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ASX ANNOUNCEMENT

SWICK MINING SERVICES DELIVERS RECORD PROFIT OF \$10.3 MILLION

HIGHLIGHTS

- ❑ **121% increase in revenue to \$84.2 million.**
- ❑ **164% increase in net profit to \$10.3 million.**
- ❑ **80% increase in earnings per share to 7.17 cents.**
- ❑ **Profitability margins improved.**
- ❑ **Revenue guidance for FY09 of \$155 million, up 84% from FY08.**
- ❑ **Strong outlook for mineral drilling services.**

Specialist mineral drilling services company Swick Mining Services (ASX:SWK) is pleased to announce a net profit after tax of \$10.3 million for FY08 on revenue of \$84.2 million. The record result highlights the Company's continued ability to successfully execute its growth strategy and capitalise on the strong demand for high quality mineral drilling services in the Australian mining industry. In anticipation of further strong growth opportunities across all of its drilling divisions, the Company is forecasting revenue growth of 84% in FY09 to \$155 million.

The following table provides a summary and comparison of the FY08 and FY07 results:

Financial Measure	FY08	FY07 *	Change
Revenue	\$84.2m	\$38.1m	+121%
EBITDA	\$23.3m	\$10.2m	+128%
EBITDA Margin	28.1%	26.8%	+5%
EBIT	\$15.5m	\$6.7m	+131%
EBT	\$14.9m	\$5.7m	+161%
NPAT	\$10.3m	\$3.9m	+164%
NPAT Margin	12.2%	10.2%	+20%
Earnings Per Share	7.17 cents	3.98 cents	+80%

* Results for FY07 are normalised to exclude the revenue and profit from the sale of surplus equipment and shares.

Discussion of FY08 Performance

The FY08 revenue result continues the trend of the Company approximately doubling its revenue each year for the last four years (FY07 - \$38.1m; FY06 - \$19.4m; FY05 - \$10.3m). Significantly, even with the revenue growth in FY08, the Company has been able to improve its profitability margins as a result of a strong operational focus and the development of economies of scale within key operational divisions. Importantly, the profitability margins achieved by Swick Mining Services are at the upper end of mineral drilling service providers, delivered through product innovation and high quality service during a period of heightened cost pressures.

The FY08 result was again driven by strong growth in the core underground diamond drilling division, which utilises the Company's innovative, market leading jumbo mounted drill rigs and offers superior productivity, safety and versatility. Underground diamond drilling accounted for 75% of FY08 operational revenue and was bolstered by additional contract awards with a number of major mining houses, including Barrick, Xstrata and Oz Minerals.

The Company's other divisions, in particular the surface reverse circulation and surface diamond drilling divisions, were solid revenue contributors in FY08. Much of the focus in these divisions during the year was on building the foundations to support new rig build programs and growth in the coming years. As a result, both the surface reverse circulation and surface diamond drilling divisions are now poised for breakout growth and are forecast to contribute a significantly greater proportion of revenue in FY09.

Operational Update

Swick Mining Services currently has more than 40 rigs in operation at minesites throughout Australia, with a number of additional rigs to be placed from the underground diamond, surface reverse circulation and surface diamond drilling divisions during the remainder of the year to service increased scope with existing contracts and new opportunities that are expected to be concluded.

Underground Diamond Drilling Trials

Swick Mining Services has an excellent track record of converting trial work to long-term engagements, with a 100% success rate from eight previous underground diamond drilling trials. The latest trial was successfully converted into contract earlier this month with New Gold Inc at the Peak Gold Mine in New South Wales, highlighting the Company's ability to successfully compete directly with other mineral drilling contractors.

Swick Mining Services is currently undertaking a two rig underground diamond drilling trial with Goldfields at the Agnew and St Ives Gold Mines in Western Australia. In addition, the Company is currently in discussions with a number of large mining houses for new trials at several mine sites around Australia.

Underground Diamond Drilling Expansion into Canada

Swick Mining Services' newly appointed General Manager (North America) Mr Will Gove commenced employment on 15 July 2008. As detailed in the Company's announcement of 23 May, Mr Gove has been appointed to coordinate and implement the Company's expansion into the North American mineral drilling market. Initial logistical and administrative structures are being established to support the arrival of three underground diamond drill rigs later this year. The three rigs are currently being built at the Company's South Guildford engineering facilities and are expected to depart for Canada in late September. Discussions have commenced with two large mining houses for drilling trials in the Sudbury Mineral District in the Province of Ontario.

Expanded Surface RC Rig Build Program

The surface reverse circulation drilling division currently operates four drill rigs, including three award winning Swick designed drill rigs. Three new rigs are currently in build: two Swick designed rigs and one track mounted Schramm drill rig. Discussions with a number of large mining houses indicate that there is strong interest in the Company's award winning reverse circulation drill rigs, particularly within the iron ore sector. The Company is currently investigating an expanded reverse circulation rig build program over the next 24 months to capitalise on this demand. Further details of the build program and drilling opportunities will be released over the coming months.

Establishment of New Surface Multi-Purpose Drilling Division

Swick Mining Services has established a new surface multi-purpose drilling division to capitalise on strong demand for rigs capable of drilling both reverse circulation and diamond holes. The Company has ordered four KWL1600H multi-purpose rigs which are designed and built in Western Australia by KWL Boart Longyear. The KWL1600H is a proven drill rig that can be utilised for a variety of drilling applications. Multi-purpose rigs provide significant versatility in their ability to provide both surface reverse circulation and surface diamond drilling from a single platform. The initial four rigs are scheduled for delivery in September (two) and October (two).

Swick Mining Services has been awarded the following multi-purpose drilling contracts:

1. two rig contract with Newcrest Mining at the Telfer Gold Mine in Western Australia; and
2. one rig contract with Barrick for use at its gold operations in Western Australia.

The fourth rig will be sent to Territory Resources' Frances Creek iron ore mine in the Northern Territory.

As a result of the strong demand for the multi-purpose rigs, the Company's Board recently approved a second build program consisting of an additional four multi-purpose rigs, taking the fleet to a total of eight new rigs. The second program is scheduled for completion in November (three) and December (one).

Market Outlook

Demand for mineral drilling services throughout FY08 remained strong. The Australian mining industry is currently experiencing significant demand for its product. The rising demand has seen commodity prices increase significantly after a decade of depressed prices and under-investment in new mines and infrastructure.

Despite a recent softening in some commodity prices, the Company believes demand for mineral drilling services will remain strong in FY09. Importantly, the Company's revenue is generated across a number of different commodities and predominantly at brownfields sites (ie, existing minesites) which are less affected by fluctuations in commodity prices and cycles than greenfields sites (ie, exploration projects).

The Company is well positioned to capitalise on demand for mineral drilling services owing to its growing reputation for innovative, market leading drill rigs that offer superior productivity and safety.

FY09 Outlook

Swick Mining Services is confident that the strong demand for its mineral drilling services will continue in FY09. The Company expects continued strong revenue growth on a year-on-year basis and is **forecasting revenue of \$155m for FY09**, an 84% increase on FY08 revenue. Revenue growth is anticipated to largely be driven by the continued expansion of the underground diamond drilling division, with improved contributions from both the surface reverse circulation and surface diamond divisions and the newly established multi-purpose division. Despite the cost pressures being experienced in the mining industry, the Company expects to at least maintain its profitability margins in FY09.

Yours faithfully



KENT SWICK
MANAGING DIRECTOR

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