulation at Swick HQ



- To better prepare new employees for site, a site simulator has been constructed at our South Guildford premises
- Realistic environment, noise, heat, drill rig, stands and rod trestles
- Four day training on site set ups, rod and tube handling, core management general duties
- Must be deemed ready for site otherwise repeat the process
- Allows for R&D development in realistic enclosure with a 50m test hole to allow product testing

1H FY17 Results Overview

Operational Performance	1H FY17	1H FY16	% Change
Total Metres Drilled	685,689	676,367	1%
Total Rigs in Fleet (Period end)	78	78	0%
Total Rigs in Use (Period end)	55	54	2%
Consolidated Revenue per Metre (\$/metre)	94.56	95.95	-1%
Financial Performance			
Revenue (incl. Other Income) (\$m)	64.8	64.9	0%
EBITDA (reported) (\$m)	7.9	8.3	-5%
EBITDA (before significant items) (\$m)	7.9	8.3	-5%
EBIT (reported) (\$m)	0.4	0.01	-3900%
EBIT (before significant items) (\$m)	0.4	0.7	-43%
NPAT (reported) (\$m)	-0.5	-1.6	69%
NPAT (before significant items) (\$m)	-0.07	0.04	-275%
EBITDA (before significant items) %	12.2%	12.8%	-5%
EBIT (before significant items) %	0.6%	1.1%	-45%
Net Assets (\$m)	88.3	91.7	-4%
Cash (\$m)	7.8	6.8	15%
Debt (\$m)	20.0	22.3	-10%
Net Debt (\$m)	12.2	15.5	-21%
Operating Cashflow before Interest & Tax (\$m)	11.9	10.5	13%
Free Cashflow (\$m)	4.8	4.0	20%

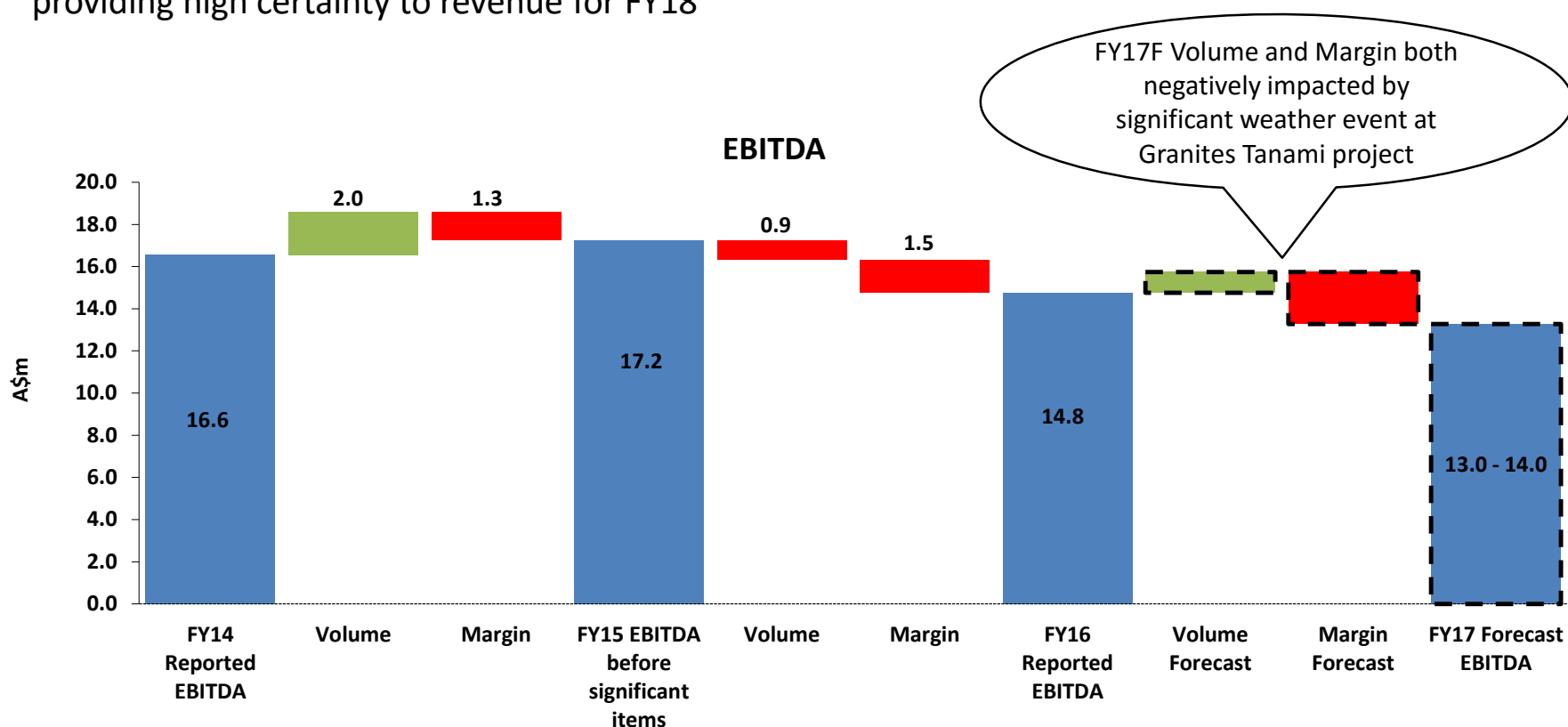
- Total Metres  1%
- Revenue 0%
- Rev/Metre  -1%
- EBITDA *  -5%
- EBITDA % *  -5%
- Operating Cash  13%
- Free Cashflow  20%
- Net Debt  -21%
- Reduction in Revenue per Metre now slowed down indicating signs that pricing pressure for drilling services has now eased.
- Net tangible asset (NTA) per share reduced slightly from 38c to 37c per share - reduction in equity offset by reduction in issued shares through share buy-back.

