SWW Energy Limited

ABN 60 096 687 839

Annual Report
31 December 2011

Corporate Directory

Directors	Benjamin Bussell Non-Executive Chairman Darren Olsen Non-Executive Director Matthew Foy Executive Director
Company Secretary	Matthew Foy
Registered Office	Level 8 225 St Georges Terrace Perth WA 6000 Tel: (08) 9486 4036 Fax: (08) 9486 4799
Share Register	Link Market Services Ltd Level 12 680 George Street Sydney NSW 2000 Tel: (02) 8280 7111 Fax: (02) 9287 0303
Auditor	Grant Thornton NSW Level 17 383 Kent Street Sydney NSW 2000
Stock Exchange Listing	Australian Securities Exchange Level 8 Exchange Plaza 2 The Esplanade Perth WA 6000 ASX Code: SWW

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Directors' Report

Your directors present their report on the Company for the financial year ended 31 December 2011.

Directors

The names of directors in office at any time during or since the end of the financial year are:

Mr Gino D'Anna – Executive Director (Resigned 16 June 2011)
Mr Benjamin Bussell – Non-Executive Chairman
Mr Darren Olsen – Non Executive Director
Mr Matthew Foy – Executive Director (Appointed 16 June 2011)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company Secretary

The following people held the position of company secretary during the financial year:

Gino D'Anna	(Resigned 16 June 2011)
Matthew Foy	(Appointed 16 June 2011)

Matthew Foy

Matthew Foy was a Senior Adviser at the Australian Securities Exchange with 4 years experience in facilitating the compliance of listed companies. Mr Foy has reviewed and approved the listing of over 40 companies during his tenure at the ASX.

Mr Foy has been involved in a number of seed capital raisings and initial public offerings and possesses significant commercial and corporate experience.

Mr Foy is currently the company secretary of ASX Listed Stonehenge Metals Limited, Segue Resources Limited, Terranova Minerals NL and Red October Resources Limited.

Principal Activities

The principal activities of the entity during the course of the financial year were:

- Marketing of SWW Energy Limited biodiesel production plant design and operations intellectual property;
- Development and/or acquisition of new renewable energy technologies.

Operating Results

The profit of the entity after providing for income tax amounted to $691,239 (2010 – consolidated loss of $344,552).

Dividends Paid or Recommended

No dividends were paid or are proposed to be paid to members during the financial year.

Directors' Report (continued)

Review of Operations

The result for SWW Energy Limited for the 12 months to 31 December 2011 was a profit of $691,239.

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 from the write back of liabilities.

On 18 March 2010, Mr Phillip Pinn of Pinn Deavin BIO was appointed as administrator by the Company's board of directors pursuant to Section 436A of the Corporations Act.

At the first meeting of the creditors it was resolved by the creditors of the Company that Mr Geoffrey Reidy of Rodgers Reidy be appointed as administrator of the Company to replace Mr Pinn.

Hemisphere Investment Partners Pty Ltd (Hemisphere) subsequently put forward a proposal to the administrator to reconstruct and recapitalise the Company with a view to ensuring that the Company could continue to operate as a going concern and seek reinstatement to trading on ASX (Proposal).

On 3 September 2010, the Proposal by Hemisphere (Proponent) was put to creditors and approved. The Company subsequently entered into a deed of company arrangement (DOCA) that provided for the payment of funds into the Company, and settlement of creditors' claims (consistently with the terms of the Proposal).

The DOCA was terminated following completion of:

a. the capital raisings under this Prospectus;
b. payment 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). Together the payment amount and the transferred assets will be the amount to be applied to the Creditors Trust after payment of the Administrator's fees and expenses and the Deed Administrator's fees and expenses; and
c. payment to the Proponent of the Corporate Fee and the issue of Shares and Options to the Proponent under the Proponent Offer.

The capital raising of $2,771,000 proposed by the Recapitalisation Proposal was completed on 19 May 2011 and permitted the Company to meet its initial objectives and expenditure plans.

On 26 July 2011 the Company was reinstated on the official ASX list following the Company's compliance with Chapter 12 of the ASX Listing Rules.

On 28 August 2011 the Company announced it had established a sale facility for holders of unmarketable parcels of shares in the Company, being a parcel of shares with a value of less than $500. The sale facility closed on 6 October 2011 and the Company arranged for the sale of a total of 3,516,826 ordinary shares. The proceeds from that sale were remitted to individual shareholders. In accordance with the Company's Constitution, shares were sold at not less than 1.9 cents (this being the simple average of the last sale prices of the Company's shares on the ASX for each of the ten trading days immediately preceding the Date of the Notice).

Directors' Report (continued)

Events Subsequent to Balance Date

Subsequent to the reporting period on 23 February 2012 the Company announced it had executed a US$100,000 laboratory services agreement with Ridgeline Energy Services, Inc. (Ridgeline) to determine whether waste water containing a polymer (primarily vegetable and petroleum based) / oil can be successfully refined into a fuel base to be further refined into biodiesel or a biofuel. This will also include tests to identify produced water from other industrial waste sources.

The evaluation process will involve the sourcing of appropriate waste water, processing and independent testing including fuel quality testing. Make up water will be processed and then refined materials that can be converted to fuel base will be identified. Test America, Inc. an independent laboratory has been chosen to verify test results.

