

SWICK MINING SERVICES

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ASX ANNOUNCEMENT

Chairman's Address 2021 Annual General Meeting

Good morning ladies and gentlemen,

Welcome to the annual general meeting of Swick Mining. Before proceeding with the formal part of today's meeting, I would like to provide a brief overview of the Company's performance for the Financial Year 2021 and some comments on the outlook.

FY21 Refocus on Underground Drilling

The Financial Year 2021 was a year of improved profitability in Swick's Underground Drilling Business driven by an increased order book, volume of rigs at work and revenue diversification.

The year saw a refocus on the Underground Drilling Business to improve shareholder returns, following the divestment of the Surface Drilling Business in February 2021 and the Oreplore demerger planned for December 2021.

Swick delivered a significant improvement in earnings in the Drilling Business over the 12 month period with revenue of \$154.1m, a 19% increase in EBITDA to \$30.4m, and a 260% increase in EBIT to \$15.1m. This was driven by improved productivity and operational cost management across all sites, especially at Pogo. Importantly, this was achieved while the whole team continued to navigate through challenging times during COVID-19 and maintain the continuity of operations, and while keeping staff safety a top priority. The Company's strong performance and balance sheet position led the Board to declare a total FY21 dividend of 1.45cps.

Innovation remains a priority for Swick, and the Company continued to invest in technology advancements with DeepEX, Swick Engineering and the most recent ESG focused Futures division. These solutions will set a new benchmark for best practice drilling and provide platforms for increased revenue diversification.

Our DeepEX division – the world's most powerful underground mobile rigs – has received encouraging initial traction with three DeepEX rigs in operation and a further three in build. To maximise our unique rig manufacturing capability, the Swick Engineering Division was created in the second half of the Financial Year, selling the GenII mobile rigs in new regions

where otherwise we would have no participation in, and four GenII rigs were built and sold to large international drillers during the period.

As part of Swick's ESG initiatives, our Futures division was recently created, designing ESG solutions to clients with encouraging growth prospects. This includes the development of the first fully electric mobile diamond drill in the global market, the Gen3 E-Rig, able to reduce the carbon footprint of underground core drilling by around 50%. Alongside the development of the Remote Controlled Drilling (RCD) system, to improve the safety of drillers through automation of underground rigs from surface.

Orexplore

Aside from the refocus on our core Drilling Business, we believe shareholder value will also be improved from the planned demerger of our Mineral Technology Business, Orexplore, which is on track for the end of this calendar year 2021.

The year brought a change in leadership and strategy for Orexplore with a new independent management team led by the recent appointment of Mr Brett Giroud, who is laser focused on commercialising the technology.

Orexplore is poised to benefit from the industry's need to move to automated sensing and core analysis as drilling increases to meet global metal demand with limited human resources available in the sector.

We are confident that the demerger will unlock the value of Orexplore as a growth focused mining technology business; whilst allowing Swick to purely focus on its profitable drilling business. Therefore allowing each business to independently pursue growth opportunities in their respective sectors without competing for capital from the parent company.

Documentation in relation to the demerger will be lodged in November 2021 with a shareholder vote expected to occur in December 2021. As an independently listed entity, Orexplore will be owned by Swick shareholders and the demerger is a means to maximise value to Swick shareholders.

Proposed Transaction with DDH1

As recently announced, Swick received a merger proposal from DDH1 and the two companies have now entered into a Scheme Implementation Agreement that, if completed, would result in the combination of the respective drilling businesses. The all scrip consideration values the Swick drilling business at an enterprise value of \$115m, or an implied equity value of 35 cents per Swick share. In addition, Swick shareholders would retain their demerged Orexplore shares – providing additional value.

The all scrip proposal enables Swick shareholders to retain exposure to Swick's drilling business and the enlarged merged entity. The Scheme is subject, amongst other things, to Swick Shareholder approval at a meeting expected to be held in January 2022.

Swick has grown to become the largest underground drilling contractor in Australia, and Swick and DDH1 offer complementary drilling services and expertise, and there is strong commercial merit in a merger of the two companies, both in terms of cost synergies and scale benefits.

The combination of the two WA-based businesses will create a global scale mineral drilling company with a business that generated approximately \$445m in combined revenue and \$103m in combined EBITDA in Financial Year 2021; has a good mix of assets and a balance of surface (~60%) and underground (~40%) drilling; and a combined fleet of 170+ rigs, and a platform for growth with Swick well established in Europe and North America.

For these reasons the Swick Board unanimously recommends the proposed merger to shareholders, of course in the absence of a superior proposal and subject to an independent expert concluding that the Scheme is in the best interests of shareholders.

To re-iterate, the proposed merger does not change the plans for Orexplora with the demerger proceeding independently, and Swick shareholders retaining the value of Orexplora as a separate entity once listed.

Therefore the proposed merger with DDH1 and the separate Orexplora demerger and listing, are two events to enable shareholders to benefit from their ownership in the enlarged group, while also realising value of the Orexplora business in the form of a new ASX listing.

Outlook

Looking at Financial Year 2022, the Company has entered the year with a strong order book of \$284m with approximately two years of drilling revenue in hand and revenue diversification opportunities from our innovation streams.

Swick is also well placed to take advantage of the positive macro environment in the resources sector as drilling demand and commodity prices are on the rise.

While existing clients' drilling demands are increasing, we remain vigilant of the potential impacts of the pandemic and stay flexible to client demands.

I would like to conclude by thanking my fellow directors, our management team, and the wider team at Swick for their considerable effort in what has been a very busy and active year.

I would also like to recognise you, our shareholders, for your continued support. We will continue to act in your best interest and allow future growth within each business.

Yours Sincerely

Andrew Simpson
Chairman

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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 mineral drilling and mineral analysis services, and underground mobile

drilling equipment 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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