

SWICK MINING SERVICES

Swick Mining Services Ltd
(ABN 20 112 917 905)
64 Great Eastern Highway
South Guildford WA 6055

PO Box 74
Guildford WA 6935
P: +61 8 9277 8800
F: +61 8 9277 8844

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ASX ANNOUNCEMENT

SWICK – FY13 Earnings, Dividend and Operations Update

- ❑ FY13 NPAT \$11.3m – up 17% year-on-year (YOY)
- ❑ Earnings per Share 4.9 cents– up 19% YOY
- ❑ Cash from Operating Activities \$36.3m – up 44% YOY
- ❑ FY13 EBITDA \$30.8m – up 8% YOY
- ❑ FY13 Revenue \$146.5m – up 7% YOY
- ❑ Total fleet utilisation of 69% at end of FY13 (54 of 78 rigs operating)
- ❑ Underground diamond fleet utilisation at 76% at end of FY13
- ❑ Declaration of a fully franked final dividend of 0.6 cents per share

Western Australia – (August 26, 2013) – Swick Mining Services Limited (“Swick” or “the Company”; ASX: SWK), a leading provider of high quality and high value underground and surface mineral drilling services today announced its FY13 Earnings and dividend declaration together with an update on operations.

AUDITED FY2013 FINANCIAL RESULTS	FY 2013	FY 2012	Change
	\$000	\$000	%
Consolidated Results			
Revenue	146,535	136,418	7%
EBITDA	30,843	28,589	8%
EBITDA Margin %	21.0%	21.0%	0%
Depreciation and Amortisation	14,432	14,364	0%
Interest	1,731	1,442	20%
EBT	14,680	12,783	15%
NPAT	11,310	9,698	17%
NPAT Margin %	7.7%	7.1%	8%
Cash Flow			
Net Cash from Operating Activities	36,336	25,155	44%
Net Cash from Investing Activities	(21,355)	(22,998)	-7%
Free Cash flow	14,981	2,157	595%
At Balance Date			
Cash	20,873	15,806	32%
Debt	22,523	23,180	-3%
Net Debt	1,650	7,374	-78%
Net Debt %	1.5%	7.0%	-79%
EPS - cents per share	4.85	4.09	19%

Financial Performance and Dividend

Swick achieved record full year revenue of \$146.5 million and EBITDA of \$30.8 million, in line with the Company's forecast. This represents year on year growth of 7% and 8% respectively.

A total of 54 rigs from a fleet of 78 (including three client owned rigs) were operating in the field as of June 30, 2013 compared to 58 rigs in operation from a fleet of 72 (including three client owned rigs) a year ago. The company has also completed the build of an additional three underground diamond drill rigs and expects these to be commissioned into work during the first quarter of FY14.

Q4 FY13 saw further softening in the Asia Pacific (APAC) business with clients focusing on cost reductions and expenditure rationalisation. This resulted in some drilling programs being reduced whilst others have been deferred or cancelled. With Swick's market leading Underground Diamond drilling equipment we are well placed to deliver on our clients needs for safe, efficient and productive low unit cost solutions.

With earnings per share for the year increasing by 19% to 4.85 cents per share, the Company is pleased to announce the declaration of a fully franked final dividend of 0.6 cents per share. The dividend record date will be the close of trade on Friday 20 September 2013, with the payment date being Friday 18 October 2013. This brings dividends for the Financial Year ended 30 June 2013 to a total of 1.2 cents per share representing a fully franked dividend yield of 4.2% based on the closing price of 28.5 cents as of 28 June 2013.

