

SWICK MINING SERVICES

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ASX ANNOUNCEMENT

FY10 PRELIMINARY RESULTS & MARKET COMMENTARY

OVERVIEW

- Revenue improved in challenging market conditions.
- Continued improvement in rig utilisation throughout FY10.
- Currently at record high number of rigs in work.
- EBITDA margin remains strong and expected to improve.
- Strong order book in Australia with numerous contracts awarded and renewed during FY10.
- North American expansion on target with recent drilling contract award for Newmont Hope Bay and trials under way with Newmont Nevada and Vale Inco, Sudbury.
- Improving market conditions giving rise to positive outlook for FY11

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

Financial Measure	FY10	FY09
Revenue	\$99.5m	\$84.9m
Impairment Losses	\$13.6m	-
EBT	(\$13.5m)	\$2.6m
Income Tax	(\$3.4m)	\$0.5m
NPAT	(\$10.1m)	\$2.1m
EBITDA*	\$22.6m	\$20.1m
EBITDA Margin*	22.7%	23.8%
EBIT*	\$4.1m	\$6.6m
EBT*	\$0.2m	\$2.6m
NPAT*	\$3.6m	\$2.1m
NPAT* Margin	3.6%	2.5%
Earnings Per Share*	1.76 cents	1.38 cents

* excluding the impairment losses

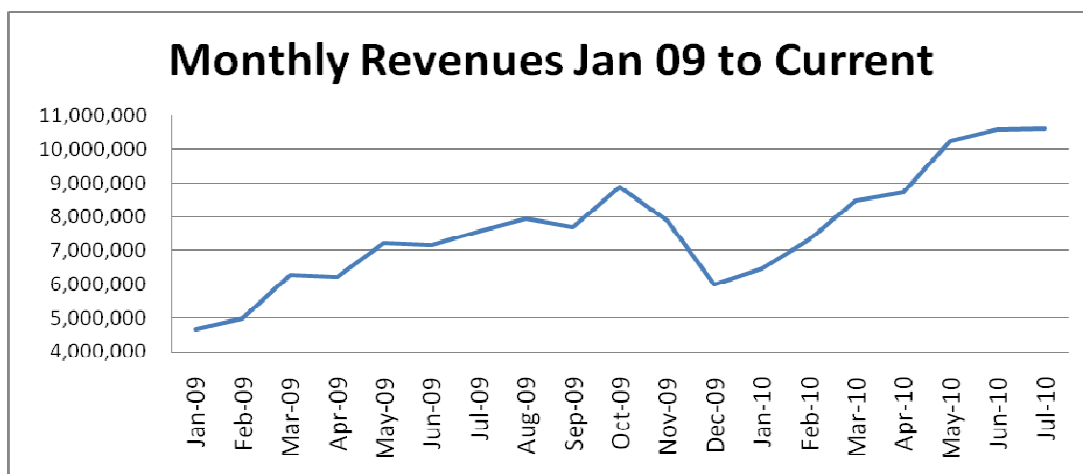
The Company's auditors are nearing the finalisation of their audit and the Company does not expect any major adjustment to the preliminary results reported above when the FY10 accounts are finalised.

The Company's financial position is robust with cash holdings at 30 June 2010 of \$8.8 million (30 June 2009: \$8.5 million) and net debt at 30 June 2010 of \$32.2 million (30 June 2009: \$49.2 million).

