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ASX ANNOUNCEMENT

SWICK MINING SERVICES - COMPANY UPDATE

HIGHLIGHTS

- Operational review highlights significant FY09 growth despite market conditions.**
- Revised FY09 revenue guidance of \$125 million to \$130 million.**
- Measures taken to maintain financial and operational strength.**
- First international drilling contract secured in Saudi Arabia.**
- First three underground diamond rigs dispatched to Canada.**
- Significant tender pipeline for underground diamond division.**
- \$48 million facility secured with National Australia Bank.**

Market Update

Swick Mining Services (ASX:SWK) is pleased to provide this update to shareholders regarding the Company's current operations and outlook. The Company has recently reviewed its operations to account for the changed macroeconomic environment and as a result has taken a number of initiatives in order to maintain its strong financial position, to continue to deliver highly productive, best practice drilling services to its clients and to better position itself to take advantage of future opportunities.

Financial Outlook Update

The Board of Directors believes that a conservative approach to the business is prudent in the current market conditions. In line with this view and in order to maintain the Company's strong balance sheet and reduce gearing levels, the Board of Directors has postponed approximately \$33 million in new capital expenditure (primarily in the area of new rig builds).

Swick Mining Services will still deliver a minimum of 24 new rigs into its fleet in FY09, of which 17 have been completed to date. The 24 new rigs in FY09 comprise 14 underground diamond rigs, five surface reverse circulation rigs, four multi-purpose rigs and one water hammer longhole rig. Should strong demand for additional drilling services arise, the Company will have the financial and operating capacity to deliver new rigs into the market at short notice, particularly given the expected significant shortening in lead times for rig builds.

Swick Mining Services previously forecast revenue of \$155 million for FY09 after delivering record revenue of \$84.1 million in FY08. As a result of the detailed review undertaken, the Company is now forecasting FY09 revenue to be in the range of \$125 million to \$130 million. The revised forecast still represents growth of 49% to 55% on FY08 revenue, continuing the Company's (and its predecessors) excellent growth record over the last five years. The operational review and resulting cost cutting measures undertaken will assist Swick Mining Services to maintain its profitability margins.

Utilisation Rate Update

Swick Mining Services has historically and continues to remain focused on servicing mid-to-large tier mining houses with long-life mining operations and consistent, larger production profiles. During FY08, more than 90% of the Company's revenue was derived from brownfields operations (ie, existing mining operations), with 85% of revenue derived from the underground drilling divisions. Only a very small portion of the Company's forecast revenue is from the junior exploration sector.

Brownfields operations are typically less affected in downturns than the junior exploration and mine development sectors. To date, Swick Mining Services has encountered a reduction in utilisation rates in its underground diamond drilling division, primarily in the base metals sector. Importantly, however, this is expected to be partially offset by the Company's larger gold mining clients who have flagged a requirement for additional underground drilling services.

The Company's surface reverse circulation and multi-purpose drilling divisions continue to enjoy strong utilisation of existing fleet with larger clients, which is expected to continue into the second half of FY09. The surface diamond drilling division has experienced reduced utilisation recently.

Growth Outlook

Despite the market conditions, Swick Mining Services is in a strong position to ride out the downturn and consolidate its position as one of Australia's largest mineral drilling contractors. Producing mine sites still have an on-going requirement for drilling services to support their operations and deliver new reserves for future production. With an industry wide focus on cost control and efficiency, Swick Mining Services, with its best practice rigs that deliver increased productivity, and therefore lower total drilling costs per metre, expects to maintain its market position and potentially attract new demand.

The Company's focus on servicing mid-to-large tier mining houses offers a strong order book of drilling contracts for the remainder of FY09. Swick Mining Services is actively pursuing additional drilling opportunities with these larger clients at brownfields sites. The Company is also expanding its operations into international markets with a measured, conservative strategy, with Canada and the United States believed to possess strong potential for growth in CY09. Swick Mining Services also has new industry leading technologies to launch and market in a number of its divisions, which offers considerable scope for further growth.

International Expansion Program

First International Drilling Contract Secured

Swick Mining Services has secured a new underground diamond drilling contract with mining contractor Byrncut Mining to provide two underground diamond drill rigs to the Jabal Sayid Copper Mine in Saudi Arabia operated by Citadel Resource Group Limited. The initial contract is for a program of 14,000 metres of up to six months in duration, with strong potential to continue providing services beyond the initial scope.

The contract represents the Company's first international drilling engagement and highlights the excellent international growth potential for the cornerstone underground diamond division.

Three Underground Diamond Rigs Shipped to Canada

Swick Mining Services is pleased to announce that its first three underground diamond rigs have departed Australia by ship for Canada. The rigs are scheduled to arrive in Canada in mid December. The Company is pursuing a number of opportunities with large mining houses in gold, nickel and copper for these rigs, with the aim of commencing drilling early in CY09. The Board of Directors recently approved an additional eight rigs for North America during the remainder of FY09, taking the North American fleet to eleven rigs in total.

Significant Tender Pipeline - Underground Diamond

Swick Mining Services has a number of significant tendering opportunities in the pipeline for underground diamond drilling, predominately at large gold and nickel mines in Australia. If the Company is awarded these tenders, a significant number of new rigs will commence drilling from early in CY09. Swick Mining Services believes the superior productivity, safety and value offered by its underground diamond rigs, benefits that are now more highly sought owing to the challenging market conditions and strong focus on efficiency and cost control, place it in a strong position to secure these tender awards.

The Company currently has 28 underground diamond rigs drilling at mine sites throughout Australia for mid-to-large tier mining houses that include Xstrata, Barrick, Newmont and OZ Minerals.

\$48 Million Facility Secured with National Australia Bank

Swick Mining Services is pleased to announce that it has secured a new four-year \$48 million facility with National Australia Bank to fund the Company's rig build programs. Swick Mining Services believes this represents strong confirmation of the Company's business model and future growth prospects at a time when the availability of debt has significantly diminished.

The four-year facility provides the Company with the financial capability and capacity to rapidly build new rigs to meet increased future demand for drilling services.

Yours faithfully



KENT SWICK
MANAGING DIRECTOR

About Swick Mining Services:

Swick Mining Services (ASX:SWK) is one of Australia's largest mineral drilling contractors and provides high quality underground and surface drilling services through a fleet of sixty rigs. The Company has a strong reputation for innovation in rig design and drilling practices and delivering increased productivity, safety and value to its clients.

For further information about this announcement, please contact the following on (08) 9277 8800:

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