Commentary on FY13 Performance

Kent Swick, Managing Director stated: *"The full year result is very satisfying and underlines the relative strength of the Swick business model within the global mineral drilling marketplace. Swick is dedicated to the provision of the highest quality service for the best value to our clients and the Company continues to invest in projects that will deliver further value, safety and productivity to the market. This dedicated focus will ultimately yield the best possible outcome for all the stakeholders."*

"Swick is very aware of the pressures that exist in the market, with low commodity prices affecting margins of the operators. Swick has been working with its clients to ensure that the value of its service offering remains compelling and that the productivity is optimised. To be honest, these times allow the industry players on both sides of the supply and demand chain to work closely to be more efficient and productive and hopefully this can remain the same when prices and margins improve."

"I am very proud that all of the employees at Swick, from the Executive team through to the drill crews, are responding to the challenges that the industry currently faces and focusing on ways to further drive efficiency and lower our costs."

"Swick has had several research and development projects finalised over the FY13 period, and as Swick rolls these developments out over time, our service offering will remain at the forefront of safety, quality and value."

Safety and Training

With the successful roll-out of its new Safety Management System during FY-13, Swick is pleased to confirm that its Safety performance has continued to improve and the Group Total Recordable Injury Frequency Rate (TRIFR) has decreased in total by 53% over the last 12 months.

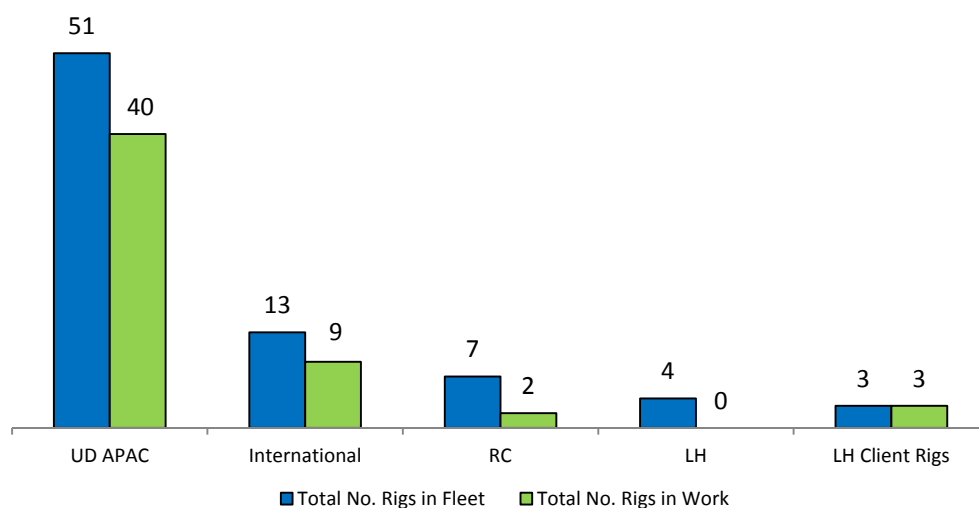
Mr Swick stated: *"We value the safety of our employees and acknowledge that safety is a pre-requisite for our entire business and for improvements in productivity. The improved safety performance is a combination of using engineering controls as well as behaviours of our personnel to drive safe production. Having our own Engineering expertise means that we can make necessary changes to our equipment in a short time frame as opposed to waiting for an OEM and rely on engineering controls to yield positive safe work practices".*

"The combination of the new Safety Management System combined with focus from all levels of the organisation has resulted in improving our TRIFR, whilst our Lead indicators have increased by 370% over the same period. This is an outstanding result from all concerned and reflects well on our value of ensuring that our people are safe".

