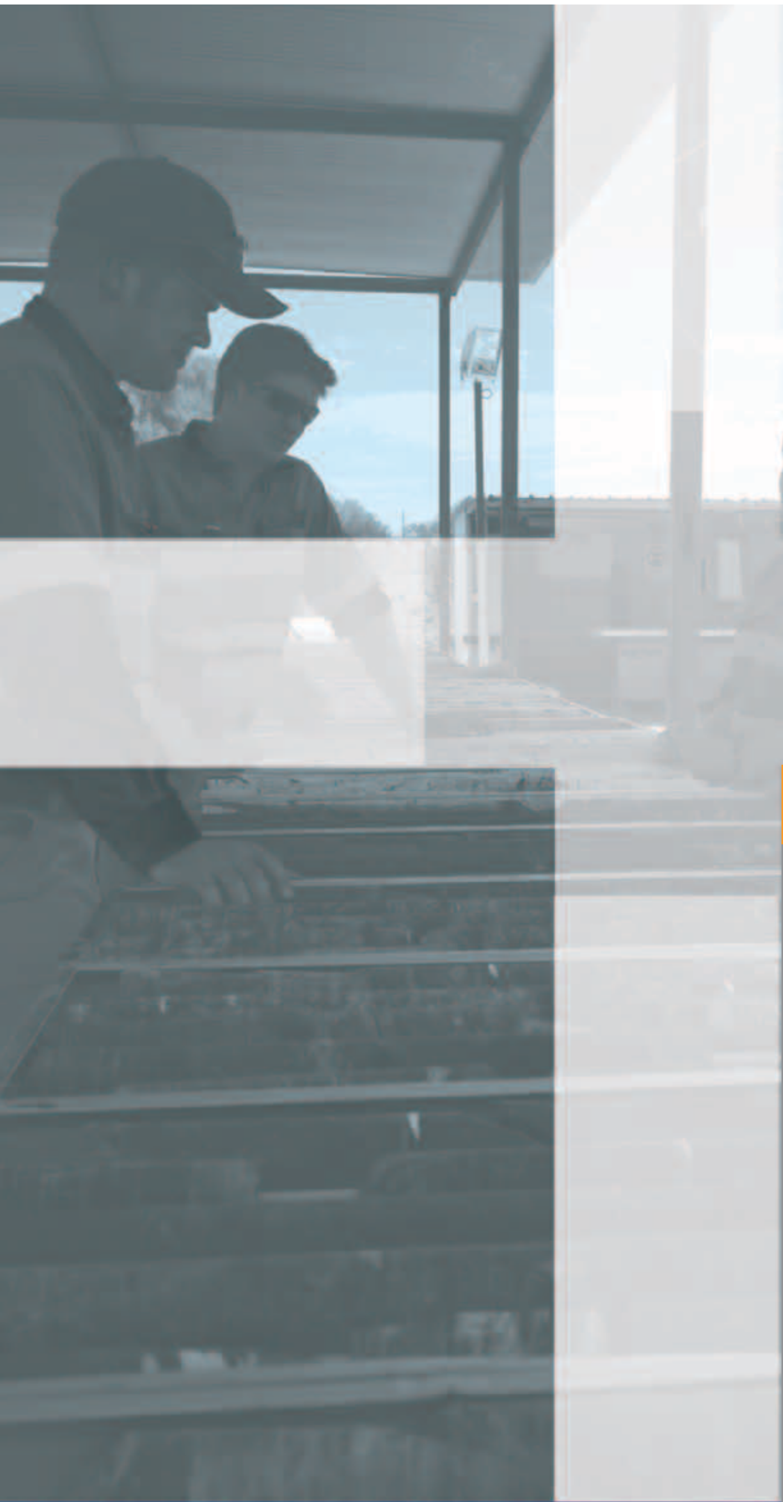
2011 ANNUAL REPORT

SWICK

Innovative • Productive • Safe



SWICK'S STRATEGIC PILLARS

In 2011 the Board of Directors and the Senior Management Team agreed upon four key pillars that will underpin the Company's future strategic direction. Swick's strategic pillars will support the Company's vision to be 'the global leader in the provision of premium mineral drilling services and will provide a firm foundation for growth, leadership and achievement in 2012.

These pillars will offer a reference for all activities undertaken by staff at all levels of the business, they are:

- **Safety**
- **People**
- **Innovation**
- **Clients**

CONTENTS

CORPORATE DIRECTORY

Directors

Andrew Simpson -
Non-Executive Chairman

Kent Swick -
Managing Director

David Nixon -
Non-Executive Director

Joe Ariti -
Non-Executive Director

Phillip Lockyer -
Non-Executive Director

Ian McCubbing -
Non-Executive Director

Company Secretary

Ian Hobson

Registered and Operations Office

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Auditor

Deloitte Touche Tohmatsu
Woodside Plaza Level 14
240 St Georges Terrace
Perth, Western Australia

Solicitors

Steinepreis Paganin
Lawyers and Consultants
Level 4, Next Building
16 Milligan Street
Perth, Western Australia

Share Registry

Security Transfer
Registrars Pty Ltd
770 Canning Highway
Applecross, Western Australia

Telephone: (08) 9315 2333
Facsimile: (08) 9315 2233

Bankers

National Australia Bank Ltd

ASX Code: SWK (fully paid ordinary shares)
Listed on the Australian Securities Exchange

Pillar One
Swick Safety

We are committed to providing a safe work environment for all employees and we exhibit a strong, industry-leading safety culture. We will deliver clear and regular communication regarding health and safety related information to our staff, which is an essential part of our organisation. Formalised communication to our clients regarding our safety strategies is critical to maintaining existing relationships and gaining industry support. The demonstration of visible safety leadership by all managers and supervisors is vital in ensuring a Company wide commitment to safety is maintained.

Pillar Two
Swick Innovation

We maintain a focus on innovation and continuous improvement at the forefront of the drilling industry; we are the mineral drilling industry innovators and we are renowned for our engineering aptitude. We strive to be the best at what we do and maintain this position through innovation in rig design and drilling practices; we are constantly evolving our service offering.

With this philosophy we deliver tangible benefits to our clients in productivity, safety, value and versatility.

Pillar Three
Swick People

We strive to retain the highest calibre of people; our people set benchmarks for quality, service, safety, performance and professionalism. We provide a rewarding and challenging work environment for our employees, we are committed to improving the skill level of our people through training and development.

We aim to foster career focused employees, and offer an environment for growth and professional development.

Pillar Four
Swick Clients

We strive to cultivate strong relationships with our clients, to understand their requirements and to customise our service offering to each individual client. We aim to identify and develop client relationships through all levels of the business, from onsite operations to the corporate office.

We work collaboratively with clients to ensure their goals are achieved, we are flexible, cooperative and ethical, and we aim to maintain a reputation as industry leaders in customer service.

CHAIRMAN'S LETTER

Dear Shareholder,

On behalf of the Board of Directors of Swick Mining Services Ltd, I present to you our 2011 Annual Report.

The 2011 financial year marked a period of substantial improvement for the Company, which up until 2010, was still bearing some financial encumbrances created during the 2008 downturn. While market demand for mineral drilling services improved significantly, particularly from the beginning of the 2011 calendar year, the Company was also able to restructure its operations and management teams to improve productivity and cost controls across the entire business.

As part of the restructure, a comprehensive and independent business review was undertaken to analyse internal and external perceptions of the Company. The appraisal was conducted over a three month period and involved interviews with over 40 key stakeholders, including clients, staff and senior management. The outcome of the review was a detailed report outlining the historic strengths, current weaknesses, and future opportunities for the Company. The resounding conclusion of the assessment, which ultimately fed into the Company's 2012 Strategic Plan, was that the blueprint to the Company's success should be formalised into "four key pillars". These pillars of Safety, Innovation, People and Clients are the values on which the Company was built and are now embedded into the strategic direction of the Company, offering a principle reference for activities undertaken by staff at all levels of the business.

In regard to market demand, a continually rising gold price drove gold miners to increase their level of drilling activity, furthering the Company's exposure to the precious metal, and moving approximately 70% of its fleet into gold based clients. A number of existing clients contributed further to the Company's order book in gold, while a number of new gold-based contracts were also secured. Base metal commodity prices also remained buoyant, particularly since mid 2010, and together with optimism in the financial sector, created a market for exploration companies to fund substantial drilling programs. This improvement gave Swick a full order book in the reverse circulation division, with vastly improved rates. With this steady recovery of base metals prices, along with the continued record highs in the gold market, Swick held over 85% of its fleet under contract by the year end.

In February the Company moved to divest its surface diamond division, making a strategic decision to build on the strength of its core business of underground diamond drilling. The sales proceeds facilitated a significant reduction in debt and boosted cash reserves, placing the Company in a strong position for growth in the underground diamond division, and reducing the amount of resources that were previously committed to management of surface diamond operations. The sale also provided funding for research and development projects aimed at enhancing productivity and safety levels in the Company's already market leading underground diamond division.

Another achievement for the Company was the successful negotiation of a number of rate rises and contract renewals at higher rates, during the period, which provided increased earnings, particularly to the underground diamond division. With increased levels of productivity, as a result of a restructure in Operations management, the average shift earnings in the division increased significantly.

The Australian business is now positioned to achieve increased levels of profitability across all divisions, for the full year ahead.

In North America, the Company has achieved outstanding results regarding profitability, rig utilisation and future growth prospects. The North American business case was impacted by the timing of market entry into Canada in 2008, however now stands to add considerable revenue. This business is self sufficient, highly profitable and poised for steady market growth during the next 12 months.

The Company as a whole delivered revenue of $115.4 million in FY11, up 16% from FY10 reflecting improved rates, and increases in productivity. Profitability for FY11 was 3.8m. The Company's EBITDA margin of 21% demonstrated that the underlying business in 2011 performed well.

The Company enters the 2012 financial year in the strongest position it has been in financially, and in regard to operational management, divisional focus, and growth prospects. Our commitment to continuous improvement in the safety and wellbeing of our employees will remain a cornerstone of the Company's business activities.

On behalf of the Board, I would like to thank the Senior Management team and all Swick staff for their persistent efforts in striving to continue to provide the highest quality service, while seeking continuous improvement at all levels across the business. It has been a year where tenacity and hard work in positioning the business for improved profitability has come to fruition, and again consolidated the Company's position as a successful, market leading mineral drilling company.

I would also like to thank the clients of Swick who have continued to provide their strong support in recognising Swick's vision and efforts to provide excellence in service provision.

We look forward to an exciting year ahead in FY12, and believe the Company is positioned financially, and in regard to its focus on underground diamond drilling innovation, to enhance its reputation as market leaders and mineral drilling industry innovators.

Yours faithfully

Andrew Simpson
Chairman

"Swick Mining Services is a market leader in the provision of high quality, high value underground and surface mineral drilling services through a strong focus on innovation that delivers improved safety, productivity and versatility."

MANAGING DIRECTOR'S REPORT ON OPERATIONS FY11 OVERVIEW

The 2011 financial year was a year of very positive outcomes for Swick. Following a disappointing 2010, the Company strategically planned to maintain its focus on the strengths within the business where its reputation and competitive advantage was the greatest and aimed to strengthen the balance sheet as much as possible.

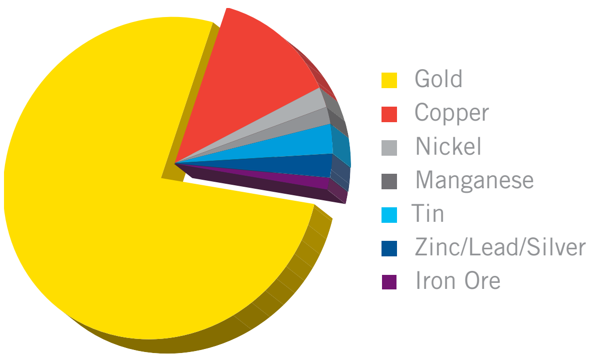
This strategy resulted in the sale of the surface diamond drilling division for seventeen million dollars cash which, although profit neutral, allowed the Company to apply funds to reducing debt levels and increasing cash reserves. Other non-core assets were also disposed of during the year leaving the Company with a fleet of high quality assets that fit the strategic direction of the Company.

With a strong focus on specific commodity exposure and regional spread with quality clients, the Company was able to successfully increase its order book to over two hundred and fifteen million dollars by the end of the financial year, providing great certainty for the years ahead. Swick focuses on achieving income from brownfields operations in a deliberate attempt to limit its exposure to greenfields exploration companies as their funding can be more susceptible to cyclic factors.

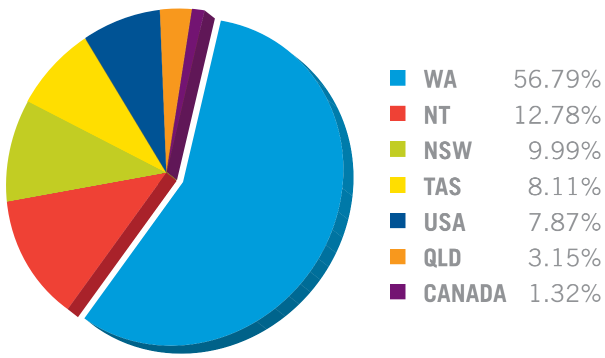
With a dedicated business development effort, Swick was able increase its exposure to the Gold sector at a time of record highs in the Gold price, as well as secure additional work with Copper, Iron Ore and Manganese producers.

The revenue to commodity spread for the Company at the end of FY11 is as shown below;

Commodity Spread (total Company)



Income by Region 2011 (States and Territories)



The North America business was very successful in 2011 with our USA and Canadian divisions winning additional work and doubling in revenue from 2010. Work in hand suggests that 2012 will be a similar result which is a very pleasing result for an Australian Company to achieve in that region. The percentage of world spend in mineral drilling is estimated to be in excess of 30% between the regions of Australia Pacific, Canada and the USA which is Swick's target markets. The core business within Swick is underground diamond drilling services in hardrock underground mines and these are very well represented in the three regions we are targeting.

The rebound in commodity prices and general drilling demand, as well as the balance sheet improvements achieved by the Company during FY11 allowed Swick to take a more strategic view for the future than it has been able to in recent times. One of the projects undertaken during 2011 was an independently managed, stakeholder perception survey which provided a detailed personality profile of the business by plotting how each individual stakeholder group sees the attributes, strengths and weaknesses of our business. This survey proved to be a valuable tool in our business review and strategic planning sessions.

One of the key outcomes from the 2011 strategic planning sessions were the establishment of the "four pillars" in the business being; Safety, Innovation, People and Clients. These four key pillars are identified as the historic strengths and foundation of the business on which we were able to build. There was a perception that perhaps the Company had lost sight of these core foundations, so a method of ensuring that we are continually focused on our traditional strengths was established. Appropriate resourcing and funding has been established to ensure that these key pillars of the business are performing well and that all our stakeholders are well represented.

MANAGING DIRECTOR'S REPORT ON OPERATIONS FY11 OVERVIEW

FY11 Safety

Swick has continued its proud record and remains a market leader in its safety focus, systems and performance. The continued improvement in our safety system, culture and outcomes in FY11 has again been very encouraging.

During the year, the Company established a purpose built training facility in a Perth underground tunnel that has been designed to simulate the conditions that may be experienced and the type of work environment to be expected in an underground mine. This in combination with a quarry training facility where practical hands on drill training is undertaken on active drilling equipment has led to a great improvement in the pre-selection and initial training of Swick employees. In combination with these training initiatives Swick also supported over 100 successful Operational Traineeships throughout FY11.

Effective strategies to manage skills shortages across the mining industry are essential to ensure Swick's ongoing success and to continue to reduce injury rates. The development and retention of highly skilled employees in all areas of the business in combination with effective systems and innovative equipment has once again ensured a successful safety performance throughout FY11. Over 95% of Operational sites completed the year without recording a single lost time injury or serious incident. Swick Operations worked over 1,155 556 hours spread over 30 sites and 3 countries in FY11 and recorded only one minor lost time injury in the surface RC drilling division and one minor lost time injury in the underground drilling division. Swick finished the year with a Lost Time Injury Frequency rate of 1.7 injuries per million man hours, which remains well below industry averages.

The business focus and major strategies as always were centred on preventing any fatality or permanent disability within the business. A well resourced and experienced safety department continued to work closely with a dedicated engineering department and the operational divisions to maintain a low risk profile, despite the potentially hazardous nature of drilling operations.

