



Swick Mining Services Ltd and its Controlled Entities

Appendix 4D

**Half-Year Financial Report
31 December 2011**

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RESULTS FOR ANNOUNCEMENT TO THE MARKET

	Period ended
Current Reporting Period	31-Dec-11
Previous Corresponding Period	31-Dec-10

				\$'000
Revenue from Ordinary Activities relating to Continuing Operations	Up	27%	to	69,279
Revenue from Ordinary Activities relating to Discontinued Operations	Down	100%	to	0
Net Profit /(Loss) After Tax from Ordinary Activities	Up	184%	to	4,373
Net Profit/(Loss) After Tax Attributable to Members	Up	184%	to	4,373

Dividends

A fully franked dividend of 0.5 cents per ordinary share has been declared on 2 February 2012 for the period ended 31 December 2011. The dividend record date is 29 February 2012 and the payment date is 31 March 2012.

	31-Dec 2011	31-Dec 2010
Net tangible asset backing per ordinary share (cents)	42.78	39.71

Net tangible asset backing per share has been calculated by dividing the net tangible assets by the closing number of ordinary shares on issue.

DIRECTORS' REPORT

The Directors of Swick Mining Services Limited (Swick) are pleased to submit their report for the half-year ended 31 December 2011.

DIRECTORS

The names of the Company's Directors in office during the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Name	Period of Directorship
Andrew Simpson (Chairman)(Non-Executive)	Appointed 24 October 2006
Kent Swick (Managing Director)	Appointed 24 October 2006
David Nixon (Non-Executive)	Appointed 1 January 2007
Phil Lockyer (Non-Executive)	Appointed 11 February 2008
Ian McCubbing (Non-Executive)	Appointed 1 August 2010
Joe Ariti (Non-Executive)	Resigned 1 February 2012
Company Secretary	
Ian Hobson	Appointed 19 July 2010

REVIEW AND RESULTS OF OPERATIONS

H1 FY2012 FINANCIAL RESULTS	H1 2012	H1 2011	PCP
Continuing Operations	\$m	\$m	Change
			%
Financial Performance			
Revenue	69.3	54.7	+27%
EBITDA	13.9	11.7	+19%
EBITDA Margin %	20.0%	21.3%	-6%
Depreciation and Amortisation	7.5	7.9	-5%
Net Interest	0.5	1.6	-75%
Impairment	0.0	0.1	-100%
EBT	5.9	2.1	+181%
NPAT	4.4	1.5	+193%
NPAT Margin %	6.3%	2.8%	+125%
Cash Flow			
Net Cash from Operating Activities	11.3	10.4	+9%
Net Cash from Investing Activities	(9.7)	(5.0)	+92%
Free Cash flow	1.6	5.4	-68%
At Balance Date			
Cash	13.3	5.7	+133%
Debt	19.3	33.6	-43%
Net Debt	6.0	27.9	-78%
Net Debt %	5.8%	29.6%	-80%
EPS - cents per share	1.85	0.65	+186%

Commentary on H1 FY12 Performance

Financial Performance and Maiden Dividend

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

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

Capex, Safety and R&D

Capital expenditure in the first half was \$9.9 million, of which \$5.2 million relates to specific growth capital and productivity enhancement projects including the purchase of EDMS's underground diamond drilling business, R&D projects and rig upgrades. Full year capital expenditure is expected to be in the region of \$18m, including the building of an additional six mobile drill rigs for expected demand in the second half of FY12. This rollout program will be scheduled in line with contracted work.

