

SWICK MINING SERVICES

Swick Mining Services Ltd
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ASX ANNOUNCEMENT

IMPAIRMENT OF ASSETS

As previously communicated in Swick Mining Services Ltd (ASX: SWK) Q3 FY15 update released on 30 April 2015, the Company advises that it has carried out a preliminary review of the carrying value of assets as at 30 June 2015.

This review took into account the continued low commodity prices, challenging market conditions for the mineral drilling sector and expected low equipment utilisation in the Company's non-core Surface Reverse Circulation and Underground Production (Long Hole) Drilling divisions. As a result, the Company expects to impair the carrying value of certain equipment, goodwill, internal development and inventory assets held at 30 June 2015.

The Company believes that an impairment and inventory obsolescence expense in the range of \$20 million - \$25 million (pre-tax), comprised mainly of impairment of plant and equipment in the Company's non-core Surface Reverse Circulation and Underground Production (Long Hole) Drilling divisions, will be required in the Company's FY2015 Full Year Results. The final charge will be dependent on completion of the financial statements and be subject to audit by the Company's auditors.

The impairment and inventory obsolescence expense is a non-cash item and does not have any impact on cash flow, will not have any impact on operations and will not have a material impact on banking covenants. The Company continues to comply with its banking covenants and maintain a significant headroom.

Further details on the impairment expense will be provided in the Company's FY2015 full year financial statements expected to be released in August 2015.

The demand for the Company's core Underground Diamond Drilling division continues to increase consistently with a healthy short to medium term rig utilisation.

Excluding the impact of the above mentioned impairment and inventory obsolescence expense, one-off restructuring costs and gain or loss arising from accounting for a business acquisition, the Company's FY2015 full year group revenue is expected to be in the previously advised range of \$125 million to \$135 million and the underlying EBITDA margin is expected to be in the previously advised range of 13% to 16%.

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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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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.