Note: Totals may not add due to rounding

Note: Refer to Slide 20 for details of Significant Items

EBITDA Bridge FY14 to FY17 Forecast

FY17 full year margin will be impacted by increased rig mobilisation to new projects and a significant weather related delay at Granites Tanami project. Rig utilization is expected to be >90% at end of FY17 providing high certainty to revenue for FY18

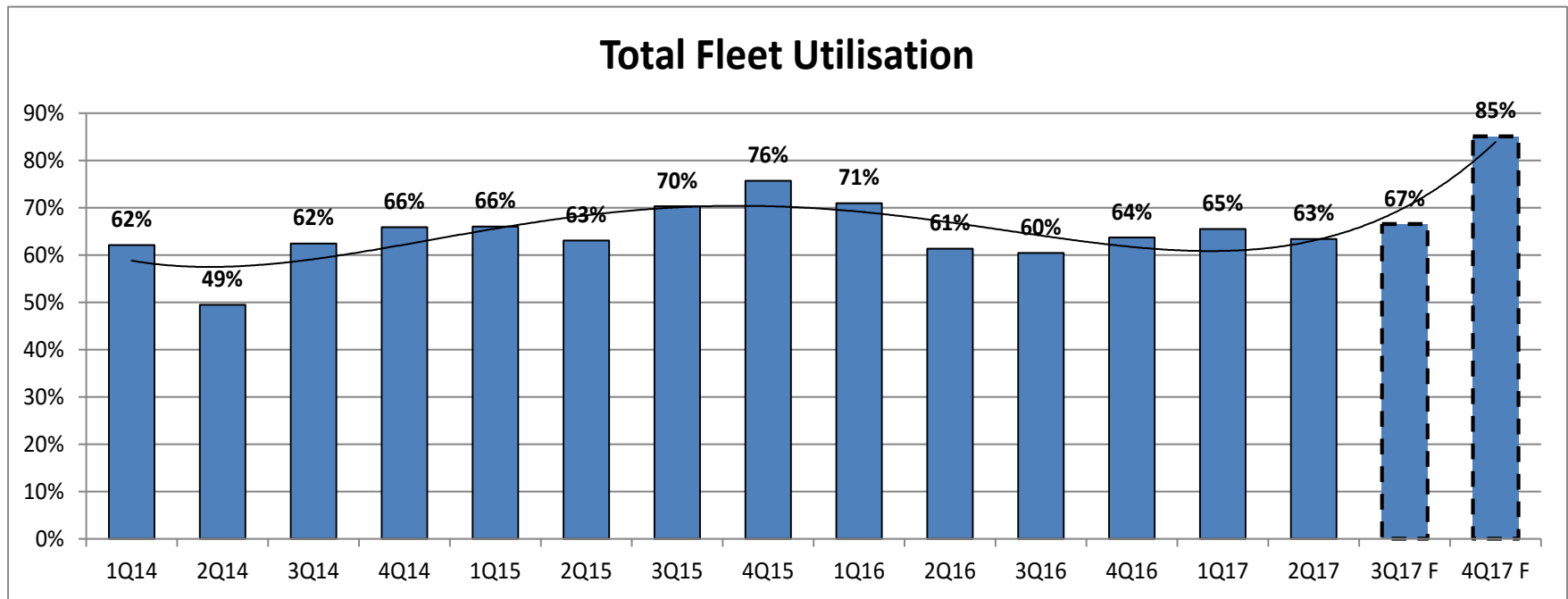


What Drives Swick as a Company

- Market Share of Australian Underground Coring
 - Current market leader in Australia with around 40% share, potential to be > 75%
- Market Leading Status in Underground Coring - Globally
 - Operational Performance unmatched – Safety, Productivity, Quality, Reliability
 - Competitive Advantage continues to widen – technology, power, automation
- Growth Opportunity in USA
 - Competitive advantage in USA similar to Swick inception In Australia in 2004
 - Barriers of entry breaking down, established in Nevada and Tennessee
 - Profitable market, currency advantage
- Strategic Objective – Efficiency – More metres, less manning
 - Metres per man-hour increasing, metres per shift increasing, costs per shift decreasing
- Rates – appetite for production over costs
 - Current sentiment is changing from lower costs to increased production, mining is becoming relevant to the market again
 - Swick is the most productive, professional and reliable of all underground coring contractors – plays to our strengths
- Disruptive Technology – Orexplore Mineral Analysis
 - Potential to disrupt mineral analysis technology and benefit every operating mine globally

