

# SWICK MINING SERVICES

Swick Mining Services Ltd  
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ASX ANNOUNCEMENT

## ANNUAL GENERAL MEETING - CHAIRMAN'S ADDRESS

Please find enclosed the address to be delivered by the Chairman of Swick Mining Services Ltd (ASX:SWK), Mr Andrew Simpson, at the Company's Annual General Meeting to be held later today at 2:00pm (WST) at the Hyatt Regency Perth.

Yours faithfully



**JASON GILTAY**  
COMPANY SECRETARY

### About Swick Mining Services:

Swick Mining Services (ASX:SWK) is one of Australia's largest mineral drilling contractors, providing high quality, high value underground and surface drilling services to a diverse group of mining houses. The Company has a strong reputation for innovation in rig design and drilling practices, and for delivering increased productivity, safety, versatility and value to its clients. Swick recently committed to expanding its operations outside of Australia and building a global brand through an expansion into targeted international markets, with an initial focus on North America.

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

**Kent Swick**  
Managing Director

**Michael Fry**  
Finance Director

**Jason Giltay**  
Company Secretary

## **Chairman's Address - 2009 Annual General Meeting**

After several years of strong growth in rig fleet, revenue and profitability, the 2009 financial year represented a period of significant challenge and momentum change for the Company as a result of the unprecedented global financial crisis which hit the world economy.


Slowing economic growth and depressed consumer spending saw a significant fall in commodity prices, particularly amongst base metals, which resulted in an almost immediate contraction of activity at operating mines and exploration projects across the globe. The flow-on effect to the drilling industry was rapid and severe, with the companies across the board parking up a large number of their rigs and laying off a sizeable proportion of their drilling workforce.

Despite a strong presence and client base in brownfields drilling and best practice rigs in our primary drilling divisions, Swick Mining Services was not immune to the falling drilling demand, with our rigs in work declining from a peak of 40 in September 2008 to a low of 22 in January 2009. It is pleasing to say that the Board of Directors and Management reacted quickly and diligently to counter the effects of this downturn, halting rig build programs, implementing cost cutting programs, reducing staffing levels and refocusing business development activities towards the relatively strong gold and iron ore sectors.

As a result, Swick was able to largely weather the storm created by the GFC and overcome the challenges we have faced. While our revenue and profitability was significantly negatively affected by the GFC, most notably against our strong growth forecasts at the outset of the financial year, our efforts in consolidating and refocusing our operations have paid real dividends, as demonstrated by a strong rebound in the number of rigs in work throughout CY09. We currently have 45 rigs in work and are seeing a rebound in revenue on a quarter-by-quarter basis, an excellent achievement by Management considering the highly competitive landscape we now have to face.

With the lessons of the last few years and the GFC sitting fresh in our minds, we look forward to FY10 and FY11 with renewed optimism about our growth opportunities and the on-going performance of our drilling operations. Swick has rebuilt a strong operational foundation in Australia over the calendar year, with 42 rigs in work and a focused service offering in the four primary drilling divisions. We are seeing positive signs of a recovery underway in Australia, with recent equity raisings highlighting a return of investor confidence to the mining industry. Swick remains confident of additional growth opportunities in Australia through further penetration of targeted mining regions outside of Western Australia, significant RC drilling opportunities in the bulk commodity sector and first signs of a return to work for a number of base metal clients, a sector where we have historically held a strong position.

North America also represents a very exciting growth opportunity for the Company. We now have three of our underground diamond rigs drilling for three different clients in North America, including two Canadian gold majors, giving the market its first taste of the Swick service offering. Canada in particular offers excellent growth opportunities for the Company with a larger underground market than in Australia and we are confident that we will be able to secure additional drilling opportunities during the second half of the year.



If we can take one positive out of the GFC, it is that the downturn has allowed Swick to take a step back from the rapid growth we have achieved over the last five years and review the way we have been doing business. This brief pause has allowed us to restructure and consolidate our operations, becoming a leaner, more focused organisation that is well positioned for the next upswing in activity in the mining industry. We have invested heavily in our rig fleet over the last two years, which provides a solid platform for additional growth in the years ahead without the need for major capital investment programs. We remain confident that Swick has a strong future and an exciting opportunity to become a global leader in the provision of innovative, high value mineral drilling services.

**ANDREW SIMPSON**  
CHAIRMAN