

2020 FULL YEAR
RESULTS PRESENTATION

31 AUGUST 2020

Kent Swick

MANAGING DIRECTOR

Jitu Bhudia

CHIEF FINANCIAL OFFICER

ersonal use only

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.

This presentation is not intended as an offer, invitation, solicitation or recommendation with respect to the purchase or sale of any securities.

Nothing in this presentation should be construed as financial product advice, whether personal or general, for the purposes of section 766B of the Corporations Act 2001.

This presentation may contain forward looking information, statements or forecasts that are subject to risks and other factors outside of the control of the Company. Any forward looking information, statements or forecasts provided is/are considered reasonable in the circumstances and has/have been prepared in good faith and with all due care, but may differ materially from actual future results and performance. The Company and its affiliates or any of its directors, agents, officers or employees do not make any representation or warranty, express or implied, as to or endorsement of, the accuracy or completeness of any information, statements or forecasts contained in this presentation, and they do not accept any liability for any statement made in, or omitted from, this presentation.

This presentation should not be relied upon as a representation of any matter that an investor should consider in evaluating the Company or its business activities. Investors must make and rely upon their own enquiries and due diligence in relation to the subject matter of this presentation and an investment in the Company. A potential investor must assess the merits or otherwise of an investment in the Company having regard to their own personal, financial and other circumstances.

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

Information included in this presentation is dated 31 August 2020.

FY20 OVERVIEW

DRILLING BUSINESS SUCCESSFUL AND SAFE EXECUTION OF WORK IN FY20

- Revenue and other income of \$149.6m, up 4.6% (FY19: \$142.9m).
- EBITDA of \$24.6m, in line with updated guidance (FY19: \$28.2m).
- Total Underground Diamond (UD) metres drilled of 1,130,376, up 9%.
- Earnings impacted by COVID-19 in H2, with six UD rigs temporarily suspended, and higher ramp-up costs at Pogo during H1.
- Suspended rigs back at work and Pogo costs now normalised.
- Launch of DeepEX division with two DeepEX hybrid rigs currently at client sites.
- Drilling Business continues to generate solid operating cash flow of \$15.0m and free cash flow of \$3.3m, prior to investment in Orexlore.

OREXPLORE COMMENCES COMMERCIALISATION



- Three-month trial of GeoCore X10 core scanning instruments deployed at Sandfire's DeGrussa Copper Mine and five-month paid program in Europe with Boliden.
- Secured first infield commercial agreement in August 2020, with St Barbara for c.\$700,000 over a six-month period.
- Commercialisation underway, with significant opportunity for Orexplore to grow.
- Strategic review well advanced to prepare to demerge the two businesses.

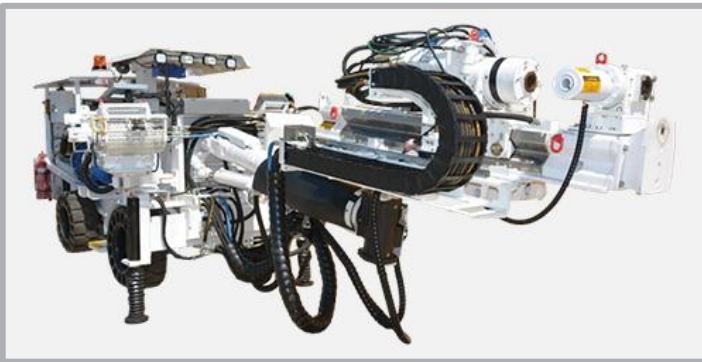
WELL POSITIONED TO DELIVER SHAREHOLDER VALUE IN FY21

- Order book of \$363m into FY21, with \$237m in new and extended contracts secured in past month – Northern Star Resources (Jundee), BHP (Olympic Dam), Perilya (Broken Hill) and MATSA (copper mine in Spain).
- Focus on increasing utilisation of existing mobile UD drilling rigs at target rates – no additional growth capital beyond three DeepEX rigs currently in build – and minimising impacts of COVID-19.
- Enhanced liquidity position, with cash of \$12.7m and unused debt facilities of \$18.5m.
- Solid foundation for FY21 established from recent contract renewals and new work won, while remaining cognisant of potential impacts from COVID-19.