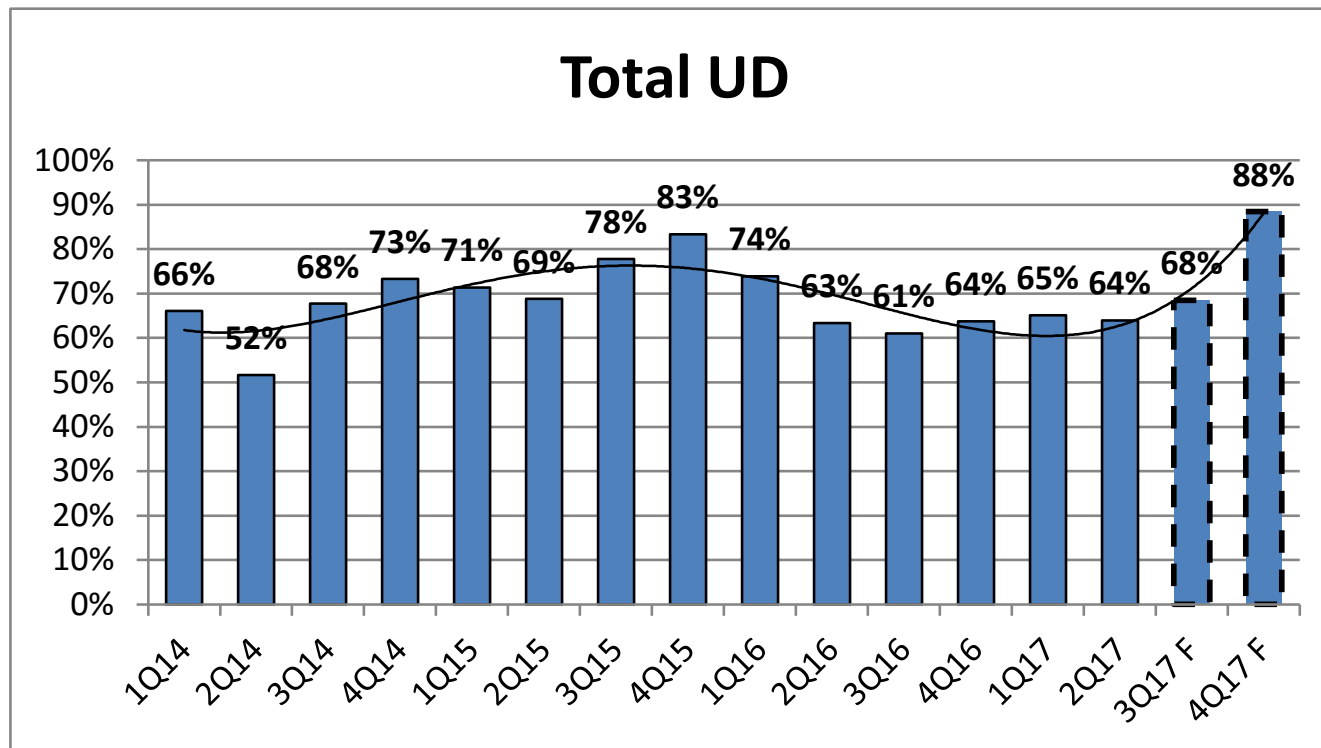
Total Fleet Utilisation

Total fleet utilisation expected to reach record levels at end of FY17 due to increased UD rig demand as new projects are fully mobilised partially offset by reduction in RC volumes