The business's commitment to training, skill development and safety management has also been again recognised by our peers and it is worthy to note that Swick were finalists in the following awards:

- WA Department of Training & Workforce Development - Employer of the year Award
- Australian Mining Prospectors Magazine - Outstanding Contribution to Mining Award

FY11 Financial Performance

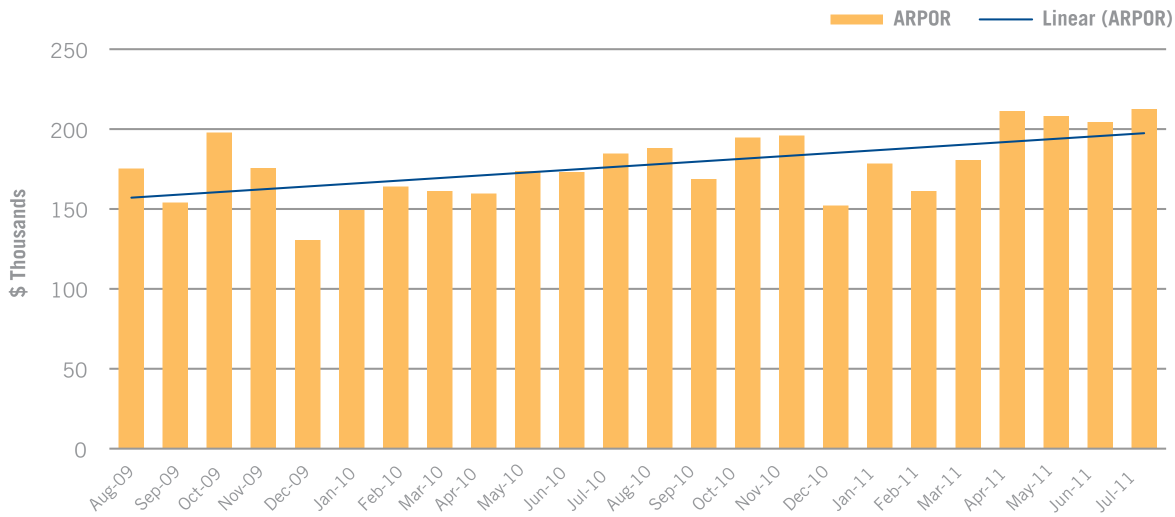
Swick delivered a net profit after tax of $3.8 million for FY11 from revenue of $115 million, as compared with a net loss after tax of $10.1 million for FY10 from revenue of $99 million.

Following a disappointing FY10 was the decision to actively market the surface diamond drilling division for sale. Since procuring the surface rigs in 2008, the Company had been unable to provide our clients with a service that is of better value than that of our competitors, by developing and maintaining a competitive advantage in the market. After a period of negotiation, Swick completed the sale of its surface diamond drilling division in February 2011 for a total consideration of $17 million cash. This allowed a substantial pay down in Company debt as well as the strengthening of cash reserves in the business. The renewed vigour and focus within the Company on our core strengths is evident post the sale of the surface diamond division, and the remaining core divisions offer substantial growth opportunities in the years ahead.

After the retreat in commodity prices following the 2008 Global Financial Crisis, the Company found itself with lower than anticipated utilisation and in a much different landscape with regards to opportunities and competitive pricing. At the time, many clients opted to renegotiate lower rates with suppliers and many went out to re-tender, which meant most service providers were locked in for some time to lower commercial rates. During FY11, Swick was able to successfully complete or re-negotiate those contracts which have led to a turnaround in profitability. These price adjustments take a lot of management courage and effort to negotiate and the nett outcomes from those hard decisions are now flowing through the business.

One of the metrics that Swick monitors is a factor called Average Revenue per Operating Rig ("ARPOR"). This shows the trend in earning capabilities of assets deployed in the field, hence is a good indicator of the market rates that prevail. The graph below shows the recovery in ARPOR from prior to the downturn in late 2008 to the last quarter in FY11.

Column Graph ARPOR by Quarter Q1 FY09 to Q4 FY11



The following table summarises the FY11 result versus the FY10 result:

Financial Measure	FY11	FY10
Revenue	$115.7m	$99.5m
Impairment Losses	-	$13.6m
EBITDA	$23.2m	$9.9m
EBITDA Margin	20.3%	11.5%
EBIT	$6.1m	($10.2m)
EBT	$3.8m	($13.5m)
Income Tax	($0.1m)	($3.4m)
NPAT	$3.9m	($10.1m)
NPAT Margin	3.4%	(10.2%)
Earnings Per Share	1.65 cents	(4.28 cents)

FY12 Outlook

Swick moves into FY12 with a renewed focus on developing improvement initiatives within its core drilling divisions. The Company is positioned to finalise a number of research and development projects that will enable it to continue to pioneer advancements in underground diamond drilling services, broadening its competitive advantage over other service providers.

In terms of earnings from the underground diamond division, the steady increase in demand since 2010 together with improvements in contract rates, and the operations restructure, will provide a platform for the Company to maintain increased profitability for the full FY12 year. The result will be a robust business with near full rig utilisation, with long term brownfields contracts that are profitable and sustainable.

The surface RC division is currently experiencing high demand from existing and potential clients, particularly in the base metals sector which is envisaged to continue in FY12. The Company will be negotiating new contract terms with existing clients looking to commit the existing fleet to longer term tenures, while reviewing the commercial benefits of growth through additional rig builds.

In terms of the Company's underground diamond growth profile, steady organic expansion is envisaged in the Australian market initially by aiming to deploy the remaining available underground diamond rigs into the market by HY12. While in North America, where the business' competitive advantage is now being appreciated, the market is more likely to provide significant upside across Canada and the USA as the Company competes in a market saturated by skid mounted rigs.

FY12 will be a period where the Company reaps significant returns on its assets, unencumbered by heavy debt levels that previously hampered financial performance. The Company is anticipating further revenue growth and EBITDA in FY12, and most importantly improved profitability derived from increased operational efficiencies, prudent financial management and focus on maintaining competitive advantages across key drilling divisions.

MANAGING DIRECTOR'S REPORT ON OPERATIONS FY11 OVERVIEW

Underground Diamond Drilling

Australia

The underground diamond division continued to underpin the Company's revenue generation for 2011, contributing 68% of the year's drilling services revenue (FY10: 67%). The Company maintained its competitive advantage in underground diamond drilling by offering the market an entire fleet of award winning Swick Mobile Diamond Drill rigs, as opposed to primary competitors still offering a majority skid based fleet.

The available rig fleet as at 30 June 2011 was 44, with a further six rigs to be completed or rebuilt taking the fleet to a total of 50 rigs in Australia. New rig builds during the period included a number of continuous improvement initiatives that have broadened the gap between the Swick rig and its competitors, including increased power and increased mobility by mounting more components onto the carrier.

The acquisition of Every Day Mining Services (EDMS) underground diamond division in July 2011 also added another seven rigs to the fleet, five of the rigs are skid mounted and will be put to work in North American shaft access mines, where the rigs are more suited. One of the remaining rigs will be utilised as a test rig for research and development as well as training purposes whilst the other will be converted to spares. The EDMS acquisition also increased Swick's exposure to the New South Wales mining precinct around Cobar, where the Company now services all major underground sites in the region, including Broken Hill, Endeavor, CSA, Peak and Tritton.

A management restructure of operations contributed towards significant improvements in productivity and more prudent contract management at a site level, increasing the performance of shift earnings across the majority of sites. A number of other processes including supply chain management and inventory cost control were also improved holding the division in good stead for more sustainable profitability in FY12.

The Company has retained an impressive client group in the division, including blue chip clients Newmont, St Barbara Mines and Gold Fields, while also adding promising new Queensland based clients Ivanhoe Australia, and Conquest Mining in the second half of the year.

These developments assisted the Company in its goal of establishing operations outside of Western Australia, with the division now having a strong operational base in each of New South Wales, Tasmania, Queensland and the Northern Territory.

The Swick underground diamond division remains a specialised drilling service that has been afforded a renewed focus in research and development initiatives since the divestment of the surface diamond division in February. The division will again generate the majority of the Company's revenue in FY12 and advancements in technological application and improvements to the rigs will re-position the service as again discernibly superior to other competing services.

North America

The North American underground diamond drilling business made considerable progress in FY11 achieving revenue of $10.4m with a NPBT of $2.1m. This significant outcome demonstrates the financial viability of the business that is now positioned to fund its own growth in Canada, the USA and potentially South America. The Company, based in Sudbury Ontario, has 75 employees supporting eight rigs currently in operation.

Ongoing work with Heatherdale Resources at the Niblack Gold Project in Alaska continued to generate solid revenue for the Company with two underground diamond rigs working continuously during the year. In the second half of the year Heatherdale Resources approached Swick to subcontract surface drilling services at the site, demonstrating the solid relationship between the two companies. The agreement to manage heli-portable rigs at Niblack, on behalf of Heatherdale Resources will also add revenue to the already successful operation.

Underground diamond rigs also commenced at Newmont's Hope Bay project in Nunavut, Canada, and at Deep Star in Nevada, USA. These cornerstone projects represent a foundation for long term organic growth and underpin revenue security for both Swick USA and Swick Canada. Swick's strong relationship with Newmont is now represented in Australia, Canada and the USA.

New contracts were also secured with New Pacific Metals at the Tagish Lake Gold project in the Yukon, Canada, while additional work with Vale Canada commenced at the Totten mine in Sudbury. Further to this, a strong pipeline of prospects exists for potential new business in the first half of FY12.

The North American expansion strategy now has the momentum to develop an increasing footprint in both Canada and the USA, while being positioned financially to fund its own growth. These developments were anticipated as potential outcomes much earlier in the process of market entry since 2008, however the Company is now confident that the business has created a solid platform for profitable operations and steady growth over the next two years.



Surface Reverse Circulation Drilling

The surface reverse circulation (RC) division remains a core focus for the Company due to its potential to generate high earnings in a renewed surface drilling sector. The fleet of six Swick designed truck mounted RC rigs, and one track mounted Schramm 685 rig, are state of the art machines suited to blue chip clients seeking high quality, powerful and reliable equipment, capable of fulfilling the full spectrum of RC drilling applications. The unique configuration of the Swick designed rigs, aimed at improving productivity levels while reducing safety hazards, is rapidly being recognised as an industry leading RC rig by both drilling personnel and existing clients.

Rio Tinto and BHPB have contracted three of the seven rigs in the fleet, leaving the Company with the flexibility of deploying the remaining rigs into high yielding contracts with either well funded exploration juniors, or mid tier clients offering perennial drilling contracts unaffected by the annual wet season. The current client mix is a result of a segmentation strategy with exposure to both ends of the market, combining security of income with mining majors, with selective opportunities at the junior end of the market.

In FY11 the RC division generated income of $9.6m or 8% of the year's drilling services revenue (as compared with $9.5 million or 10% in FY10). There are no concrete plans at this stage to build additional RC rigs, however demand from existing and potential clients is an opportunity to assess the growth potential in the division though capital expenditure.

The Company enters FY12 with a strong list of clients, including Rio Tinto, BHPB, CST Lady Annie Ltd, Consolidated Minerals and Altona Mining. While some of these contracts are scheduled for renewal at HY12, it is anticipated that the strong demand profile in the RC market will lead to contract rollovers in each case.

Surface Diamond Division

At the beginning of FY10, the Company moved to divest its surface diamond division due to the uncompetitive nature of the service, when benchmarked against the Company philosophy of providing competitive advantage through innovation of rigs and equipment. The fleet of standard multi-purpose rigs and surface diamond rigs were high quality, off-the-shelf Boart Longyear drilling equipment, and were sold for $17 million cash, which was used to reduce debt levels and bolster cash reserves.

As part of the sale, four multi-purpose rigs and five surface diamond rigs were sold, with associated equipment and inventory, while contracts with Barrick Gold of Australia and CST Lady Annie Ltd were transferred to the buyer.

Up until the point of sale, the division contributed $8.3m in revenue, or 7% of revenue to the Company during the year.

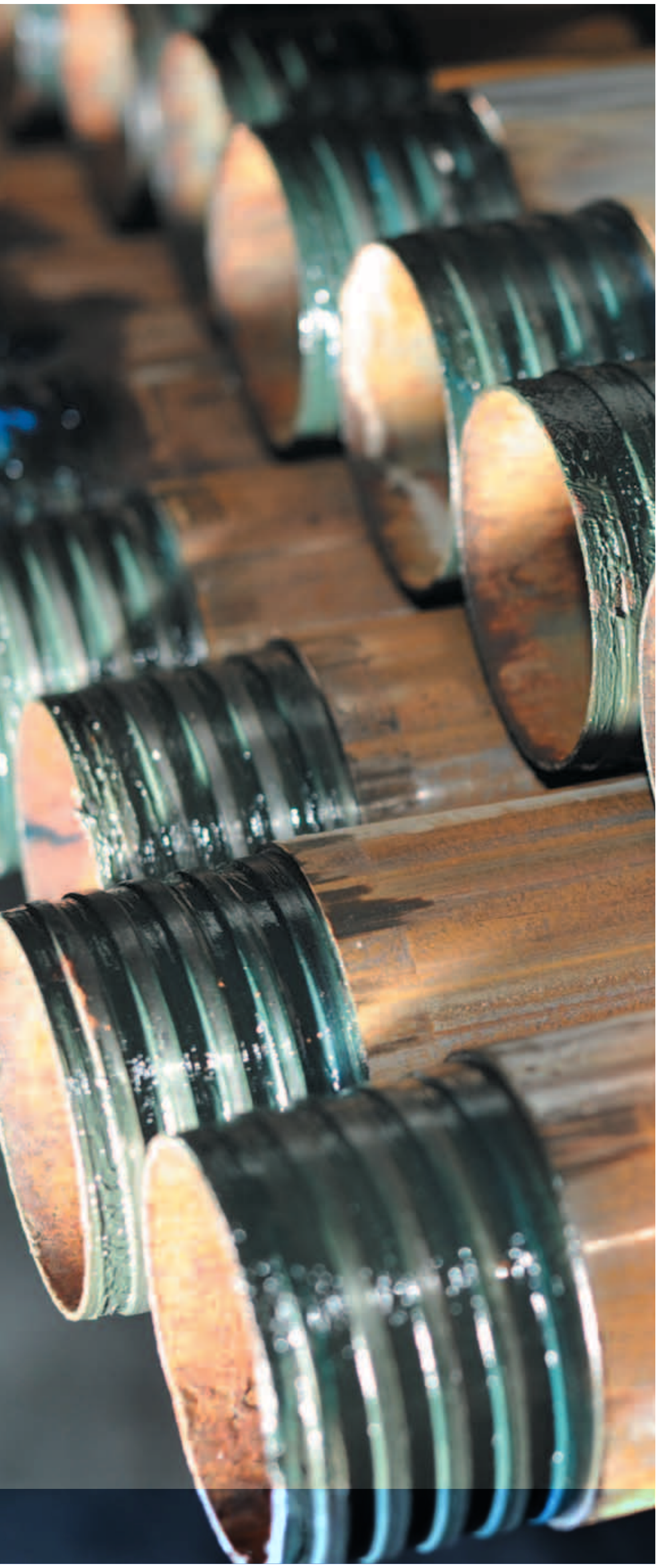
Underground Production Division

During the period the Underground Production Drilling division contributed 8% of revenue to the Company, as compared with 6% in the previous year. The revenue was derived from a management agreement with Aditya Birla Minerals at the Nifty Copper Operation in Western Australia, where Swick operate and maintain two client Longhole rigs and one client Cable Bolt rig. The remainder of the revenue came from campaign drilling utilising Swick's own rigs, for various clients.

The production drilling division utilises six Tamrock Top Hammer rigs and provides mainly top-up work to underground mines in Australia. However, the management model implemented at Nifty has become a profitable contract with low risk regarding deployment of capital equipment and this type of model is being promoted to existing clients and to potential clients that request top-up drilling.

In FY12, the Company will aim to add at least one more management style contract to the division, while seeking out longer term supply agreements, and continuing to provide top-up drilling services.

MANAGING DIRECTOR'S REPORT ON OPERATIONS FY11 OVERVIEW



In Summary

During FY11, the Company was able to restructure its operations management leading to enhanced productivity levels, and more prudent cost controls. The majority of the fleet moved into the booming gold sector, with a number of rigs also exposed to copper, representing the improvement in the base metals market. As a result, the Company enters FY12 comfortable with its exposure to high performance commodities.

The underground diamond division is positioned to increase its competitive advantage through a number of promising and near complete research and development initiatives, while productivity levels increase through the restructured management.

The RC division is fully booked and operating in a climate of extremely high demand. Productivity levels have also improved, while market rates increase commensurate with demand levels.

The Company is encouraged by the early signs of success across each division in the latter half of FY11, and looks forward to seeing the financial performance resulting from a full year of improved productivity, increased rig utlisation, and increasing market rates.

Yours faithfully

Kent Swick
Managing Director

DIRECTORS' REPORT

The Board of Directors (**Board**) present their report together with the financial report of Swick Mining Services Ltd (**Swick or the Company**) and its controlled entities (collectively referred to hereafter as **the Group**) for the financial year ended 30 June 2011 (FY11).

Directors

The following persons were Directors of the Company throughout FY11 and up until the date of this report:

- Andrew Simpson - Non-Executive Chairman.
- Kent Swick - Managing Director.
- John David Nixon (David Nixon) - Non-Executive Director.
- Giuseppe Ariti (Joe Ariti) - Non-Executive Director.
- Phillip Lockyer - Non-Executive Director.
- Ian McCubbing - Non-Executive Director (appointed, 1 August 2010).

