SWW Energy Limited

ABN 60 096 687 839

Appendix 4E

Preliminary Final Report

Results for announcement to the market
for the year ended 31 December 2011

				31 December 2011 $A
Revenue	Down	100%	to	-
Profit after tax attributable to members	Up	N/A*	to	721,289
Net Profit for the period attributable to members	Up	N/A*	to	721,289

* Company has reported profit in 2011 after a loss in 2010 therefore % Up/Down from prior year is irrelevant.

	31 December 2011	31 December 2010
Net Tangible Assets per security	$0.0031	($0.0179)

Dividend

The Directors recommend that no dividend be paid. No dividends have been paid or declared during the year.

Status of Audit

The 31 December 2011 report and accompanying notes for SWW Energy Limited are in the process of being audited, but are not currently subject to any disputes or qualifications.

Comments by Directors

The Company had been under voluntary administration and entered into a Deed of Company Arrangement and Reconstruction during the first half of the financial period.

Since reinstatement to the ASX in July 2011, the Company has been actively evaluating alternative Bio-Fuel related business opportunities. This evaluation process is ongoing and the Company is working closely with its consultants to identify viable options.

<u>All other information required to be disclosed by the Group in the Appendix 4E is either not applicable or has been included in the attached financial report.</u>

Summary Information:

Reporting Period: 31 December 2011

Previous Corresponding Period: 31 December 2010

Results for announcement to the market

				$'000
Revenues from ordinary activities	Down	100%	to	-
Profit from ordinary activities after tax attributable to members	Up	N/A*	to	721,289
Net Profit for the period attributable to members	Up	N/A*	to	721,289

* Company has reported profit in 2011 after a loss in 2010 therefore % Up/Down from prior year is irrelevant.

Dividends (distributions)	Amount per security	Franked amount per security
Final dividend	NIL	NIL
Interim dividend	NIL	NIL
Previous corresponding period	NIL	NIL
Record date for determining entitlements to the dividend.	No dividends are proposed	

NTA backing	Current period	Previous corresponding Period
Net tangible asset backing per ordinary security	0.31 cents	(1.79) cents

Control gained over entities having material effect

Name of entity (or group of entities)	N/A
Date from which such profit has been calculated	N/A
Contribution to the reporting entity's result	N/A

Statement of Comprehensive Income for the financial year ended 31 December 2011

	Note	Company 2011 $	Consolidated 2010 $
Revenue		-	-
Cost of sales		-	-
Gross profit		-	-
Other Income	2	1,098,475	-
Interest Income	2	37,679	
		1,136,154	-
Sales and marketing expenses		(104)	-
ASIC/ASX Fees		(62,852)	-
Directors Fees		(46,743)	-
Accounting Fees		(45,714)	-
Audit Fees	5	(26,718)	-
Administration expenses		(82,096)	(56,994)
Project Evaluation		(64,338)	-
Rent		(21,654)	-
Share Registry		(23,938)	-
Wages		(40,657)	-
Finance Cost		(51)	-
Impairment of intercompany loan		-	(287,558)
		(414,865)	(344,552)
Profit / (Loss) before income tax		721,289	(344,552)
Income tax expense		-	-
Loss for the year attributable to members of the parent entity		721,289	(344,552)
Other comprehensive income for the year		-	-
Total comprehensive income for the year attributable to the year attributable to the members of SWW Energy Limited		721,289	(344,552)
Overall operations			
Basic earnings/(loss) per share (cents per share)	5	0.28	(0.33)
Diluted earnings/(loss) per share (cents per share)	5	0.23	(0.32)

The 31 December 2011 report and accompanying notes for SWW Energy Limited are in the process of being audited, but are not currently subject to any disputes or qualifications.