OPERATIONAL HIGHLIGHTS

DRILLING BUSINESS

Underground Diamond (UD) Drilling – 77 rigs



Surface (RC) Drilling – 6 rigs



- Grade control at producing sites across Australia, USA, Portugal and Spain, with three different rigs in fleet:
 - Market-leading mobile Underground Diamond rigs (69 rigs)
 - Nevada Skid rigs (5 rigs).
 - DeepEX rigs (3 rigs – currently in build).
- FY20 revenue of \$143.1m, up 3.9% on FY19.
- Recent contracts at Jundee, Olympic Dam, Broken Hill, and MATSA's copper operations secure work for 29 rigs, including 2 DeepEX, adding to Mt Monger and Pogo jobs won in FY20.
- Focus on increasing utilisation at target rates from existing fleet of rigs whilst maintaining target margins.
- Reserve definition and exploration drilling.
- FY20 revenue of \$6.4m, up 27.7% on FY19.
- Revenue driven by a long-term contract at Rio Tinto's Winu project in Western Australia.
- Three rigs currently in work.

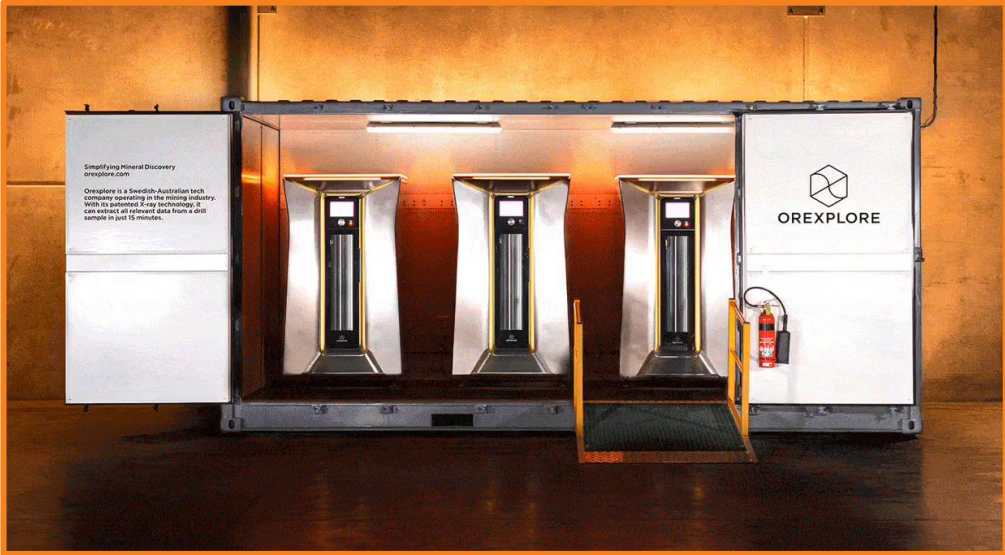
OPERATIONAL HIGHLIGHTS

MINERAL TECHNOLOGY BUSINESS



ersonal use only

- Developed a fast and accurate 3D core scanning technology that produces real-time core analysis, Orexplore.
- Successful three-month pilot trial at Sandfire's DeGrussa Copper Mine with three GeoCore X10 machines.
- ~9,000 metres of core scanned, generating 20TB of 3D data – the largest and most continuous dataset of its kind in the world for a single mine site.
- Five-month paid project with Boliden AB, a Swedish mining and smelting company, focused on base metals.
- First infield commercial agreement secured in August – ~1,500 metres of core scanned per month over six-month period at St Barbara Limited's Gwalia Mine in Leonora, valued at circa \$700k.

