

SWICK MINING SERVICES

ABN: 20 112 917 905

64 Great Eastern Highway
South Guildford WA 6055

PO Box 74 | Guildford WA 6935
T: +61 8 9277 8800
F: +61 8 9277 8844

W: www.swickmining.com

19 March 2021

ASX ANNOUNCEMENT

ASX Small and Mid-Cap Conference Presentation

Western Australia – Swick Mining Services Limited ('Swick', ASX: SWK), a leading provider of high-quality underground and surface mineral drilling and mineral analysis services, is pleased to announce the Company's participation in the ASX Small and Mid-Cap Conference on 16-17 March, 2021.

Kent Swick, Swick Managing Director, provided an update on the Company's progress, through a recorded presentation as part of the on-demand section of the event.

The pre-recorded presentation can be accessed at:

<https://www.youtube.com/watch?v=OiupClnJkGU>

The conference presentation is attached to this release.

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This ASX announcement was authorised for release by the Board of Swick Mining.

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, United States and Europe.

For further information:

Kent Swick
Managing Director
Ph: +61 8 9277 8800

Jitu Bhudia
Chief Financial Officer
Ph: +61 8 9277 8800

Media enquiries:

Elodie Castagna
FTI Consulting
Ph: +61 8 9321 8533

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.

SWICK MINING SERVICES

ASX SMALL AND MID-CAP

CONFERENCE

16-17 MARCH 2021

Kent Swick

MANAGING DIRECTOR, SWICK MINING SERVICES LTD

DISCLAIMER



This presentation has been prepared by Swick Mining Services Ltd ("the Company") for the sole purpose of providing corporate, financial, operational and other information to enable recipients to review the Company and its business activities. The information provided is in summary format and is not intended to provide a full and complete picture of the Company and its business activities.

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

Information included in this presentation is dated 26 February 2021.

GROUP OVERVIEW



One of World's Largest Mineral Drilling Contractors

- Specialising in underground diamond coring for the hard rock mining industry.
- Global operations located strategically in Australia, North America and Europe, servicing many of the world's tier one players.

Leadership Team



Kent Swick
Group Managing
Director



Jitu Bhudia
Chief Financial
Officer



Andrew Simpson
Non-Executive
Chairman



Ian McCubbing
Non-Executive
Director



Alan Bye
Non-Executive
Director



Stuart Carmichael
Non-Executive
Director

Substantial Shareholders

- Perennial Value Management
- Kent Swick
- Castle Point Funds Management
- Circle 5 Management
- Westoz Funds Management

Corporate Structure

- ASX code: SWK
- Listed: Nov 2006
- Shares issued: 299.0m*
- Share price: \$0.20*
- Market capitalisation: \$61.3m
- Enterprise value: \$70.8m

** As at 31 December 2020*

OUR BUSINESS



DRILLING

UNDERGROUND DRILLING

- Comprising 96% of Swick's group revenues.
- Pioneer of mobile underground diamond drilling.
- Current fleet of 69 mobile rigs, 5 Nevada skid and 3 DeepEX rigs

DEEPEX

- Launched in FY20, represents the world's most powerful underground mobile drills.
- Rigs designed to drill up to 2,000 metres NQ2 vertically down and up to 3,000m horizontal.

SWICK ENGINEERING

- Strong in-house engineering capability building rigs since 2004.
- Growing demand for Swick's drills has led to the manufacturing and sale of GenII rigs to the open market.
- Allows Swick to establish presence in untapped geographies.

MINERAL TECHNOLOGY

OREXPLORE



- Developed a fast and accurate 3D core scanning technology that produces real-time core analysis.
- Allowing customers to convert physical rock into a 3D digital twin of the rock mass, at a resolution down to 200 micron voxels.
- Commenced process to commercialise the technology with the view to demerge the business once commercialisation runway is established.