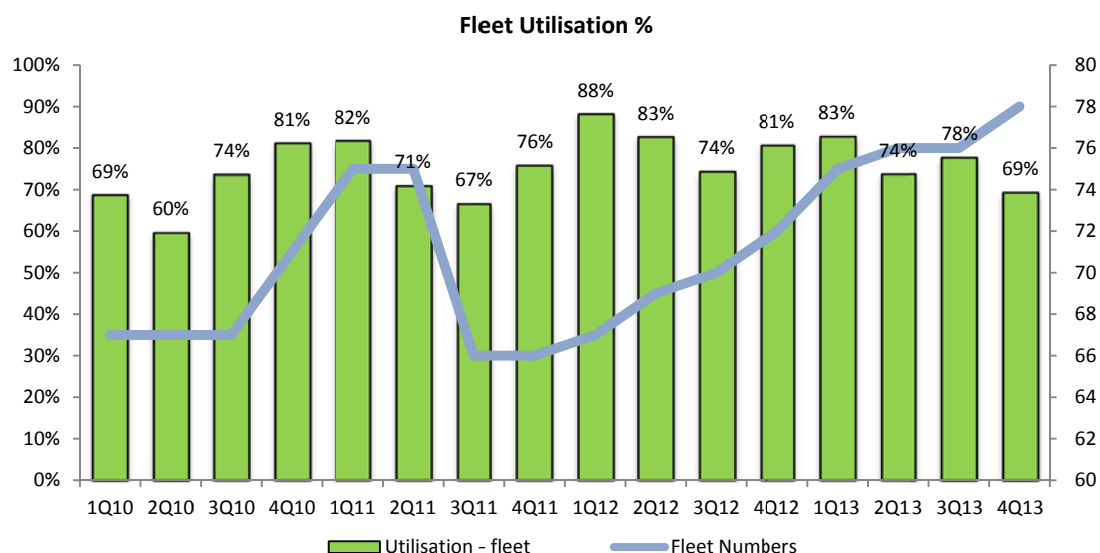
At the end of the quarter global employees totalled 615.

Fleet Utilisation and Monthly ARPOR

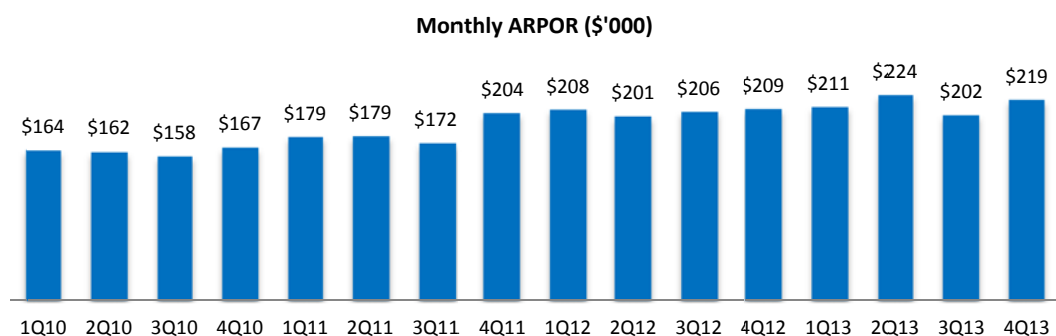
Fleet Utilisation as of 30 June 2013



Fleet utilisation at June 30 reflects the market softening in APAC as our clients work to rationalise on site drilling programs. The fleet has increased in 4Q13 due to the recommissioning in North America of two skid based underground diamond rigs. In addition the company has three new mobile underground diamond rigs awaiting commissioning. It is anticipated that two of these rigs will be commissioned on the mobilisation to Freeport Indonesia in the coming months.



The Company's monthly *Average Revenue per Operating Rig* (ARPOR) metric below has recovered from its dip in Q3. As indicated in the Q3 Update the previous reduction was primarily due to several additional rigs mobilised in North America late in the third quarter, with no corresponding revenue for the whole period. ARPOR is calculated as the Company's quarterly revenue divided by rigs in work at quarter end, divided by three months.



FY14 Outlook

Since the end of the FY13 financial year Global financial and commodity markets continue to see volatility, with some mining companies showing reluctance to commit to ongoing programs.

The Drilling Services market particularly has seen a reduction in demand which has also fuelled increased competition between market participants.

Although confident of our business model delivering a safe, efficient and productive low unit cost solution, due to current market volatility and uncertainty, the Company has chosen to refrain from providing specific market guidance until the first quarter of FY14 is complete. Given existing market activity an overall reduction of activity of approximately 15% could be expected in FY14.

