

SWICK MINING SERVICES

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2 February 2012

ASX ANNOUNCEMENT

SWICK - H1 FY12 Earnings and Operating Update

- ❑ Unaudited H1 FY12 Revenue of \$69.3m – maintains full year guidance of \$130m
- ❑ H1 FY12 EBITDA \$13.9m – maintain full year EBITDA guidance of circa \$28m
- ❑ H1 FY12 NPAT \$4.4m - increase of 193% over previous corresponding period (pcp)
- ❑ Net debt reduced to \$6.0m (reduction of \$22m in 12 months)
- ❑ Declaration of maiden fully franked interim dividend of 0.5 cents per share (record date 29th Feb 2012, payment date 31st March 2012)
- ❑ Chief Executive Officer APAC appointed
- ❑ New rigs builds and refurbishment in progress
- ❑ Underground diamond drilling contract awards with Sandfire Resources (Degruusa mine) and Panoramic Resources (Savannah mine)
- ❑ Key R&D projects based on productivity and safety enhancements in trial phase

H1 FY2012 UNAUDITED FINANCIAL RESULTS Continuing Operations	H1 2012 \$m	H1 2011 \$m	PCP Change %
Financial Performance			
Revenue	69.3	54.7	+27%
EBITDA	13.9	11.7	+19%
EBITDA Margin %	20.0%	21.3%	-6%
Depreciation and Amortisation	7.5	7.9	-5%
Interest	0.4	1.6	-75%
Impairment	0.0	0.1	-100%
EBT	6.0	2.1	+186%
NPAT	4.4	1.5	+193%
NPAT Margin %	6.3%	2.8%	+125%
Cash Flow			
Net Cash from Operating Activities	12.3	10.4	+18%
Net Cash from Investing Activities	(9.6)	(5.0)	+92%
Free Cash flow	2.7	5.4	-50%
At Balance Date			
Cash	13.3	5.7	133%
Debt	19.3	33.6	-43%
Net Debt	6.0	27.9	-78%
Net Debt %	5.8%	29.6%	-80%
EPS - cents per share	1.86	0.65	186%



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

Commentary on H1 FY12 Performance

Financial Performance and Maiden Dividend

Swick achieved record first half unaudited revenue of \$69.3 million and EBITDA of \$13.9 million which were in line with forecast expectations. The Company experienced a slightly lower than expected EBITDA margin due to a number of unanticipated suspensions in our North American operations during the second quarter. The interruption to the North American rig utilisation is expected to be relatively short with site remobilisations anticipated towards the latter part of the second half.

With a renewed focus on shareholder returns it is with great pleasure the Company declares its maiden fully franked interim dividend of 0.5 cents per share, representing 44% of free cashflow for the half. The record date is 29th Feb 2012 and the payment date is 31st March 2012.

Capex, Safety and R&D

Capital expenditure in the first half was \$9.6 million, of which \$5.2 million relates to specific growth capital and productivity enhancement projects including the purchase of EDMS's underground diamond drilling business, R&D projects and rig upgrades. Full year capital expenditure is expected to be in the region of \$18m, including the building of an additional six mobile drill rigs for expected demand in the second half of FY12. This rollout program will be scheduled in line with contracted work.

Swick's commitment to safety is paramount and a number of initiatives are being undertaken to reduce the hazard exposure that operational employees face in their daily tasks. In the second half, we expect to launch a unique solution to underground drill rod handling that will significantly lower the risks associated in our business. This has been a high priority research and development project and is a further example of Swick's intent to engineer out hazards where possible. In addition to the Safety initiatives, the Company is committed to continuous improvement through engineering improvements in design and equipment capability.

New CEO APAC Appointment

Mr Vahid Haydari has been promoted from Chief Operating Officer APAC to Chief Executive Officer APAC. Mr Haydari is a qualified mining engineer with extensive experience in underground and surface contract mining as well as recent experience as a General Manager of Operations for a mid-tier iron ore miner. This appointment will streamline the organisational structure and ensure the effective execution of all aspects of the Company's strategic plan. Mr. Kent Swick remains as Managing Director and this appointment will allow Mr. Swick to focus on business development, North American expansion and technical innovation.