Statement of Financial Position as at 31 December 2011

	Note	Company 2011 $	Consolidated 2010 $
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents		1,257,325	-
Trade and other receivables	6	24,841	700
TOTAL CURRENT ASSETS		1,282,166	700
TOTAL ASSETS		1,282,166	700
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	7	70,421	1,853,475
TOTAL CURRENT LIABILITIES		70,421	1,853,475
TOTAL LIABILITIES		70,421	1,853,475
NET ASSETS		1,211,745	(1,852,775)
EQUITY			
Issued capital	8	1,791,231	72,605,431
Reserves	9	552,000	-
Accumulated Losses		(1,131,486)	(74,458,206)
TOTAL EQUITY		1,211,745	(1,852,775)

The 31 December 2011 report and accompanying notes for SWW Energy Limited are in the process of being audited, but are not currently subject to any disputes or qualifications.

Statement of Changes in Equity for the financial year ended 31 December 2011

	Ordinary Share Capital	Share Based Payments Reserve	Retained Earnings	Total
	$	$	$	$
Consolidated				
Balance at 1 January 2010	**72,232,052**	**-**	**(74,113,654)**	**(1,881,602)**
Total comprehensive income for the year.	-	-	(344,552)	(344,552)
Share capital issued	298,379	-	-	298,379
Convertible note issue	75,000	-	-	75,000
Balance at 31 December 2010	**72,605,431**	**-**	**(74,458,206)**	**(1,852,775)**
Total comprehensive income for the year	-	-	721,289	721,289
Shares issued during the period	2,771,000	-	-	2,771,000
Reduction of share capital	(72,605,431)	-	72,605,431	-
Cost of share issue	(979,769)	552,000	-	(427,769)
Balance at 31 December 2011	**1,791,231**	**552,000**	**(1,131,486)**	**1,211,745**

The 31 December 2011 report and accompanying notes for SWW Energy Limited are in the process of being audited, but are not currently subject to any disputes or qualifications.

Statement of Cash Flows for the financial year ended 31 December 2011

	Note	**Company** 2011 $	**Consolidated** 2010 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		-	15,203
Payments to suppliers and employees		(1,184,551)	(99,706)
Interest Received		37,679	-
Interest paid		(51)	-
Other Payments GST		(13,735)	-
Net cash used in operating activities		(1,160,658)	(84,503)
CASH FLOWS FROM INVESTING ACTIVITIES			
Loans to related entities		(11,779)	(287,559)
Net cash provided by investing activities		(11,779)	(287,559)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		2,429,762	373,379
Net cash provided by financing activities		2,429,762	373,379
Net increase/ (decrease) in cash and cash equivalents held		1,257,325	1,317
Cash at the beginning of the financial year		-	(1,317)
Cash at the end of the financial year		1,257,325	-

The 31 December 2011 report and accompanying notes for SWW Energy Limited are in the process of being audited, but are not currently subject to any disputes or qualifications.

Notes to the financial statements for the financial year ended 31 December 2011

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Notes to the financial statements for the financial year ended 31 December 2011

1. Statement of Significant Accounting Policies

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. Compliance with Australian Accounting Standards ensures compliance in International Financial Reporting Standards (IFRS) in their entirety.

This financial report covers the company SWW Energy Limited. The comparative figures are those of the consolidated entity of SWW Energy Limited and controlled entities. SWW Energy Limited is a listed public company, incorporated and domiciled in Australia.

The following is a summary of the material accounting policies adopted by the company and the consolidated entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Basis of Preparation

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied. All amounts are in Australian dollars, unless otherwise stated.

Accounting Policies

(a) Going Concern Basis of Accounting

Notwithstanding the loss for the year, negative cash flows from operations and historical financial performance, the financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The directors believe that it is appropriate to prepare the financial report on a going concern basis for the following reasons:

- The new board has developed a recapitalisation proposal which includes a revised business plan.
- The capital raising of $2,503,500 proposed by the Recapitalisation Proposal was completed on 19th May 2011 and will allow the Company to meet its initial objectives and expenditure plans. The Company will now make an application to ASX for its Shares to be reinstated on the official list of the ASX.