Board Meetings

The number of Board meetings held during FY11 and the attendance of Directors at each was as follows:

Director	Held	Attend
A Simpson	13	13
K Swick	13	12
D Nixon	13	13
J Ariti	13	13
P Lockyer	13	11
I McCubbing	12	12

Directors' Interests in Securities

The relevant interest of each Director in the Company's share capital at the date of this report is as follows:

Director	FPO Shares	% Shareholding
A Simpson	605,000	0.26
K Swick	31,901,302	13.48
D Nixon	55,000	0.02
J Ariti	27,500	0.01
P Lockyer	22,000	0.01
I McCubbing	-	-

Director Profile - Andrew Simpson (Non-Executive Chairman)

Qualifications

Grad Dip (Bus), MAICD

Experience

Mr Simpson is a Senior Marketing Executive with extensive global marketing experience in the resource and mining industry, including more than 30 years of international marketing and distribution of minerals and metals. He is currently the Managing Director of Resource & Technology Marketing Services Pty Ltd, a company providing specialist marketing and business assessment advisory services to the mineral resources and technology industries, both in Australia and internationally. Mr Simpson graduated from Curtin University holding a Graduate Diploma in Business and Administration (majoring in Marketing and Finance). He has also completed the Advanced Management Program at the University of Western Australia and is a Member of the Australian Institute of Company Directors. Mr Simpson was appointed as a Director of the Company on 24 October 2006.

Special Responsibilities

Mr Simpson is a member of the Board's Remuneration & Nomination Committee (Committee Chairman).

Other Directorships During the Last Three Years

Company	Position	Period
Territory Resources Limited	Non-Executive Director	25 September 2007 to present
Blackwood Corporation Limited (formerly Matilda Minerals Ltd)	Non-Executive Director	25 September 2007 to present
India Resources Ltd	Non-Executive Director *	21 August 2006 to present
Vital Metals Ltd	Non-Executive Director	23 February 2005 to present
ABM Resources NL	Non-Executive Director	12 May 2007 to 23 November 2009

* Appointed Non-Executive Chairman on 11 February 2008.

Director Profile - Kent Swick (Managing Director)

Qualifications

B.Eng (Mech)

Experience

Mr Swick is a Mechanical Engineer with 20 years experience in civil construction, mining maintenance and surface and underground mineral drilling. He was previously employed by Atlas Copco Australia as a Maintenance Engineer managing underground maintenance, where he developed a strong understanding of underground mining methods and equipment. Mr Swick was the driving technical force behind the design of the Company's innovative underground diamond drill rig and award winning surface reverse circulation drill rig. He graduated from the University of Western Australia holding a Bachelor of Engineering (majoring in Mechanical Engineering). Mr Swick was appointed as a Director of the Company on 24 October 2006.

Special Responsibilities

Nil.

Director Profile - David Nixon (Non-Executive Director)

Qualifications

B.Sc. Eng (Mech), MAICD

Experience

Mr Nixon is a Mechanical Engineer with over 40 years experience in the mining and construction industries in Southern Africa, Australia, New Zealand, Canada and Indonesia. He was a founding executive of Signet Engineering in 1990 and a director until its acquisition by Fluor Australia in 1996, following which he was the project director for the Fluor-SKM joint venture at the $1 billion BHP Billiton Iron Ore Asset Development projects. Mr Nixon graduated from the University of Natal (South Africa) holding a Bachelor of Science (Mechanical Engineering) and is a member of the Australian Institute of Company Directors. Mr Nixon was appointed as a Director of the Company on 1 January 2007.

Special Responsibilities

Mr Nixon is a member of the Board's Audit & Corporate Governance Committee and Remuneration & Nomination Committee.

Other Directorships During the Last Three Years

Company	Position	Period
Moly Mines Ltd	Non-Executive Director	10 June 2008 to present
Brockman Resources Ltd	Non-Executive Director	23 March 2009 to 16 September 2011
Atlas Iron Ltd	Non-Executive Director	30 May 2006 to 21 November 2008

Director Profile - Joe Ariti (Non-Executive Director)

Qualifications

B.Sc, Dip Min. Sci. (Murdoch), MBA (Edinburgh), MAusIMM, MAICD

Experience

Mr Ariti is a Metallurgist with over 25 years experience in technical, management and executive roles in assessing, developing and managing mining projects and companies in Australia and overseas. He has been involved in the development and management of both open cut and underground mining projects in Australia, Africa, Indonesia and Papua New Guinea. Mr Ariti holds a Bachelor of Science and Diploma in Mineral Science from Murdoch University and a Masters Degree in Business Administration from the Edinburgh Business School (UK), and is a member of the Australasian Institute of Mining and Metallurgy and Australian Institute of Company Directors. Mr Ariti was appointed as a Director of the Company on 11 February 2008.

Special Responsibilities

Mr Ariti is a member of the Board's Remuneration & Nomination Committee and Audit & Corporate Governance Committee (Committee Chairman until 2 August 2010).

Other Directorships During the Last Three Years

Company	Position	Period
Matrix Metals Limited	Non-Executive Director	22 December 2011 to present
African Iron Limited	Non-Executive Director	10 January 2011 to present
Territory Resources Limited	Non-Executive Director	13 August 2008 to 31 July 2011
DMC Mining Limited	Non-Executive Director	27 August 2009 to 1 September 2010
Azumah Resources Limited	Non-Executive Director	13 September 2007 to 20 October 2009
ABM Resources NL	Non-Executive Director	31 July 2008 to 31 December 2008

Director Profile - Phillip Lockyer (Non-Executive Director)

Qualifications

Dip Met, Assoc Min Eng, M.Min Econs

Experience

Mr Lockyer is a Mining Engineer and Metallurgist who has over 40 years experience in the mineral industry, with a focus on gold and nickel in both underground and open pit operations. He was employed by WMC Resources for 20 years and as General Manager for Western Australia was responsible for WMC's nickel division and gold operations. Mr Lockyer also held the position of Director Operations for Dominion Mining Limited and Resolute Limited. He holds a Diploma of Metallurgy from the Ballarat School of Mines, an Associateship of Mining Engineering from the Western Australian School of Mines and a Masters of Minerals Economics from Curtin University. Mr Lockyer was appointed as a Director of the Company on 11 February 2008.

Special Responsibilities

Nil.

Other Directorships During Last Three Years

Company	Position	Period
CGA Mining Limited	Non-Executive Director	9 January 2009 to present
Western Desert Resources Ltd	Non-Executive Director	1 June 2010 to present
St Barbara Ltd	Non-Executive Director	19 December 2006 to present
Focus Minerals Ltd	Non-Executive Director	7 December 2005 to present
Perilya Ltd	Non-Executive Director	19 November 2003 to 9 February 2009

Director Profile – Ian McCubbing (Non-Executive Director) Appointed 1 August 2010

Qualifications

B.Com (Hons), MBA (Ex), CA, MAICD

Experience

Mr McCubbing is an experienced finance professional who has held roles as finance director or chief financial officer with major listed public companies including ASX listed mining companies. Mr McCubbing is well experienced in the mining and mining services industries

Special Responsibilities

Mr McCubbing is a member of the Board's Audit & Corporate Governance Committee (Committee Chairman).

Other Directorships During Last Three Years

Company	Position	Period
Eureka Energy Ltd	Non-Executive Director	5 July 2010 to present
Mirabela Nickel Ltd	Non-Executive Director	1 January 2011 to present
Kasbah Resources Ltd	Non-Executive Director	1 March 2011 to present
Territory Resources Ltd	Non-Executive Director	5 May 2008 to 31 July 2011
Northern Mining Ltd	Non-Executive Director	18 May 2008 to 12 September 2008

Company Secretary Profile – Ian Hobson (Appointed 19 July 2010)

Qualifications

B.Bus, FCA, ACIS, MAICD

Experience

Mr Hobson is a sole practitioner chartered accountant who provides company secretarial and accounting services to listed public companies and other organisations. Mr Hobson has had 20 year experience working for international chartered accounting firms before commencing his own practice in 2006. Mr Hobson is an experienced Corporate Advisor who has provided strategic and corporate advice to companies in the mining and mining services industries for many years in Perth, London and Toronto.

Board Committees

The number of committees were rationalised during the year. At the date of this report, the committees and their current membership are as follows:

- **Audit & Corporate Governance Committee** - Joe Ariti (Non-Executive Director), Ian McCubbing (Non-Executive Director) and David Nixon (Non-Executive Director).
- **Remuneration & Nomination Committee** - Andrew Simpson (Non-Executive Chairman), Joe Ariti (Non-Executive Director) and David Nixon (Non-Executive Director).

Further details of the scope, responsibilities and membership of these committees are set out in the *Corporate Governance Statement*.

DIRECTOR'S REPORT

Board Committee Meetings

The number of Board Committee meetings held during FY11 and the attendance of Directors at each, including Directors who attended as invitees at specific meetings, is as follows:

	Audit & CG		Remuneration & Nomination	
Director	Held	Attend	Held	Attend
A Simpson	-	-	1	1
K Swick*	-	-	1	1
D Nixon	2	2	1	1
P Lockyer*	2	2	-	-
J Ariti	2	2	1	1
I McCubbing (appointed 1 August 2010)	2	2	-	-

* Attended as invitee

Principal Activity

The principal activity of the Company during FY11 was the provision of mineral drilling services to the Australian and North American mining industry, primarily in the areas of underground diamond drilling, underground production drilling, surface diamond drilling and surface reverse circulation drilling. During the year the company disposed of the surface diamond drilling business. There were no other significant changes in the nature of the principal activity during FY11.

Review of Results

Consolidated Results	FY11	FY10	YOY Var.
Revenue	$115.7m	$99.5m	+16%
Net profit after tax	$3.8m	($10.0m)	
Earnings per Share	1.4 cents	(4.9) cents	
Continuing Operations			
Revenue	$107.4m	$85.9m	+ 25%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	$22.6m	$9.9m	+ 128%
EBITDA Margin	21%	11.5%	+ 82.6%
Earnings before interest and tax	$6.6m	($7.0m)	+$13.6m
Net profit after tax (NPAT)	$4.3m	($6.8m)	+$11.1m
NPAT Margin	4.0%	(7.9%)	
Earnings Per Share*	1.8 cents	(3.4) cents	
Operating Cashflow			
Net cash from Operating/Investing Activities	$26.1m	($7.6m)	+ $33.2m
At Balance Date			
Cash	$12.5m	$8.8m	+ $3.7m
Debt	$19.4m	$42.1m	- $22.7m
Net Debt	$6.9m	$33.3m	- $26.4m

* Excludes foreign exchange translation adjustment

Review of Operations

During FY11 there was a strategic focus within the Company to concentrate on its core drilling strengths and as a result management embarked on the process of divesting the non-core surface diamond division. This process was followed diligently and the division was marketed widely to ensure maximum return for the shareholders upon the sale, which was successfully completed in February 2011. This sale resulted in a profit neutral transaction for Swick, however the proceeds of $17m cash allowed for significant reduction in the Company's debt and an increase in cash reserves.

Since selling the surface diamond drilling division in February 2011, the increased utilisation of Underground Diamond and RC rigs have replaced that income.

Continued focus on maintaining and improving the Company's safety and training systems has allowed for a 15% reduction in the Total Recordable Injury Frequency Rate (TRIFR), as well as the creation of over 100 drilling traineeships. Swick's focus on the safety and development of its people is also being recognised across the mining industry with the Company being selected as finalists in three recognised industry awards.

The Board and Management of the Company are confident that the decisions made and the strategies undertaken in FY11 will yield results for many years to come.

The graph below shows the improving trend in global revenue for the continuing business and the Company closed out the financial year with a record revenue month in June 2011 of $10.2m, with July also generating a new record of $11.2m.

Global Revenue - Continuing Operations

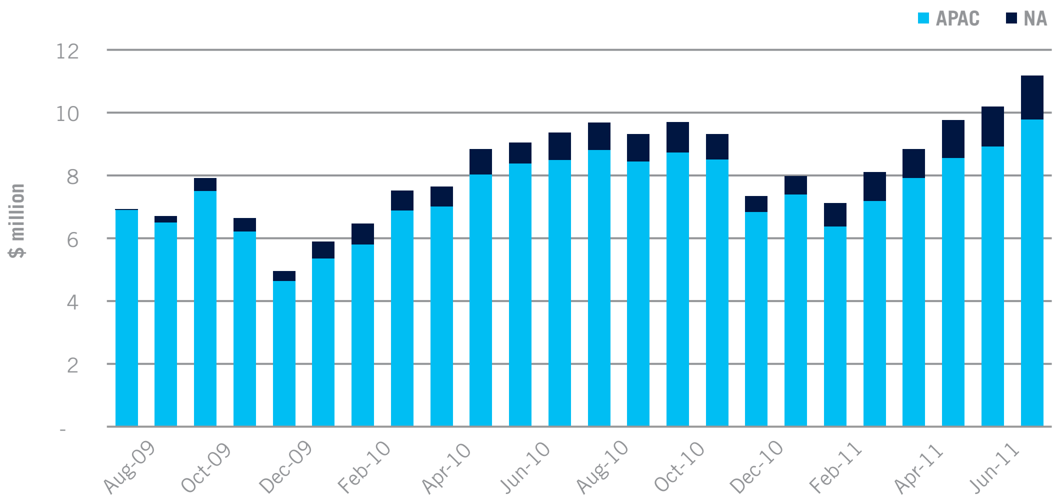


Fig. 1, Global Revenue for Continuing Operations

Due to improved commodity markets, the general strength of the resource sector has driven drilling demand globally. This increase in activity combined with a constricted supply of available rigs and crews has allowed Swick to price new contracts at improved commercial levels, as well as providing the ability to re-negotiate renewals with our clients under more favourable terms. These revised commercial rates have been a factor that has led to improvements in the Average Revenue per Operating Rig (ARPOR) through FY11.

Average Revenue per Operating Rig

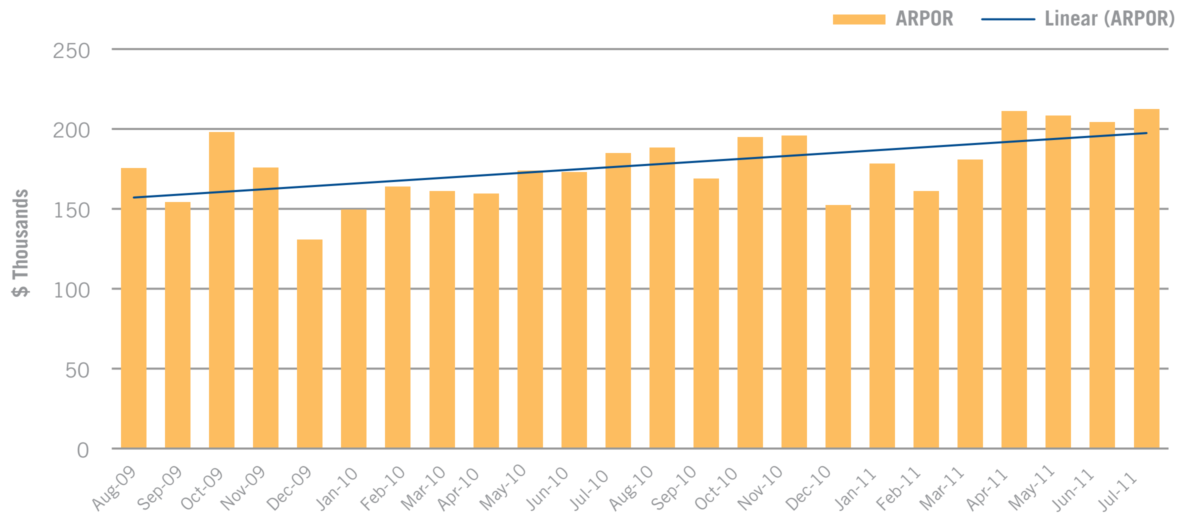


Fig. 2, Average Revenue per Operating Rig

In addition to improved rates, the Company was able to finalise two underground contracts that were dilutive on its earnings. This allowed the business development team to place those high quality assets and skilled crews into new contracts under better commercial terms.

Swick is focused on continual improvement in all areas of operations and safety management with the goal of providing the highest quality, best value service available to our clients.

It is expected that key projects being undertaken by our Research and Development team in the areas of productivity, safety and automation will continue to provide improvements in our key business metrics as these innovations are implemented into the operational divisions.

Rig utilisation within the continuing business was reasonably strong during FY11 as market conditions remained buoyant. This is expected to continue in FY12, with a number of clients indicating the need for additional drilling within existing contracts and a number of new contract opportunities being considered.

