

# SWICK MINING SERVICES

Swick Mining Services Ltd  
 (ABN 20 112 917 905)  
 64 Great Eastern Highway  
 South Guildford WA 6055

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

**25 May 2017**

**ASX ANNOUNCEMENT**

## SWICK – 3Q FY17 Operations Update

- Financial and physical performance for the quarter materially impacted by weather related delays at Newmont Tanami site
- Revenue of \$29.4m (unaudited) for 3Q17 up from \$28.6m for the previous corresponding period (pcp), an increase of 3%
- Swick closed its non-core Long Hole (LH) drilling division during the quarter
- Total metres drilled of 258,926 for the quarter, up 6% from 243,330 in the pcp (excludes LH division data)
- Underground Diamond (UD) drilled metres of 249,597 for the quarter, up 10% on pcp and down 6% on previous quarter (2Q17)
- Metres per shift for UD division of 31.5, no change from pcp
- UD division fleet utilisation at 69% for the period up from 61% pcp
- UD Division utilisation expected to be circa ~100% by June 2017

**Western Australia – (May 25, 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 third quarter of FY17.**

### *Operations Update*

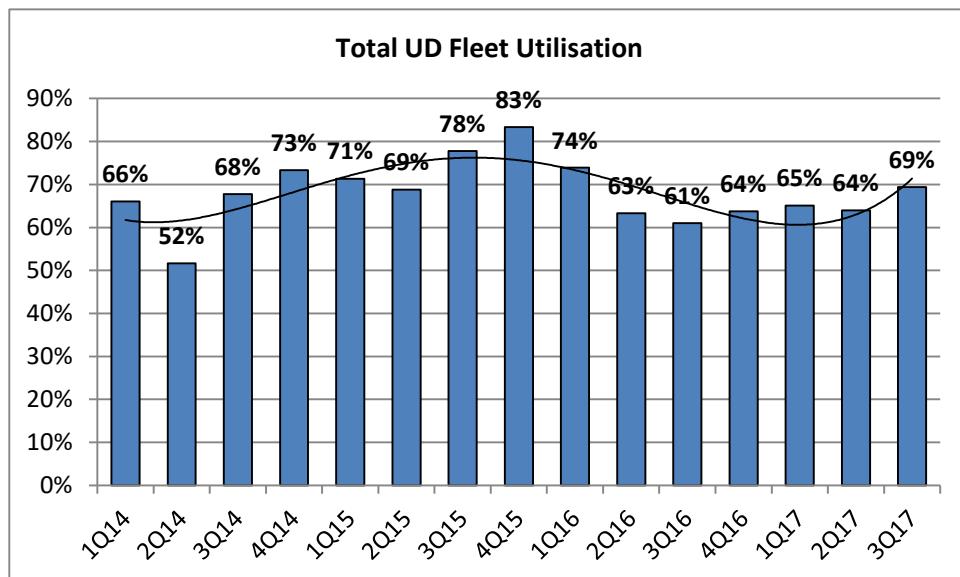
Operational Performance	3QFY17	3QFY16	% Change
Total Metres Drilled (excl. LH division data)	258,926	243,230	6%
Total Rigs in Fleet excl. LH (Period end)	75	75	0%
Total Rigs in Use excl. LH (Period End)	61	53	15%
Consolidated Revenue (\$m)	29.4	28.6	3%
UD Metres Drilled	249,597	226,472	10%
UD Rigs in Fleet (Period end)	68	68	0%
UD Rigs in Use (Period End)	58	47	23%
Total Employees (Period End)	586	498	18%

Revenue for the quarter ending March 31, 2017 was \$29.4 million (unaudited), up from \$28.6 million for the corresponding period a year ago and down from \$31.7 million in 2Q17. The drop in revenue compared to 2Q17 was predominantly due to a weather related standby event at the Newmont Tanami site which lasted 41 days. Swick returned to site and commenced drilling in early March 2017.

Following the completion of the Nifty drilling contract in February 2017 where Swick provided Long Hole (LH) drilling services using client owned rigs, the Company made the decision to close its LH drilling division. The closure of the LH division has had minimal impact on the FY17 financial results of the Company as all Swick owned LH assets were impaired to nil value in prior years.

A total of 61 rigs from a fleet of 75 were operating in the field as of March 31, 2017 compared to 53 rigs from a fleet of 75 a year ago. Of the total rigs in work, the UD division represented 58 rigs operating from a fleet of 68, compared to 47 rigs operating from a fleet of 68 a year ago.