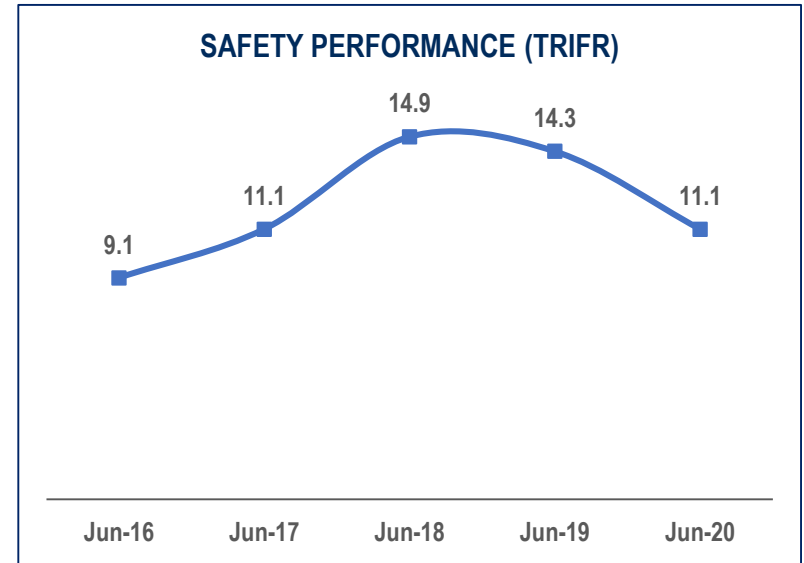


SAFETY

Swick continued to improve its safety performance with 8 months of the year under the Total Recordable Injury Rate (TRIFR) target of 10.

Focus on safety resulting in TRIFR of 11.1 at year end (14.3 in FY2019):

- 2 Lost Time Injuries (LTI), 10 Restricted Duties Injury (RDI) and two Medical Treatment Injuries (MTI) during the period, a reduction from the 16 total injuries in FY2019.
- Swick continues to explore and implement engineering controls to mitigate injury and improve safety.
- Several projects are underway addressing the manual handling of rods and inner tubes. Inner Tube Rollers are currently being fitted to the fleet removing the need to physically handle the inner tube to or from the drill hole, whilst several concepts of rod manipulators are currently being trialed.
- Underground rod handling developments moving from R&D and prototypes into the field have greatly reduced individual drillers offside workload, and risk of injury.



FY20 RESULTS

FINANCIAL OVERVIEW

ersonal use only

GROUP RESULTS

- Increase in group revenue reflects expanded Drilling Business contracts secured in early FY20, in particular Pogo.
- Drilling Business EBITDA impacted by COVID-19 and ramp-up phase at Pogo.
- Group earnings and margins impacted by ongoing strategic investment in Mineral Technology Business.
- Head office restructure in Q4 FY20 to provide for an annualised reduction of over \$1.6m in salaries and wages.
- Increase in depreciation and amortisation driven by increased rigs in work, using a conservative useful life of five years for the Oreplore GeoCore X10 development intangible assets and impact of AASB16 Lease standard.
- Operating lease (rental) expense of \$1.8m accounted as Depreciation (\$1.5m) and Interest expense (\$0.3m) under new AASB16 Lease standard.

A\$ million	FY20			FY19	Change
	Drilling Business & Other Segment	Mineral Tech Business	Group		
Revenue & Other Income	150.5	0.7	151.2	144.4	↑ 4.7%
EBITDA	25.5	(4.5)	21.0	25.5	↓ 17.8%
<i>EBITDA margin</i>	16.9%	NA	13.9%	17.7%	↓ 380bps
EBIT	4.2	(7.0)	(2.8)	4.6	↓ 161%
EBIT margin	2.8%	NA	(1.8%)	3.2%	↓ 500 bps
NPAT	NA	NA	(6.0)	1.0	↓ 700%
Dividend (interim + final)	NA	NA	0.6cps	0.6cps	-

Note: numbers may not add due to rounding

BUSINESS RESULTS

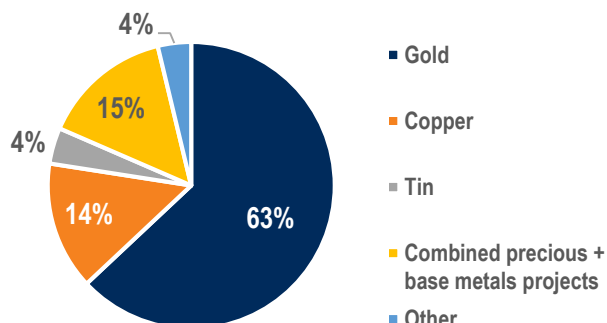
DRILLING BUSINESS

- Revenue driven by successful and safe execution of new work for existing clients.
- Total Underground Diamond (UD) metres drilled of 1,130,376, up 9%.
- Australia operations made strong earnings contribution (\$7.7m EBIT at margin of 7.1%), with international operations earnings impacted by Pogo ramp up – Pogo de-risked in 2H FY20 and heading into FY21.
- At current share price of \$0.23, FY20 Drilling Business EBITDA reflects an EV/EBITDA multiple of 3.2x.