UD Fleet Utilisation

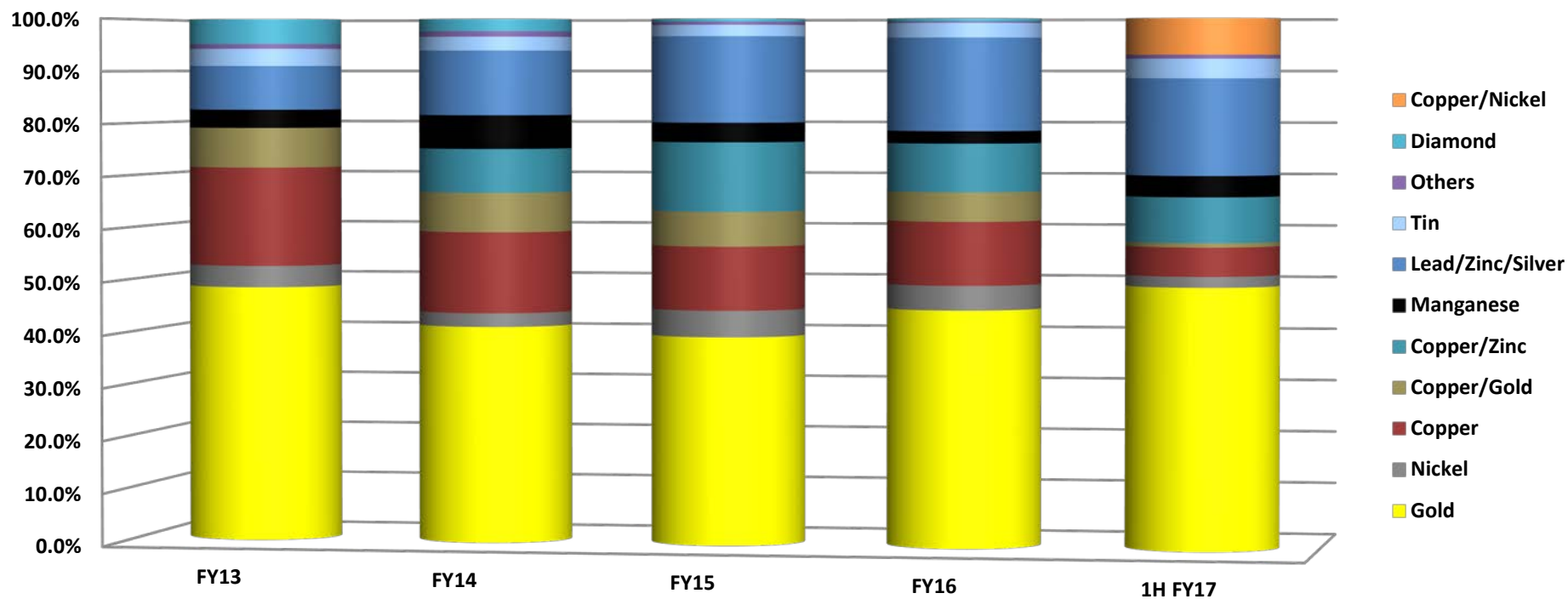
UD fleet utilization expected to reach record levels at end of FY17 as recently won new projects are fully mobilised and increased rig demands from existing clients are met