The purpose of the capital raising is to provide funds for the expansion of the Company's existing core business, which is focused on:

i. the production of biofuel and biodiesel from the beneficiation of waste oils using the proprietary technology of the Company, known as Thermodepolymerisation;

ii. the funding of operating expenses associated with the toll processing agreement with White Mountain Group LLC and feedstock suppliers;

iii. the funding of potential offtake agreements with end users of biofuel and biodiesel;

Notes to the financial statements for the financial year ended 31 December 2011

1. Statement of Significant Accounting Policies (continued)

(a) Going Concern Basis of Accounting (continued)

iv. expansion funding associated with new plants both directly owned and operated by White Mountain Group LLC and other third party operators;

v. funding for the research and development of the Frac Water Technology and the Solar Cracking Technology;

vi. provide funds for the further acquisition and development of other investments, as identified by the Company (that may or may not be in the same sector); and

vii. meet the costs and expenses of the recapitalisation of the Company (including payments due to under the DOCA and to the Proponent) with a view to seeking reinstatement to trading of its securities on ASX.

The Board believes that completion of the Recapitalisation Proposal will demonstrate a renewed strategy for the Company and will position the Company well for the future to enhance shareholder returns and evaluate further project opportunities.

The directors are of the opinion that the cash resources injected through the Recapitalisation Proposal will provide sufficient funds to enable the Company to continue its operations for at least the next 12 months, including the commercialisation and marketing of products under development.

(b) Principles of Consolidation

On 31 May 2011 a final payment was made to the Deed Administrator of $780,000 (to be applied to the Creditors Trust established to meet the payment of the Administrator's fees and expenses, Deed Administrator's fees and expenses and the satisfaction of the compromised creditor's claims) and transfer to the Creditors Trust of all the Company's assets (including the issued share capital of the Company's wholly owned subsidiary, ACN 051 792 495 Pty Ltd). Therefore as at the date of this report, and for the year ended 31 December 2011 there are no entities under the control of SWW Energy Limited.

A controlled entity is any entity SWW Energy Limited has the power to control the financial and operating policies so as to obtain benefits from its activities. Where controlled entities enter (leave) the consolidated group, their operating results are included (excluded) from the date control was obtained (ceased).

All inter-company balances and transactions between entities in the consolidated entity, including any unrealised profits or losses, have been eliminated on consolidation at that date.

(c) Revenue Recognition

All revenue is stated net of the amount of goods and services tax (GST).

Sales revenue

Sales revenue comprises revenue earned (net of returns, discounts and allowances) from the sale of goods or provision of services to entities outside the company.

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Notes to the financial statements for the financial year ended 31 December 2011

1. Statement of significant accounting policies (continued)

Sale of goods – Revenue from the sale of goods is recognised when all significant risks and rewards of ownership have been transferred to the buyer. In most cases this coincides with the transfer of legal title or the passing of possession to the buyer

Interest revenue is recognised using the effective interest method. It includes the amortisation of any discount or premium. The revenue is recognised over the time the interest is earned.

Dividend revenue is recognised when the right to receive a dividend has been established.

(d) Goods and Services Tax (GST)

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 Tax Office. 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.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(e) Foreign Currency Transactions and Balances

Foreign currency transactions are translated into Australian dollar functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on translation of monetary items are recognised in the statement of comprehensive income.

(f) Income Tax

Income taxes are accounted for using the comprehensive statement of financial position liability method whereby:

- the tax consequences of recovering (settling) all assets (liabilities) are reflected in the financial statements;
- current and deferred tax is recognised as income or expense except to the extent that the tax relates to equity items or to a business combination;
- a deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available to realise the asset;
- deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability settled.

(g) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost, where applicable, less any accumulated depreciation and impairment losses. The cost of fixed assets constructed within the company includes the cost of materials and direct labour.

Subsequent costs are recognised as a separate asset, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Notes to the financial statements for the financial year ended 31 December 2011

1. Statement of significant accounting policies (continued)

(g) Property, Plant and Equipment (continued)

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	3 - 40%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income.