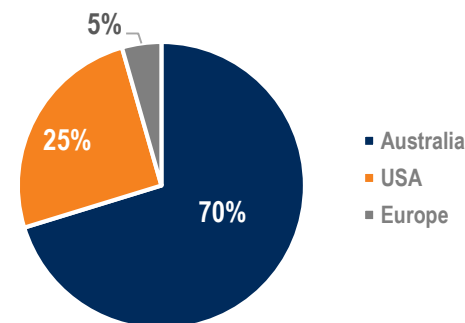
A\$ million	FY20	FY19	Change
Revenue & Other Income	149.6	142.9	↑ 4.6%
EBITDA	24.6	28.2	↓ 12.8%
<i>EBITDA margin</i>	16.4%	19.7%	↓ 370 bps
EBIT	3.3	9.2	↓ 69.6%
<i>EBIT margin</i>	2.2%	6.4%	↓ 450 bps

Note: numbers may not add due to rounding

REVENUE BY COMMODITY

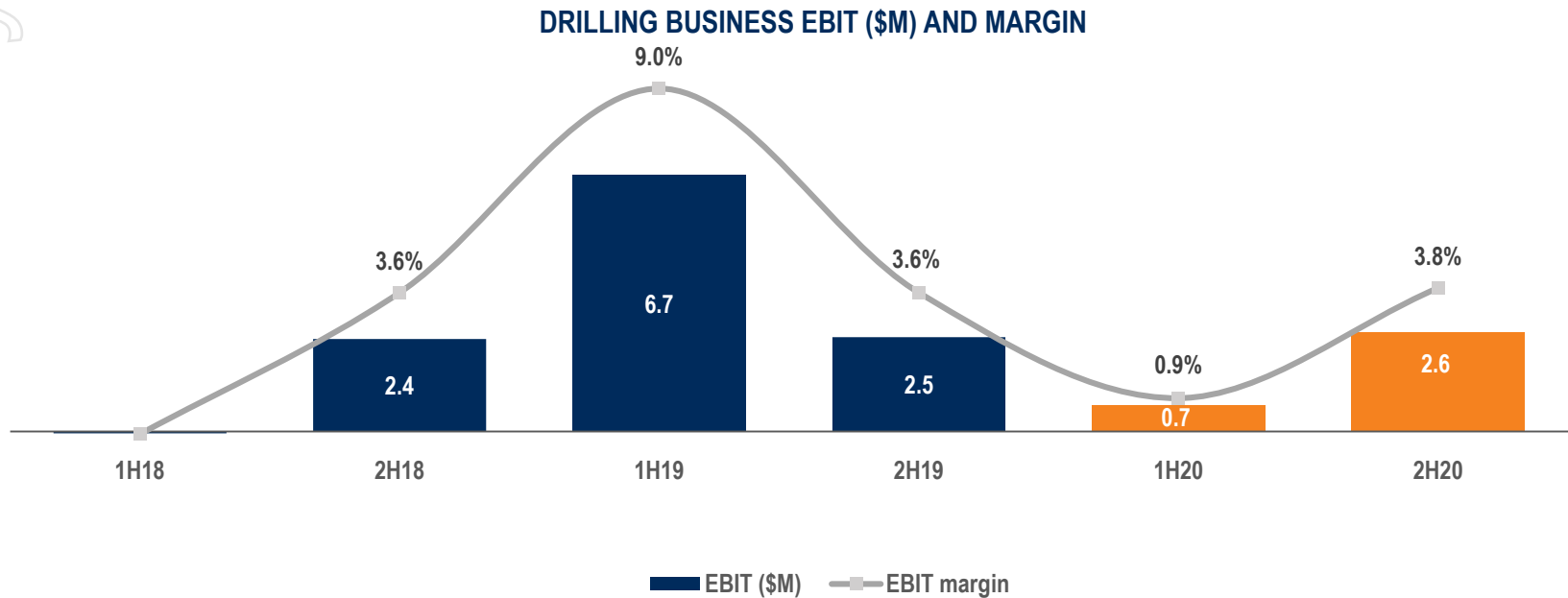


REVENUE BY GEOGRAPHY



EARNINGS AND MARGIN

DRILLING BUSINESS

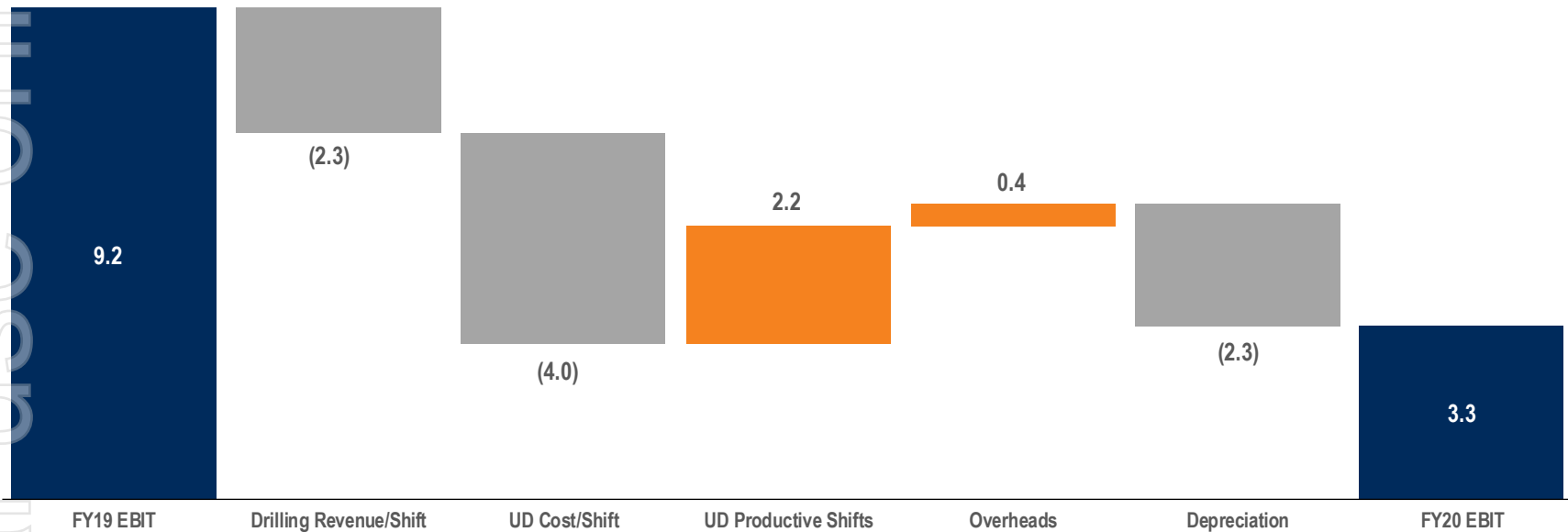


- 1H20 impacted by Pogo ramp-up costs while 2H20 impacted by COVID-19.
- Despite the issues faced in FY20, continued strategy of moving rigs onto better performing projects, whilst reducing operating costs and enhancing productivity resulted in Drilling Business full year EBIT of \$3.3m.

EBIT WATERFALL

DRILLING BUSINESS

DRILLING BUSINESS EBIT (\$M)



- The positive EBIT result despite the challenges at the Pogo project and COVID-19 disruptions, demonstrates Swick's success in moving to higher margin contracts.
- Increase in volume (productive shifts) contributed an incremental \$2.2m EBIT in FY20 compared to FY19.
- FY19 boosted by short-term rates at one contract.
- Increased depreciation due to more rigs in work in FY20 and AASB16 right-of-use asset depreciation of \$1.5m.

BUSINESS RESULTS

MINERAL TECHNOLOGY BUSINESS



OREXPLORE

- Revenue from core scanning increased to \$0.3 million (FY19: \$0.031 million) due to increase in volume of paid core scans and sited based paid trial at Boliden.
- EBITDA loss of \$4.5 million (FY19: \$3.3 million EBITDA loss), reflecting ongoing investment in Orexplore as it reaches commercialisation.
- Successful completion of site-based trials and first commercial contract secured post period end are expected to drive market confidence in the technology and lead to further revenue growth.