GROUP RESULTS

- Decrease in group revenue reflects reduction in volume of work from the Barrick Nevada contract in USA.
- Drilling Business EBITDA improved due to improved productivity and cost management across all sites.
- Group earnings and margins reflect ongoing strategic investment in Mineral Technology Business. Renewed focus on cost and capital management in 2H FY21.
- Group EBITDA margin improvement assisted by a reduction of over \$1.6m in corporate salaries and wages from restructure undertaken strategically.
- Improved conversion of EBITDA to EBIT due to accounting for drilling rods as consumable expense instead of long-life consumable asset – move from depreciation expense to operating expense.
- EBIT rebound to \$7.2m in 1H FY21 from \$0.7m, led by stronger rig performance at higher utilisation and at target rates.

A\$ million	1HFY21			1HFY20 ¹	Change
	Drilling Business ¹ & Other Segment	Mineral Tech Business	Group ¹		
Revenue	72.7	0.03	72.8	80.3	↓ 9.4%
EBITDA	14.6	(2.8)	11.8	10.8	↑ 9.2%
<i>EBITDA margin</i>	20.0%	na	16.2%	13.4%	↑ 280bps
EBIT	6.8	(3.6)	3.2	(1.8)	↑ 276%
EBIT margin	9.4%	na	4.4%	(2.3%)	↑ 670bps
NPAT	4.1	(3.2)	0.9	(2.9)	↑ 130%
Dividend	na	na	0.45cps	0.30cps	↑ 50%

Notes:

Numbers may not add due to rounding.

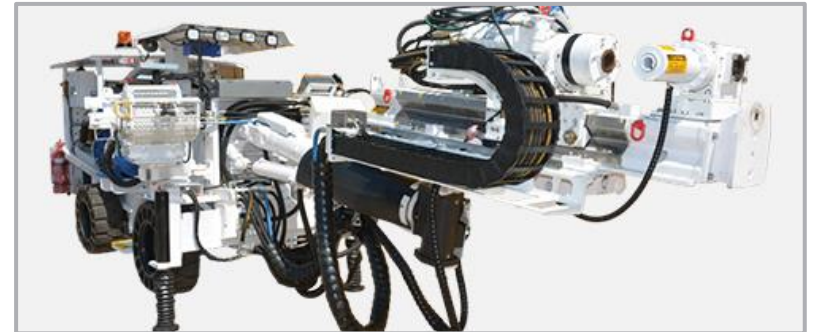
¹ Includes discontinued operations (RC Drilling business)

OPERATIONAL HIGHLIGHTS

DRILLING

UNDERGROUND DIAMOND DRILLING (UD)

- Swicks world class UD division generated 1H FY21 revenue of \$68.7m and EBITDA of \$13.5m, up 7.5% from pcp, following improved profitability from contract extensions and new work.
 - Step change in utilisation with mobile fleet approaching maximum utilisation and at target rates.
 - FY21 contracts awarded at Jundee, Olympic Dam, Broken Hill, MATSA (Spain) and Aurelia Metals.
 - Internationally, Pogo was de-risked in 1H FY21, achieving material cost reductions and productivity enhancements with ten rigs deployed at site.
- Fleet of 69 mobile, 5 Nevada skid and 3 DeepEX rigs with 61 mobile rigs deployed at end of 1H FY21:
 - 14 rigs operating internationally, 25 in Western Australia and 22 across the rest of Australia.



OPERATIONAL HIGHLIGHTS

DRILLING – BUILDING NEW EARNINGS SOURCES



DEEPEX AND SWICK ENGINEERING

- Leading the way with innovation and revenue diversification with the launch and early commercialisation of DeepEX and the ramp up of Swick Engineering division.
- DeepEX early commercialisation:
 - Three rigs built and currently at client sites.
 - Favourable conditions entering 2H FY21.
- Swick Engineering ramp up:
 - Four GenII rigs ordered by two large global drilling contractors for use outside of Australia. Two built and ready for delivery and two currently in build.
 - New hires including experienced Production Manager to scale up Engineering operations.



