

SWICK MINING SERVICES

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ASX ANNOUNCEMENT

SWICK – 1Q FY15 Operations Update

- ❑ 1Q15 revenue of \$32.7m (unaudited) up from \$32.0m for previous corresponding period (pcp)
- ❑ A total of 57 rigs in work, operating at 24 mine sites for 20 clients globally
- ❑ Total fleet utilisation of 70% at end of quarter up from 61% pcp
- ❑ Underground diamond fleet utilisation of 75% at end of quarter up from 67% pcp

Western Australia – (October 30, 2014) – 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 FY15.

Operations Update

Revenue for the quarter ending September 30, 2014 was \$32.7 million (unaudited), up from \$32.0 million for the corresponding period a year ago. The Company is operating at 24 mine sites for 20 individual clients, of which 4 sites are international.

A total of 57 rigs from a fleet of 81 (including three client owned rigs) were operating in the field as of September 30, 2014 compared to 50 rigs from the same fleet a year ago. Of total rigs in work the Underground Diamond division represented 50 rigs operating from a fleet of 67, compared to 45 rigs operating from a fleet of 67 a year ago.

As foreshadowed in our FY14 full year update Swick has experienced an increase in activity during the first quarter of FY15. In particular, the Long Hole drilling division saw increased activity as its client progresses to normal levels of demand. Demand is expected to remain relatively steady with existing clients, however significant tendering opportunity exists.

Key operating statistics for 1QFY15 are shown below;

Operational Performance	1QFY15	1QFY14	% Change
Total Metres Drilled	330,288	312,252	6%
Total Rigs in Fleet (Period end)	81	81	0%
Total Rigs in Use (Period End)	57	50	14%
Consolidated Revenue (\$m)	32.7	32.0	2%
UD Metres Drilled	242,794	214,143	13%
UD Rigs in Fleet (Period end)	67	67	0%
UD Rigs in Use (Period End)	50	45	11%
Total Employees	619	508	22%

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

Kent Swick, Managing Director stated *“The recovery in drilling demand has continued this quarter and indicates that our client’s drilling budgets, in particular for underground diamond coring, are returning to normal levels. In addition to the organic recovery in demand, there has been significant tendering activity and we await results for many significant contracts.”*

“Swick is progressing technology projects on its rigs to improve production and reduce non-drilling time. In addition, the Company is ready to meet the potential rig demand and has prepared and rebuilt idle rigs for anticipated upcoming demand.”

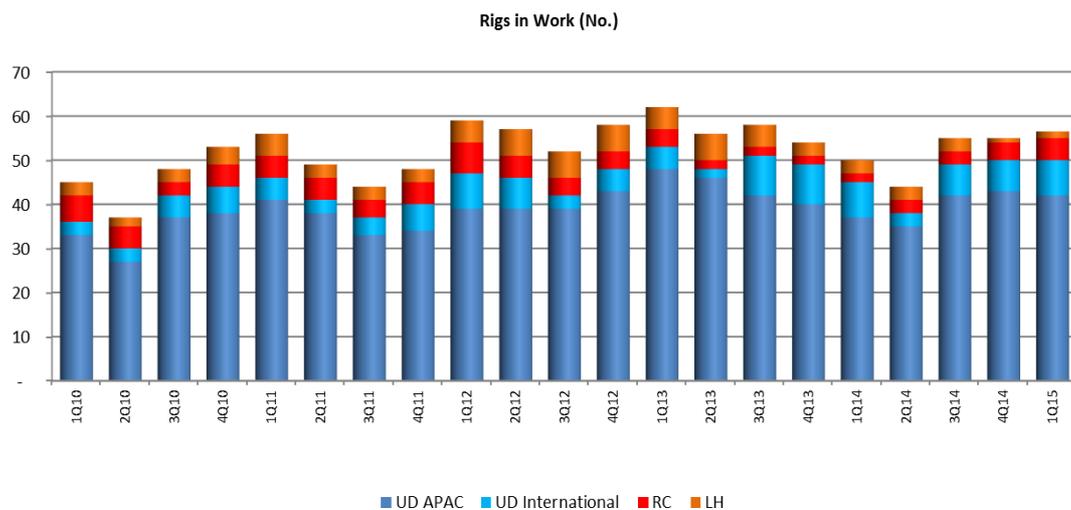
Safety and Training

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. The current TRIFR stands at 17.2 per million manhours which is down 50% over the past twelve months.