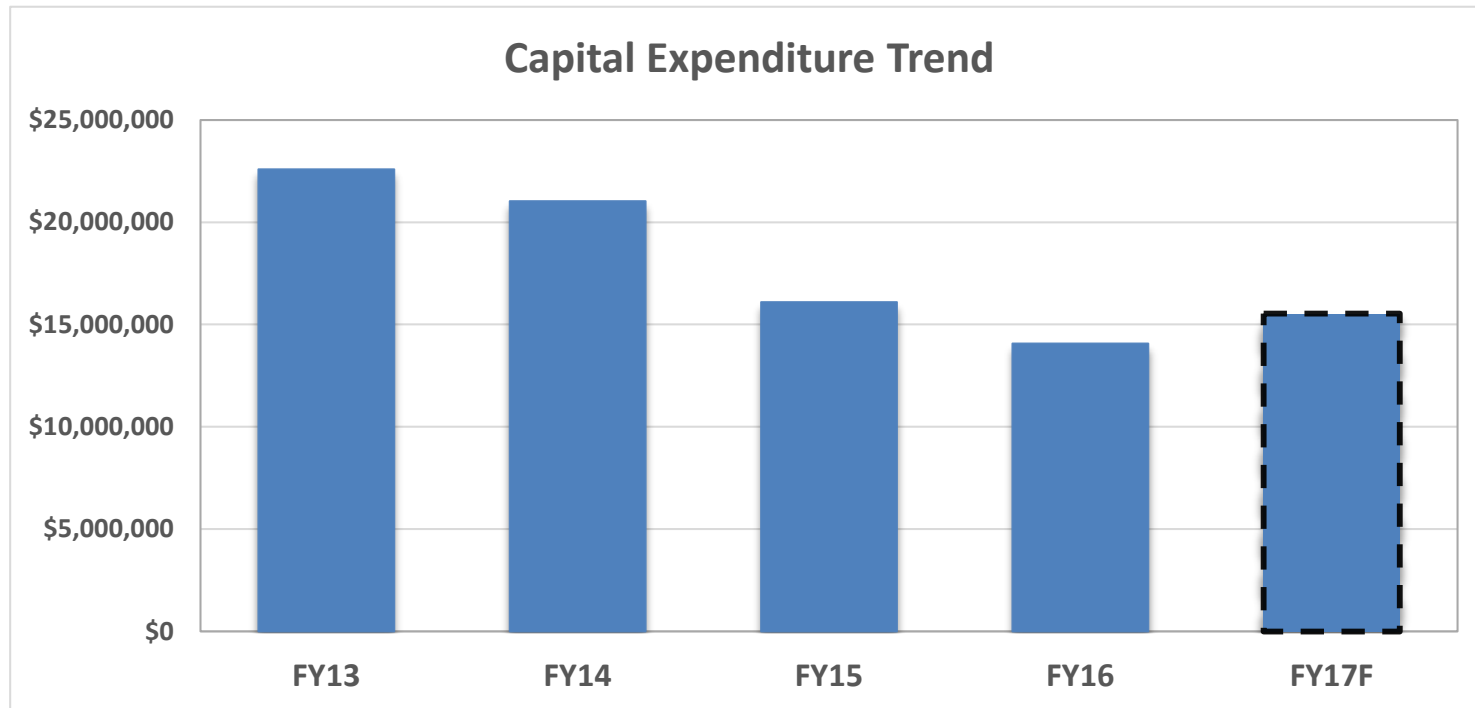
Commodity Split – 5yr Trend

Revenue mix from Gold increasing to FY13 levels