Share Buyback

In August 2012, as a result of the strong financial position of the business, the Swick Board approved a share buyback scheme as an alternate use of free cash flow in the business. In a volatile market where the company's shares have been trading at a significant discount to Net Tangible Assets, the buyback was seen as an alternative way to increase the earnings per share without risking further capital on operational assets. Without compromising its commitment to a sustainable dividend, the Company, through a managed on-market buyback program, has to date bought 18,944,497 shares (15,655,943 as at 30 June 2013) at an average price of 30.4 cents per share for a total cost of \$5.8m (\$5.0m at 30 June 2013). The total number of Swick shares on issue reduced from 237,124,970 at the start of the financial year to 222,169,027 by 30 June 2013, a total reduction of 6.3%. To illustrate the financial leverage gained by our shareholders from the buyback the table below includes a comparison of earnings per share based on actual shares outstanding at the balance dates of 30 June 2012 and 30 June 2013 respectively.

	30 June 2012	30 June 2013	30 June 2013 without buyback	30 June 2013 after buyback	Change with buyback
Profit after income tax expense and other comprehensive income:	9,698	11,310	11,310	11,310	
Weighted average shares on issue	236,904,970	233,411,944	237,705,739	233,411,944	- 4,293,795
Earnings per share:	4.09	4.85	4.76	4.85	0.09
Earnings per share increment (relative to 2012)		18.6%	16.4%	18.6%	2.2%
Non-AIFRS Calculation					
Actual shares on issue at balance date	237,124,970	222,169,027	237,824,970	222,169,027	- 15,655,943
Non-AIFRS earnings per share:	4.09	5.09	4.76	5.09	0.33
Earnings per share increment (relative to 2012)		24.4%	16.4%	24.4%	8.1%

This calculation shows the combined effect of the increased financial performance and the reduction in shares on issue with an increase in earnings per share (based on actual shares on issue at the balance date) totalling 24.4%, of which 8.1% can be directly attributable to the leverage factor that the buyback provided to our shareholders. This calculation does not correspond with the earnings per share in the Annual Financial Report, due to the requirement under approved accounting standards to calculate the weighted average day's shares are outstanding for the reporting period.

Commentary

Mr. Swick stated: *"The full year result is very pleasing and underscores both the overarching lower risk business model and Swick's response to the challenges that have faced the mining sector as a whole, but in particular the mining service sector, for most of the financial year. Swick will continue to assist our clients through the challenging environment, ensuring that high quality mineral drilling services are provided at the lowest total unit cost."*

"I thank Swick stakeholders including clients, employees and suppliers, for their contributions to the Company's continued sound performance. I look forward to another successful year."

"Due to the ongoing market volatility together with the number of outstanding tenders yet to be awarded, the Company is not in a position to provide any outlook for the full year at this stage. The Company will provide an update in this area at the end of Q1, FY14."

About Swick Mining Services:

Swick Mining Services Ltd (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 +61 8 9277 8800:

Kent Swick
Managing Director

Bryan Wesley
Chief Financial Officer

Disclosure Statement:

These materials include forward looking statements. Forward looking statements inherently involve subjective judgement and analysis and are subject to significant uncertainties, risks and contingencies, many of which are outside of the control of, and may be unknown to, the Company. Actual results and developments may vary materially from those expressed in these materials. The types of uncertainties which are relevant to the Company may include, but are not limited to, commodity prices, political uncertainty, changes to the regulatory framework which applies to the business of the Company and general economic conditions. Given these uncertainties, readers are cautioned not to place undue reliance on such forward looking statements. Forward looking statements in these materials speak only at the date of issue. Subject to any continuing obligations under applicable law or any relevant stock exchange listing rules, the Company does not in providing this information undertake any obligation to publicly update or revise any of the forward looking statements or any change in events, conditions or circumstances on which any such statement is based.