Rig Utilisation - Rigs in Work

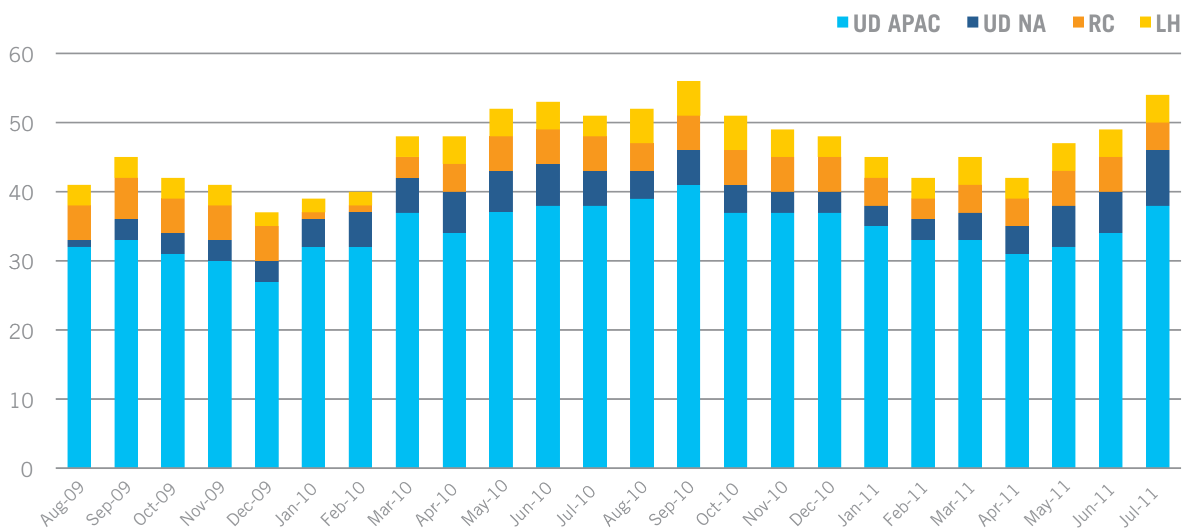


Fig 3, Rig Utilisation, Continuing Business

Significant Changes in State of Affairs

Significant changes in the state of affairs for the Company and/or Group during FY11 were as follows:

- In December 2010, the group reached agreement to sell $1.5m worth of machine shop equipment to Newland & Associates. The consideration will be paid over 28 months.
- In February 2011, the group completed the sale of the Surface Diamond Drilling division to Sanderson Drilling and Connors Drilling for $17m. The sale comprised of four 1600KWL multi-purpose rigs, five LF90D surface diamond rigs, associated compressor trucks, support trucks, light vehicles, miscellaneous small plant and selected inventory. One remaining Surface Diamond rig will be sold in the next months.

Significant Events Subsequent to Balance Date

On 4 July 2011, the group concluded a purchase agreement with Every Day Mining Services (ASX: EDS) for the purchase of assets relating to EDS's underground diamond drilling business. The acquisition included seven drill rigs, vehicles and consumables at market value. The purchase price of $1.1m was placed in a solicitor's trust account on 27 June 2011 to secure the sale and was released to the seller once all conditions precedent were met.

Experienced EDMS employees, being local Cobar based crews, were offered employment with Swick.

The acquisition will enhance Swick's ability to service its existing customer base more effectively and add to the company's revenue base. Five of the rigs purchased will be relocated to Swick's North American operation.

Future Developments

Swick expects FY12 to be a strong year for the Company. The business development team has targeted a specific mix of commodity exposures to allow for continued growth of the Company underpinned by the right commodities for the current times and the regions showing most potential. Swick closed the financial year with an order book approximating $215m.

The Company's commodity spread (shown right) is significantly more exposed to Gold than prior years and combined with Swick's long standing brownfields focus, where over 95% of income is developed from rigs at operating mines, this spread should provide some resistance to any potential volatility in global economic markets.

Commodity Exposure Q4 FY11

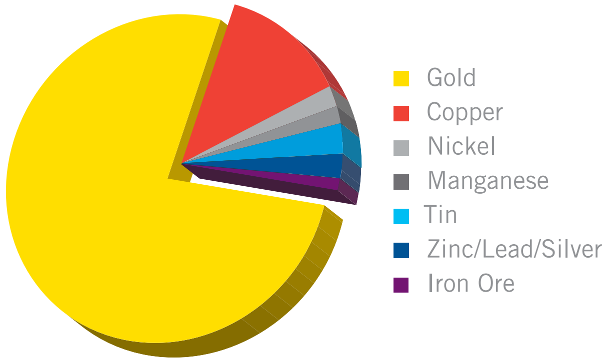


Fig 4, Commodity Exposure Q4 FY11

The Company has a dedicated Research and Development team that is well resourced and fully funded. The aim of the Research and Development team is to develop step change innovation in drilling that will lead to safety, productivity and versatility improvements in its systems of work and equipment that will benefit the Company's employees, clients and ultimately its shareholders.

The Company has identified three key Research and Development projects that the team is working on concurrently. The outcomes of these developments will allow for Swick to remain at the forefront of innovation and technology in the mineral drilling sector.

Operational Outlook – Australia

The continuing business at Swick has improved its utilisation throughout the FY11 period. This is supported by a general improvement in the commodity prices and cash flow generation of our clients and their appetite for improved understanding of their resource and reserve bases.

The demand for RC drilling at present is high with significant demand from the Iron and Copper sectors and for the first time since the rig build program in 2008, Swick expect all seven RC drill rigs in work by the end of Q1, FY12.

Swick currently has in excess of 49 drill rigs in operation throughout Australia. The Company has a solid base load of work with blue-chip clients and will continue to focus on developing opportunities for the expansion of its underground diamond division.

Swick Mining Services has a dedicated business development team in the Australian business, focussing on pursuing opportunities to secure long term contracts for the available assets as well as building relationships with prospective clients that will allow the Company to expand its operations in the years ahead.

Operational Outlook - North America

In FY11, the North American business performed very well. The business saw a 100% increase in revenue over last financial year and by the end of Q4 FY11 had secured contracts for its entire fleet of nine underground diamond drills that will be at work by the end of Q1, FY12.

The skid mounted rigs that were purchased as part of the EDS transaction are being prepared to deploy to North America to allow for an increased scope of supply in certain mine types where the mobile rig is less suitable.

North American management is very confident of another strong year of growth as our brand awareness and reputation continues to spread across the region.

Environmental Regulations

In the course of its drilling activities, the Group is required to adhere to environmental regulations imposed on it by various regulatory authorities, particularly those regulations relating to ground disturbance and the protection of rare and endangered flora and fauna. From time to time, compliance with these environmental regulations is audited by client personnel where deemed necessary to do so by the client.

The Group has not received any notification from any regulatory authority or client of any breaches of environmental regulations and to the best of its knowledge has complied with all material environmental requirements up to the date of the this report.

Dividends

No dividends were paid to shareholders during FY11. No dividends were recommended or declared for payment to shareholders, but not paid, during FY11.

Proceedings on Behalf of the Group

No person has applied for leave of Court to bring proceedings on behalf of the Group or intervened in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings. The Group was not a party to any such proceedings during FY11.

Options & Interests

Options on Issue

As at the date of this report there were no options on issue.

Performance Rights on Issue

As at the date of this report, the Company had no performance rights on issue. No performance rights vested during FY11 or subsequent to the end of FY11.

Non-Audit Services

The Company may decide to engage its auditor, Deloitte Touche Tohmatsu, on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or Group are important. Details of the amount paid or payable to the auditor for the audit and non-audit services provided during the year are set out in note 29 in the *Notes to and Forming Part of the Financial Statements*.

The Board has considered the position and, in accordance with the advice received from the Audit & Corporate Governance Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Board is satisfied that the provision of non-audit services by the auditor did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed by the Audit & Corporate Governance Committee to ensure they do not impact the impartiality and objectivity of the auditor.
- None of the services undermine the general principles relating to auditor independence as set out in Professional Statement APES110, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the Group, acting as advocate for the Group or jointly sharing economic risk and rewards.

Auditor Independence

The Board received the attached *Auditor's Independence Declaration* from the auditor of the Company and its controlled entities which forms part of this report.

Indemnification & Insurance of Officers & Auditors

During FY11, the Group has paid a premium in respect of insuring the Directors and officers of the Group. The terms of the premium paid are commercial in confidence and therefore have not been disclosed.

Remuneration Report (Audited)

The Remuneration Report details the nature and amount of remuneration for each Director of the Company and each key Manager of the Group with the greatest authority for the strategic direction and management of the Group.

Remuneration Policy

The remuneration policy of the Group is designed to align the interests of Directors and Management with the interests of shareholders and the Company's objectives by providing a fixed remuneration component and, where appropriate, offering specific short-term (cash bonuses) and long-term (equity schemes) incentives linked to performance. The Board believes that the remuneration policy is appropriate and effective in its ability to attract, retain and motivate suitably qualified and experienced Directors and Management to direct and manage the Group's business and corporate activities, as well as to create goal congruence with the Company's shareholders.

Specifically, the remuneration policy has been put in place with the following aims in mind:

(a) remuneration practices and systems should support the Company's wider objectives and strategies;
(b) remuneration of Directors and Management should be aligned to the long-term interests of shareholders within an appropriate control framework;
(c) remuneration of Directors and Management should reflect their duties and responsibilities;
(d) remuneration of Directors and Management should be comparative and competitive, thereby allowing the Company to attract, retain and motivate suitably qualified and experienced people; and
(e) there should be a clear relationship between performance and remuneration.

Relationship between Remuneration Policy & Company Performance

With the current demand within the mining & resources sector it has become more critical to align management remuneration. Activity has increased in the market, reflected by a number of major drilling contractors reporting improved utilisation of their fleet, it has become necessary to adjust the remuneration of some members of key management to counter an increasingly competitive labour market.

The Company believes its remuneration policy has been effective in attracting and retaining appropriately qualified and experienced Directors and Management to effectively and efficiently manage its operations and capitalise on new opportunities for growth. The Company has in the past utilised a number of performance based remuneration mechanisms to motivate Directors and Management and align their performance with that of the Company, including cash bonuses, performance rights and options. The Company will continue to consider the use of such mechanisms to drive the relationship between performance and remuneration.

The tables below set out summary information about the consolidated entity's earnings and movements in shareholder wealth for the five years to 30 June 2011:

	30 June 2011	30 June 2010	30 June 2009	30 June 2008	30 June 2007
	$'000	$'000	$'000	$'000	$'000
Revenue	115,746	99,533	84,911	84,169	40,200
Net profit/(loss) before tax	3,822	(13,422)	2,648	14,869	7,883
Net profit/(loss) after tax	3,852	(10,060)	2,102	10,315	5,418
Share price at start of year	$0.36	$0.415	$1.30	$1.15	$0.31
Share price at end of year	$0.40	$0.36	$0.415	$1.30	$1.15
Basic earnings/(loss) per share	1.43cps	(4.94)cps	1.39cps	7.17cps	5.48cps
Diluted earnings/(loss) per share	1.43cps	(4.94)cps	1.39cps	7.14cps	5.48cps

Remuneration Committee

The Board has established a Remuneration Committee to assist the Board in fulfilling its responsibilities in relation to developing and assessing the Group's remuneration policies to ensure that remuneration is sufficient and reasonable and that its relationship to performance is clear. The primary objectives of the Remuneration Committee are to develop remuneration policies for the Group that are appropriate to the organisation with respect to its size, peers and market conditions, and to recommend remuneration packages and incentive schemes for Directors and Management, and remuneration packages for Non-Executive Directors, that motivate and reward performance, attract and retain quality people, and align interests with those of shareholders.

Remuneration Structure - Non-Executive Directors

Objective

The Board seeks to set remuneration for Non-Executive Directors at a level which provides the Company with the ability to attract and retain suitably qualified and experienced directors, whilst incurring a cost which is acceptable to shareholders. Non-Executive Directors should be adequately remunerated for their time and effort and the risks inherently involved with holding such a position.

Structure

The Company's Constitution and the ASX Listing Rules specify that the remuneration of Non-Executive Directors shall be determined from time to time by shareholders at general meeting. The latest determination was at a general meeting held on 8 June 2007, when shareholders approved to increase the maximum aggregate remuneration that may be paid to the Non-Executive Directors from $150,000 to $300,000 per annum.

Specific remuneration levels for Non-Executive Directors are reviewed at least annually by the Remuneration Committee. The Remuneration Committee provides recommendations for the remuneration of Non-Executive Directors, including the Chairman, and the Board is then responsible for ratifying the recommendations, if appropriate. As at the date of this report, remuneration for Non-Executive Directors was set at $50,000 per annum plus superannuation, with remuneration for the Non-Executive Chairman set at $75,000 per annum plus superannuation.

Remuneration Structure - Executive Directors & Management

Objective

The remuneration for Executive Directors and Management is designed to promote superior performance and long-term commitment to the Company. The Board aims to reward Executive Directors and Management with a level and mix of remuneration commensurate with their position and responsibilities within the Group.

The Company's remuneration policy for Executive Directors and Management reflects its commitment to align remuneration with shareholders' interests and to retain appropriately qualified executive talent for the benefit of the Group.

The principles of the policy are:

1) to provide rewards that reflect the competitive market in which the Company operates;
2) individual reward should be linked to performance criteria; and
3) executives should be rewarded for both financial and non-financial performance.

Structure

Remuneration for Executive Directors and Management may comprise fixed and variable remuneration components. Remuneration is reviewed at least annually by the Remuneration Committee. The Remuneration Committee provides recommendations for the remuneration of Executive Directors and Management and the Board is then responsible for ratifying the recommendations, if appropriate. Remuneration packages for Executive Directors and Management currently comprise a base salary and superannuation (fixed components), and may also include cash bonuses and securities (variable, performance based components).

In determining individual remuneration packages, the Remuneration Committee reviews the individual's annual performance review, specific roles and responsibilities, and remuneration relative to their position within the Group and with positions in comparable companies through the use of market data and surveys. Where appropriate, a package may be adjusted to reflect the role, responsibilities and importance of that position and to keep pace with market trends and ensure continued remuneration competitiveness. In conducting a comparative analysis, the Group's expected performance for the year is considered in the context of the Group's capacity to fund remuneration budgets. From time to time, a review of the total remuneration package by an independent remuneration consultant may be undertaken to provide an independent reference point.

Fixed Remuneration

The components of the fixed remuneration of Executive Directors and Management are determined individually and may include:

a) cash remuneration;
b) superannuation;
c) accommodation and travel benefits;
d) motor vehicle; and
e) other benefits.

Variable Remuneration

The components of the variable remuneration of Executive Directors and Management are determined individually and may include:

a) short term incentives - Executive Directors and Management are eligible to participate in a cash bonus if so determined by the Remuneration Committee and the Board; and
b) long term incentives - Executive Directors and Management are eligible to receive shares, performance rights and options if so determined by the Remuneration Committee and the Board.

During FY11, no variable incentives were paid to Executive Directors or Management.

Director & Senior Management details

The following persons acted as directors of the company during or since the end of the financial year:

- Andrew Simpson - Non-Executive Chairman.
- Kent Swick - Managing Director.
- John David Nixon (**David Nixon**) - Non-Executive Director.
- Giuseppe Ariti (**Joe Ariti**) - Non-Executive Director.
- Phillip Lockyer - Non-Executive Director.
- Ian McCubbing - Non-Executive Director (appointed 1 August 2010).

The term "Senior Management/Executive Officers" is used in this remuneration report to refer to the following persons. Except as noted, the named persons held their current positions for the whole of the financial year and since the end of the financial year:

- Will Gove - General Manager - North American.
- Vahid Haydaric - Chief Operating Officer (commenced 1 September)
- Nigel Cocliff - General Manager Technical Services
- Bryan Wesley – Chief Financial Officer
- Khusrau Kalim – General Manager - Corporate Services (commenced 31 May 2011).
- Michael Fry – General Manager - Corporate (resigned 2 July 2011).
- Troy Wilson – General Manager – Asia Pacific (resigned 17 December 2010)

Employment Contracts

As at the date of this report, the Group had entered into employment contracts with the following Executive Directors and Management as summarised below:

Kent Swick

- The service arrangement commenced on 1 July 2006 and continues until terminated.
- If the service agreement is terminated without cause by the Company, Mr Swick must be paid one month's remuneration for each full year, or pro rata for each part year, of service to the Group from 1 July 2006.
- If the service agreement is terminated as a result of a change in control, Mr Swick must be paid twelve's month's remuneration (provided that any such additional amount shall, at all times, be limited to the maximum extent permitted by the ASX Listing Rules).

There are no other contracts to which a Director is a party or under which a Director is entitled to a benefit other than as disclosed in the Directors' Report or the Financial Statements.

Senior Management

Senior Management personnel are employed under employment agreements that continue until terminated. If an employment agreement is terminated without cause by the Company, the agreements provide a minimum of three month's remuneration must be paid.

Employee Share Option Plan

The Company has adopted an Employee Share Option Plan (ESOP). The objective of the ESOP is to provide the Company with a remuneration mechanism through the issue of options in the capital of the Company to motivate and reward the performance of employees, and to align the performance of employees with that of the Company.

Performance Rights Plan

The Company has adopted a Performance Rights Plan (PRP). The objective of the PRP is to provide the Company with a remuneration mechanism through the granting of rights for securities in the capital of the Company to motivate and retain employees.

Options Issued to Senior Management

During FY11, the Company did not issue any options to senior management of the Group pursuant to the ESOP.

No options were exercised or lapsed during the year. There were no options outstanding as at the date of this report.

The holders of the options have no rights to participate in any share issue or interest issue of the Company.

Performance Rights Issued to Directors

During FY11, the Company did not issue any performance rights to directors of the Group pursuant to the PRP.