Revenue by Commodity



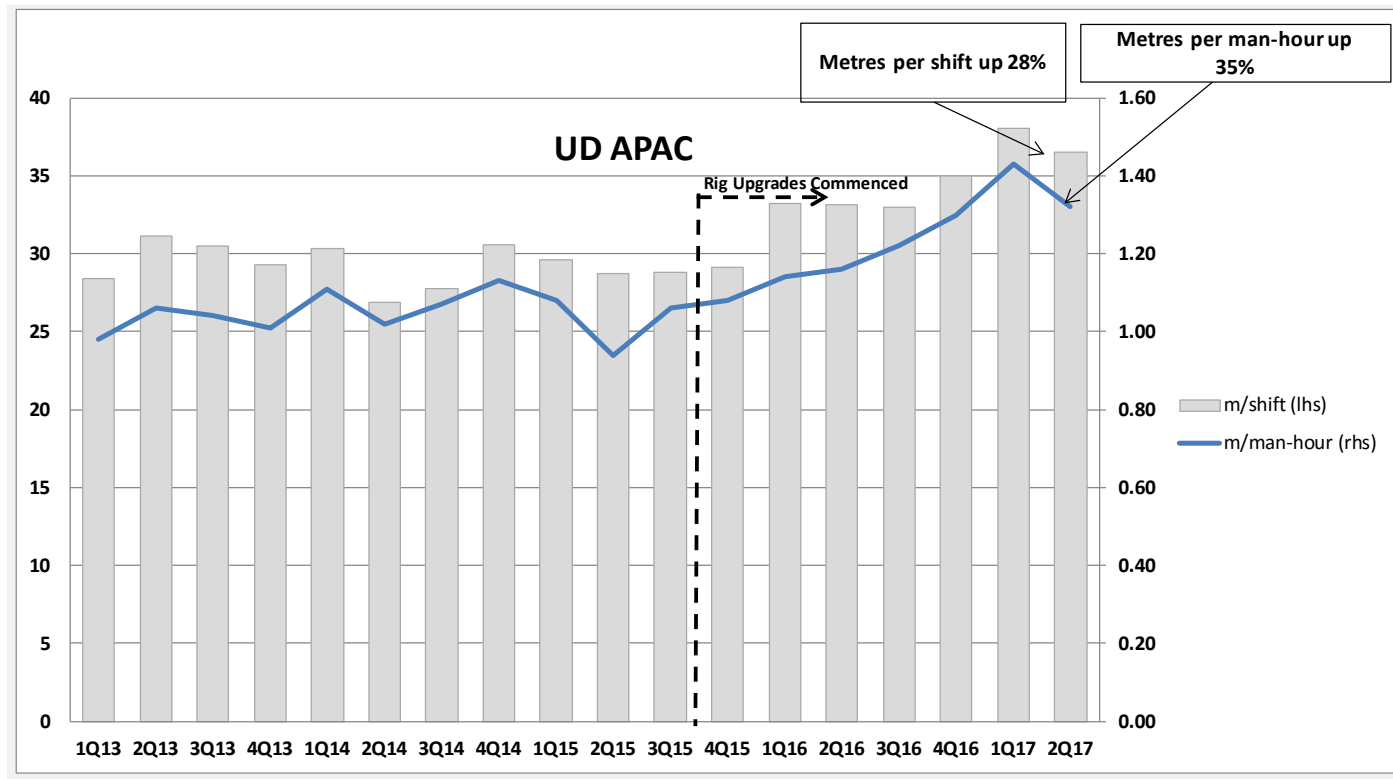
Capital Expenditure – Efficiency focused



