

SWICK MINING SERVICES

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ASX ANNOUNCEMENT

SWICK – 1Q FY18 Operations Update

- ☐ Revenue of \$36.4m (unaudited) for 1Q18 up from \$33.0m for the previous corresponding period (pcp), an increase of 5%
- ☐ Total metres drilled of 331,312 for the quarter, up 5% from 316,873 in the pcp (excludes LH division data)
- ☐ Underground Diamond (UD) drilled metres of 303,214 for the quarter, up 9% on pcp and down 8% on previous quarter (4Q17) as a result of Golden Grove de-mobilisation
- ☐ UD division revenue of \$34.1m (unaudited) for 1Q18 up 21% on pcp
- ☐ Metres per shift for UD division of 32.5, down 9% on pcp and up 1% on previous quarter (4Q17)
- ☐ UD division fleet utilisation at 79% for the period up from 65% pcp
- ☐ Commenced underground diamond drilling at Olympic Dam for BHP with one mobile rig on a 12 month contract with upside potential
- ☐ Margins remain low but expected to improve

Western Australia – (October 31, 2017) – 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 FY18.

Operations Update

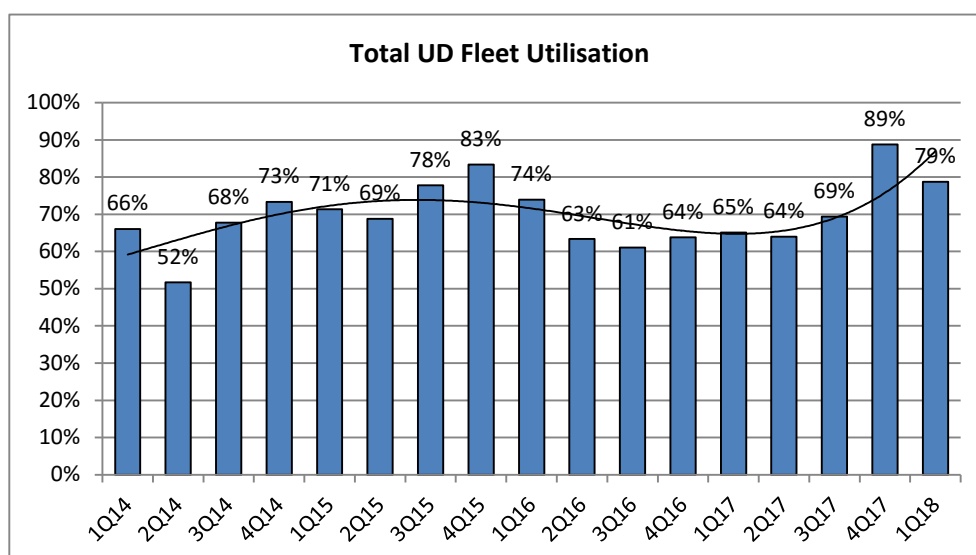
Operational Performance	1QFY18	1QFY17	% Change
Total Metres Drilled (excl. LH division data)	331,312	316,873	5%
Total Rigs in Fleet excl. LH (Period end)	75	75	0%
Total Rigs in Use excl. LH (Period End)	58	59	-2%
Consolidated Revenue (\$m)	36.4	33.0	10%
UD Metres Drilled	303,214	277,288	9%
UD Rigs in Fleet (Period end)	68	68	0%
UD Rigs in Use (Period End)	54	51	6%
UD Revenue (\$m)	34.1	28.2	21%
UD Revenue per metre (\$/Metre)	113	102	11%
Total Employees (Period End)	567	530	7%

Revenue for the quarter ending September 30, 2017 was \$36.4 million (unaudited), up from \$33.0 million (excluding revenue from discontinued Longhole division) for the corresponding period a year ago and marginally down from \$36.6 million in the previous quarter (4Q17). The

drop in revenue compared to 4Q17 was predominantly due to cessation of drilling at the Golden Grove mine, a contract the Company was able to extract itself from before contract end date due to the low rates. Cessation of drilling at Golden Grove in July 2017 released 5 rigs from work and this coupled with a reduction of rigs at other existing sites resulted in a drop in the UD rig utilisation in 1Q18 from the record utilisation rate of 89% achieved in 4Q17.