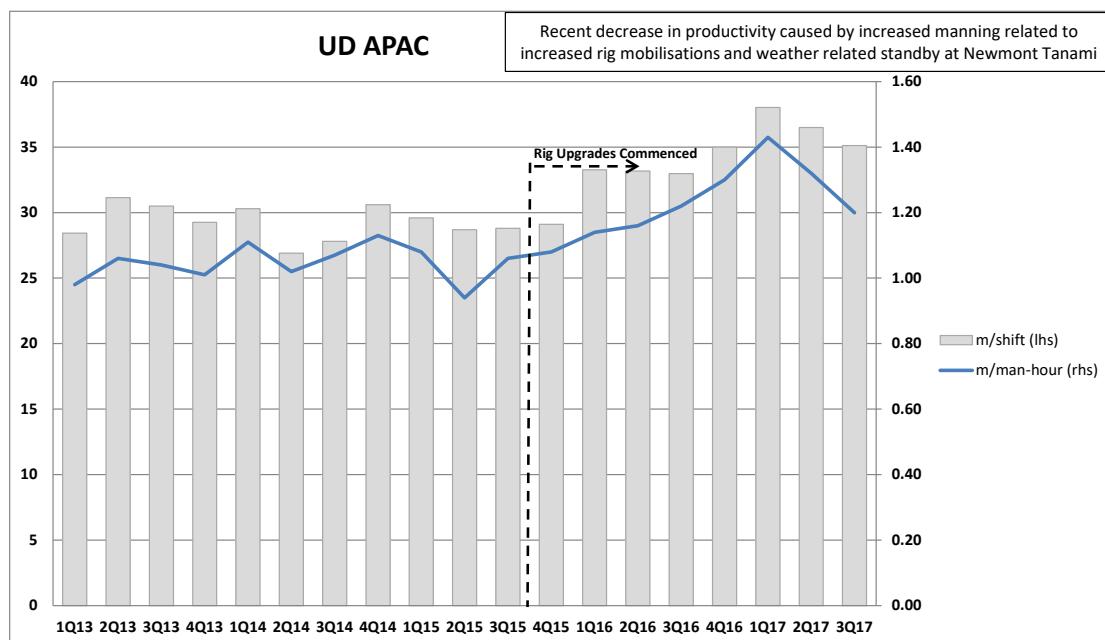
Despite the lost shifts related to the Newmont Tanami weather related event during the quarter, the UD division reported an increase in fleet utilisation when compared to the both the prior corresponding period as well as 2Q17.



UD rig utilisation is expected to increase to circa ~100% by June 2017 due to ongoing mobilisations to new sites 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 and the weather event at Newmont Tanami.

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 sometime in FY18.



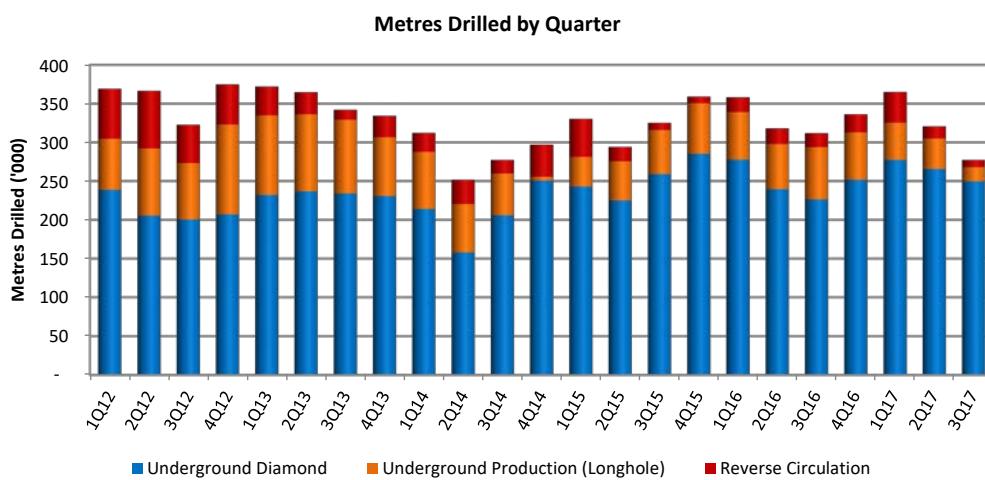
### Safety and Training

The TRIFR at 31<sup>st</sup> March 2017 stands at 11.7 per million man-hours which is up from 9.5 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 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 10%, Longhole Production down 73% and RC down 48%, compared to the corresponding period last year.



## Commentary

Kent Swick, Managing Director stated “*Swick has a large footprint of existing clients and the ability to win large multi-rig, multi-year contracts with new clients as opportunities arise. Swick has had a successful period of contract wins with the previously announced Kirkland Lake contract award and the Coeur Alaska contract. The effect of those wins plus increased demand from our existing suite of clients indicates that the Underground Diamond division will be at an approximate utilisation rate of 100% by the beginning of FY18.*”

*“The new work plus additional demand from our existing contracts will lead to a total of around 21 underground diamond rigs being mobilised and crewed in the second half of this financial year. Unfortunately, as any operator knows, going back to work is expensive and disruptive, but we are focused as a Company to complete this ramp up period and have a clean slate at a high run rate for the beginning of FY18”*

*“Even with the high utilisation rates, new rig builds will be restricted over the first half of FY18 whilst we await the outcomes of negotiations on some legacy contracts in the group that are underperforming against our targets. It is expected that these contracts will work their way through the business by January 2018 and either be renegotiated at improved rates or terminated releasing additional capacity. Either way, a clear way forward for the future fleet demand will be known in the near term.”*

*“Swick has completed its Orexplore AB acquisition, moving to 100% ownership of the highly prospective company which is a fantastic result for all shareholders. It allows a clear path forward for funding the commercial release of the world first ore scanning technology expected to commence operations in 2H18, with limited release and client acceptance testing in the first half of the FY18 financial year. I am very excited at the opportunity to provide detailed structural and chemical analysis of the drill core to our client. This will add a significant amount of understanding to the client’s key financial asset – its orebody – and will allow for significant improvements in grade control, reserve definition, mine planning and exploration.”*

## 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 please contact the following on +61 8 9277 8800:

**Kent Swick**  
Managing Director

**Jitu Bhudia**  
Chief Financial Officer

**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.