(h) Inventories

Inventories are carried at the lower of cost and net realisable value. Construction work in progress and finished goods include direct materials, direct labour and an appropriate portion of variable and fixed overheads.

Net realisable value
Net realisable value is determined on the basis of normal selling pattern and the costs of marketing, selling and distribution are estimated and deducted to establish net realisable value.

(i) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that is transferred to the company, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight line basis over the term of the lease.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

Notes to the financial statements for the financial year ended 31 December 2011

1. Statement of significant accounting policies (continued)

(j) Impairment of Assets

At each reporting date, the company determines whether there is any indication that assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(k) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amount expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Wages, salaries and annual leave

The liabilities for employee benefits for wages, salaries and annual leave expected to be settled within 12 months of the year-end represent present obligations resulting from employees' services provided to reporting date, calculated at undiscounted amounts based on wage and salary rates that the company expects to pay as at reporting date including related on-costs.

Long service leave

The provision for employee benefits to long service leave represents the present value of the estimated future cash outflows to be made resulting from employees' services provided to reporting date.

The provision is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates based on turnover history and is discounted using the rates attached to national government securities at reporting date which most closely match the terms of maturity of the related liabilities.

Superannuation plan

Contributions are made by the company to a superannuation fund nominated by each employee and are charged as expenses when incurred. Employee funds are managed by independent fund managers and trustees.

(l) Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Notes to the financial statements for the financial year ended 31 December 2011

1. Statement of significant accounting policies (continued)

(m) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank
Notes to the financial statements for the financial year ended 31 December 2011
overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(n) Intangibles

Goodwill

Goodwill on consolidation is initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the statement of comprehensive income as an expense as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible and the company has sufficient resources to complete development. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is stated at cost less accumulated amortisation and impairment losses.

(o) Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Investments in subsidiaries

Investments in controlled entities are measured at cost, less impairment losses.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Notes to the financial statements for the financial year ended 31 December 2011

1. Statement of significant accounting policies (continued)

Impairment

At each reporting date, the company assesses whether there is objective evidence that a financial instrument has been impaired. Any impairment losses are recognised in the statement of comprehensive income.

(p) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year. Comparative figures for the year ended 31 December 2010 are for the consolidated entiies controlled by SWW Energy Limited at that time.

(q) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

Key estimates – Impairment

The company assesses impairment at each reporting date by evaluating conditions specific to the company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Going concern calculations performed in assessing recoverable amounts incorporate a number of key estimates.

(r) Financial Risk Management Objectives and Policies

The company's principal financial instruments comprise receivables, payables, cash and short-term deposits.

The company manages its exposure to key financial risks, including interest rate and currency risk in accordance with the company's financial risk management policy. The objective of the policy is to support the delivery of the company's financial targets whilst protecting future financial security.

The main risks arising from the company financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The company uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessments of market forecasts for interest rate, foreign exchange and commodity prices. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk, liquidity risk is monitored through the development of future rolling cash flow forecasts.

The Board reviews and agrees policies for managing each of these risks as summarised below.

Primary responsibility for identification and control of financial risks rests with the Audit, Compliance and Risk Management Committee under authority of the Board. The Board reviews and agrees policies for managing each of the risks identified, including the setting of limits for credit allowances and future cash flow forecast projections.

Notes to the financial statements for the financial year ended 31 December 2011

1. Statement of Significant Accounting Policies (continued)

(s) Impact of new accounting standards not yet adopted

At the date of authorisation of these financial statements, certain new Standards, amendments and Interpretations to existing standards have been published but are not yet effective. The Company has not early adopted any of these pronouncements. The new Standards, amendments and Interpretations that are, expected to be relevant to the Company's financial statements are as follows:

AASB reference	Title and Affected Standard(s):	Nature of Change	Application date:	Impact on Initial Application
AASB 9 (issued December 2009)	Financial Instruments	Amends the requirements for classification and measurement of financial assets	Periods beginning on or after 1 January 2013	Due to the recent release of these amendments and that adoption is only mandatory for the 30 June 2014 year end, the company has not yet made an assessment of the impact of these amendments.