A total of 58 rigs from a fleet of 75 were operating in the field as of September 30, 2017 compared to 59 rigs from a fleet of 75 a year ago. Of the total rigs in work, the UD division represented 54 rigs operating from a fleet of 68, compared to 51 rigs operating from a fleet of 68 a year ago.

Despite the drop in utilisation from the record levels achieved at the end of FY17, UD rig utilisation for 1Q18 of 79% was up from 65% in the corresponding period last year.

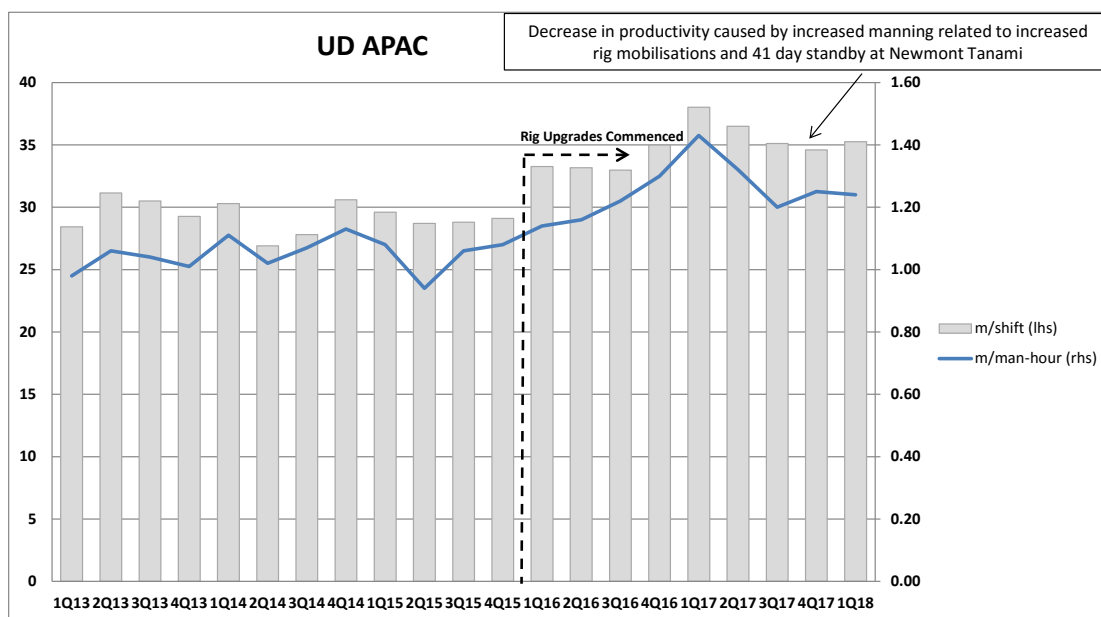


Demand for Swick UD rigs continues to be high and the Company is confident the remaining idle fleet will be put to work in the next two quarters through new work and increased demand from existing clients.

Productivity per rig and per man-hour have been impacted negatively over the last two quarters by an increase in rig mobilisations due to increased demand from new and existing contracts.

The increased rig mobilisations and resulting lower productivity continued to impact margins in 1Q18 with the Company reporting an EBITDA margin for the quarter that was slightly below the FY17 levels. With the new sites now fully mobilised and stabilised, the Company has increased its emphasis on cost management and productivity which is expected to result in improved margins going forward.

The graph below shows the significant benefits generated in the cornerstone UD APAC division by in-house engineering projects and operational initiatives at Swick that are focussed on achieving our strategic objective. The technology rollout is continuing and expected to be complete towards the back end of FY18.



The exit from the low margin Golden Grove contract and increased revenue from recently priced contracts resulted in an average UD revenue per metre of \$113, an increase of 11% when compared to the corresponding period last year. The increase in revenue per metre coupled with the increased metres drilled resulted in the UD division reporting a revenue of \$34.1 million for the quarter, an increase of 21% when compared to the prior corresponding period. The improving Australian drilling environment and increased demand for Swick UD rigs will enable Swick to price new work at the required rates to improve margins in its drilling division.

