

SWICK MINING SERVICES

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ASX ANNOUNCEMENT

COVID-19 and business update

Western Australia – Swick Mining Services Limited ('Swick', ASX: SWK), a leading provider of high-quality underground and surface mineral drilling and mineral analysis services, provides the following update on its response to the COVID-19 pandemic and a business update.

There have been no confirmed cases of COVID-19 at Swick and the Company is taking all measures possible to protect its people from COVID-19 and limit the impact to stakeholders. Swick has been sending regular bulletins to all employees around risk mitigation, with a range of measures in place to reduce the risk of infection and transmission should a case be identified. This includes ensuring clear procedures are in place so employees and contractors are aware of what actions to take should they feel unwell, and working closely with clients at the sites, such as managing fly-in, fly-out workers.

At its head office, Swick has been stress testing work from home arrangements and implemented a split-shift roster to enable social distancing so that critical support services are maintained.

Swick has operations in four countries: Australia, USA, Portugal and Spain. Over time, Swick has developed 100% local workforces at each operation, and does not require the use of foreign or expatriate employees to maintain these operations. However, whilst the local workforce helps de-risk the Company's operations, state-by-state government measures that have been enforced do have the ability to impact Swick's rig utilisation.

Due to the COVID-19 measures taken by the Northern Territory government, Newmont has advised Swick it has suspended operations at its Tanami Gold Mine and as a result have suspended the Company's contract (three underground diamond core rigs) until further notice. A further two underground core rigs were suspended over the weekend at our Spanish contract, and one RC rig at Fosterville mine in Victoria was also suspended. As a result of these unforeseen events, Swick has withdrawn its FY20 earnings guidance for the Drilling Business EBITDA to be in line with FY19.

Swick will continue to closely review the situation and implement additional measures where necessary, responding to recommendations made by relevant health authorities and actions taken by governments to limit the spread of COVID-19. The Company will also continue working closely with clients and suppliers to minimise disruption.

Swick remains in a strong financial position, with low gearing and considerable headroom on its debt facilities. As at 31 December 2019, Swick's gearing was 8.9 per cent (excluding lease liabilities defined under AASB 16).

Swick Managing Director Kent Swick said the health and wellbeing of its employees was paramount during this unprecedented period.

“We are focused on supporting our people and are in close discussions with our clients to ensure we are working together to seek to limit the health and financial impacts this virus presents,” Mr Swick said.

“The suspension of operations at Tanami demonstrates how some state-by-state travel restrictions have the ability to impact rig utilisation and why it is prudent for us to withdraw our earnings guidance.

“Like most businesses we do not know what the remainder of FY20 will bring but we are confident that – with the vast majority of our work focused on production at underground mines and heavily skewed towards gold clients – demand for our services will remain robust.

“We also have a solid financial position that best enables Swick to navigate this challenging period and leave the business well placed for when conditions stabilise.

“Meanwhile, discussions with existing clients for new work at their projects is ongoing, trials of Orexplore are tracking well, and we continue to progress with our strategic review that was announced at our half year FY20 results.”

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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.

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