

FY20 AGM PRESENTATION

6 NOVEMBER 2020

Kent Swick

MANAGING DIRECTOR, SWICK MINING SERVICES LTD

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

Information included in this presentation is dated 6 November 2020.

GROUP OVERVIEW

ONE OF AUSTRALIA'S LARGEST MINERAL DRILLING CONTRACTORS



LEADERSHIP TEAM



KENT SWICK
GROUP MANAGING
DIRECTOR, SWICK
MINING SERVICES LTD



JASON MARINKO
MANAGING DIRECTOR,
OREXPLORE
TECHNOLOGIES LTD



JITU BHUDIA
CHIEF FINANCIAL
OFFICER



ANDREW SIMPSON
NON-EXECUTIVE
CHAIRMAN



IAN McCUBBING
NON-EXECUTIVE
DIRECTOR



ALAN BYE
NON-EXECUTIVE
DIRECTOR



STUART CARMICHAEL
NON-EXECUTIVE
DIRECTOR

SUBSTANTIAL SHAREHOLDERS

- Perennial Value Management
- Kent Swick
- Castle Point Funds Management
- Circle 5 Management
- Westoz Funds Management

CORPORATE STRUCTURE

- ASX code: SWK
- Listed: Nov 2006
- Shares issued: 299.0m*
- Share price: \$0.195*
- Market capitalisation: \$58.3m*
- Enterprise value: \$68.1m*

** As at 5 November 2020*

GROUP HIGHLIGHTS



DRILLING BUSINESS SUCCESSFUL AND SAFE EXECUTION OF WORK IN FY20

- Revenue and other income of \$149.6m, up 4.6%.
- EBITDA of \$24.6m, in line with updated guidance.
- Operations affected by COVID-19 across Australia, US and Spain – now normalised.
- Established new contract at Pogo in Alaska for Northern Star Resources. Currently operating nine rigs.
- Total Underground Diamond (UD) metres drilled of 1,130,376, up 9%.
- Launch of DeepEX division with two DeepEX hybrid rigs deployed.
- Three DeepEX mobile drills in construction.
- Solid operating cash flow of \$15.0m.

OREXPLORE COMMENCES COMMERCIALISATION



OREXPLORE

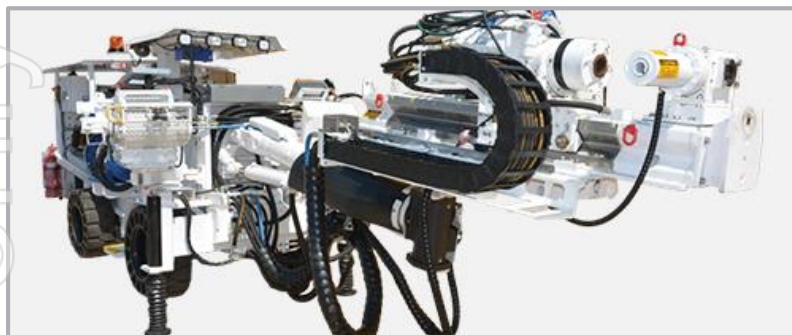
- Completed three-month trial of GeoCore X10 core scanning instruments at Sandfire's DeGrussa Copper Mine and five-month paid program in Europe with Boliden.
- Secured first infield commercial agreement in August 2020 with St Barbara; ~1,500 metres of core scanned per month over a six-month period for c.\$700,000.
- Advancing demerger of Orexplore from Drilling Business, to provide value for shareholders.

WELL POSITIONED TO DELIVER SHAREHOLDER VALUE IN FY21

- Entered year with strong \$363m order book after securing \$237m in new and extended contracts in July and August 2020.
- Awarded two year contract in September with Aurelia Metals at Peak and Hera – deploying a maximum of five rigs (up from one). Swick has drilled in excess of 520,000 metres of underground core at Peak Mine since 2008.
- High demand from existing clients and strong overall market demand offering opportunities for further growth. Fleet approaching maximum utilisation.
- Expanding deep drilling fleet, with three DeepEX mobile rigs in build.
- Swick will reach a significant milestone in Feb/Mar 2021 of the equivalent of having cored through the earth – 12,742,000 metres – currently at 12,355,000 metres.