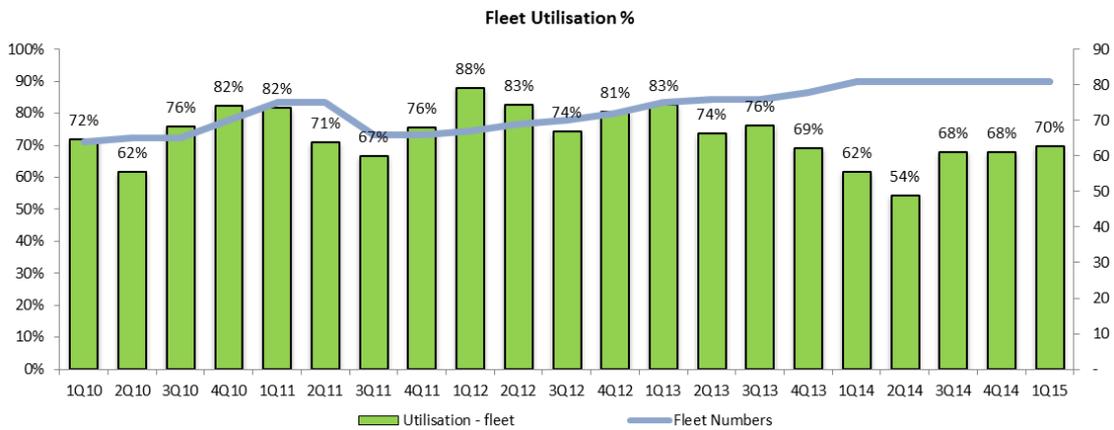
Swick is engaged with external safety specialists and university researchers with the aim to leverage their experience from other industries which we can apply to Swick. Our underlying philosophy of continuous improvement and engineering design, will ultimately lead to significant developments at the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

Rigs at Work and Fleet Utilisation

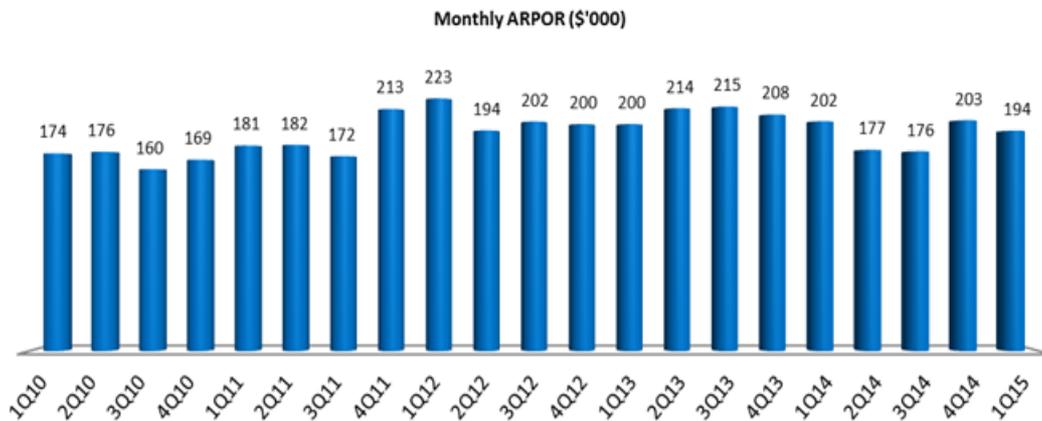
As at 30 September 2014, rigs in work totalled 57 from a fleet total of 81 (including three client owned rigs).



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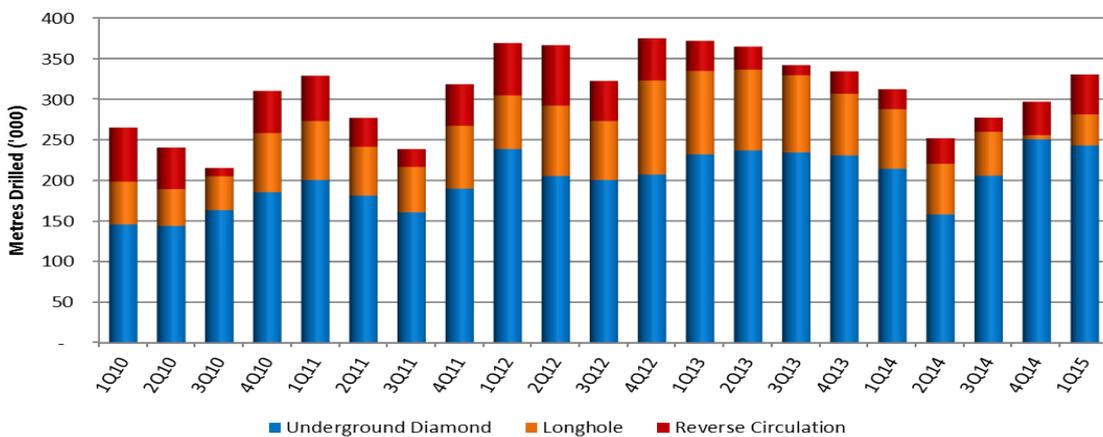