A\$ million	FY20	FY19	Change
Revenue from core scanning	0.3	0.031	↑ 868%
Government grants	0.4	0.6	↓ 33.3%
EBITDA	(4.5)	(3.3)	↓ 36.8%
EBIT	(7.0)	(5.3)	↓ 32.2%

Note: numbers may not add due to rounding

CASH FLOW

- Continued to generate solid Group operating cash flow of \$10.4 million.
- Increase in working capital investment of \$9.0 m driven by:
 - Increase in Drilling Business inventory holdings (\$5.0m) due to increased rigs in work, mobilisation of new 8-rig Pogo project and increase in inventories to mitigate COVID-19 supply and logistics risks.
- Net decrease in Receivables and Payables (\$3.7m) predominantly due to timing of wage accruals.
- Group cash flow impacted by ongoing investment in Orexplora (\$6.3m).
- Total capex of \$13.6m (FY19: \$23.0m) including growth capex of \$1.8m (FY19: \$1.9m) in Mineral Technology and \$3.0m (FY19: \$7.7m) in Drilling Business.
- Drilling Business sustaining capex of \$8.9m (FY19: \$13.5m). FY19 included accelerated rebuild of rigs for Pogo.
- Interim + Final FY20 dividend of 0.6c per share representing 55% of Drilling Business free cash flow.

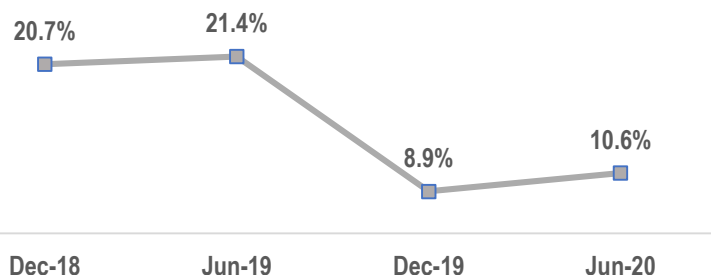
A\$ million	FY20			FY19	Change
	Drilling Business & Other Segment	Mineral Tech Business	Group		
EBITDA	25.5	(4.5)	21.0	25.5	↓ 17.8%
Working capital movement	(9.0)	(0.0)	(9.0)	(0.4)	↑ 1950%
Operating cash flow before interest and tax	16.5	(4.5)	12.0	25.1	↓ 52.1%
<i>EBITDA cash conversion</i>	65%	100%	57%	99%	↓ 4200bps
Income tax paid	(0.1)	-	(0.1)	(0.1)	-
Net interest paid	(1.5)	-	(1.5)	(1.5)	-
Operating cash flow after interest and tax	14.9	(4.5)	10.4	23.6	↓ 55.9%
Cash used in investing activities	(11.6)	(1.8)	(13.4)	(22.8)	↓ 41.2%
Free cash flow	3.3	(6.3)	(3.0)	0.8	↓ 475%
Proceeds/(repayment) of debt	(9.3)	-	(9.3)	(0.8)	↓ 1063%
Proceeds/(purchase) of equity	13.4	-	13.4	(0.1)	NA
Increase/(decrease) in cash	7.4	(6.3)	1.1	(0.1)	↑ 1200%

Note: numbers may not add due to rounding

BALANCE SHEET

- Enhanced financial position, with gearing of 10.6% and Net Debt/EBITDA of 0.5x (excluding AASB 16 lease liabilities) at 30 June 2020.
- Strong liquidity, with \$12.7m cash and an additional \$18.5m in undrawn facilities.
- Net debt decreased by \$8.3 million and capital expenditure decreased by \$9.4 million with most growth capital for Pogo incurred in late FY19.
- Low gearing and enhanced liquidity provides flexibility to target additional work and returns to shareholders.
- Recognition of Right-of-use assets of \$9.7m and corresponding Lease liabilities of \$10.0m as a result of adoption of the new AASB16 Lease standard.