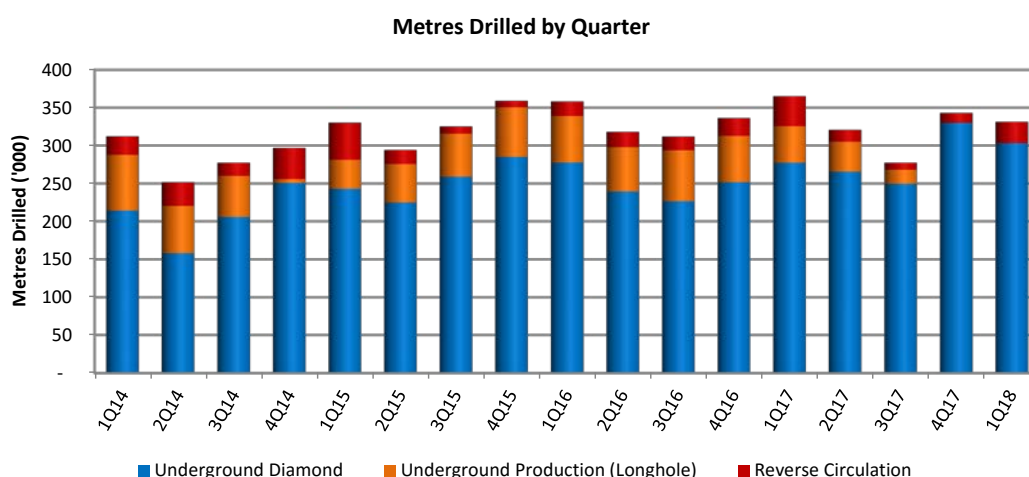
Safety and Training

The TRIFR at 30 September 2017 stands at 12.4 per million man-hours which is up from 10.4 per million man-hours 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 in systems and engineering design, will ultimately lead to significant developments at the drill site to further reduce risk and enhance our safety record.

Metres Drilled

The quarterly metres drilled by division is shown in the graph below with the core UD division up 9% and RC down 29%, compared to the corresponding period last year.



Orexplore

Swick's latest innovation, Orexplore, has the potential to disrupt the multi-billion-dollar a year minerals analysis industry and is a world-first technology. Orexplore is a unique portable mineral scanning technology that allows for instant, non-destructive, on-site analysis of drill core.


Orexplore allows clients to access entire core farms, through the cloud (virtual core farms), at their work stations. We believe this will benefit both geologists and metallurgists in making faster and more precise decisions for exploration drill programs and production mine planning.

The first two base metal scanning machines available for commercial use will arrive in Perth in November and Orexplore will undertake product launches and demonstrations over the coming months with the aim of establishing in-field, multi-machine installations. The field based units will provide clients with almost real time data and detailed geological information at the site, whilst retaining 100% of the core.

Commentary

Kent Swick, Managing Director stated *"The new financial year brings some optimism in that there appears to be a change in sentiment in the mineral drilling market, with clients generally indicating that more drilling will be undertaken than there has been of recent years. That is a positive for Swick as we are regarded as a safe, highly productive and reliable contractor."*

"The demobilisation from Golden Grove allows the five underground drilling rigs that were deployed at that site an opportunity to be redeployed at existing or new sites under significantly better rates and conditions. One significant opportunity is at Olympic Dam where the Swick mobile rig is being assessed for its capabilities and benefits, with an opportunity to expand the rig numbers at that site as a result of high performance. I am confident that Swick will be able to clearly demonstrate the versatility and power of the rig as well as the safety culture and capabilities of our crews."



“Orexlore as a business is approaching its commercialisation phase with the first core scanning units arriving in Perth before Christmas and these will be used extensively for marketing and demonstration purposes. I am confident that when potential clients understand the capabilities of the instrument as well as the impressive functionality and ease of use of the operating software the value of this technology will be compelling. The concept of a ‘virtual core farm’ that is accessible at any time from any location via the Cloud fits in perfectly with the digitalisation focus in the industry at present.”

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:

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.