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

New CEO APAC Appointment

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

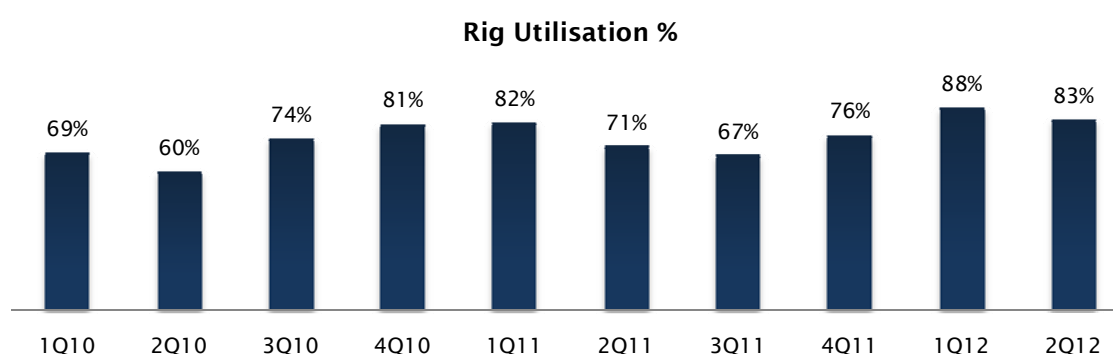
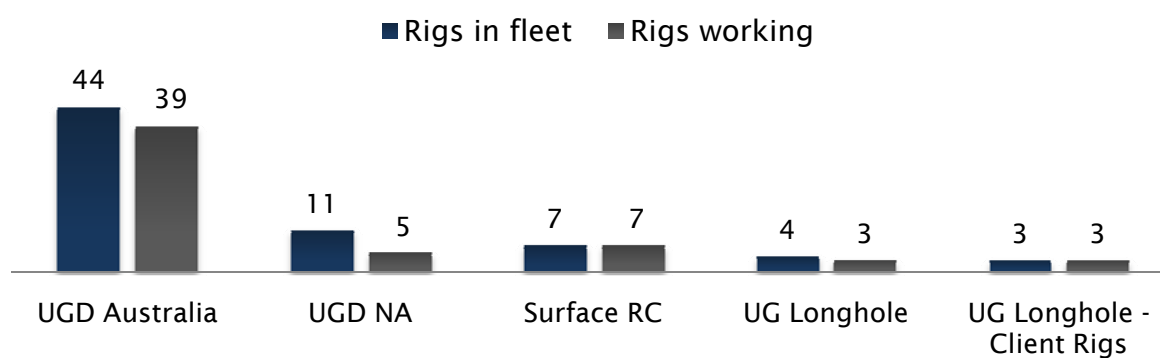
Contract awards

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

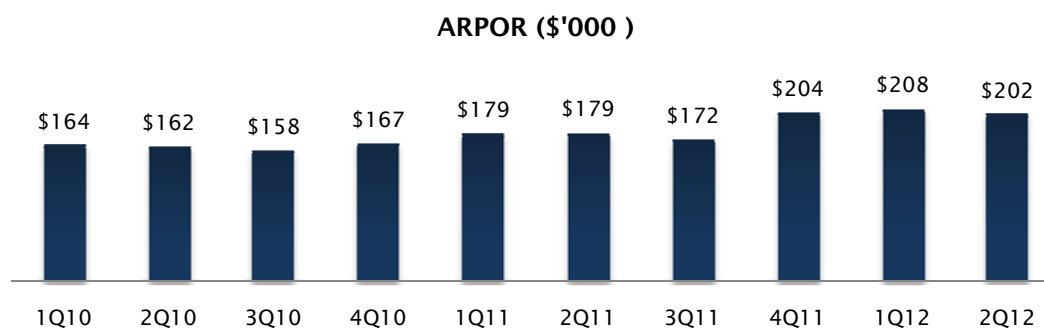
In addition to the two new underground diamond clients, Swick is in late stage negotiations post verbal award of a significant underground longhole drilling contract that has the potential to increase that divisions revenue by up to 50% per annum.

Fleet Utilisation and ARPOR

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



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



AUDITOR'S INDEPENDENCE DECLARATION

We have obtained an independence declaration from our auditors, Deloitte Touche Tohmatsu, which is included on page 8.