- Includes Orexploration investment/capex
- Productivity improvements fully budgeted for all UD fleet
- Swick is focused on cash generation through this part of the cycle
- Increase in FY17F capex due to increased rig demand

Efficiency Gains limiting Rates Pain

- Strategic Objective to Double the Metres per Man-hour from June 2012 to June 2017
- Strategic Engineering Upgrades on rigs in fleet commenced 3Q 15
- Declining market drilling rates of 35% over three years, EBITDA impact limited to only 9%
- Efficiency gains mitigating the impact to EBITDA



Disruptive Technology – Orexlore AB

“Orexlore technology is a potential game changer in exploration, allowing Swick to re-position itself as a mineral information provider”

Kent Swick – Swick Mining Services 2013

- Orexlore AB was a start up technology firm designing state of the art mineral analysis technology
- In 2013 Swick signed a share purchase agreement with Orexlore AB
- Swick committed an A\$5m equity injection over 4 years
- Upon final equity tranche Swick will hold ~75% ownership
- Current Swick holding is 66% , in negotiations to consolidate to 90%



OREXPLORE

Unique Patented Technology

AXM

Attenuation and XRF

Combined measurement

Patented

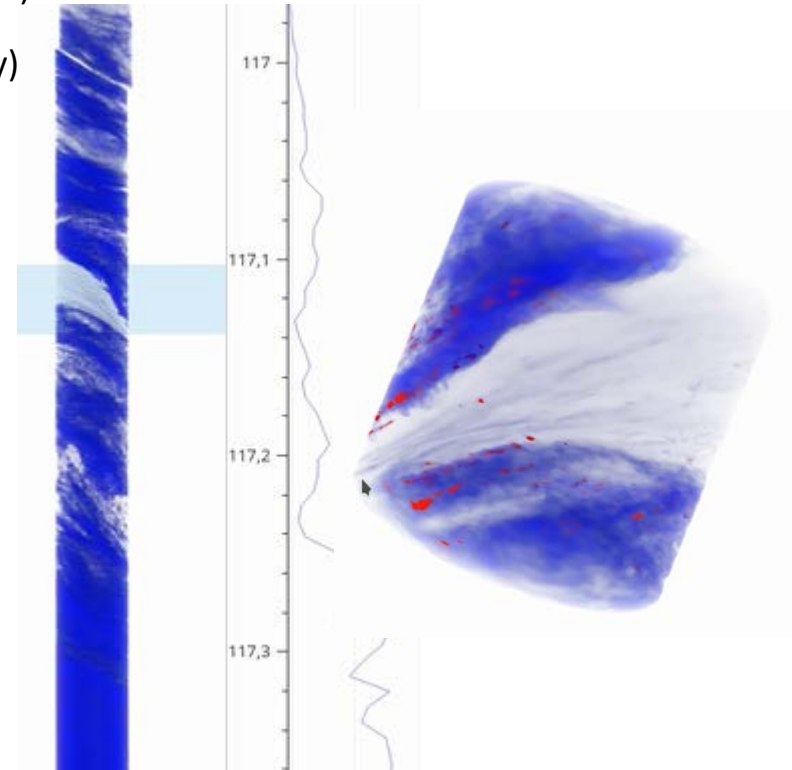
Atomic weight 42-82

Full Penetration

Disruptive Technology – Orexplore

Immediate and accurate chemical analysis of drill samples

- World First, unique mineral scanning technology – non-destructive
- Analyse kilograms rather than grams of material
- Unique ability to scan the entire sample (sees through the core)
- 3D structural information using CT (computerised tomography)
- Instant, on-site analysis at core farm or at the lab
- Prototype on site at Boliden Copper operating full time