GEARING (NET DEBT / EQUITY)¹



¹ Excludes lease liabilities defined under AASB 16

A\$ million	30 Jun 20	30 Jun 19	Change
Cash	12.7	11.6	↑ 9.5%
Receivables	16.2	17.9	↓ 9.5%
Inventories	19.3	14.3	↑ 35.0%
Property, plant and equipment	74.4	81.6	↓ 8.8%
Intangible assets	12.2	12.2	-
Other assets	13.1	3.5	↑ 274%
Total assets	147.9	140.9	↑ 5.0%
Payables	13.4	17.9	↓ 25.1%
Borrowings (excl. AASB lease liabilities)	22.5	29.6	↓ 24.0%
Employee obligations	6.1	6.1	-
Other liabilities	13.5	2.6	↑ 419%
Total liabilities	55.6	56.3	↓ 1.2%
Shareholders' equity	92.4	84.7	↑ 9.1%

Note: numbers may not add due to rounding

STRATEGY AND OUTLOOK

ersonal use only

STRATEGIC REVIEW UPDATE



DRILLING BUSINESS

- Successfully secured new work with existing clients, entering FY21 with \$363m order book.
- Focus on increased utilisation from fleet at target rates, efficiency improvements, and targeting existing clients and markets.
- Growth capex limited to the new DeepEX division with the underground diamond rig expansion complete.
- Proven ability to generate strong cash flow, providing returns to shareholders.



MINERAL TECHNOLOGY BUSINESS - OREXPLORE

- Disruptive technology with fast and accurate digital core analysis customers are looking for.
- In FY20, completed trials at two projects, with significant data set produced.
- Entering FY21, secured first commercial contract at WA gold mine.
- Entering commercialisation phase with large growth opportunity for shareholders.

Strategic Review completed and now advanced to prepare to demerge the two businesses

ersonal use only

GROWTH STRATEGY

DRILLING BUSINESS

- New contracts awarded bring strong order book to \$363m:
 - Northern Star Resources' Jundee Gold operations for 15 rigs – Swick's largest contract.
 - Five-year contract at BHP's Olympic Dam mine with an initial 8 rigs – Swick's second largest contract.
 - Two-year contract extension at Perilya's Broken Hill operation.
 - Internationally, five-year contract secured from Minas de Aguas Teñidas SAU (MATSA) at its copper operations in Spain, with two rigs currently deployed.
- Pogo project de-risked heading into FY21 – conservative approach as Swick continues to work closely with client.
- Award of contract extensions and new work at target margins, and de-risking of Pogo project expected to deliver improved profitability for the Drilling Business in FY21.
- DeepEX rig launch completed in FY20, with significant opportunity to grow – three additional DeepEX rigs currently in build.
- Remain vigilant of potential impacts from COVID-19 and continue to be flexible to client demands.



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

GROWTH STRATEGY

MINERAL TECHNOLOGY – OREXPLORE



- Completion of site-based pilot trial at DeGrussa mine in FY20. Project now progressed to phase 2 – Data Analytics, with two world-class subject matter experts assisting Sandfire and other potential clients understand the benefits of a comprehensive Orexplore data set.
- Completion of a site-based paid trial at Boliden, Sweden in FY20. Project now progressed to phase 2 – Data Analytics.
- Entering FY21, Orexplore awarded its first ever infield commercial agreement - with St Barbara Limited over a six-month period at the Gwalia Mine in Leonora.
- Agreement valued at approximately \$700,000 over the six-month period. Approximately 1,500 metres of core will be scanned per month.
- Formal contract to be signed shortly and mobilisation of GeoCore X10 instruments housed in a custom-built mobile laboratory to site in September 2020.
- Ongoing success of site-based work to validate value Orexplore can provide in brownfield drilling market.



Orexplore site-based laboratory housing three GeoCore X10 machines established next to client's core farm.

OUTLOOK



DRILLING BUSINESS

- Solid foundation for FY21 established from recent contract renewals and new work won, while remaining cognisant of potential COVID-19 impacts.
- \$363 million order book, with rigs being deployed at new contracts.
- Remain flexible to client demands, target opportunities for further rig deployments at existing projects to maintain strong rig utilisation.
- Solid tender pipeline.
- Strong cash flow to continue supporting returns to shareholders.



MINERAL TECHNOLOGY BUSINESS - OREXPLORE

- Significant opportunity to drive uptake in the commercialisation of Orexplore.
- Commencing work with St Barbara under six-month contract.
- Continue engagement with Sandfire Resources through Phase 2 – Data Analysis.
- Successful delivery of St Barbara scope and converting this agreement to a long-term contract.
- Target further site-based trials to validate the opportunity and drive increased commercialisation of Orexplore.
- Confidence that the Orexplore investment will deliver excellent returns for shareholders.

THANK YOU

ersonal use only