Remuneration for FY11

	Short Term Benefits			Post Employment Benefits	Termination Benefits	Equity Based Payments		Total	Perf Based
	Salary & Fees $	Bonus $	Non Cash $	Super-annuation $	$	Shares $	Rights/ Options $	$	%
Non – executive directors									
Andrew Simpson	75,000	-	-	6,750	-	-	-	81,750	0%
David Nixon	54,500	-	-	-	-	-	-	54,500	0%
Ian McCubbing [1]	44,230	-	-	3,980	-	-	-	48,210	0%
Joe Ariti	50,000	-	-	4,500	-	-	-	54,500	0%
Phillip Lockyer	50,000	-	-	4,500	-	-		54,500	0%
Executive Officers									
Kent Swick	419,807	-	-	25,000	-	-	-	444,807	0%
Michael Fry	275,229	-	4,113	24,771	-	-	-	304,113	0%
Will Gove	259,578	-	14,896	21,875	-	-	13,391	309,740	4%
Bryan Wesley	225,000	-	1,613	18,900	-	-	-	245,513	0%
Nigel Cocliff	219,365	-	20,816	19,742	-	-	-	259,923	0%
Troy Wilson [2]	125,000	-	14,966	11,588	16,043	-	-	167,597	0%
Khusrau Kalim [3]	10,981	-	-	921	-	-	-	11,902	0%

Notes: 1- Commenced 1 August 2010
2- Resigned 17 December 2010
3- Commenced 31 May 2011

A review of the definition and criteria for key management personal resulted in the omission of Jason Giltay, Geoff Muir, Ryan O'Sullivan and Glenn Blackley from the list of executive officers above. All of these employees except Glenn Blackley, ceased employment with the Company during the FY11 year.

Remuneration for FY10

	Short Term Benefits			Post Employment Benefits	Termination Benefits	Equity Based Payments		Total	Perf Based
	Salary & Fees $	Bonus $	Non Cash $	Super-annuation $	$	Shares $	Rights/ Options $	$	%
Non-executive directors									
Andrew Simpson	83,077	-	-	7,477	-	-	-	90,554	0%
David Nixon	59,041	-	-	-	-	-	-	59,041	0%
Joe Ariti	55,384	-	-	4,984	-	-	-	60,368	0%
Phillip Lockyer	55,384	-	-	4,984	-	-	-	60,368	0%
Executive officers									
Kent Swick	387,458	-	-	25,000	-	-	-	412,458	0%
Michael Fry	268,877	-	4,432	23,246	-	-	-	296,555	0%
Will Gove	278,520	-	11,483	23,709	-	-	13,391	327,104	4%
Troy Wilson [3]	110,576	-	9113	9,086	-	-	-	128,775	0%
Nigel Cocliff [2]	210,692	-	26,872	18,200	-	-	-	255,764	0%
Bryan Wesley [1]	17,307	-	-	1,453	-	-	-	18,760	0%
Geoff Muir	199,807	-	6,336	17,305	-	-	-	223,448	0%
Ryan O'Sullivan	184,519	-	19,405	16,068	-	-	-	219,992	0%
Glenn Blackley	180,000	-	26,984	16,076	-	-	-	223,060	0%
Jason Giltay [4]	175,569	-	-	15,761	-	-	-	191,330	0%
Leon Naude [5]	26,704	-	1,215	1,215	-	-	-	29,134	0%

Notes:
1- Commenced 24 May 2010
2- Commenced 1 July 2009
3- Commenced 11 January 2010
4 Resigned 19 July 2010
5 Resigned 19 July 2010

Sign-off on Directors' Report

The Directors' Report has been made in accordance with a resolution of the Directors, made pursuant to S.298 (2) of the Corporations Act 2001.

KENT SWICK
MANAGING DIRECTOR

For and on behalf of the Board of Directors of Swick Mining Services Ltd.

Perth, Western Australia, 28 September 2011

AUDITOR'S INDEPENDENCE DECLARATION

Deloitte.

Deloitte Touche Tohmatsu
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The Board of Directors
Swick Mining Services Limited
64 Great Eastern Highway
South Guildford WA 6055

28 September 2011

Dear Board Members

Swick Mining Services Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Swick Mining Services Limited.

As lead audit partner for the audit of the financial statements of Swick Mining Services Limited for the financial year ended 30 June 2011, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Chris Nicoloff

Chris Nicoloff
Partner
Chartered Accountant

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Member of Deloitte Touche Tohmatsu Limited

CORPORATE GOVERNANCE STATEMENT

FOR THE PERIOD ENDED 30 JUNE 2011

Board Composition

The skills, experience and expertise relevant to the position of each director, and board committee member, who is in office at the date of the annual report and their term of office are detailed in the Director's report.

The independent directors of the Company are Andrew Simpson, David Nixon, Joe Ariti, Phil Lockyer and Ian McCubbing.

When determining the independent status of a Director the Board used the Guidelines detailed in the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations.

The Board sets out below its "if not why not" report in relation to those matters of corporate governance where the Company's practices depart from the Recommendations.

Recommendation		Swick Mining Services Limited Current Practice
1.1	Companies should establish the functions reserved for the Board and those delegated to senior executives and disclose those functions.	Satisfied. The functions reserved for the Board and delegated to senior executives have been established. The Board Charter is available at www.swickmining.com.au in the Corporate Governance policy.
1.2	Companies should disclose the process for evaluating the performance of senior executives.	Satisfied. Formal evaluation process has been adopted. The Performance Evaluation Policy is available at www.swickmining.com.au in the Corporate Governance policy.
1.3	Companies should provide the information indicated in the Guide for reporting on Principle 1	Satisfied The Board Charter is available at www.swickmining.com.au in the Corporate Governance policy. Formal appraisals of management were conducted.
2.1	A majority of the Board should be independent directors.	Satisfied. Andrew Simpson, David Nixon, Joe Ariti, Phil Lockyer and Ian McCubbing are Non Executive independent directors as defined in ASX guidelines.
2.2	The chair should be an independent director.	Satisfied. Mr Andrew Simpson is an independent director.
2.3	The roles of chair and Chief Executive Officer should not be exercised by the same individual.	Satisfied.
2.4	The Board should establish a nomination committee.	Satisfied.
2.5	Companies should disclose the process for evaluating the performance of the Board, its committees and individual directors.	Satisfied. Board Performance Evaluation Policy is available at www.swickmining.com.au in the Corporate Governance policy.
2.6	Companies should provide the information indicated in the guide to reporting on Principle 2	Satisfied No formal board or committee appraisals were completed during the year.
3.1	Companies should disclose a code of conduct and disclose the code or a summary of the code as to: + The practices necessary to maintain confidence in the company's integrity + The practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders + The responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Satisfied. The Code of Conduct is available at www.swickmining.com.au in the Corporate Governance policy.
3.2	Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy.	Satisfied. The Trading Policy is available at www.swickmining.com.au in the Corporate Governance policy.
3.3	Companies should provide the information indicated in the Guide to reporting on Principle 3	Satisfied

CORPORATE GOVERNANCE STATEMENT

Recommendation		Swick Mining Services Limited Current Practice
4.1	The Board should establish an audit committee.	Satisfied.
4.2	The audit committee should be structured so that it: + Consists only of non-executive directors + Consists of a majority of independent directors + Is chaired by an independent chair, who is not chair of the Board + Has at least three members	Satisfied.
4.3	The audit committee should have a formal charter.	Satisfied.
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4	Satisfied. The audit committee charter is available at www.swickmining.com.au in the Corporate Governance policy.
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies.	Satisfied. Continuous disclosure policy is available at www.swickmining.com.au in the Corporate Governance policy.
5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5	Satisfied
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of their policy.	Satisfied. Shareholders communication strategy is available at www.swickmining.com.au in the Corporate Governance policy.
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6	Satisfied
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Satisfied. The company has established policies for the oversight and management of material business risks. Risk management program is available at www.swickmining.com.au in the Corporate Governance policy.
7.2	The Board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	Satisfied. Management established a risk register and mitigation strategies to address identified risks which has been presented to the Board. Management has undertaken a review of the risk mitigation measures implemented and reported this to the Board.
7.3	The Board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Satisfied. The Board has received a section 295A declaration pursuant to the 2011 financial period.
7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7	Satisfied The Board has received the reports and assurances in 7.2 and 7.3. The policies are available on the company's website.
8.1	The Board should establish a remuneration committee.	Satisfied.
8.2	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	The structure of Directors' remuneration is disclosed in the remuneration report of the annual report.
8.3	Companies should provide the information indicated in the Guide to reporting on Principle 8	The remuneration committee charter is available at www.swickmining.com.au in the Corporate Governance policy.

Further information about the Company's corporate governance practices is set out on the Company's website at www.swickmining.com.au.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2011

	Note	Consolidated 2011 $'000	Consolidated 2010 $'000
Continuing operations			
Revenue	5	107,127	84,215
Finance revenue	5	190	104
Other income	5	85	1,640
Total revenue and other income		**107,402**	**85,959**
Finance costs	5	2,207	3,302
Impairment loss	5	-	9,023
Other expenses	5	100,814	83,901
Expenses		**103,021**	**96,226**
Profit/(Loss) before income tax expense		4,381	(10,267)
Income tax (expense)/benefit	6	(123)	3,414
Profit after income tax expense from continuing operations		**4,258**	**(6,853)**
Discontinued operations			
Profits/(Loss) for the year from discontinued operations	13	**(406)**	**(3,207)**
PROFIT FOR THE YEAR		**3,852**	**(10,060)**
Other comprehensive income			
Exchange differences on translating foreign operations		(482)	19
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		**3,370**	**(10,041)**
Earnings per share (cents per share)			
From continuing and discontinued operations			
- basic; for profit for the year	23	1.43	(4.94)
- diluted; for profit for the year	23	1.43	(4.94)
From continuing operations			
- basic; for profit for the year	23	1.60	(3.36)
- diluted; for profit for the year	23	1.60	(3.36)

The Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 JUNE 2011

	Note	Consolidated 2011 $'000	Consolidated 2010 $'000
CURRENT ASSETS			
Cash and cash equivalents	8	12,548	8,818
Trade and other receivables	9	16,464	17,963
Finance lease receivable	10	568	-
Inventories	11	16,611	16,400
Other current assets	12	1,432	1,682
Assets classified as held for sale	13	160	10,996
TOTAL CURRENT ASSETS		47,783	55,859
NON-CURRENT ASSETS			
Finance lease receivable	10	880	-
Property, plant and equipment	14	81,704	97,078
Intangible asset and goodwill	15	1,596	795
Other non-current assets	16	2	2
TOTAL NON-CURRENT ASSETS		84,182	97,875
TOTAL ASSETS		**131,965**	**153,734**
CURRENT LIABILITIES			
Trade and other payables	17	12,049	15,569
Interest bearing loans and borrowings	18	12,414	14,480
Provisions	19	2,722	2,011
Liabilities associated with assets classified as held for sale	13	237	6,618
TOTAL CURRENT LIABILITIES		27,422	38,678
NON-CURRENT LIABILITIES			
Deferred tax liabilities	6	381	763
Provisions	19	206	137
Interest bearing loans and borrowings	18	7,039	21,012
TOTAL NON-CURRENT LIABILITIES		7,626	21,912
TOTAL LIABILITIES		**35,048**	**60,590**
NET ASSETS		**96,917**	**93,144**
EQUITY			
Contributed equity	20	82,580	82,190
Reserves	21	100	569
Retained earnings	22	14,237	10,385
TOTAL EQUITY		**96,917**	**93,144**

The Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2011

	Note	Consolidated 2011 $'000	Consolidated 2010 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		116,872	92,963
Payments to suppliers and employees		(95,609)	(76,105)
Interest paid		(2,574)	(4,024)
Income tax paid		-	-
Net cash inflow from operating activities	25b	**18,689**	**12,834**
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income		247	104
Proceeds from sale of property, plant & equipment		17,670	1,677
Payments for plant and equipment		(9,654)	(19,103)
Payments for development		(802)	(3,068)
Net cash inflow /(outflow) from investing activities		**7,461**	**(20,390)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of finance lease obligations		(25,751)	(17,575)
Proceeds of loans		3,331	1,894
Proceeds from issued capital		-	23,507
Net cash inflow/(outflow) from financing activities		**(22,420)**	**7,826**
Net increase in cash and cash equivalents held		**3,730**	**270**
Cash and cash equivalents at the beginning of the financial year		8,818	8,548
Cash and cash equivalents at the end of the financial year	25a	**12,548**	**8,818**

The consolidated statement of cash flows should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011

Consolidated	Ordinary Shares $'000	Share Based Payments $'000	Foreign Exchange Revaluation Reserve $'000	Retained Earnings $'000	Total Parent Interests $'000
At 1 July 2009	**58,683**	**487**	**18**	**20,445**	**79,633**
Total income and expense for the period recognised directly in equity					
Loss for the period	-	-	-	(10,060)	**(10,060)**
Other comprehensive income	-	-	19	-	**19**
Shares issued	23,816	-	-	-	**23,816**
Share based payments	-	45	-	-	**45**
Transaction costs on share issue	(309)	-	-	-	**(309)**
At 30 June 2010	**82,190**	**532**	**37**	**10,385**	**93,144**
At 1 July 2010	**82,190**	**532**	**37**	**10,385**	**93,144**
Total income and expense for the period recognised directly in equity					
Profit for the period	-	-	-	3,852	**3,852**
Other comprehensive income	-	-	(482)	-	**(482)**
Shares issued	-	-	-	-	**-**
Share based payments	-	13	-	-	**13**
Other	390	-	-	-	**390**
At 30 June 2011	**82,580**	**545**	**(445)**	**14,237**	**96,917**

The Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

1. GENERAL INFORMATION

Swick Mining Services Ltd (the "Parent" or the "Company") (ASX:SWK) is a public company listed on the Australian Securities Exchange Limited ("ASX") and is incorporated in Australia. Swick Mining Services Ltd and its subsidiaries (collectively referred to as "Swick Mining Services Group" or "the Group") operate extensively throughout Australia and North America.

Swick Mining Services Limited's registered office and its principal place of business is as follows:

64 Great Eastern Highway
South Guildford Western Australia 6055
Australia
Tel: +61 (8) 9277 8800

The financial report of the Company and its controlled entities for the year ended 30 June 2011 was authorised for issue in accordance with a resolution of the directors on 26 August 2011.

2. APPLICATION OF NEW AND REVISED ACCOUNTING STANDARDS

2.1 Standards and Interpretations affecting amounts reported in the current period (and/or prior periods)

The following new and revised Standards and Interpretations have been adopted in the current period and have affected the amounts reported in these financial statements. Details of other Standards and Interpretations adopted in these financial statements but that have had no effect on the amounts reported are set out in section 2.2.

Amendments to AASB 5 'Non-current Assets Held for Sale and Discontinued Operations	Disclosures in these financial statements have been modified to reflect the clarification in AASB 2009-5 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project' that the disclosure requirements in Standards other than AASB 5 do not generally apply to noncurrent assets classified as held for sale and discontinued operations
Amendments to AASB 101 'Presentation of Financial Statements' (adopted in advance of effective date of 1 January 2011)	The amendments (part of AASB 2010-4 'Further Amendments to Australian Accounting Standards arises from the Annual Improvements Project') clarify that an entity may choose to present the required analysis of items of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements.
Amendments to AASB 107 'Statement of Cash Flows'	The amendments (part of AASB 2009-5 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project') specify that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities in the statement of cash flows. Consequently, cash flows in respect of development costs that do not meet the criteria in AASB 138 'Intangible Assets' for capitalisation as part of an internally generated intangible asset (and, therefore, are recognised in profit or loss as incurred) have been reclassified from investing to operating activities in the statement of cash flows.

2. APPLICATION OF NEW AND REVISED ACCOUNTING STANDARDS (CONTINUED)

2.2 Standards and Interpretations adopted with no effect on financial statements

The following new and revised Standards and Interpretations have also been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements but may affect the accounting for future transactions or arrangements.

AASB 2009-5 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project'	Except for the amendments to AASB 5 and AASB 107 described earlier this section, the application of AASB 2009-5 has not had any material effect on amounts reported in the financial statements.
AASB 2009-8 'Amendments to Australian Accounting Standards– Group Cash-Settled Share based Payment Transactions'	The application of AASB 2009-8 makes amendments to AASB 2 'Share-based Payment' to clarify the scope of AASB 2, as well as the accounting for group cash-settled share-based payment transactions in the separate (or individual) financial statements of an entity receiving the goods or services when another group entity or shareholder has the obligation to settle the award.
AASB 2009-10 'Amendments to Australian Accounting Standards – Classification of Rights Issues	The application of AASB 2009-10 makes amendments to AASB 132 'Financial Instruments: Presentation' to address the classification of certain rights issues denominated in a foreign currency as either an equity instrument or as a financial liability. To date, the Group has not entered into any arrangements that would fall within the scope of the amendments.
AASB 2010-3 'Amendments to Australian Accounting Standards arising from the Annual Improvements Project'	The application of AASB 2010-3 makes amendments to AASB 3(2008) 'Business Combinations' to clarify that the measurement choice regarding non-controlling interests at the date of acquisition is only available in respect of non-controlling interests that are present ownership interests and that entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. All other types of non-controlling interests are measured at their acquisition-date fair value, unless another measurement basis is required by other Standards. In addition, the application of AASB 2010-3 makes amendments to AASB 3(2008) to give more guidance regarding the accounting for share-based payment awards held by the acquiree's employees. Specifically, the amendments specify that share-based payment transactions of the acquiree that are not replaced should be measured in accordance with AASB 2 'Share-based Payment' at the acquisition date ('market-based measure').
AASB 2010-4 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project'	Except for the amendments to AASB 7 and AASB 101 described earlier this section, the application of AASB 2010-4 has not had any material effect on amounts reported in the financial statements.
Interpretation 19 'Extinguishing Financial Liabilities with Equity Instruments'	This Interpretation provides guidance regarding the accounting for the extinguishment of a financial liability by the issue of equity instruments. In particular, the equity instruments issued under such arrangements will be measured at their fair value, and any difference between the carrying amount of the financial liability extinguished and the fair value of equity instruments issued will be recognised in profit or loss. To date, the Group has not entered into transactions of this nature.

