

UBS AUSTRALIAN EMERGING COMPANIES CONFERENCE PRESENTATION

9 APRIL 2019

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MANAGING DIRECTOR

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

Information included in this presentation is dated 8 April 2019.

WHO WE ARE

ONE OF AUSTRALIA'S LARGEST MINERAL DRILLING CONTRACTORS



LEADING REPUTATION FOR INNOVATION IN RIG DESIGN AND DRILLING PRACTICES

- Underground Diamond Drilling – leading business delivering grade control at producing sites
- Surface Reverse Circulation (RC) Drilling – above ground drilling
- Orexplore – revolutionary core scanning technology that produces real-time core analysis
- 575 employees

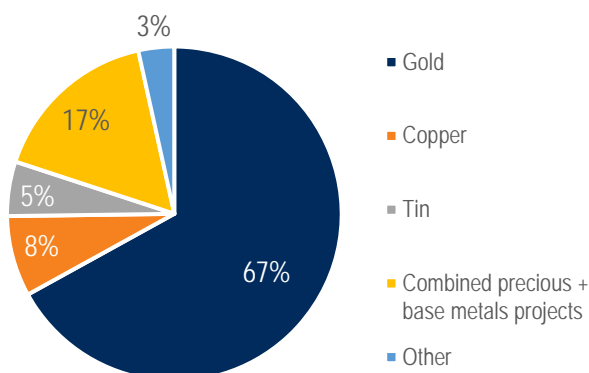
DELIVERING ON OUR STRATEGY REFLECTED IN IMPROVED 1H FY19 RESULTS

- Success in resetting contracts, moving rigs to better performing sites, and reducing costs
- Revenue of \$75.3m (up 5.9% on 1H FY18)
- EBITDA of \$14.5m (up 103% on 1H FY18)

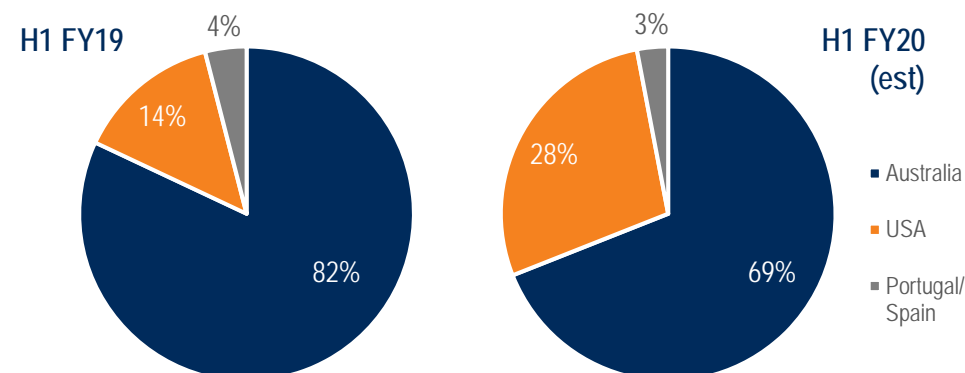
SET TO ENTER FY20 WITH STRONG MOMENTUM BY RESETTling MARGINS

- Awarded \$210m in new contracts to grow order book to \$295m
- Secured work is at target margins, providing platform for earnings growth in FY20
- Accordingly transitioning some underground rigs during 4Q FY19
- Continued focus on safety culture and R&D initiatives

REVENUE BY COMMODITY



REVENUE BY GEOGRAPHY



CORPORATE OVERVIEW

WELL ESTABLISHED WITH PROVEN TRACK RECORD



LEADERSHIP TEAM



KENT SWICK
MANAGING DIRECTOR



JITU BHUDIA
CHIEF FINANCIAL
OFFICER



ANDREW SIMPSON
CHAIRMAN



IAN McCUBBING
NON-EXECUTIVE
DIRECTOR



DAVID NIXON
NON-EXECUTIVE
DIRECTOR



PHIL LOCKYER
NON-EXECUTIVE
DIRECTOR

SUBSTANTIAL SHAREHOLDERS

- Perennial Value Management (15.0%)
- Kent Swick (14.4%)
- Circle 5 Management (12.0%)
- Vanshap Capital (9.4%)
- Rosanne Swick (5.4%)

CORPORATE STRUCTURE

- ASX code: SWK
- Listed: Nov 2006
- Shares issued: 231.5m
- Share price: \$0.20*
- Market capitalisation: \$47.4m
- Enterprise value: \$65.2m

** As at 5 April 2019*

HOW SWICK HAS PERFORMED

MAKING PROGRESS ACROSS THE GROUP'S OPERATIONS



Underground Diamond Drilling (69 rigs)

- Delineation drilling for production at operating underground mines
- Competitive advantage through mobile rigs
- Driver of earnings
- Success in ensuring each contract is profitable on a standalone basis
- Drilled >10 million metres

Surface RC Drilling (7 rigs)

- Reserve definition and exploration drilling at both brownfields and greenfield sites
- Secured campaign-style contracts
- Looking at opportunities to hire/sell excess fleet



Orexlore

- Launched in May 2018, with 7 commercial agreements signed
- Trials underway with a range of miners, explorers and consultants in Australia on initial free period
- Developing next generation gold spectrometer machine, which will also be able to scan other precious metals
- In discussions for site based pilot programs for multiple machine installations