UD4501: First DeepEX build c/w rod handler



The first two Swick GenII mobile drills constructed for third parties – destined for Canada

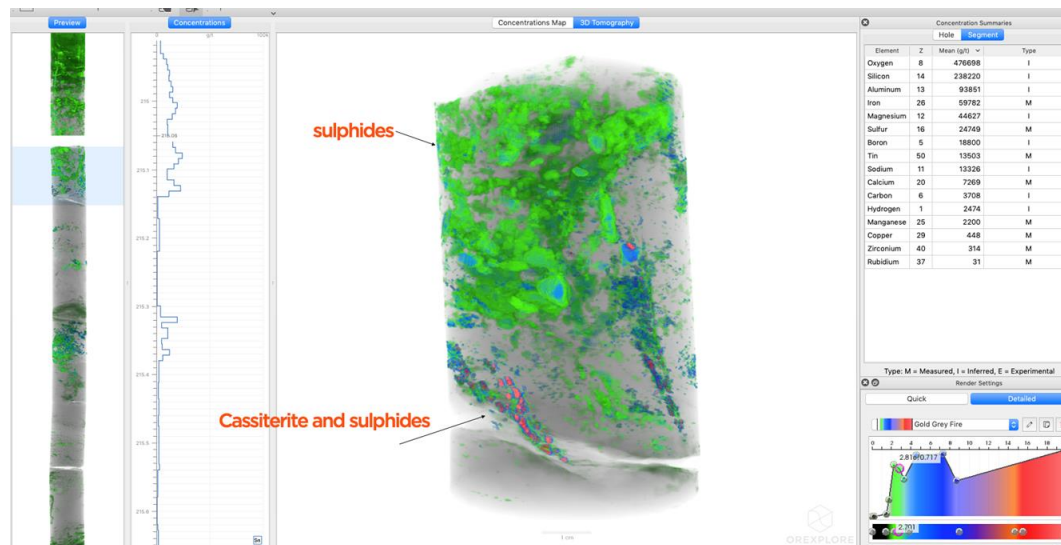
OPERATIONAL HIGHLIGHTS

MINERAL TECHNOLOGY



OREXPLORE

- Promising laboratory testing work with a pipeline of customers is expected to drive market confidence and uptake of the technology.
- Additional insights being developed with in house Geoscience acumen added to the development team.



GROWTH STRATEGY

DRILLING - UNDERGROUND

Current work: Execute safely and efficiently

- Ongoing focus on higher rig utilisation and cost efficiency from rigs.
- Opportunity for further rig deployments on existing contracts.
- Remain vigilant of potential impacts from COVID-19 while staying flexible to client demands.
- Maintain high safety performance.
- Focus on retention of staff in highly competitive space.

Growth

- Refocus on core Drilling Business.
- Entered 2H FY21 with strong order book of \$330m from new and extended contracts secured from existing clients and markets.
- Capitalise on strong tender pipeline with many opportunities for growth into new projects.
- Continue construction of GenII drill rigs to cater for internal demand and significant new external revenue stream from the Engineering business.



DeepEX prototype drill in use – capable of >2,000m diamond core holes from underground

GROWTH STRATEGY

DRILLING – INNOVATION

DeepEX

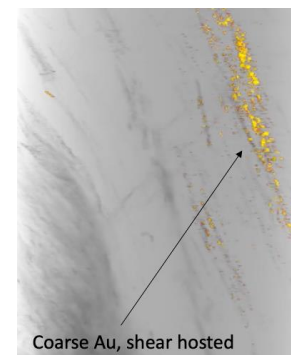
- Excellent deep drilling performance has potential to create additional market for Swick.
- Clients becoming aware of the opportunity to undertake low cost, deep hole drilling from underground stations.
- DeepEX crews proving that targeted, deep exploration is achievable from a small, underground mobile drill rig and not the sole domain of large and expensive surface rigs.