STANDARDS LIKELY TO HAVE A DISCLOSURE IMPACT ONLY

AASB reference	**Title and Affected Standard(s):**	**Nature of Change**	**Application date:**	**Impact on Initial Application**
AASB 124 (issued December 2009)	Related Party Disclosures	Simplifies disclosure requirements for government-related entities and clarifies the definition of a related party.	Annual reporting periods commencing on or after 1 January 2011.	No impact

Other new Standards and Interpretations have been issued but are not expected to have a material impact on the Company's financial statements.

Notes to the financial statements for the financial year ended 31 December 2011

	Company 2011 $	Consolidated 2010 $

2. Revenue

Operating activities		
- sale of goods	-	-
Other revenues		
- interest	37,679	-
- impairment of creditors*	1,098,475	-
Total Operating Revenue	1,136,154	-

* During the period, the company underwent a restructuring and recapitalisation under the terms of the DOCA. As part of this arrangement, the company was released from all existing creditors at the time of the recapitalisation. The effect on profit of this transaction was an increase in income of $1,098,475.

3. Loss before income tax

(a) Expenses

Cost of sales	-	-
Employee benefits expenses	40,657	-
Finance costs - External	37,679	-
Project evaluation expenses written off	64,338	-

4. Auditors' Remuneration

Remuneration of the auditor of the parent entity for:		
- auditing and review of financial reports	26,718	50,000
- compliance and taxation services	-	-
	26,718	50,000

5. Earnings Per Share

(a) Earnings used in calculating earnings per share

Profit/(Loss) attributable to continuing operations	721,289	(344,552)
Loss attributable to ordinary equity holders of the parent		(344,552)
	No.	No.
(b) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	259,489,535	103,130,172
Weighted average number of potential ordinary shares outstanding during the year not included in diluted EPS as not dilutive	-	-
Weighted average number of ordinary shares outstanding during the year used in calculating diluted EPS	259,489,535	4,068,493

Notes to the financial statements for the financial year ended 31 December 2011

6. Trade and Other Receivables

	Company 2011 $	Consolidated 2010 $
CURRENT		
Trade and other receivables	24,841	700
Less: Provision for impairment of receivables	-	-
	24,841	700

(a) Allowance for Impairment Loss

Trade receivables are non-interest bearing and are generally on cash up front – 30 day end of month terms. A provision for impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired. No impairment loss has been recognised by the entity in the current year.

At 31 December 2011, the ageing analysis of trade receivables is as follows:

	Total	**0-30 days**	**31-60 days PDNI***	**61-90 Days PDNI***	**+91 days PDNI***	**+91 days CI***
2011 Company	24,841	24,841	-	-	-	
2010 Consolidated entity	700	-	-	-	-	700

- *Past due not impaired ('PDNI'), Considered impaired ('CI')*

Receivables past due but not considered impaired are $nil (2010 - consolidated: $700).

Other balances within trade and other receivables do not contain impaired assets and are not past due.

7. Trade and Other Payables

	Company 2011 $	Consolidated 2010 $
CURRENT		
Trade payables	70,421	1,803,475
Accrued expenses	-	50,000
	70,421	1,853,475

Notes to the financial statements for the financial year ended 31 December 2011

8. Issued Capital

		Company 2011 $	Consolidated 2010 $
389,599,124 (2010: 103,379,655) fully paid ordinary shares	(a)	1,791,231	72,530,431
0 (2010: 15,000,000) convertible notes	(b)	-	75,000
		1,791,231	72,605,431

(a) Ordinary Shares

	2011 No.	2010 No.
At the beginning of the reporting period	103,379,322	100,334,638
Reconciliation adjustment	418,050	
	103,797,372	
1:3 reconstruction	(69,198,248)	
	34,599,124	
Shares issued during year		
- 28 January 2010	-	2,642,184
- 19 February 2010	-	402,500
- 18 May 2011	350,000,000	-
- 24 May 2011	5,000,000	-
- At reporting date	389,599,124	103,379,322