Fleet utilisation at period end was similar to that at the end of FY14 as expected, however within the 1Q15 period there was some de-mobilization and re-mobilization activity which led to a slightly lower ARPOR for the period (below).



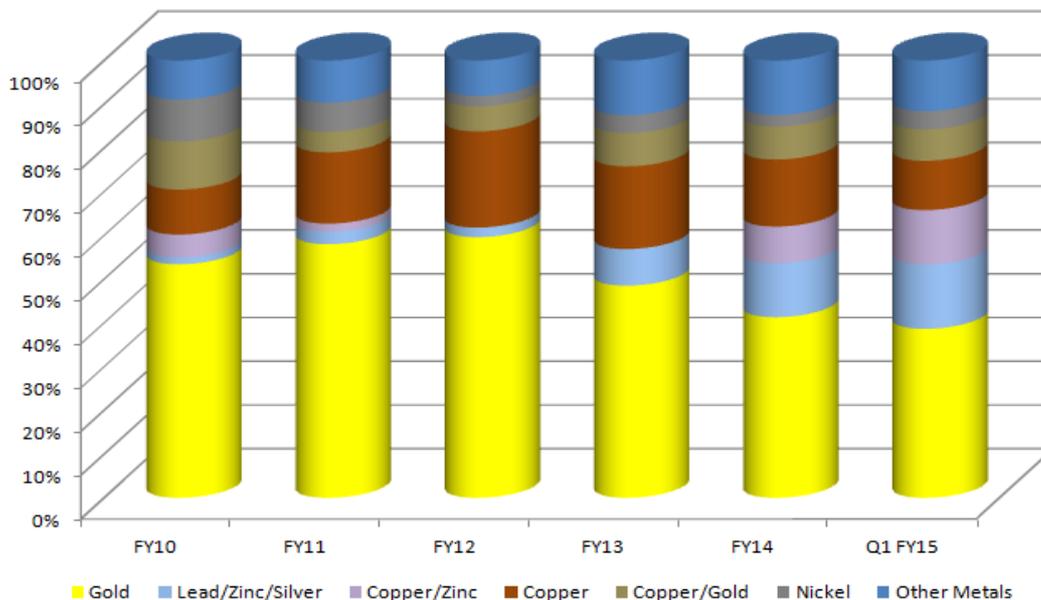
Metres Drilled

Total metres drilled for 1QFY15 increased 6% to 330,300 metres from 312,300 metres in the corresponding period last year, the quarterly metres drilled by division is shown in the graph below with Underground Diamond up 13% , Longhole Production down 48% and RC up 100%, compared to the corresponding period last year.



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Commodity Split



FY15 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 \$162m, however the Company does advise that it is awaiting results on many significant tenders that in total have the potential to materially increase the work in hand and fleet utilisation.

Commentary

Mr. Swick states: *“It is pleasing to see that the business is operating safely and productively, with a reasonable utilisation rate considering the macro mineral drilling market being very depressed. The tender pipeline is very strong and the Company awaits results of many contract opportunities. Swick is focussing heavily on its operating efficiency and the effective roll-out of its significant R&D initiatives that will improve production and safety on a go forward basis.”*

“Despite the macro market for mineral drillers remaining very depressed with low levels of Greenfield exploration, our focus on brownfield exposure has limited the effect that the market conditions have on Swick at present. Whilst it is still potentially volatile in regards to drilling demand, I am confident that the significant tendering activity at this time is a positive for Swick”

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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.

For further information re this announcement, please contact the following on +61 8 9277 8800:

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Vahid Haydari
Chief Executive Officer

Disclosure Statement:

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