Signed in accordance with a resolution of the directors



Kent Swick
Managing Director
Dated: 27 February 2012

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

27 February 2012

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 review of the financial statements of Swick Mining Limited for the half-year ended 31 December 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 review; and
- (ii) any applicable code of professional conduct in relation to the audit or review.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Chris Nicoloff

Partner

Chartered Accountants

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	Notes	Consolidated 31-Dec-2011 \$'000	31-Dec-2010 \$'000
Continuing Operations			
Revenue		69,279	54,725
Finance revenue		219	23
Other income		10	166
Total revenue and other income	4	69,508	54,914
Expenses			
Impairment loss		-	70
Finance costs		739	1,576
Other expenses		62,900	51,190
Total expenses	4	63,639	52,836
Profit before Income tax expense		5,869	2,078
Income tax expense		1,496	588
Profit after Income tax from continuing operations		4,373	1,490
Discontinued Operations			
Profit for the period from discontinued operations	5	-	50
Profit for the period		4,373	1,540
Other comprehensive income			
Exchange differences on translating foreign operations		7	(265)
Total comprehensive income for the period		4,380	1,275
Earnings per share (cents per share)			
<i>From continuing and discontinued operations</i>			
- basic; for profit for the year	10	1.85	0.65
- diluted; for profit for the year	10	1.85	0.65
<i>From continuing operations</i>			
- basic; for profit for the year	10	1.85	0.63
- diluted; for profit for the year	10	1.85	0.63

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2011

		Consolidated	
	Note	31-Dec-11	30-Jun-11
		\$'000	\$'000
CURRENT ASSETS			
Cash and cash equivalents	6	13,338	12,548
Trade and other receivables		18,680	16,464
Financial lease receivable		567	568
Inventories		17,640	16,611
Other current assets		1,478	1,432
Assets classified as held for sale	5	-	160
TOTAL CURRENT ASSETS		51,703	47,783
NON-CURRENT ASSETS			
Property, plant and equipment		81,628	81,704
Intangible assets and goodwill		3,123	1,596
Financial lease receivable		639	880
Other non-current assets		2	2
TOTAL NON-CURRENT ASSETS		85,392	84,182
TOTAL ASSETS		137,095	131,965
CURRENT LIABILITIES			
Trade and other payables		11,296	12,049
Interest bearing loans and borrowings	7	5,317	12,414
Provisions		3,353	2,722
Liabilities associated with assets classified as held for sale	5	-	237
TOTAL CURRENT LIABILITIES		19,966	27,422
NON – CURRENT LIABILITIES			
Deferred tax liabilities		1,499	381
Provisions		236	206
Interest bearing loans and borrowings	7	13,992	7,039
TOTAL NON - CURRENT LIABILITIES		15,727	35,048
TOTAL LIABILITIES		35,693	96,917
NET ASSETS		101,402	96,917
EQUITY			
Contributed equity	9	82,580	82,580
Reserves		212	100
Retained earnings		18,610	14,237
TOTAL EQUITY		101,402	96,917

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 31 DECEMBER 2011

	Consolidated	
	31-Dec-2011	31-Dec-2010
Note	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	67,473	64,557
Payments to suppliers and employees	(54,541)	(52,575)
Interest paid	(739)	(1,607)
Income tax paid	(935)	-
Net cash inflow from operating activities	11,258	10,375
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	219	47
Proceeds from sale of property, plant & equipment	-	953
Payments for plant and equipment	(8,447)	(5,849)
Payment for intangible assets	(1,512)	(161)
Net cash used in investing activities	(9,740)	(5,010)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issued capital	-	-
Insurance loan repayment	(1,272)	(896)
Repayment of finance lease obligations	(5,856)	(8,676)
Proceeds from loans	6,500	1,052
Net cash used in financing activities	(728)	(8,520)
Net increase (decrease) in cash held	790	(3,155)
Cash and cash equivalents at the beginning of the period	12,548	8,818
Cash and cash equivalent at the end of the period	13,338	5,662