FY20 OPERATIONAL SUMMARY

DRILLING BUSINESS



- Total fleet of 83 rigs with three currently in build:
 - 77 underground diamond core drills - 69 Swick mobiles, 5 Nevada skid rigs.
 - 3 DeepEX rigs (currently in build).
 - 6 Surface RC rigs.
- UD Drilling FY20 revenue of \$143.1m, up 3.9%.
- FY21 contracts awarded at Jundee, Olympic Dam, Broken Hill, MATSA (Spain) and Aurelia Metals. Secured work for 33 rigs, added to Mt Monger and Pogo jobs won in FY20. This includes an additional nine rigs over the FY20 equivalent.
- Surface (RC) Drilling revenue of \$6.4m, up 27.7% on FY19, driven by a long-term contract at Rio Tinto's Winu project.

MINERAL TECHNOLOGY BUSINESS - OREXPLORE



- Developed a fast and accurate 3D core scanning technology that produces real-time core analysis, Orexplode.
- Three-month pilot at Sandfire's DeGrussa Copper Mine saw ~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.
- First infield commercial agreement secured at St Barbara's Gwalia Mine in Leonora, valued at circa \$700k. Currently mobilising.

FY20 GROUP RESULTS

- Revenue growth from expanded Drilling Business contracts secured in early FY20.
- 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 to provide for an annualised reduction of over \$1.6m in salaries and wages for FY21.
- Continued to generate solid Group operating cash flow of \$10.4 million.
- Interim + Final FY20 dividend of 0.6c per share, representing 55% of Drilling Business free cash flow.
- Solid balance sheet with \$12.7m cash, net debt of \$10.0m with \$18.5m in undrawn facilities.

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%
<i>EBIT margin</i>	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

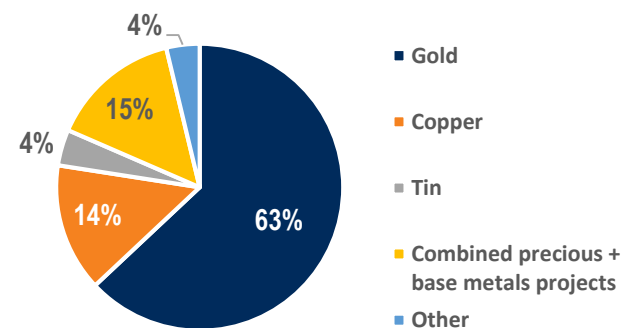
FY20 DRILLING BUSINESS RESULTS

- 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%).
- Gold represents 63% of Swick's revenue by commodity.
- At current share price of \$0.195, FY20 Drilling Business EBITDA reflects an EV/EBITDA multiple of 2.8x.
- Strong momentum heading into FY21, high demand from clients, opportunity for growth.
- Demerger of Orexplora will re-rate the drilling business.

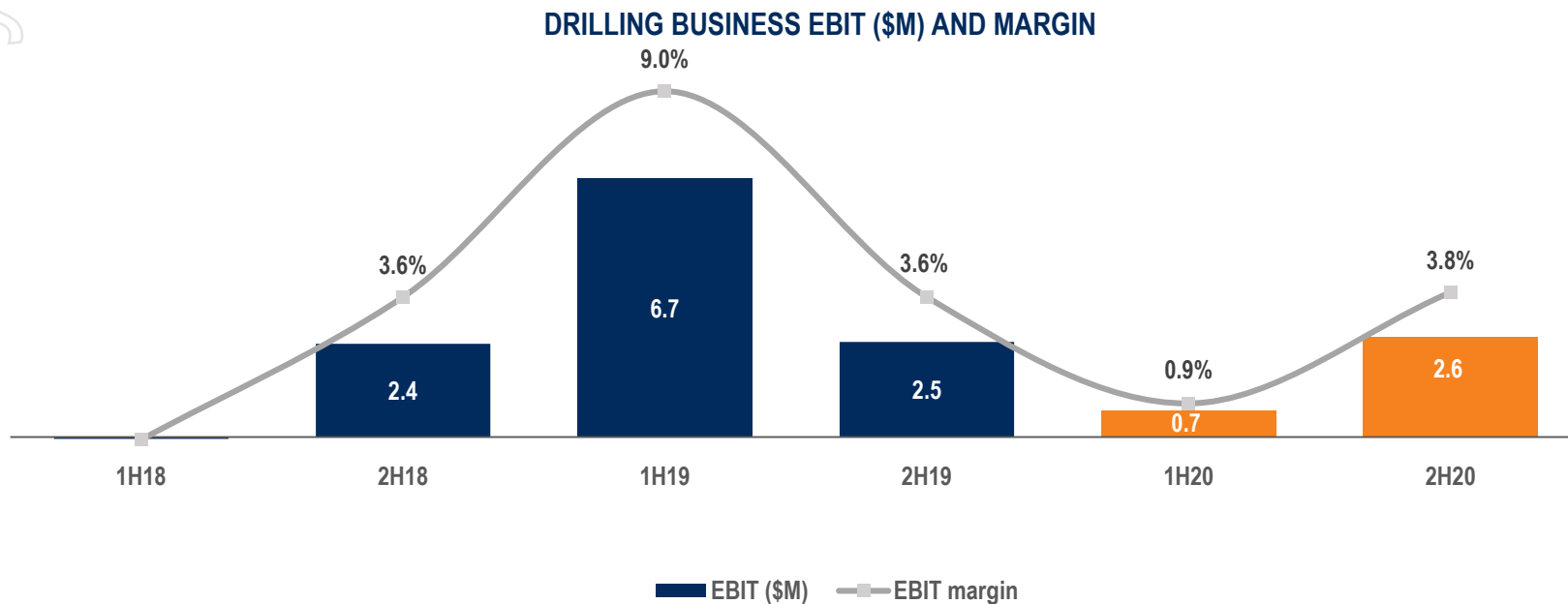
A\$ million	FY20	FY19	Change
Revenue & Other Income	149.6	142.9	↑ 4.6%
EBITDA	24.6	28.2	↓ 12.8%
EBITDA margin	16.4%	19.7%	↓ 370 bps
EBIT	3.3	9.2	↓ 69.6%
EBIT margin	2.2%	6.4%	↓ 450 bps