	2011 $	2010 $
At the beginning of the reporting period	72,530,431	72,232,052
Reduction of share capital	(72,530,431)	
Shares issued during year		
- 28 January 2010	-	258,934
- 19 February 2010	-	39,445
- 18 May 2011	2,721,000	-
- 24 May 2011	50,000	-
Capital Raising Costs	(979,769)	-
At reporting date	1,791,231	72,530,431

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At shareholder meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on show of hands.

Notes to the financial statements for the financial year ended 31 December 2011

8. Issued Capital (continued)

(a) Ordinary Shares (continued)

During the period the company issued 355,000,000 ordinary fully paid shares as follows:

- On 18 May 2011 350,000,000 new shares were issued by the company to provide working capital for the expansion of the Company's core business. The shares were issued at varying issue prices as follows:
- 35,000,000 new shares at an issue price of 0.1 cent per share.
- 60,000,000 new shares at an issue price of 0.5 cents per share.
- 220,000,000 new shares at an issue price of 1 cent per share.
- 35,000,000 new shares at an issue price of nil cents per share.
- On 24 May 2011 5,000,000 new shares were issued by the company at a price of 1 cent per share to provide working capital funding.

On 28 January 2010 and 19 February 2010 the company issued a combined total of 3,044,684 shares pursuant to the terms of the Share Placement Plan.

(b) Convertible Notes

	Company 2011 No.	**Consolidated** 2010 No.
At the beginning of the reporting period	15,000,000	-
Convertible notes issued during year	(15,000,000)	
- 24 September 2010	-	15,000,000
At reporting date	-	15,000,000

	2011 $	2010 $
At the beginning of the reporting period	75,000	-
Shares issued during year	(75,000)	
- 24 September 2010	-	75,000
At reporting date	-	75,000

On 24 September 2010 the company issued 15,000,000 convertible notes for nil consideration to Hemisphere Investment Partners or its nominees under the Prospectus. The convertible notes were issued by the Company in consideration for the payment of a $75,000 Deposit pursuant to the Deposit Convertible Note Agreement. These shares have a deemed issue price of 0.5 cents per share.

Notes to the financial statements for the financial year ended 31 December 2011

9. Reserves

Option reserve

The option reserve records items recognised as expenses on valuation of employee and consultant share options.

10. Contingent Liabilities

(a) Legal Claim

As a result of the execution of the Deed of Company Arrangement, which was terminated on 31 May 2011, the Company is no longer in litigation with Gardner Smith. Gardner Smith has now been admitted as a creditor under the Creditors Trust which was established for the benefit of the Creditors of SWW Energy Limited.

11. Company Details

The registered office of the company is:

SWW Energy Limited
Level 8
225 St Georges Terrace
Perth WA 6000
T (08) 9486 4036 F (08) 9486 4799

The principal places of business are:

SWW Energy Limited
Level 8
225 St Georges Terrace
Perth WA 6000
T (08) 9486 4036 F (08) 9486 4799

The company is domiciled and legally incorporated in Australia.

Directors' declaration

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 8 to 20 are in accordance with the *Corporations Act 2001* and:

(a) comply with Accounting Standards and the Corporations Regulations 2001; and

(b) give a true and fair view of the financial position as at 31 December 2011 and of the performance for the financial year ended on that date of the company and entity; and

(c) complies with International Financial Reporting Standards as disclosed in note 1.

2. the Chief Executive Officer (or equivalent) and Chief Financial Officer (or equivalent) have each declared that:

(a) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001;*

(b) the financial statements and notes for the financial year comply with Accounting Standards; and

(c) the financial statements and notes for the financial year give a true and fair view.

3. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

M Foy

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Matthew Foy
Director

Dated this 29th day of February 2012.