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 DECEMBER 2011

CONSOLIDATED	Ordinary shares \$'000	Share Based Payments Reserve \$'000	Foreign Currency reserve \$'000	Retained earnings \$'000	Total Equity \$'000
At 1 July 2011	82,580	545	(445)	14,237	96,917
Profit for the period	-	-	-	4,373	4,373
Other comprehensive income	-	-	7	-	7
Total comprehensive income for the period	-	-	7	4,373	4,380
Issue of share capital	-	-	-	-	-
Share based payments	-	105	-	-	105
Transaction costs on share issue	-	-	-	-	-
At 31 December 2011	82,580	650	(438)	18,610	101,402
At 1 July 2010	82,189	532	37	10,385	93,143
Profit for the period	-	-	-	1,540	1,540
Other comprehensive income	-	-	(265)	-	(265)
Total comprehensive income for the period	-	-	(265)	1,540	1,275
Issue of share capital	-	-	-	-	-
Share based payments	-	7	-	-	7
Transaction costs on share issue	-	-	-	-	-
At 31 December 2010	82,189	539	(228)	11,925	94,425

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

1. CORPORATE INFORMATION

The financial report of Swick Mining Services Ltd (the Company) for the half-year ended 31 December 2011 was authorised for issue in accordance with a resolution of the directors on 24 February 2012.

Swick Mining Services Ltd is a company incorporated in Australia and limited by shares which are publicly traded on the Australian Securities Exchange.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The half-year financial report does not include all of the notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half-year financial report should be read in conjunction with the annual Financial Report of Swick Mining Services Ltd as at 30 June 2011.

It is also recommended that the half-year financial report be considered together with any public announcements made by Swick Mining Services Ltd and its controlled entities ('the Group') during the half-year ended 31 December 2011 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.

(a) Basis of preparation

The half-year consolidated financial report is a general purpose financial report, which has been prepared in accordance with the requirement of the *Corporations Act 2001*, applicable Accounting Standards, including AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements. The half-year financial report has been prepared on a historical cost basis, except where stated.

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.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

(b) Changes in accounting policies

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2011 annual financial report for the financial year ended 30 June 2011. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The consolidated entity has also reviewed all other new standards and interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2011. It has been determined by the consolidated entity that there is no impact, material or otherwise, of the new or revised standards and interpretations on its business and, therefore, no change to the accounting policy.

(c) Basis of consolidation

The half-year consolidated financial statements comprise the financial statements of Swick Mining Services Ltd and its controlled subsidiaries.

3. SEGMENT INFORMATION

Geographical Segments

AASB 8 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 segment and to assess its performance.

Information reported to the Board for the purposes of resource allocation and assessment of performance is more specifically focused on Drilling Services in Asia Pacific and Drilling Services in North America. The results from continuing operation are reflected in the table that follows.

Segment Revenue, Expense and Results for Continuing Operations

	Drilling Services – Asia Pacific		Drilling Services – North America		Total	
	Half-year ended 31 Dec 2011	Half-year ended 31 Dec 2010	Half-year ended 31 Dec 2011	Half-year ended 31 Dec 2010	Half-year ended 31 Dec 2011	Half-year ended 31 Dec 2010
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	63,072	49,619	6,207	5,106	69,279	54,725
Other income	229	189	-	-	229	189
Total revenue	63,301	49,808	6,207	5,106	69,508	54,914
Cost of sales	49,651	39,515	4,280	2,772	53,931	42,287
Depreciation	7,201	7,779	279	167	7,480	7,946
Overhead	729	431	760	526	1,489	957
Interest expenses	717	1,344	22	232	739	1,576
Impairment loss	-	70	-	-	-	70
Total expense	58,298	49,139	5,341	3,697	63,639	52,836
Segment profit before tax	5,003	669	866	1,409	5,869	2,078

The segment information does not include any amount for the discontinued operations, which are described in more detail in note 5.