NOTES TO THE FINANCIAL STATEMENTS

2. APPLICATION OF NEW AND REVISED ACCOUNTING STANDARDS (CONTINUED)

2.3 Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 124 'Related Party Disclosures'(revised December 2009), AASB 2009-12'Amendments to Australian Accounting Standards.	1 January 2011	30 June 2012
AASB 9 'Financial Instruments', AASB 2009-11 'Amendments to Australian Accounting Standards arising from AASB 9' and AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9(December 2010)'.	1 January 2013	30 June 2014
AASB 2009-14 'Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement'.	1 January 2011	30 June 2012
AASB 2010-5 'Amendments to Australian Accounting Standards.	1 January 2011	30 June 2012
AASB 2010-6 'Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets'.	1 July 2011	30 June 2012
AASB 2010-8 'Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets.	1 January 2012	30 June 2013
AASB 10 'Consolidated Financial Statements'- AASB12 'Disclosure of interest in other entities', AASB 127 'Separate Financial Statements' (2011), AASB 128 and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards'. This suite of five related standards incorporates the recent IFRSs issued by the IASB, which aim to improve the accounting requirements for consolidated financial statements, joint arrangements and off balance sheet activities.	Applicable from 1 January 2013, with early adoption allowed by for-profit entities. Note: Entities early adopting this standard must also adopt the other standards included in the 'suite of six' standards.	June 2014
AASB 13 Fair Value Measurement (and related AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13). Replaces the guidance on fair value measurement in existing AASB accounting literature with a single standard.	Applicable to annual reporting periods beginning on or after 1 January 2013.	June 2014
AAS 119 Employee Benefits (2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119. An amended version of AASB 119 Employee Benefits with revised requirements for pensions and other post retirement benefits, termination benefits and other changes.	Applicable to annual reporting periods beginning on or after 1 January 2013.	June 2014
AASB 2011-9 Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income. Amends AASB 101 Presentation of Financial Statements to revise the way other comprehensive income is presented. It requires entities to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments).	Applicable to annual reporting periods beginning on or after 1 July 2012.	June 2013

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Statement of compliance

The financial statements are general purpose financial statements which have been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards, and interpretations and comply with other requirements of the law. The financial statements comprise the consolidated financial statements of the Group.

Accounting Standards include Australian equivalents to International Financial Reporting Standards ("A-IFRS"). Compliance with A-IFRS ensures that the financial statements and notes of the company and the Group comply with International Financial Reporting Standards.

3.2 Basis of preparation

The financial report has been prepared on a historical cost basis, except where stated. All amounts are presented in Australian currency.

The company is a company of the kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

In applying A-IFRS, management is required to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of A-IFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in relevant notes to the financial statements.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substances of the underlying transactions or other events are reported. These accounting policies are consistently applied by each entity in the group.

The significant accounting policies set out below have been applied in the preparation and presentation of the financial report for the year ended 30 June 2011 and the comparative information.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Income and expense of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139 'Financial Instruments: Recognition and Measurement' or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

3.4 Presentation currency

For the purpose of this report, the functional and presentation currency adopted is Australian Dollars.

3.5 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits repayable on demand with a financial institution. Cash balances and overdrafts in the balance sheet are stated at gross amounts within current assets and current liabilities, unless there is legal right of offset at the bank.

The cash and cash equivalents balance primarily consists of cash, on call in bank deposits, bank term deposit with three month maturity and money market investments readily convertible into cash within 2 working days, net of outstanding bank overdrafts. Bank overdrafts are carried at the principal amount.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Trade and other receivables

Trade receivables which generally have 30-60 days terms are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less any allowance for impairment. The Group reviews the collectability of trade receivables on an ongoing basis and makes an objective judgement concerning amounts considered not collectible. The amount of the loss is recognised in the income statement within operating expenses and classified as doubtful debts. Any subsequent recovery of amounts previously written off, are recorded as other income in the income statement.

3.7 Inventories

The Group maintains an inventory of drilling consumables for use in the rendering of drilling services. Inventory is measured at the lower of cost and net realisable value. An on-going review is conducted in order to ascertain whether items are obsolete or damaged, and if so determined, the carrying amount of the item is written down to its net realisable value.

3.8 Recoverable amount of non-current assets

Non-current assets valued on the cost basis are not carried at an amount above their recoverable amount, and where a carrying value exceeds the recoverable amount, the asset is written down to the lower amount. The write-down is recognised as an expense in the net profit or loss in the reporting period in which it occurs.

Where a group of assets working together supports the generation of cash inflows, recoverable amount is assessed in relation to that group of assets.

3.9 Impairment of non financial assets other than goodwill

At each reporting date the Company conducts an internal review of asset values of its non financial assets to determine whether there is any evidence that the assets are impaired. External factors, such as changes in expected future processes, technology and economic conditions, are also monitored to assess for indicators of impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit or group of units on a pro-rata basis.

3.10 Goodwill and other intangible assets

Goodwill on acquisition is initially measured at cost being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. As at the acquisition date, goodwill acquired is allocated to each of the cash-generating business units expected to benefit from the combination's synergies.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised, but reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised immediately in the income statement. Impairment testing is performed annually.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes acquisition, being the fair value of the consideration provided, plus incidental costs directly attributable to the acquisition.

Subsequent costs directly related to an item of property are recognised in the carrying amount of that item of property, plant and equipment only when it is probable that the future economic benefits embodied within the item will flow to the consolidated entity and the cost of the item can be measured reliably. All other costs, including repairs and maintenance, are recognised in the statement of comprehensive income as an expense

Depreciation is recognised in the statement of comprehensive income on a straight-line or diminishing value basis over the estimated useful life of each part of an item of property plant and equipment. Those items of property, plant and equipment undertaking construction are not depreciated.

The following useful lives are used in the calculation of depreciation for each class of property, plant and equipment:

Leasehold Improvements	10 – 15 years
Plant and Machinery	5 – 10 years
Drilling Rigs	10 – 15 years
Other Drilling Equipment	2 – 20 years
Motor Vehicles	3 – 10 years
Office Equipment	5 – 10 years
Computer Equipment:	
Hardware	3 – 5 years
Software	1 – 5 years

3.12 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see 3.16 below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 Trade and other payables

Trade and other payables are carried at amortised cost. They represent unsecured liabilities for goods and services procured by the Group prior to the financial period end that remain unpaid and occur when the Group becomes obligated to make future payments. The amounts are unsecured and are usually paid within 30 days of recognition.

3.14 Provisions

Provisions are recognised when the economic entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

3.15 Employee benefits

Liabilities for employee related benefits comprising wages, salaries, annual leave and long service leave are categorised as present obligations resulting from employees services provided up to and including the reporting date. The liabilities are calculated at discounted amounts based on remuneration wage and salary rates the Group expects to pay as at reporting date including related on-costs, such as payroll tax and workers compensation insurance, when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to report date.

Employee superannuation entitlements are charged as an expense when they are incurred and recognised as other creditors until the contribution is paid.

3.16 Loans and borrowings

Loans and borrowings are initially recognised at fair value of the consideration received less directly attributable transaction costs incurred. Borrowings are subsequently measured at amortised cost utilising the effective interest rate method. Differences occurring between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

All borrowing costs are recognised as an expense in the Statement of Comprehensive Income in the period in which they are incurred.

3.17 Financial instruments

Debt and equity instruments
Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Financial assets
Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as fair value through profit or loss which are initially measured at fair value.

Subsequent to initial recognition, investments in subsidiaries are measured at cost in the Company financial statements. Subsequent to initial recognition, investments in associates are accounted for under the equity method in the consolidated financial statements and the cost method in the Company financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 Financial instruments (Continued)

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Non-current loans and receivables are measured at amortised cost using the effective interest rate method less impairment. Interest is recognised by applying the effective interest rate. Current trade receivables are recorded at the invoiced amount and do not bear interest.

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs, and subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

3.18 Revenue recognition

Revenue from the provision of services and sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts, volume rebates and sales taxes. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods. Transfers of risks and rewards vary depending on the individual terms of the contract of sale and with local statute, but are generally when title and insurance risk has passed to the customer and the goods have been delivered to a contractually agreed location. Interest revenue is recognised as it accrues using the effective interest rate method.

3.19 Taxation

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.19 Taxation (Continued)

Current and deferred tax for the period

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination.

Tax consolidation

The company and its wholly-owned Australian resident entities have formed a tax-consolidated group with effect from 1 July 2009 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is Swick Mining Services Limited. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated group are recognised by the company (as head entity in the tax-consolidated group). Due to the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or receivable by the company and each member of the group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group in accordance with the arrangement.

3.20 Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant Standards. Changes in the fair value of contingent consideration classified as equity are not recognised.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under AASB 3(2008) are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with AASB 112 Income Taxes and AASB 119 Employee Benefits respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share based payment awards are measured in accordance with AASB 2 Share-based Payment; and
- assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 Noncurrent Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date – and is subject to a maximum of one year.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.21 Goods and services tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the statement of financial position are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

3.22 Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share are calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as an expense; and
- other non-discretionary changes in revenue or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

3.23 Share based payments

The Group provides benefits to employees (including directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions'). The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company ('market conditions'). The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date'). The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects

(i) the extent to which the vesting period has expired and

(ii) the number of awards that, in the opinion of the directors of the Group, will ultimately vest.

This opinion is formed based on the best available information at reporting date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.24 Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

3.25 Foreign currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Australian dollars, which is the functional currency of the Group, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Australian dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.26 Impairment of tangible and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Impairment losses on goodwill are not reversed.

3.27 Research and development

Research costs are expensed as incurred. An intangible asset arising from development expenditure on an internal project is recognised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development. Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure so capitalised is amortised over the period of expected benefit from the related project.

The carrying value of an intangible asset arising from development expenditure is tested for impairment annually when the asset is not yet available for use or more frequently when an indication of impairment arises during the reporting period.

A summary of the policies applied to the Group's intangible assets other than goodwill is as follows:

Development costs
Useful Lives
Finite

Amortisation method used
Amortised over the period of expected future benefit from the related project on a straight-line basis

Internally generated or acquired
Internally generated

Impairment testing
Annually as at 30 June for assets available for use and more frequently when an indication of impairment exists. The amortisation method is reviewed at each financial year-end.

As at 30 June 2011, the research and development projects are still in the development phase. Accordingly, no amortisation expense has been booked.

4. SEGMENT INFORMATION

Business Segments

AASB 8, Operating Segments requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and assess their performance.

The Group's chief operating decision maker for the purpose of resource allocation and assessment of performance of segments is specifically focused on Drilling Services in Asia Pacific and Drilling Services in North America.

The Group's revenue from continuing operations and information about its assets and liabilities by reportable segments are detailed below.

Segment revenue, expense and results for continuing operations

	Drilling Services-Asia Pacific		Drilling Services-North America		Total	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Sales to external customers	96,752	79,806	10,460	6,049	107,212	85,855
Interest income	190	104	-	-	190	104
Total revenue	**96,942**	**79,910**	**10,460**	**6,049**	**107,402**	**85,959**
Cost of sales	73,627	58,865	5,495	4,283	80,042	63,148
Depreciation	15,555	16,640	409	199	15,964	16,839
Overhead	4,192	2,758	1,536	1,157	4,808	3,915
Interest expenses	1,273	3,302	934	-	2,207	3,302
Impairment loss	-	8,863	-	160	-	9,023
Total expense	**94,647**	**90,428**	**8,374**	**5,799**	**103,021**	**96,227**
Segment profit/(loss) before tax (continuing operations)	**2,295**	**(10,518)**	**2,086**	**250**	**4,381**	**(10,268)**

Segment assets and liabilities for continuing operations

	Drilling Services-Asia Pacific		Drilling Services-North America		Total	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Total segment assets	255,338	260,149	12,004	11,522	267,342	271,671
Assets relating to discontinued operations	160	10,997	-	-	160	10,997
Segment liabilities	167,563	179,693	11,225	12,251	178,788	191,944
Liabilities associated with assets held for sale	237	6,618	-	-	237	6,618
Eliminations	-	-	-	-	8,440	9,037
Total net assets	**87,698**	**84,835**	**779**	**(729)**	**96,917**	**93,143**
Other segment information						
Depreciation and amortisation	15,556	16,640	409	199	15,965	16,839
Non-current assets	75,211	90,339	8,091	7,536	83,302	97,875

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Segment profit represents the profit earned by each segment without allocation of central administration costs and directors' salaries, share of profits of associates, gain recognised on disposal of interest in former associate, investment income, gains and losses, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

5. REVENUE, INCOME AND EXPENSES FOR CONTINUING OPERATIONS

	Consolidated	
	2011 '000	2010 '000
Continuing operations		
Revenue		
Services	106,930	84,152
Government grants	197	63
Revenue from ordinary activities[(i)]	**107,127**	**84,215**
Other revenue		
Interest-financial institution	190	104
Total revenue	**107,317**	**84,319**
Other income		
Profit from sale of property, plant & equipment	85	1,640
Total other income	**85**	**1,640**
Total revenue and other income	**107,402**	**85,959**
Expenses		
Finance costs		
Bank loans and overdrafts	-	33
Finance charges payable under finance leases and hire purchase agreements	2,207	3,269
Total finance costs	**2,207**	**3,302**
Impairment loss		
Impairment of PPE	-	472
Impairment of R&D projects	-	4,709
Impairment of obsolete inventory	-	3,682
Impairment of other intangible assets	-	160
Total impairment loss	**-**	**9,023**
Other Expenses		
Consumables	11,707	8,906
Accommodation and travel	3,954	2,971
Repairs, parts and maintenance	7,287	1,257
Other direct costs	401	1,893
Employee benefits expense superannuation	4,216	3,282
Employee benefits expenses other	51,609	44,293
Employee options & rights issue	13	45
Depreciation expense	15,965	16,839
Administration costs	2,055	1,495
Insurance	2,261	1,567
Marketing	262	180
Recruitment and training	373	131
Rent and outgoings	711	542
Total other expenses	**100,814**	**83,901**
Total expenses	**103,021**	**96,226**

(i) Total group revenue from ordinary activities for the year ended 30 June 2011 was $115,386,085 which included $8,259,479 from discontinued operations – refer note 13.

6. INCOME TAX

Income tax recognised in profit or loss	2011 $000	2010 $000
Current income		
Current income tax charge	(313)	(564)
Adjustments in respect of previous current income tax	335	-
Deferred income tax		
Relating to origination and reversal of temporary differences	8	3,926
Net income tax benefit reported in income statement	30	3,362

The expense for the year can be reconciled as follows:

Accounting profit/(loss) before tax from continuing operations	4,381	(10,267)
(Loss) before tax from discontinued operations	(559)	(3,154)
Accounting profit/(loss) before income tax	3,822	(13,421)
At the statutory income tax rate of 30% (2010: 30%)	(1,147)	4,026
Non-deductible expenses	(18)	(48)
Effect of foreign tax rate	(63)	(27)
Tax losses now recognised/(not recognised)	320	(170)
Adjustments in respect of previous deferred income	-	(177)
Investment allowance	205	-
DTA temporary difference not recognised	(390)	-
Impact of entering into consolidations	1,091	(242)
Over provision	32	-
	30	3,362

The rate used for the 2011 and 2010 reconciliations above is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law.

Income tax (expense)/benefit reported in income statement	(123)	3,414
Income tax benefit/(expense) attributable to discontinued operations	153	(52)
	30	3,362

Deferred tax assets and liabilities are attributable to the following:

Recognised deferred tax assets		
Provisions and accrued expenses	1,125	1,067
Borrowing costs	34	34
Tax deductibility for capital raising costs	468	822
Tax Losses	2,554	-
Tax (assets)/liabilities	4,181	1,923
Set off of tax	(4,181)	(1,923)
Net tax (assets)/liabilities	-	-

6. INCOME TAX (CONTINUED)

	2011 $000	2010 $000
Recognised deferred tax liabilities		
Consumables	(1,958)	(2,315)
Inventories	-	-
Property, plant and equipment	(2,012)	(40)
Accrued income	(204)	(15)
Prepayments	(388)	(316)
Tax liabilities	(4,562)	(2,686)
Set off of tax	4,181	1,923
Net tax/(liabilities)	(381)	(763)

	2011 $000	2010 $000
Movements		
Opening Balance 1 July	(763)	(5,613)
Credit to the income statement	382	4,850
Closing Balance at 30 June	(381)	(763)

Unrecognised deferred tax assets

	2011 $000	2010 $000
Deferred tax assets have not been recognised in respect of the following items		
Temporary differences	390	-
Australian tax losses	-	40
Overseas Tax Losses	-	260
	390	300

7. FINANCIAL INSTRUMENTS

Financial risk management objectives

The Group's corporate finance function provides services to the business, co-ordinates access to domestic and financial markets, and monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Group seeks to minimise the effects of these risks, where deemed appropriate.