Swick Engineering

- The sale of GenII rigs to the open market provides Swick with a significant additional revenue opportunity and after market support will be ongoing business.
- There is a global trend towards mobile underground rigs and the Swick GenII rig is a world leader in technology and power with the smallest footprint available – a successful combination for underground.

MINERAL TECHNOLOGY – OREEXPLORE

- Focus of Orexlore will be on commercialisation activities
 - Continue to build portfolio of test results to demonstrate competitive advantage relative to existing mineral analysis technology
 - Focus on initial commercial agreements with early commercialisation clients/partners.
- Swick remains committed to implementing the recommendations of the FY20 strategic review - separating the Drilling and Orexlore businesses to maximise shareholder value. Demerger to occur once commercialisation runway is established.
- Geoscience acumen employed to assist in the interpretation of the detailed data set and creation of unique insights designed to add significant value to mining operations.



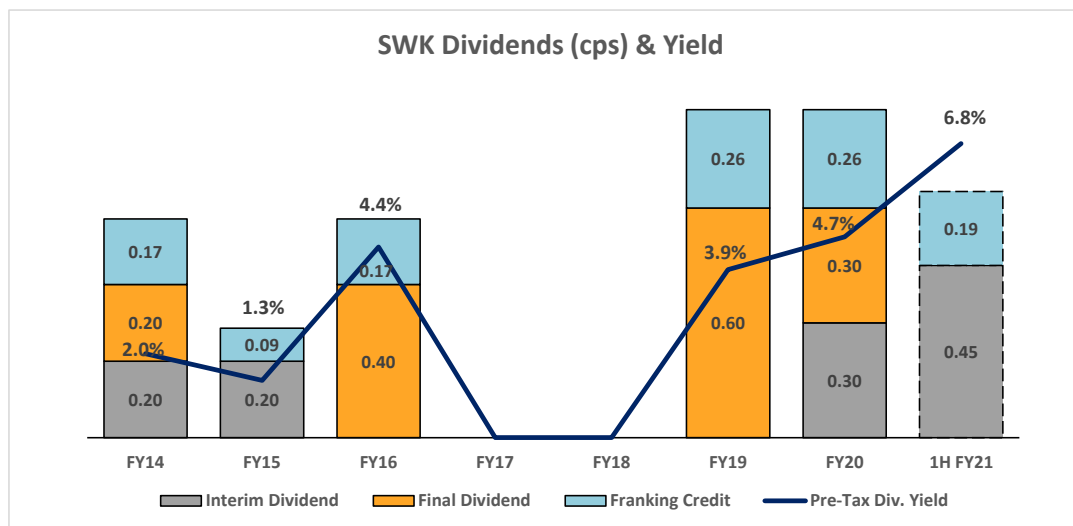


- Entering 2H FY21 with strong order book of \$330m from secured work.
- Focus on high fleet utilisation and at target rates.
- Additional revenue stream from DeepEX and Swick Engineering.
- Improved market outlook for exploration and mining resulting in improved tender pipeline for Swick.
- Proven ability to generate strong cash flow, providing returns to shareholders.
- 2H FY21 Underground Drilling business performance expected to be as strong as 1H FY21.
- Ongoing investment in Orexplore to define a commercialisation pathway.

INVESTMENT SUMMARY

Investment highlights

- World class underground driller.
- Safety is our #1 priority.
- Contractor of choice to many of the world's tier one mining operations.
- Substantial market share in low risk jurisdictions (Australia, USA and Europe).
- Attractive EBITDA margins of c.20%.
- Strong balance sheet – low gearing and ability to fund growth while maintaining cash returns to shareholders.
- Track record of cash returns to shareholders through regular dividends and share buybacks.



Note: FY14 - FY20 yield based on VWAP for the respective year. 1H FY21 yield is annualised and based on VWAP for financial year-to-date.

THANK YOU