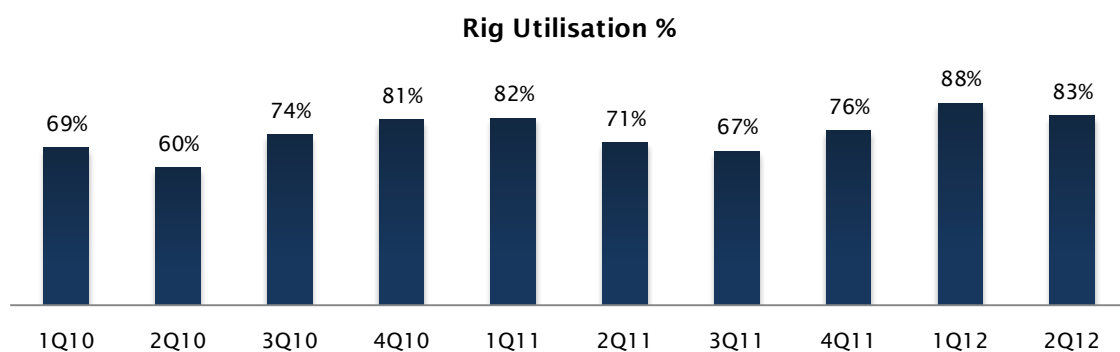
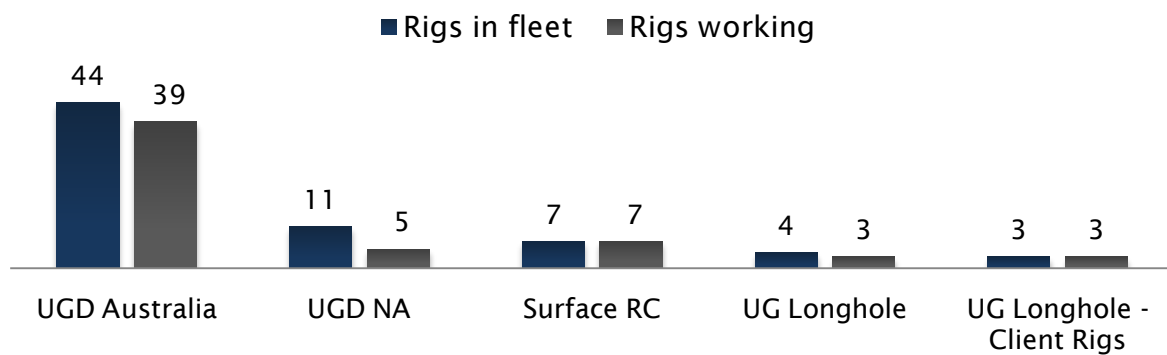
Contract awards

Swick is pleased to announce two underground diamond drilling contract awards with Sandfire Resources at the newly developed DeGrussa Copper mine in the Murchison Region of Western Australia and with Panoramic Resources at their Savannah Nickel mine in the Kimberley region of Western Australia.

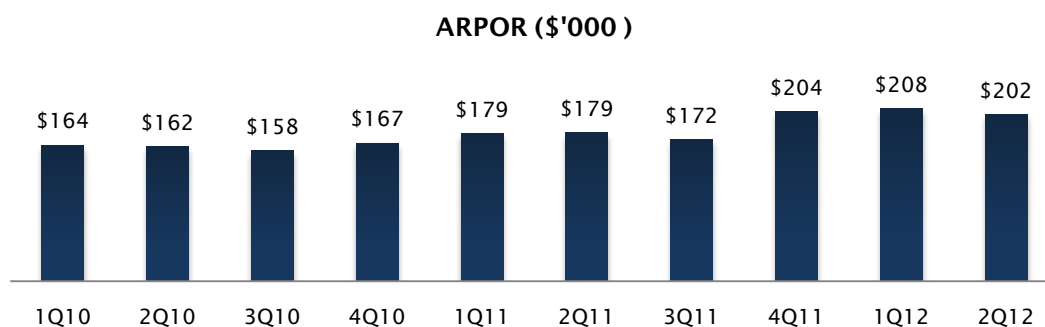
In addition to the two new underground diamond clients, Swick is in late stage negotiations post verbal award of a significant underground longhole drilling contract that has the potential to increase that divisions revenue by up to 50% per annum.

Fleet Utilisation and ARPOR

The Group rig utilisation as at 31 December by division and overall, is shown below:



The Company's *Average Monthly Revenue per Operating Rig (ARPOR)* metric below has been maintained in 2Q FY12.



2H FY12 Outlook

Second half revenue is expected to be in line with market expectations based on current work in hand. There is potential upside as recent unofficial tender awards move through the formal process. Swick confirms full year guidance of \$130 million revenue with ~\$28 million EBITDA.

Swick is actively pursuing drilling opportunities in both the APAC and North American regions with a focus on underground diamond drilling expansion. Swick believes that the strategic plan it has to become the world's most efficient supplier of underground diamond drilling services and the associated commitment to research and development will yield strong results for shareholders and provide long term sustainable growth for the Company.

Managing Director, Kent Swick stated *"We are pleased with the Company's first half performance and expect the second half to provide a similar result, with potential upside based on work in hand and forecast utilisation"*

"The pleasing result is that even with a temporary reduction in rig numbers in the North American Operations, our continued ability to grow our Australian drilling revenue has been demonstrated with a 27% increase in group revenue over the prior corresponding period."

The Company is focused on delivering a return to its shareholders and I am pleased to announce the maiden first half interim dividend of 0.5 cents per share. Swick has greatly improved its balance sheet by reducing net debt by \$22 million in the last twelve months. Our net debt is now under 6% of equity and we will continue to improve this position in the second half."

North American utilisation in the last quarter has been affected by client delays, however a rebound in utilisation during the latter part of the second half is expected as the clients re-commence their programs and an additional rig is deployed into Newmont's Nevada Operations."

The Australian Operations are performing well and further revenue growth is expected in the second half as additional rigs are deployed into recently awarded contracts."

I am very pleased with the calibre of the Executive Leadership Team that is now in place and I appreciate the efforts that all of our employees have made to the continued improvement of our business. The promotion of our Chief Operating Officer, Vahid Haydari, to the position of Chief Executive Officer for the APAC business is a very positive move for the Company and will greatly assist with the implementation of our strategic plans. The future remains exciting as we progressively introduce the safety, productivity and efficiency projects currently in development."

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 underground and surface drilling services to a diverse group of mining houses and across a spread of commodities. The Company has a strong reputation for innovation in rig design and drilling practices that delivers improvements in productivity, safety, versatility and value. Swick has a global presence with Operational revenue from Australia, Canada and the United States.

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

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