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balances. The capital structure of the Group consists of debt, which includes the borrowings disclosed in Note 18 , cash and cash equivalents and equity attributable to equity holders of the Parent, comprising issued capital, reserves, other equity and retained earnings (accumulated losses) as disclosed in Note 20, 21 and 22.

The gearing ratio at the end of the reporting period was as follows:

Gearing ratio

	2011 $'000	2010 $'000
Debt (i)	19,690	42,110
Cash and cash equivalents	(12,548)	(8,818)
Net debt	**7,412**	**33,292**
Equity (ii)	96,917	93,144
Net debt to equity ratio	7.65%	35.74%

(i) Debt is defined as long and short-term borrowings (excluding derivatives and financial guarantee contracts), as described in note 18.

(ii) Equity includes all capital and reserves of the Group that are managed as capital.

Market risk

The Group's activities expose it primarily to the financial risks of changes in interest rates. The Group has entered into fixed rate funding agreements with a variety of financial institutions to manage its exposure to interest rate risk. The Group is not exposed materially to financial risks of changes in foreign currency exchange rates.

Interest rate risk management

The Parent and the Group are not exposed to interest rate risk as entities within the Group borrow funds at fixed interest rates. The necessity to undertake hedging activities is evaluated regularly to align with interest rate views and defined risk appetite; currently the management of the Company takes the view that hedging activity is unnecessary.

Given that the majority of the Group's borrowings are in the form of hire purchase agreements, meaning the interest rates are fixed there is no material risk to variable interest rates.

The Group cash balance at 30 June 2011 was $12.5 million. These funds attract interest up to 3% per annum. A 1% increase or decrease in the interest rate will not result in a material variation in earnings.

7. FINANCIAL INSTRUMENTS (CONTINUED)

Credit risk management

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. On-going credit evaluation is performed on the financial condition of accounts receivable.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Group's maximum exposure to credit risk.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with management and the Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements.

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in Note 18 is a listing of undrawn facilities that the Group has at its disposal to further reduce liquidity risk.

Interest rate risk

The following table sets out the carrying amount, by maturity, of the financial instruments that are exposed to interest rate risk.

2011	Floating interest rate	1 year or less	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets and liabilities:							
Cash and cash equivalents	12,548	-	-	-	-	-	12,548
Bank loans	-	(1,262)	-	-	-	-	(1,262)
Hire purchase liabilities	-	(11,389)	(6,124)	(915)	-	-	(18,428)
Net financial liabilities/(assets)	**12,548**	**(12,651)**	**(6,124)**	**(915)**	**-**	**-**	**(7,142)**
Weighted average interest rate	2.50%	7.82%	7.82%	7.82%	-	-	7.82%

2010	Floating interest rate	1 year or less	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets and liabilities:							
Cash and cash equivalents	8,818	-	-	-	-	-	8,818
Bank loans	-	(1,024)	-	-	-	-	(1,024)
Hire purchase liabilities	-	(16,689)	(15,212)	(8,360)	(827)	-	(41,088)
Net financial liabilities/(assets)	**8,818**	**(17,713)**	**(15,212)**	**(8,360)**	**(827)**	**-**	**(33,294)**
Weighted average interest rate	3.00%	7.92%	7.92%	7.92%	7.92%	7.92%	7.92%

The Group does not hold any financial instruments at fair value.

7. FINANCIAL INSTRUMENTS (CONTINUED)

Foreign currency risk

The Group is exposed to the currency fluctuations through its subsidiary operations carried on in USA and Canada.

At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity.

The following table details the Group's sensitivity to a 10% increase (stronger Australian dollar) and a 10% decrease in the Australian dollar against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower. A positive number below indicates an increase in profit or equity where the Australian dollar weakening 10% against the relevant currency. For a 10% strengthening of the Australian dollar against the local relevant currency, there would be a comparable negative impact on the profit or equity, and the balances below would be negative.

North American Entities	2011	Foreign Exchange Rate Risk			
		- 10%		+ 10%	
North American entities	**Carrying Amount $'000**	**Profit $'000**	**Equity $'000**	**Profit $'000**	**Equity $'000**
FINANCIAL ASSETS					
Cash & cash equivalents	609	61	61	(61)	(61)
Accounts receivable	2,056	206	206	(206)	(206)
FINANCIAL LIABILITIES					
Accounts payable	(1,594)	(159)	(159)	159	159
Borrowings	(10,487)	(1,049)	(1049)	1049	1049
Total increase / (decrease)	(9,416)	**(941)**	**(941)**	**941**	**941**

North American entities	2010	Foreign Exchange Rate Risk			
		- 10%		+ 10%	
North American entities	**Carrying Amount $'000**	**Profit $'000**	**Equity $'000**	**Profit $'000**	**Equity $'000**
FINANCIAL ASSETS					
Cash & cash equivalents	625	63	63	(63)	(63)
Accounts receivable	2,102	210	210	(210)	(210)
FINANCIAL LIABILITIES					
Accounts payable	-	-	-	-	-
Borrowings	(4,731)	(473)	(473)	473	473
Total Increase / (Decrease)	(2,004)	**(200)**	**(200)**	**200**	**200**

8. CASH AND CASH EQUIVALENTS

	Consolidated	
	2011 $'000	2010 $'000
Cash transferred to solicitor's trust account	1,123	-
Cash in hand	2	1
Bank balance	11,423	8,817
Cash and cash equivalents	**12,548**	**8,818**

Cash in hand is non interest bearing. Bank balances attract interest at a rate of 2.5% (2010 3%). The Group's and the parent entity's exposure to interest rate risk is discussed in note 7. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of cash and cash equivalents mentioned above. As at 30 June 2011, the company had entered into an agreement to purchase the underground diamond drilling assets of Every Day Mining Services. A $1.1m deposit was made to the solicitor's trust account on 27 June 2011. The transaction was settled on 04 July 2011.

9. TRADE AND OTHER RECEIVABLES

Trade debtors are non-interest bearing and generally on 30 - 60 day terms. A provision for impairment loss is recognised when there is objective evidence that an individual trade debtor is impaired.

Due to the short term nature of these receivables their carrying value is assumed to approximate their fair value.

Trade and other receivables

	Consolidated	
	2011 $'000	2010 $'000
Trade receivables	15,477	17,197
Allowance for doubtful debts	-	-
Amounts receivable from related party	-	292
	15,477	17,489
Accrued Income	637	409
Rebates and credit offsets	350	65
	16,464	17,963

None of the receivables past due are considered impaired as these amounts had been collected prior to the annual report date.

The aging of trade receivables at 30 June 2011 is detailed below

	Consolidated	
	2011 $'000	2010 $'000
Not past due	10,052	12,585
Past due 0 - 30 days	5,123	4,123
Past due 31 - 60 days	62	667
Past due 61 - 90 days	6	114
Past due 91 - 120 days	234	-
	15,477	17,489

None of the receivables past due are considered impaired as these amounts had been collected prior to the date of signing the annual report.

9. TRADE AND OTHER RECEIVABLES (CONTINUED)

The movement in allowance for doubtful debts in respect of trade receivables is detailed below

	Consolidated	
	2011 $'000	2010 $'000
Opening balance	-	(96)
Amounts recovered during the year	-	18
Amounts written off during the year as uncollectible	-	78
Closing balance	-	-

10. FINANCE LEASE RECEIVABLE

	2011 $'000	2010 $'000
Current finance lease receivable	568	-
Non-current finance lease receivable	880	-
	1,448	-

Leasing arrangements

A Group company SMS Engineering Pty Ltd leased workshop machinery to Newland Engineering Pty Ltd for the amount of $1.75m plus interest thereon at 8% effective 1 November 2010. The term of the lease is 36 months.

10.2 Amounts receivable under the finance lease

	Minimum lease payments		Present value of minimum lease payments	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Not later than one year	583	-	568	-
Later than one year and not later than 3 years	1,004	-	880	-
	1,587	-	1,448	-
Less unearned finance income	(139)	-	-	-
Present value of minimum lease payments collectable	**1,448**		**1,448**	**-**

11. INVENTORY

	Consolidated	
	2011 $'000	2010 $'000
Consumables and stores	17,530	20,081
Provision for obsolescence	(919)	(3,681)
Inventory	**16,611**	**16,400**

12. OTHER CURRENT ASSETS

	Consolidated	
	2011 $'000	2010 $'000
Prepayments	1,349	1,299
Others current assets	83	383
	1,432	1,682

13. DISCONTINUED OPERATIONS

In February 2011, the Group completed the sale of the Surface Diamond Drilling division to Sanderson Drilling and Connors Drilling for $17m in February 2011. The proceeds equated to the net written down value of the assets sold and therefore realised no profit or loss on sale. The sale comprised four KWL 1600 multi-purpose rigs, five LF90D surface diamond rigs, associated compressor trucks, support trucks, light vehicles, miscellaneous small plant and selected inventory. The proceeds were used in part to pay down debt with the remainder boosting cash reserves and providing working capital in both the Australian and North American operations.

One of our last surface diamond drilling rigs is under contract for sale and will settle within the next 5 months.

In December 2010, the Group disposed of plant and equipment relating to the company's machine shop for $1.75m and the consideration will be paid over the next 3 years.

a. Profit for the year from Discontinued Operations	Discontinued Operations	
	2011 $'000	2010 $'000
Revenue	8,259	13,573
Other income	85	-
Expenses	8,903	12,105
Loss/(profit) before tax	(559)	1,468
Attributable income tax benefit/(expense)	153	(52)
Gain/(loss) on re-measurement to fair value (impairment) less cost of sell	-	(4,623)
Loss for the year from discontinued operations (attributable to owners of the company)	**(406)**	**(3,207)**

b. Cash flows from discontinued operations

	2011 $'000	2010 $'000
Cash flows from discontinued operations		
Net cash inflows/(outflows) from operating activities	1,216	3,789
Net cash inflows/(outflows) from investing activities	16,085	180
Net cash inflows/(outflows) from financing activities	(8,405)	(3,562)
Net cash inflows/(outflows)	**8,896**	**407**

c. Assets classified as held for sale

	2011 $'000	2010 $'000
Book value of tangible assets	**160**	**16,861**
Depreciation expense for the year	-	(1,599)
Provision of impairment loss	-	(4,266)
Net tangible assets held for sale	**160**	**10,996**
Goodwill	-	358
Provision of impairment loss	-	(358)
Net Intangible assets held for sale	-	-
Total Assets held for Sale	**160**	**10,996**
Current liabilities	237	2,846
Non-current liabilities	-	3,772
Liabilities associated with assets held for sale	**237**	**6,618**

14. PROPERTY, PLANT AND EQUIPMENT

	Consolidated 2011 $'000	Consolidated 2010 $'000
Office furniture & equipment	1,870	3,604
Less: accumulated depreciation	715	1,911
	1,155	**1,693**
Drilling plant & equipment	67,295	109,959
Less: accumulated depreciation	5,173	26,248
Less: provision of Impairment	-	363
Less: assets held for sale	160	14,796
	61,962	**68,552**
Leasehold improvements	2,270	2,739
Less: accumulated depreciation	240	512
	2,030	**2,227**
Other plant & equipment	7,501	14,771
Less: accumulated depreciation	1,614	5,682
Less: assets held for sale	-	2,065
	5,887	**7,024**
Motor vehicles	11,429	25,257
Less: accumulated depreciation	759	7,566
Less: provision of Impairment	-	109
	10,670	**17,582**
Total property plant and equipment	**81,704**	**97,078**

2011 $'000	Office Furniture & Equipment	Drilling Plant & Equipment	Leasehold Improvements	Other Plant & Equipment	Motor Vehicles	Total
Balance at 1 July 2010	**1,693**	**68,552**	**2,227**	**7,024**	**17,582**	**97,078**
Additions	177	4,588	84	2,512	2,292	9,654
Disposals	-	(2,214)	-	(443)	(6,406)	(9,063)
Depreciation	(715)	(8,964)	(281)	(3,206)	(2,798)	(15,965)
Provision of Impairment	-	-	-	-	-	-
Reclassified as held for sale	-	-	-	-	-	-
WDV as at 30 June 2011	**1,155**	**61,962**	**2,030**	**5,887**	**10,670**	**81,704**

2010 $'000	Office Furniture & Equipment	Drilling Plant & Equipment	Leasehold Improvements	Other Plant & Equipment	Motor Vehicles	Total
Balance at 1 July 2009	**2,292**	**81,476**	**2,099**	**8,585**	**19,773**	**114,225**
Additions	262	14,008	348	3,561	924	19,103
Disposals	-	(1,626)	-	-	(450)	(2,076)
Depreciation	(861)	(10,147)	(220)	(3,057)	(2,556)	(16,841)
Provision of Impairment	-	(363)	-	-	(109)	(472)
Reclassified as held for sale	-	(14,796)	-	(2,065)	-	(16,861)
WDV as at 30 June 2010	**1,693**	**68,552**	**2,227**	**7,024**	**17,582**	**97,078**

15. INTANGIBLE ASSETS AND GOODWILL

	Goodwill	Intangible assets- development tooling & CAD database costs	Intangible assets - others	Total
Balance at 30 June 2009	**567**	**2,226**	**170**	**2,963**
Additions	-	3,068	-	**3,068**
Impairment	(358)	(4,708)	(170)	**(5,236)**
Balance at 30 June 2010	**209**	**586**	-	**795**
Balance at 30 June 2010	209	586	-	**795**
Additions	-	801	-	**801**
Balance at 30 June 2011	**209**	**1,387**	-	**1,596**

Reconciliation of intangible assets	At 30 June 2011 $'000	At 30 June 2010 $'000
Goodwill		
Balance at the beginning of the year	209	567
Assets held for sale	-	(358)
Balance at the end of the year	**209**	**209**
Development expenditure capitalised		
Balance at the beginning of the year	286	2,059
Additions: Capitalized development	801	2,936
Impairment	-	(4,709)
Balance at the end of the year	**1,087**	**286**
Tooling and CAD database capitalised		
Balance at the beginning of the year	300	168
Additions	-	132
Balance at the end of the year	**300**	**300**
TOTALS		
Balance at the beginning of the year	795	2,795
Assets held for sale		(358)
Additions	801	3,067
Impairment amortisation	-	(4,709)
Balance at the end of the year	**1,596**	**795**

Goodwill and non-current assets have been allocated for impairment purposes to the following cash-generating units:

- Engineering operations
- Drilling operations – Asia Pacific
- Drilling operations – North America

The recoverable amount of each cash-generating unit is determined based on a value in use calculation which uses five year cash flow projections based on current year financial budgets approved by the directors, covering a five-year period and a discount rate of 13% per annum (2010: 13% per annum). Cash flow projections during the budget period are based on the same expected gross margins and raw materials price inflation throughout the budget period. The cash flows beyond that five-year period have been extrapolated using a steady 5% per annum growth rate which is the projected long-term average growth rate for the international contract drilling market. The directors believe that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

16. OTHER NON-CURRENT ASSETS

	Consolidated	
	2011 $'000	2010 $'000
Other non-current assets	2	2
Total other non-current assets	2	2

17. TRADE AND OTHER PAYABLES

Trade creditors	6,566	10,393
Other creditors	4,601	4,809
Current tax liabilities	882	367
	12,049	**15,569**

(a) Fair value - Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value.

(b) The Payables disclosed are unsecured.

18. INTEREST BEARING LIABILITIES

	2011 $'000	2010 $'000
Current liabilities		
Bank loans	1,262	1,023
Hire purchase (HP) liabilities	11,389	16,303
HP liabilities associated with assets classified as held for sale	(237)	(2,846)
	12,414	14,480
Non-current liabilities		
Hire purchase liabilities	7,039	24,784
HP liabilities associated with assets classified as held for sale	-	(3,772)
	7,039	21,012

Terms and conditions relating to the above financial instruments:

(i) Hire purchase liabilities generally have a term of 5 years with the financier having an interest in the asset until the final payment is made. The average interest rate is 7.82%. Financiers secure their interest by registering a charge over the financed assets.

(ii) Interest rate risk exposure: Details of the Group exposure to interest rate changes on interest bearing liabilities are set out in note 7.

(iii) Fair value disclosures: Details of the fair value of interest bearing liabilities for the Group are set out in note 7.

(iv) Security: Details of the security relating to each of the secured liabilities and further information on the bank overdrafts and bank loans are set out in note 7.

Assets pledged as security

The bank loans and overdraft are secured by fixed and floating charges over the group's Australian based assets.

Hire purchase liabilities are secured by the asset for which the agreement relates.

