

SWICK MINING SERVICES

Swick Mining Services Ltd
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ASX ANNOUNCEMENT

Swick Mining Services (ASX:SWK) provides the following by way of an update in advance of its full year results.

The Company's preliminary unaudited results for the year ended 30 June 2010 are as follows:

Financial Measure	FY10	FY09
Revenue from Services Rendered	\$97.8m	\$83.7m
Other Revenue	\$1.7m	\$1.2m
Total Revenue	\$99.5m	\$84.9m
Impairment losses	\$13.6m	-
EBITDA*	\$22.5m	\$20.1m
EBITDA Margin*	23.1%	23.8%
EBIT*	\$4.1m	\$6.6m
EBT*	\$0.2m	\$2.6m

*: *excluding the impairment losses*

The Company's auditors are nearing the finalisation of their review and the Company does not expect any major adjustment to the preliminary results reported above.

Cash reserves at end of June were \$8.8 million and with debt having been reduced aggressively from \$57.8 to \$41.1 million over the course of FY10.

The impairment losses for FY10 comprise:

- provision of \$4.7 million against research and development costs previously capitalised with respect to the water hammer technology. The Company will continue to market the technology and is presently in advanced discussions with a major Australian mine to trial the technology.
- provision of \$5.2 million against the carrying value of assets held for resale. The Company is currently considering disposal options for various unutilised or underutilised assets to focus on its core areas of operations.
- provision for obsolescence of \$3.6 million against inventories. There exists a number of inventory items purchased in prior years (pre-downturn) that are now obsolete (superseded or non-preferred) or will likely remain unused for some time (slow-moving). Items not sold as part of the disposal of assets (referred to above) will be aggressively managed to maximise utilisation of all available resources.

Current Performance and Outlook

The Company is currently performing strongly with monthly revenues above \$10 million for each of the past 4 months (inclusive of August 2010). Drill rig demand is strong, and as a result high utilisation of 81% is being currently experienced and this will increase further over the next month to 89%.

The Company has identified opportunities to increase its revenues through further improvements to rig utilisation, efficiency measures, drill crew incentive schemes and rate adjustments against underperforming contracts. At the same time the Company is pursuing cost reductions through structural change and greater use of its growing purchasing power.

In terms of opportunities, the recent uplift in demand and overall sentiment in the marketplace is positive and as a consequence Swick has a number of opportunities in the pipeline both within the local region and in the North American market.

Results Release

A full discussion of the Company's performance and business outlook will be contained in the full year results which are expected to be released next Friday, 27 August 2010.

Yours faithfully



KENT SWICK
MANAGING DIRECTOR

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 blue chip 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:

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Managing Director