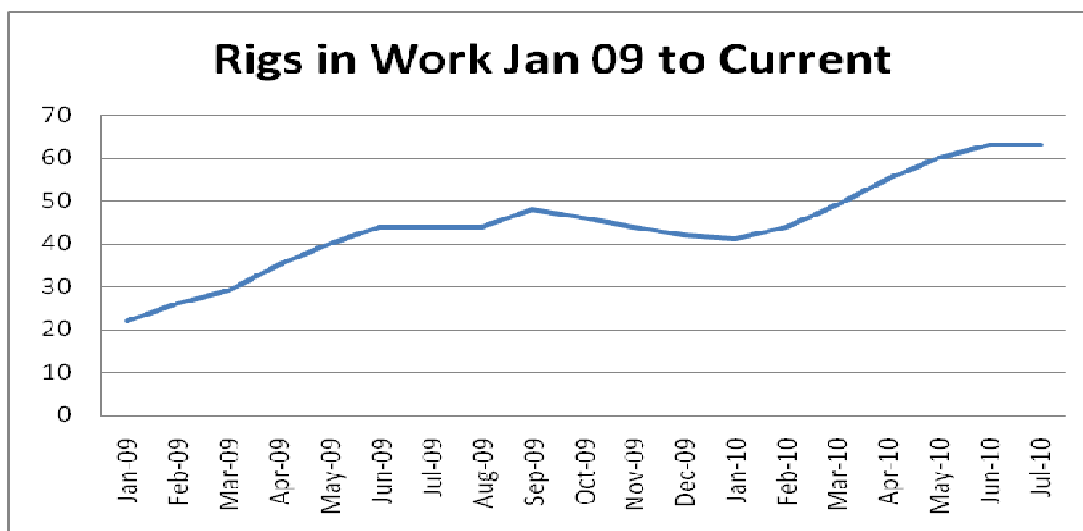
Commentary on FY10 Performance

Whilst FY10 was a challenging year, Swick's underlying business remained strong. Drilling services revenue of \$97.8 million was significantly higher than the previous year (FY09: \$84.1 million). The Company's key underground diamond division maintained its performance contributing 73% of drilling services revenue (FY08: 70%). Revenue from the surface drilling divisions was in line with the previous year and was negatively impacted by the extended wet season in northern Australia but has since significantly improved.

Drilling seasonality is expected to occur over the Christmas / New Year period, however the unexpected extended wet season impacted monthly revenues significantly (and more substantially during FY10 than prior years) as depicted in the graph below:



Much of the improvement in revenue is attributable to the increase in the number of rigs in work, with utilisation now at 81% (increasing to 89% over the next month):



Swick's costs in FY10 were higher as a consequence of an increasingly competitive labour market and the working capital (recruitment, training, mobilisation, etc.) involved in putting a significant number of rigs back to work. These costs, together with lower rates on some underperforming jobs, impacted on the FY10 results. However, with higher rig utilisation, expected rate adjustments, continued focus on cost reduction, a greater emphasis on core operating divisions and the majority of rigs locked into contracts for the duration of FY11, the Company is well placed to deliver an improved operating performance in FY11.

As announced on 19 August, the Company's FY10 result included an impairment loss of \$13.6 million. A large proportion of this relates to the decision to rationalise under-utilised assets and to focus resources and effort on the Company's core divisions of underground diamond, underground production, and surface RC. This renewed focus on the areas in which Swick has a competitive advantage is expected to lead to stronger performance moving forward.

FY11 Outlook

Swick looks forward to FY11 with optimism for several reasons: a record number of rigs in work in Australia, a base load of work in North America, increased activity in the gold sector and significant new tendering opportunities on the horizon. Also, recent investment in the rig fleet will mean reduced capital requirements in FY11.

Operational Outlook - Australia

All the major drilling contractors are reporting significantly increased utilisation and acceptance by clients of necessary price adjustments to reflect cost increases and reverse in part the rate reductions offered to, and expected by, the clients during the global financial crisis.

Swick currently has in excess of 60 drill rigs in operation throughout Australia. The Company has a solid baseload of work with blue-chip clients in gold and base metals and will continue to focus on developing opportunities for its underground diamond division. The Company continues to pursue new tendering opportunities and increased work scope with existing clients, and is confident the number of rigs in work in Australia will continue to improve throughout FY11.

Operational Outlook - North America

Swick is delivering on its North American expansion program. It has 6 rigs currently committed under contracts and with the recent award of a contract with Newmont at its Hope Bay Mine (Nunavut, Canada), and drilling trials with Vale Inco (Sudbury, Canada) and Newmont (Nevada, United States) there exists potential for significant ongoing demand for Swick's mobile underground diamond rigs in the region.

The Canadian drilling market is showing significant signs of improvement. As this activity continues to rebound in Canada it is expected the business development efforts Swick has made over the course of the past 18 months will generate increased demand for its rigs.

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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