Segment Assets and Liability for Continuing Operations

	Drilling Services – Asia Pacific		Drilling Services – North America		Total	
	Half-year ended 31 Dec 2011	Year ended 30 June 2011	Half-year ended 31 Dec 2011	Year ended 30 June 2011	Half-year ended 31 Dec 2011	Year ended 30 June 2011
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total segment assets	258,297	255,338	12,401	12,004	270,698	267,342
Assets relating to discontinued operations	-	160	-	-	-	160
Segment liabilities	(166,987)	(167,563)	(10,756)	(11,225)	(177,743)	(178,788)
Liabilities associated with assets held for sale	-	(237)	-	-	-	(237)
Eliminations	-	-	-	-	8,447	8,440
Total net assets	91,310	87,698	1,645	779	101,402	96,917

Other segment information

Depreciation and amortisation	7,201	15,556	279	409	7,480	15,965
Non-current assets	77,470	76,091	7,922	8,091	85,392	84,182

4. REVENUE, INCOME AND EXPENSES FOR CONTINUING OPERATIONS

	31-Dec-11 \$'000	31-Dec-10 \$'000
<i>Revenue</i>		
Rendering of services	69,279	54,725
Total revenue	69,279	54,725
<i>Finance revenue</i>		
Interest revenue	219	23
Total finance revenue	219	23
<i>Other income</i>		
Net gain on disposal of property, plant and equipment	10	166
Total other income	10	166
Total revenue and other income	69,508	54,914
<i>Impairment loss</i>		
Impairment of PPE	-	70
Impairment loss	-	70
<i>Finance costs</i>		
Finance charges payable under finance leases and hire purchase contracts	739	1,576
Total finance costs	739	1,576
<i>Other expenses</i>		
Raw materials and consumables used	8,997	6,283
Employee benefits expenses	35,307	29,020
Depreciation and amortisation expenses	7,480	7,946
Accommodation and travel expenses	3,506	1,553
Repairs, parts and maintenance	3,283	3,841
Equipment hire and freight	1,691	558
Insurance	1,146	1,032
Marketing and advertising	340	100
Utilities and communication	427	169
Rent and outgoings	390	291
Administration costs	332	397
Total other expenses	62,900	51,190
Total expenses	63,639	52,836

5. DISCONTINUED OPERATIONS

In the period to 31 December 2011 there were no activities relating to discontinued operations.

a. Profit for the year from discontinued operations

	Discontinued Operations	
	6 months ended 31 Dec 2011 \$'000	6 months ended 31 Dec 2010 \$'000
Revenue	-	7,052
Other income	-	35
Expenses	-	7,099
Profit/(loss) before tax	-	(12)
Attributable income tax	-	62
Profit for the period from discontinued operations (attributable to owners of the company)	-	50

b. Assets classified as held for sale

	31-Dec-11 \$'000	30-Jun-11 \$'000
Book value of tangible assets	-	160
Provision for impairment loss	-	-
Net assets held for sale	-	160
Goodwill	-	-
Provision for impairment loss	-	-
Net intangible assets held for sale	-	-
Current liabilities	-	237
Non-current liabilities	-	-
Liabilities associated with assets held for sale	-	237

6. CASH AND CASH EQUIVALENTS

For the purposes of the half-year condensed cash flow statement, cash and cash equivalents are comprised of the following:

	Consolidated	
	31-Dec-11 \$'000	30-Jun-11 \$'000
Cash transferred to solicitor's trust account	-	1,123
Cash in hand	2	2
Bank balance	13,336	11,423
Cash and cash equivalents	13,338	12,548

7. INTEREST BEARING LOANS AND BORROWINGS

During the half year, the Group made \$7,870,357 in principal and interest repayments on both long and short term debt. After new debt drawings this resulted in a net decrease in the Group's debt by \$143,295 for the half-year.