Note: numbers may not add due to rounding

REVENUE BY COMMODITY



DRILLING BUSINESS EARNINGS AND MARGIN



- Ramp-up costs at Pogo impacted earnings in 1H20.
- Improvement in 2H20 despite impact from COVID-19.
- Demonstrates Swick's strategy of moving rigs onto better performing projects whilst reducing operating costs and enhancing productivity, ensuring business is well positioned for FY21.

STRATEGY AND OUTLOOK

GROWTH STRATEGY

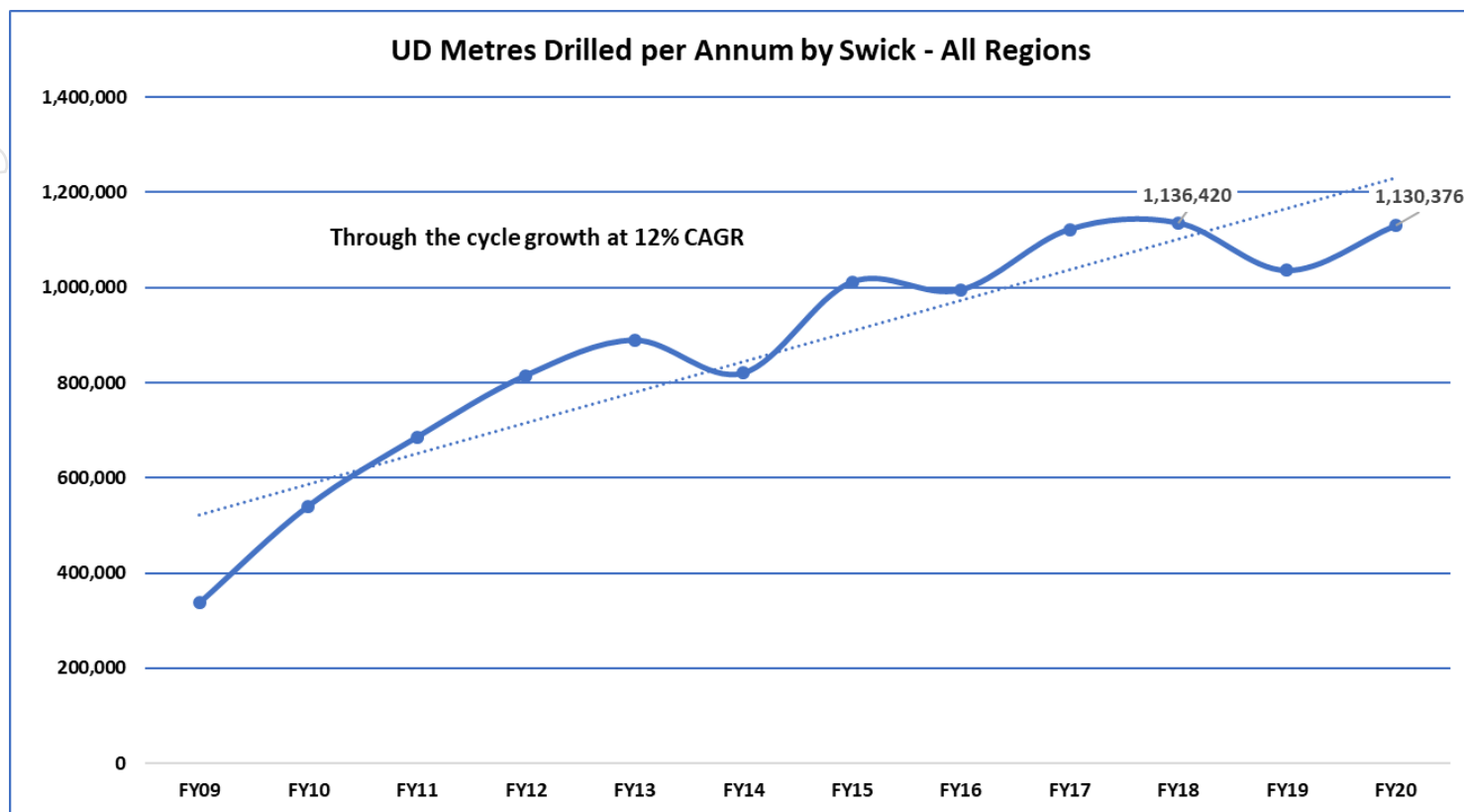
DRILLING BUSINESS

- Successfully secured new work with existing clients, entering FY21 with strong order book of \$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.
 - Award of two year contract at Aurelia Metals.
- 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.
- Building rig fleet capacity to meet known demand.
- Strong opportunity for DeepEX entering FY21.
- 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

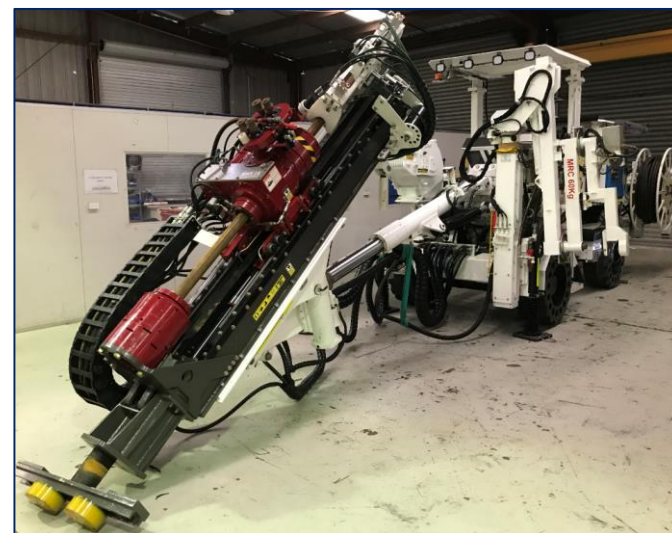
UNDERGROUND METRES DRILLED ON THE RISE



- In FY20 metres drilled by market leading Underground Diamond division were at record levels.
- Recently deployed rigs at new and extended contracts will see FY21 core drilled exceed 1,200,000 metres.

DEEPEX

- Swick is constructing large underground mobile drills for our DeepEX division with capabilities similar to the largest surface drills to complement our standard Swick mobile rigs.
- Currently operating two DeepEX feed rails on standard GenII carriers with excellent deep drilling results.
- DeepEX rigs designed to drill up to 2,000 metres NQ2 vertically down and up to 3,000m horizontal for the collar.
- Intent is to provide the market with opportunity to have lower cost exploration from underground than from surface.
- Underground collar locations for deep exploration provide benefits for:
 - Quicker results (no permitting).
 - Shorter holes (closer to target).
 - Lower costs (cheaper operation, shorter holes).
 - Less accommodation/flights – (2-man crews vs 3 or 4 per crew).
 - Approach angle better for parallel structures.
- Potential to create additional market for Swick.