18. INTEREST BEARING LIABILITIES (CONTINUED)

Financing arrangements

Unrestricted access was available at the balance date to the following lines of credit:

	2011 $'000	2010 $'000
Bank overdraft facility		
Total facilities	-	1,050
Used at balance date	-	-
Unused at balance date	-	1,050
Bank loan facilities		
Total facilities	20,560	32,118
Used at balance date	19,690	32,070
Unused at balance date	873	48

19. PROVISIONS

	2011 $'000	2010 $'000
Employee benefits	2,722	2,011
Total current	**2,722**	**2,011**
Employee benefits	206	137
Total non-current	**206**	**137**

20. CONTRIBUTED EQUITY

	2011 $'000	2010 $'000
a) Share capital		
Ordinary shares, fully paid (i)	82,580	82,190

(i) Ordinary shares

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

20. CONTRIBUTED EQUITY (CONTINUED)

b) Movement in Ordinary Shares on Issue

Consolidated Entity

2011 Details	Number of shares	Issue price	$ Value $'000
30 June 2010 balance	184,802,974		82,190
Placement	-	-	-
Other			390
30 June 2011 balance	**184,802,974**		**82,580**

2010 Details	Number of shares	Issue price	$ Value $'000
30 June 2009 balance	123,509,795		58,683
31 July 2009 placement	17,543,179	0.36	6,316
11 March 2010 placement tranche 1	28,946,245	0.40	11,578
14 April 2010 placement tranche 2	14,803,755	0.40	5,922
Transaction costs net off tax effect			(309)
30 June 2010 Balance	**184,802,974**		**82,190**

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the company does not have a limited amount of authorised capital and issued shares do not have a par value.

21. RESERVES

The Share based payments reserve relates to share options granted to employees under the employee share option plan.

	Consolidated	
	2011 $'000	**2010 $'000**
Foreign exchange reserve	(445)	37
Share based payments	545	532
	100	**569**

The Share based payments reserve relates to share options granted to employees under the employee share option plan.

a. Fair value of Employee Share Options	**2011**	**2010**
Dividend yield (%)		
Expected volatility (%)	-	30%
Risk-free interest rate (%)	-	7.50%
Expected life of option (years)	-	1.4-2.2 years
Option exercise price ($)	-	$1.25 - $1.5
Share Price at grant date ($)	-	$1.12 - $1.30
Fair Value of share options	-	$0.206 - $0.301

NOTES TO THE FINANCIAL STATEMENTS

21. RESERVES (CONTINUED)

b. Movements in share options during the period

	2011		2010	
	Number of Options	**Weighted average exercise price**	**Number of Options**	**Weighted average exercise price**
Balance at 1 July 2010	200,000	1.50	2,440,000	1.27
Granted during the year	-	-	-	-
Expired during the year	-	-	(2,240,000)	1.25
Exercisable at 30 June 2011	**200,000**	**1.50**	**200,000**	**1.50**

22. RETAINED EARNINGS

	Consolidated	
	2011 $'000	**2010 $'000**
Balance at the beginning of the year	10,385	20,444
Net profit/(loss) attributable to members	3,852	(10,059)
	14,237	**10,385**

23. EARNINGS PER SHARE

	Consolidated	
	2011 $'000	**2010 $'000**
a) Basic earnings per share (cents)		
From continuing operations	1.60	(3.36)
From discontinued operation	(0.17)	(1.58)
Total basic earnings per share	**1.43**	**(4.94)**
Reconciliation of earnings used to calculate earnings per share		
Profit after income tax expense and other comprehensive income from continuing operations	3,776	(6,834)
Profits for the year from discontinued operations	(406)	(3,207)
Weighted average number of shares	**236,724,970**	**203,410,816**
b) Diluted earnings per share (cents)		
From continuing operations	1.60	(3.36)
From discontinued operation	(0.17)	(1.58)
Total diluted earnings per share	**1.43**	**(4.94)**
Reconciliation of earnings used to calculate diluted earnings per share		
Profit after income tax expense and other comprehensive income from continuing operations	3,776	(6,834)
Profits for the year from discontinued operations	(406)	(3,207)
Weighted average number of shares used to calculate diluted earnings per share	**236,724,970**	**203,410,816**

24. RELATED PARTY TRANSACTIONS

(a) Sale to related party	2011 $'000	2010 $'000
Cougar Metals NL	-	25
Cougar Brasilia Pty Ltd	-	266
	-	**291**

The outstanding amounts from FY2010 have been fully paid during the year. There are no related party transactions during this financial year.

(b) Directors and Executive Officers share holdings

2011	Balance at 1 July 2010 No.	Granted as compensation No.	Net Other change No.	Balance at 30 June 2011 No.
Non-Executive Directors				
Andrew Simpson	605,000	-	-	605,000
David Nixon	55,000	-	-	55,000
Joe Ariti	27,500	-	-	27,500
Phillip Lockyer	22,000	-	-	22,000
Executive Officers				
Kent Swick	31,901,302	-	-	31,901,302
Will Gove	500,000	-	-	500,000
Nigel Cocliff	-	-	100,000	100,000
Khusrau Kalim	-	-	-	-
Bryan Wesley	-	-	25,000	25,000
Michael Fry	2,128,235	-	-	2,128,235

2010	Balance at 1 July 2009 No.	Granted as compensation No.	Net Other change No.	Balance at 30 June 2010 No.
Non-Executive Directors				
Andrew Simpson	550,000	-	55,000	605,000
David Nixon	50,000	-	5,000	55,000
Joe Ariti	25,000	-	2,500	27,500
Phillip Lockyer	20,000	-	2,000	22,000
Executive Officers				
Kent Swick	27,864,820	-	4,036,482	31,901,302
Michael Fry	2,000,000	-	128,235	2,128,235
Will Gove	400,000	-	100,000	500,000
Bryan Wesley	-	-	-	-

24. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Directors and key management personnel option holdings

2011	Balance at 1 July 2010 No.	Granted as compensation No.	Expired Options No.	Balance at 30 June 2011 No.
Executive Officers				
Will Gove	200,000	-	-	200,000

2010	Balance at 1 July 2009 No.	Granted as compensation No.	Expired Options No.	Balance at 30 June 2010 No.
Non-Executive Directors				
Andrew Simpson	-	-	-	-
David Nixon	-	-	-	-
Joe Ariti	-	-	-	-
Phillip Lockyer	-	-	-	-
Executive Officers				
Kent Swick	-	-	-	-
Michael Fry	-	-	-	-
Will Gove	200,000	-	-	200,000
Bryan Wesley	-	-	-	-

(d) Executive Officers compensation	$ 2011	$ 2010
Short term employee benefits	1,865,094	2,398,755
Post employment benefits	142,527	184,564
Other long term benefits	-	-
Termination benefits	16,043	-
Share based payments	13,391	13,391
Total	**2,037,055**	**2,596,711**

25. STATEMENT OF CASH FLOWS

	Consolidated	
	2011 $'000	2010 $'000
Cash and cash equivalents		
Cash in hand and at bank	12,548	8,818

a) Reconciliation of cash

For the purposes of the statements of cash flows, cash includes cash on hand, cash at bank and short term deposits at call. Cash as at the end of the financial period as shown in the statements of cash flows is reconciled to the related items in the statement of financial position as follows:

	2011	2010
Cash transferred to solicitor's trust account	1,123	-
Cash	11,425	8,818
	12,548	8,818

25. STATEMENT OF CASH FLOWS (CONTINUED)

b) Reconciliation of profit/(loss) from operating activities after income tax to net cash provided by operating activities

Profit/(loss) after income tax	3,852	(10,060)
Adjustment		
Depreciation and amortisation	17,152	18,438
Impairment	-	9,974
Amortisation of employee options & rights	13	45
(Gain)/loss on disposal of plant and equipment	(353)	399
Interest income classified as investing cash flow	(276)	(104)
Other	391	-
Net gain/(loss) on foreign exchange reserve	(482)	19
	20,297	**18,711**
Changes in assets and liabilities		
(Increase)/decrease in current receivables	3,436	(5,621)
(Increase)/decrease in inventories	(212)	1,919
(Increase)/decrease in other current assets	(2,575)	796
(Increase)/decrease in net deferred tax assets	(761)	(4,850)
Increase/(decrease) in payables	(1,400)	1,886
Increase/(decrease) in provisions & payroll liabilities	(612)	612
Increase/(decrease) in provisions from income tax payable	516	(619)
Net cash inflow from operating activities	**18,689**	**12,834**

26. PARENT ENTITY DISCLOSURE

Financial Position	**Parent**	
	2011 $'000	**2010 $'000**
Current assets	20	69
Non-current assets	73,653	72,653
Total assets	**73,673**	**72,722**
Current liabilities	1	3
Non-current liabilities	-	-
Total Liabilities	**1**	**3**
Net Assets	**73,672**	**72,719**
Equity		
Contributed equity	96,095	95,704
Reserves	545	532
Retained earnings/(accumulated losses)	(22,968)	(23,517)
Total equity	**73,672**	**72,719**
Financial Performance		
Profit after income tax expense	549	(6,622)
Other comprehensive income	-	-
Total comprehensive income	**549**	**(6,622)**

There are no commitments or contingent liabilities in the Parent Entity at 30 June 2011.

27. INVESTMENT IN CONTROLLED ENTITIES

Details of the company's subsidiaries at 30 June 2011 are as follows:

		% Equity Interest	
Subsidiary Entity	**Country of Incorporation**	**2011**	**2010**
SMS Operations Pty Ltd (ii)	Australia	100%	100%
SMS Asset Holdings Pty Ltd(ii)	Australia	100%	100%
SMS Engineering Pty Ltd(ii)	Australia	100%	100%
SMS Canada Inc	Canada	100%	100%
Swick Mining Services (USA) Inc	USA	100%	100%

(i) Swick Mining Services Limited is the head entity within the tax consolidated group

(ii) These are members of the tax consolidated group

28. COMMITMENTS AND CONTINGENCIES

	Consolidated	
	2011 $'000	**2010 $'000**
a) Lease expenditure		
Finance Leases		
Less than 1 year	13,416	19,373
1 to 2 years	6,417	16,579
2 to 3 years	937	8,717
3 to 4 years	-	847
Minimum lease payments	20,770	45,516
Less: future finance charges	(1,317)	(4,429)
Total financial liability	**19,453**	**41,087**
Comprising:		
Current liability	12,414	16,303
Non-current liability	7,039	24,784
Total financial liability	**19,453**	**41,087**

Operating Leases relate to leases of office premises with terms of between 1 to 10 years. All operating lease contracts contain clauses for yearly rental review in line with the CPI index. The Group does not have an option to purchase the leased premises at the expiry of the lease periods

Payments recognised as an expense	311	291
Lease commitment		
No later than 1 year	254	261
Later than 1 year and not later than 5 years	1,015	984
Later than 5 years	762	1,231
	2,031	2,476

There are no contingent liabilities or contingent assets as at 30 June 2011.

29. REMUNERATION OF AUDITORS

	Consolidated	
	2011	2010
Amounts received or payable to auditors for:		
PKF audit and review of the financial report	-	72,133
Other services PKF	-	63,703
Deloitte audit and review of the financial report	62,554	49,314
Other services Deloitte	4,198	-
	66,752	**185,150**

30. EVENTS AFTER THE REPORTING PERIOD

On 4 July 2011, the group concluded a purchase agreement with Every Day Mining Services (ASX: EDS) for the purchase of assets relating to EDS's underground diamond drilling business. The acquisition included seven drill rigs, vehicles and consumables at market value. The purchase price of $1.1m was placed in a solicitor's trust account on 27 June 2011 to secure the sale and was released to the seller once all conditions precedent were met.

Experienced EDMS employees, being local Cobar based crews, were offered employment with Swick.

The acquisition will enhance Swick's ability to service its existing customer base more effectively and add to the company's revenue base. Five of the rigs purchased will be relocated to Swick's North American operation.

On 6 July 2011 Michael Fry left the employ of the company. Under the terms of his contract he recieved a termination payment of $192,406.

DIRECTORS' DECLARATION

The directors of Swick Mining Services Limited (the Company) declare that:

(a) in the directors' opinion the financial statements and notes on pages 33 to 71, and the remuneration disclosures that are contained in the Remuneration Report in the Directors' Report, set out on pages 15 to 29, are in accordance with the Corporations Act 2001, including:

  (i) giving a true and fair view of the company's and the consolidated entity's financial position as at 30 June 2011 and of their performance, for the financial year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 3;

(c) the remuneration disclosures that are contained in the Remuneration Report in the Directors' Report comply with Australian Accounting Standard AASB 124 Related Party Disclosures, the Corporations Act 2001 and the Corporations Regulations 2001; and

(d) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations by the Managing Director and Chief Financial Officer for the financial year ended 30 June 2011, required by Section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of the directors

KENT SWICK
MANAGING DIRECTOR

For and on behalf of the Board of Directors of Swick Mining Services Ltd.
Perth, Western Australia, 28 September 2010

Deloitte.

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Independent Auditor's Report to the Members of Swick Mining Services Limited

We have audited the accompanying financial report of Swick Mining Services Limited, which comprises the statement of financial position as at 30 June 2011,the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 34 to 72.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. The directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the consolidated financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the entity's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu Limited

INDEPENDENT AUDITOR'S REPORT

Deloitte.

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Swick Mining Services Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of Swick Mining Services Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 3.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 25 to 29 of the directors' report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of Swick Mining Services Limited for the year ended 30 June 2011, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Chris Nicoloff

Chris Nicoloff
Partner
Chartered Accountants
Perth, 28 September 2011

ASX ADDITIONAL INFORMATION

The following additional information, current as at 16 September 2011, is required by the ASX Listing Rules and is not disclosed elsewhere in this Annual Report unless otherwise specified.

1. ASX Corporate Governance Council Best Practice Recommendations

The Company strives to adhere to, where practical and relevant, the "Principles of Good Corporate Governance and Best Practice Recommendations" released by the ASX Corporate Governance Council. See *Corporate Governance Statement* for details of the Company's departure from the recommendations.

2. Substantial Holders

Substantial Holders	Shares Held
Kent & Tanya Swick	31,901,302
National Nominees Ltd	27,960,020
HSBC Custody Nominees (Australia) Limited	23,519,273
Cogent Nominees Pty Ltd	20,604,519
J P Morgan Nominees Australia Limited	20,423,696
Rosanne Thelma Swick	20,677,819

3. Distribution Schedule of Equity Security Holders

	Fully Paid Ordinary Shares
1 - 1,000	421
1,001 - 5,000	975
5,001 - 10,000	500
10,001 - 100,000	1,041
100,001 and over	97
Total Number of Holders	3,034
Total Number of Securities	236,724,970

4. Voting Rights

The voting rights attaching to the Company's **fully paid ordinary shares**, as set out in Rule 12.11 of the Company's Constitution, are as follows:

"Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at meetings of Shareholders or classes of Shareholders:

a) each Shareholder entitled to vote may vote in person or by proxy, attorney or Representative;

b) on a show of hands, every person present who is a Shareholder or a proxy, attorney or Representative of a Shareholder has one vote; and

c) on a poll, every person present who is a Shareholder or a proxy, attorney or Representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or Representative, have one vote for the Share, but in respect of partly paid Shares, shall have such number of votes being equivalent to the proportion which the amount paid (not credited) is of the total amounts paid and payable in respect of those Shares (excluding amounts credited)".

5. Holders of an Unmarketable Parcel

There are 561 shareholders holding less than a marketable parcel of fully paid ordinary shares (using a price of $0.35 per fully paid ordinary share).

6. Register of Securities

The Register of Securities is kept at the office of the Company's share registry, Security Transfer Registrars Pty Ltd, being 770 Canning Highway, Applecross, Western Australia (telephone (08) 9315 2333).

7. Stock Exchange Listing

The Company's securities are quoted only on the Australian Securities Exchange.

8. Restricted Securities

There are currently no securities in the Company subject to restriction or escrow.

9. On Market Buy-Back

There is currently no on-market buy-back being undertaken by the Company.

10. Item 7 of Section 611 of the Corporations Act 2001

No issues of securities approved under Item 7 of section 611 of the Corporations Act 2001 are yet to be completed.

ASX ADDITIONAL INFORMATION

11. Top 20 Shareholders

	Holder Name	Securities	% Of Issued
1	NATIONAL NOM LTD	27,960,020	11.81%
2	HSBC CUSTODY NOM AUST LTD	23,154,185	9.78%
3	COGENT NOM PL	20,604,519	8.70%
4	J P MORGAN NOM AUST LTD	20,423,696	8.63%
5	SWICK ROSANNE THELMA	20,224,524	8.54%
6	SWICK KENT JASON	14,500,651	6.13%
7	SWICK TANYA MICHELLE	14,500,651	6.13%
8	ZERO NOM PL	10,860,000	4.59%
9	UBS NOM PL	8,114,374	3.43%
10	JP MORGAN NOM AUST LTD	2,929,004	1.24%
11	CITICORP NOM PL	2,374,042	1.00%
12	RBC DEXIA INVESTOR SVCS A	2,171,418	0.92%
13	INVIA CUST PL	2,072,886	0.88%
14	GWYNVILL TRADING PL	1,748,850	0.74%
15	FRY MICHAEL	1,634,804	0.69%
16	K & T SWICK PL	1,540,000	0.65%
17	PORTMAN TRADING PL	1,081,150	0.46%
18	ICE COLD INV PL	955,000	0.40%
19	SANDHURST TTEES LTD	902,670	0.38%
20	SWICK KENT JASON + T M	830,000	0.35%
	Total	**178,582,444**	**75.45%**

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