	Consolidated	
	31-Dec-11 \$'000	30-Jun-11 \$'000
Current liabilities		
Bank loans	53	1,262
Hire purchase liabilities	5,264	11,389
HP liabilities associated with assets classified as held for sale	-	(237)
	5,317	12,414
Non-current liabilities		
Bank loans	6,500	-
Hire purchase liabilities	7,492	7,039
HP liabilities associated with assets classified as held for sale	-	-
	13,992	7,039

8. COMMITMENTS AND CONTINGENCIES

Capital commitments

At 31 December 2011 the Group has commitments of \$1,283,652 in relation to capital works in progress (31 December 2010: \$372,148).

Contingent liabilities

Since the last annual reporting date, there has been a claim against SMS Operations Pty Ltd, a wholly owned subsidiary of Swick Mining Services Limited, whereby a company is claiming indemnification for costs incurred pursuant to a Drilling Services Contract to the value of \$100,000 (30 June 2011: nil)

9. CONTRIBUTED EQUITY

	31-Dec-11 \$'000	30-Jun-11 \$'000
a) Share capital		
Ordinary shares, fully paid ⁽ⁱ⁾	82,580	82,580

(i) Ordinary shares

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

b) Movement in ordinary shares on Issue**Consolidated Entity**

2011	Number of shares	Issue price	\$ Value \$'000
30 June 2011 balance	184,802,974		82,580
Placement	-	-	-
Other	300,000	-	-
31 December 2011 balance	185,102,974		82,580
2010	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

10. EARNINGS PER SHARE

	31- Dec-11	Consolidated 31-Dec-10
a) Basic earnings per share (cents)		
From continuing operations	1.85	0.63
From discontinued operations	-	0.02
Total basic earnings per share	1.85	0.65
b) Reconciliation of earnings used to calculate earnings per share (\$'000)		
Profit after income tax expense from continuing operation	4,373	1,490
Profits for the period from discontinued operations	-	50
c) Weighted average number of shares ('000)	236,757	236,725
a) Diluted earnings per share (cents)		
From continuing operations	1.85	0.63
From discontinued operations	-	0.02
Total diluted earnings per share	1.85	0.65

b) Reconciliation of earnings used to calculate diluted earnings per share (\$'000)

Profit after income tax expense from continuing operations	4,373	1,490
Profits for the year from discontinued operations	<u>-</u>	<u>50</u>

c) Weighted average number of shares used to calculate diluted earnings per share ('000)

<u>236,791</u>	<u>236,725</u>
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11. KEY MANAGEMENT PERSONNEL

Remuneration arrangements of key management personnel are disclosed in the annual financial report.

12. EVENTS AFTER THE BALANCE SHEET DATE

Subsequent to the end of the financial period the board resolved to issue 2,500,000 performance rights to executives of the business. The rights are subject to the rules of the performance rights plan approved by the board but require the executive to maintain employment with Swick. The performance rights will vest progressively over the next five years.

On 2 February 2011 the board declared a fully franked dividend of 0.5 cents per ordinary share for the period ended 31 December 2011. The dividend record date is 29 February 2012 and the payment date is 31 March 2012.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Swick Mining Services Ltd, I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
 - i. give a true and fair view of the financial position as at the 31 December 2011 and the performance for the half-year ended on that date; and
 - ii. comply with Australian Accounting Standards (AASB 134 *Interim Financial Reporting*) and the Corporations Regulations 2001.
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Kent Swick
Managing Director
Perth, 27 February 2012

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

We have reviewed the accompanying half-year financial report of Swick Mining Services Limited, which comprises the condensed statement of financial position as at 31 December 2011, and the condensed statement of comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 9 to 20.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Swick Mining Services Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor's Independence Declaration

In conducting our review, 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 review report.



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Swick Mining Services Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



DELOITTE TOUCHE TOHMATSU



Chris Nicoloff

Partner

Chartered Accountants

Perth, 27 February 2012