1H FY19 FINANCIAL OVERVIEW

IMPROVED FINANCIAL PERFORMANCE

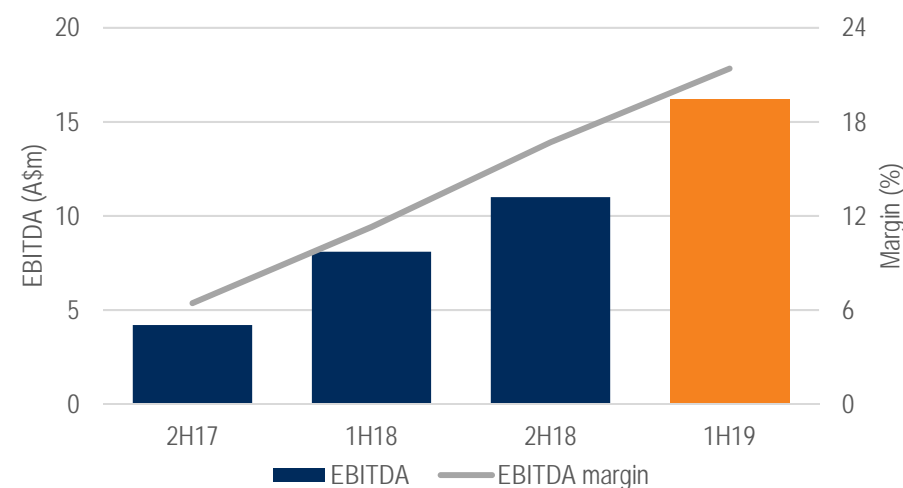


- Continued trend of growing earnings in 1H FY19 through enhanced margins, as per strategy of:
 - Moving rigs onto reset rates or better performing projects
 - Reduction in operating costs and enhanced performance
- Additional benefit from improved short-term rates on two contracts
- Drilling Business EBITDA of \$16.2m at a margin of 21.4%, double 1H FY18 (\$8.1m EBITDA at 11.3% margin)
 - Increased revenue per shift by 6.1%
 - Reduced operating costs per shift by 4.5%

GROUP PERFORMANCE

A\$ million	1H FY19	2H FY18	1H FY18
Revenue	75.3	67.1	71.1
EBITDA	14.5	10.1	7.2
<i>EBITDA margin</i>	<i>19.3%</i>	<i>15.1%</i>	<i>10.1%</i>
EBIT	4.0	1.3	(0.9)
NPAT	1.9	0.3	(1.3)

DRILLING BUSINESS PERFORMANCE



* Before significant items

GENERATING CASH AND WELL POSITIONED



- Grew cash from operating activities as EBITDA increased
- Cash conversion of 72.9% – targeting improvement
- Capital expenditure of \$9.9m, with growth driven by:
 - Investing in DeepEx rigs, in response to client requirements
 - Increasing rig capacity, preparing for expected increase in demand given six-month lead time to build new rigs
- Maintained gearing in line with target levels
- Increased banking facilities by \$8m to \$38m, providing flexibility for the business
 - Draw down remained unchanged at \$27m at end H1 FY19

A\$ million	1H FY19	1H FY18	Change
Net cash from operating activities	9.8	5.0	98%
Net cash used in investing activities	(8.7)	(5.3)	(64%)
Free cash flow	1.1	(0.4)	410%
Operating cash flow before interest and tax	10.6	5.7	87%

A\$ million	31 Dec 18	30 Jun 18	Change
Cash	12.3	11.5	7%
Debt	30.0	29.2	3%
Net debt	17.7	17.8	(1%)
Gearing (Net debt/equity) (%)	20.7%	21.3%	(0.6%)

STRATEGY AND OUTLOOK

CLEAR GROWTH STRATEGY TO BUILD ON

WHAT WE'RE DOING CURRENTLY



- Delivering on strategy of resetting market rates and lowering operating costs to grow earnings from rigs in operation
- Success in targeting new opportunities in overseas markets, as seen 8-rig contract with Northern Star at its Pogo gold mine in Alaska – now have leading market share in USA
- Roll out DeepEx – dedicated deep exploration and infrastructure drilling



- Currently engaged on two contracts – KLG and Kin
- Continue efforts to secure brownfield contracts
- Preparing excess fleet to hire/sell depending on opportunity



- In negotiations to deploy Orexplore technology onto sites via pilot programs with target customers. Orexplore can provide non-destructive, real time assay and geological information in contrast to current methods
- Prototype (in machine) testing next generation gold spectrometer (targeting 0.1ppm) in 2H FY19, which will also have the ability to scan other precious metals
- Swedish R&D team working with JV partners in Europe on flow scanning via EU Horizon 2020 R&D program – X-Mine

OUTLOOK

WELL POSITIONED FOR EARNINGS GROWTH IN FY20

- Transition of rigs plus cessation in short-term rates during Q4 will result in lower 2H FY19 compared to 1H FY19
 - Overall FY19 earnings to be significantly stronger than FY18
- Recent award of \$210m in new work, which includes:
 - New 8-rig contract at Northern Star's Pogo gold mine in Alaska
 - 3-rig expansion at BHP's Olympic Dam in South Australia
 - Contract extension at Kirkland Lake Gold's Cosmo gold mine in the Northern Territory, with potential to drill at nearby Union Reefs project
 - Retained in part at Newmont Australia's Tanami gold mine in Northern Territory for five years
- Expansion of order book to \$295m at target margins has set strong platform to deliver earnings growth in the FY20
- Targeting additional opportunities at brownfield operating mines, with producers looking to increase output in response to strong gold prices and solid metal prices
- Focus is on delivering work safely, reliably, and efficiently for clients to ensure strong return from deployed rigs



QUESTIONS