UD4501: First DeepEX build c/w rod handler

Site A	Swick GenII	DeepEX	Variance
Avg Hole Depth (m)	1505	1489	
Metres per Shift	14.9	20.0	↑ 34%
Revenue per Shift	'x'	1.21'x'	↑ 21%
Cost per metre	'y'	0.90'y'	↓ 10%

Win/Win for contractor and client

STRATEGIC REVIEW



RATIONALE:

- Swick's Drilling Business and Mineral Technology Business (Orexplore) are two standalone businesses with their own teams, targets and value propositions – strategic review was undertaken to consider how the businesses could pursue their respective strategies and deliver greater value to shareholders.
- The Drilling Business has an established market position and a proven ability to generate strong free cash flow, which has enabled the ongoing investment in Orexplore. Market conditions are currently strong with a solid outlook for the industry. Allowing the drilling business to be standalone will create value for shareholders and provide solid dividend streams and growth.
- Orexplore is maturing and entering a commercialisation phase with a large growth opportunity for shareholders, and has the potential to add value to a wide range of customers from explorers to operators.

ACTIVITIES:

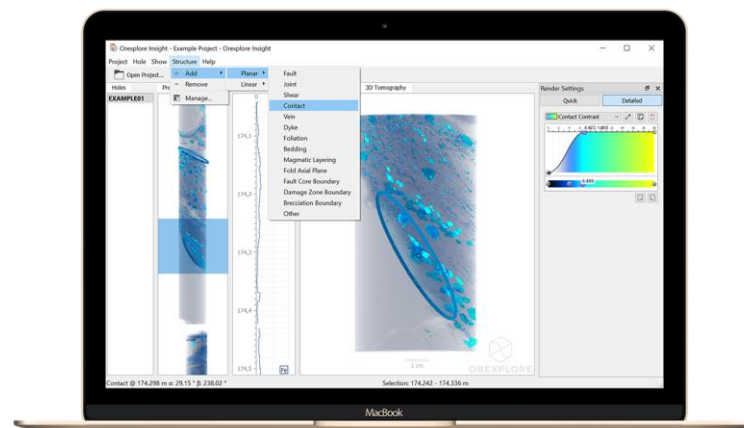
- Completed strategic review in August 2020, with the Board determining that a separation of the Drilling and Orexplore businesses – each with their distinct teams and growth opportunities – has the potential to unlock the greatest value for Swick shareholders.
- Demerger Tax Relief process started with the ATO.
- New parent company name – Orexplore Technologies Ltd.
- Appointment of Jason Marinko as MD of Orexplore Technologies Ltd to drive the business – bringing extensive technology and financial expertise with a proven track record of taking new technologies to commercialisation.
- Targeting launch in Q3 FY21.

GROWTH STRATEGY

MINERAL TECHNOLOGY – OREXPLORE



- **Disruptive scanning technology:** Fast and accurate digital core analysis allowing customers to convert physical rock into a 3D digital twin of the rock mass, at a resolution down to 200 micron voxels.
- **Successful application of technology in field:** In FY20, completed high volume pilot projects at DeGrussa Mine in Western Australia and Boliden in Sweden. High quality, reliable output of data produced with excellent availability performance of equipment.
- **Commercialisation commenced:** Entering FY21, secured first ever infield commercial agreement - with St Barbara Limited for approx. \$700,000. Three GeoCore X10 instruments currently being mobilised to site.
- **Active pipeline of opportunities:** Undergoing test work with a number of parties to validate the value of Orexplore.
- **Positioned to leverage big data advancements:** Generating large amounts of primary sensor data beneficial in cloud computing, augmented visualisation, application of AI and remote operation management.



Orexlore Insight – data presentation

OUTLOOK



DRILLING BUSINESS

- Solid foundation for FY21 established from recent contract renewals and new work won, while remaining cognisant of potential COVID-19 impacts.
- Entered FY21 with \$363 million order book.
- Focus is on profitability and performance from secured work.
- Seeing positive trend in utilisation and at target rates.
- Deployed additional rigs with existing clients and will build rig fleet capacity to meet known demand.
- DeepEX opportunity.
- Proven ability to generate strong cash flow, providing returns to shareholders.



MINERAL TECHNOLOGY BUSINESS - OREXPLORE

- Significant opportunity to drive uptake in the commercialisation of Orexplore.
- Commencing work with St Barbara and scope to convert the agreement into a long-term contract.
- Target further site-based trials to drive market confidence and increased commercialisation in the technology.
- Demerger well underway – targeting launch in Q3 FY21.
- Confidence of Orexplore investment to deliver excellent returns for shareholders.

QUESTIONS