

(AIM CODE: SKYW)

SKYWEST AIRLINES LTD
(“Skywest” or the “Company”, formerly known as Advent Air Ltd)

RIO TINTO SCHEDULED CHARTER WITH SKYWEST

The Board of Skywest Airlines Ltd (“Skywest”) is thrilled to announce that the Company has today signed a significant scheduled charter supply contract with Rio Tinto Services Ltd (ASX: RIO, LSE: RTZ) for air charter services to and from Perth to mine sites in Western Australia.

The salient details of the contract are:

- The contract is for the provision of at least 15 return jet services per week of scheduled jet charter services between Perth and West Angelas, and Barimunya for the iron ore production workers employed by Rio Tinto;
- The air services contract initial term extends for 3 years with a 2 year option extension;
- Monthly provisions allow for price adjustments to reflect increases and decreases in jet fuel prices. Therefore, the directors anticipate no impact on the profitability of this contract from rising fuel prices; and
- The Company will add an additional F100 aircraft to its fleet to meet the scope of requirements.

Rio Tinto has been one of the most important customers of the Company since 2002 when services commenced to the Argyle Diamond mine in Western Australia. Due to the variable nature of fuel price changes, the precise revenues from this contract cannot be precisely estimated.

Fuel Pricing Policy

Skywest Airlines Ltd and all its subsidiaries have formally adopted a new policy concerning management of the impact of fuel prices. The policy involves the pricing of fuel being passed onto end user clients, which may be either the public or alternatively scheduled charter clients. The policy and process involves fuel price changes, in a totally transparent and honest manner, being passed on to clients with a rise and fall mechanism on a monthly basis. The scheduled charter contract with Rio Tinto contains provisions for the application of this Fuel Pricing Policy on a monthly basis.

Skywest Airlines Ltd Executive Chairman, Jeff Chatfield said: “The directors of the Company are humbled that Rio Tinto has chosen Skywest Airlines for such an important air travel supply contract. Skywest’s management believes that this contract with Rio Tinto is the largest single air services contract in the Australian markets for services of this type. This contract further emphasizes the difference between Skywest and a number of other companies in our sector.

Providing services of this magnitude to one of the world’s largest mining companies is proof positive that our strategy of focusing on the mining and resources sector is bearing fruit. Our scheduled charter contracts give us reliable estimates of work efforts. Skywest’s additional contracted revenues, consequential to the last three scheduled charter service contracts signed, in aggregate, amounts to an additional AUD\$111m over 3 years and subject to option exercise AUD\$170m over 5 years. Applying an open and transparent fuel rise and fall policy is essential to provide consistent profits from those additional revenues.”

--ENDS--

Enquires:

Skywest Airlines Ltd
Jeff Chatfield, Executive Chairman

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