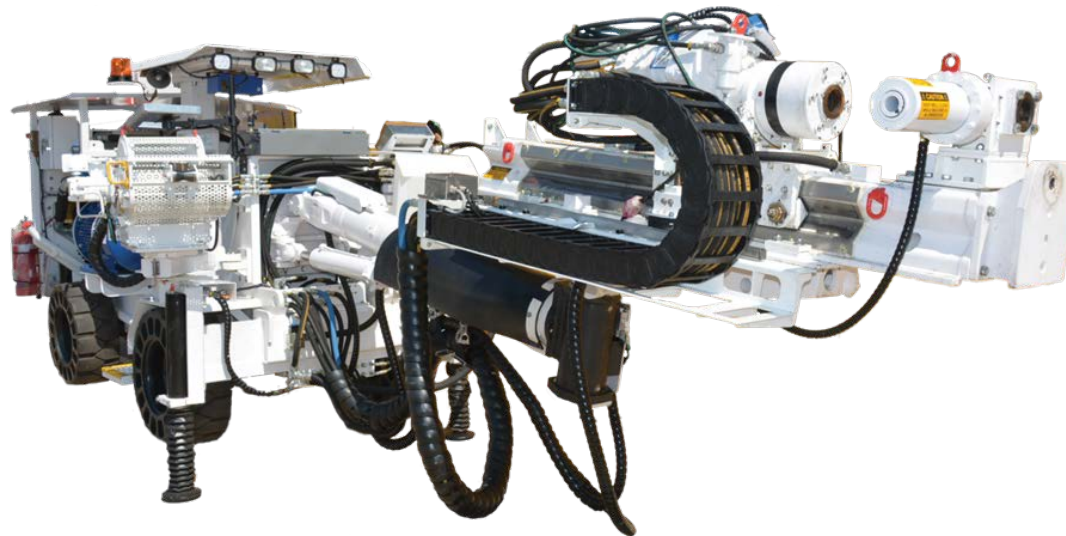


Potential for Shareholders

- Swick is contracted to operating mines – limited downside to volume even in commodity price downturns
- Large footprint of clients (14) and sites (20) – heavily exposed to drilling budget rebounds
- UD rig fleet utilization expected to be >90% before the end of FY17 once new projects.
- Technical leader in the space – automation, telemetry, safety and lower manning levels
- Margin improvement even with static charge out rates as a result of continuous improvement in physicals
- Well managed through the worst mineral drilling downturn in living history
- Strong Balance Sheet – cash generation and debt reduction through down cycle (net debt \$12m)
- Focused on shareholder return either through dividend or buyback (or both)
- Culture of innovation and desire to move up the value chain to being a mineral information provider
- High potential from Orexlore mineral assay technology to materially benefit holders in medium term

Operations Update FY17

- Newly awarded Kirkland Gold and Kensington sites to be completely mobilised by end of FY17
- FY17 Financial Results will be affected negatively by the 2H17 impact of increased rig mobilisations and a significant weather related event at Granites Gold Mine (NT)
- Global Rig Utilisation forecast to be >90% by end of FY17, a record high.
- Market Rates are Stabilising
- Swick Efficiency Upgrades in full swing
- Orexlore commercialisation nearing



Significant Items

Reconciliation of Underlying and Reported IFRS results

A\$ million	1H FY17				1H FY16		
Significant Items	Before Tax	Tax	After Tax		Before Tax	Tax	After Tax
Significant items impacting EBITDA	-	-	-		-	-	-
Impairment of assets	-	-	-		(0.7)	-	(0.7)
De-recognition of deferred tax assets	-	(0.4)	(0.4)		-	(0.9)	(0.9)
Significant items impacting EBIT & NPAT	-	(0.4)	(0.4)		(0.7)	(0.9)	(1.6)

Note: Totals may not add due to rounding

Thank You