It is proposed to conduct three separate tests, each taking approximately two months from initial waste collection to final results. Each sample waste water will be representative of waste streams commonly found in developed, populated areas, including; Interceptor waste water, transported non-hazardous water sources, and sump waste water, (typically found at car washes and other locations).

Financial Position

The net asset position of the consolidated entity has increased from a deficit of $1,852,775 at 31 December 2010 to a net asset position of $1,182,817 at 31 December 2011. This increase has resulted mainly from the following factors:

- On 19 May 2011 the Company completed a capital raising of $2,771,000 which permitted the Company to meet its initial objectives and expenditure plans. On 26 July 2011 the Company was reinstated on the official ASX list following the Company's compliance with Chapter 12 of the ASX Listing Rules.
- 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.

Significant Changes in State of Affairs

Administration Overview

Subsequent to the appointment of Mr. Geoffrey Reidy of Rodgers Reidy as administrator of the Company on 26 March 2010, replacing the previously appointed Mr. Philip Pinn, Hemisphere Investment Partners Pty Ltd (Hemisphere) put forward a proposal to the administrator to reconstruct and recapitalise the Company with a view to ensuring that the Company could continue to operate as a going concern and seek reinstatement to trading on ASX (the Proposal).

On 3 September 2010, the Proposal was put to creditors and approved.

Directors' Report (continued)

Significant Changes in State of Affairs

Principal Features of the Proposal
The principal features of the Proposal were as follows:

a) Consolidation of Capital: Consolidation of the existing issued capital of the Company on a 1 for 3 basis.

b) Reduction of Capital: The capital of the Company would be reduced by applying a portion of the accumulated losses of the Company against the share capital which is considered permanently lost.

c) Issue of Securities to the Proponent or its nominees: The issue of 35,000,000 New Shares (post consolidation) at an issue price of $0.0001 and 60,000,000 New Shares (post Consolidation) at an issue price of $0.005 per Share and 80,000,000 New Options (post Consolidation) in the Company, exercisable at 1 cent each at any time on or before 31 December 2014, to the Proponent or its nominees.

d) Prospectus Issue: The issue of up to 220,000,000 Shares at a price of 1 cent each under the Prospectus to raise not less than $2,200,000.

e) Issue of Shares to the Proponent or its Nominees: The issue of 15,000,000 Shares by way of a priority offer to the Proponent or its nominees as a priority offer under the Prospectus in consideration for the payment of a $75,000 deposit pursuant to the Deposit Convertible Note Agreement.

f) Issue of Shares to the Proponent or its Nominees: The issue of 20,000,000 Shares by way of a priority offer to the Proponent or its nominees as a priority offer under the Prospectus as a bonus for the successful completion of the Recapitalisation Proposal facilitated by the Proponent.

g) New Constitution: The adoption of a new Constitution.

h) Company Name: The change of name of the Company to “SWW Energy Limited”.

i) Board Changes: The resignation of such members of the existing board of directors of the Company as the Proponent requests and the appointment to the Board of Mr Benjamin Bussell, Mr Gino D’Anna and Mr Darren Olsen.

j) Payment by Company to Deed Administrator: Upon the close of the Offers, the Company shall make available $780,000 (less the amount of the deposit paid) to be applied by the Deed Administrator to the Creditors Trust, in consideration for the forgiveness of all of the Creditors’ claims against the Company.

Upon completion of the Proposal the Company’s issued capital was restructured, net working capital was provided, the DOCA terminated and a new direction for the Company determined. In accordance with the terms of the DOCA and the Recapitalisation Deed, all existing debts against the Company were released, extinguished and barred, with claims from Admitted Creditors’ only able to be met from the Trust Assets. The DOCA was terminated on 31 May 2011.

Following the recapitalisation of the Company, the Company was in a position to make an application for reinstatement to trading of its Shares on the ASX, subject to compliance with ASX and the Corporations Act regulatory requirements. The Company was reinstated to trading on the ASX on 26 July 2011.

Directors' Report (continued)

Environmental Issues

The entity's operations are subject to significant environmental regulation by State and Local government authorities.

At the date of this report the current plants are believed to comply with all regulations issued by relevant authorities.

Future Developments, Prospects and Business Strategies

The new board of SWW Energy Limited (**New Board**) intends to further evaluate and develop the renewable fuel business via the use of the TDP™ Thermodepolymerisation Technology.

The continuing business operations of the Company are based on the technology and licence agreement executed with White Mountain. This includes the Shallow Water Reactor Process, the Frac Water Technology, the TDP™ Thermodepolymerisation Technology and the Solar Cracking Technology. The TDP™ Thermodepolymerisation Technology will underpin the continued operations.

Information on Directors

Mr Gino D'Anna	-	Executive Director –resigned 16 June 2011
Qualifications	-	Bachelor of Commerce (Finance), Honours Degree, Diploma of Applied Finance and Investment (Mining and Financial Analysis)
Experience	-	Gino D'Anna has experience in financial markets having been involved in a number of initial public offers and secondary listings. Mr D'Anna has been involved in the reconstruction and recapitalisation of various ASX listed companies and has previously been involved in structuring investments and acquisitions for ASX listed companies. Mr D'Anna has also been involved in a number of secondary capital raisings and brings experience and knowledge in private equity and debt markets and has specialist understanding and experience in dealing with the Listing Rules and compliance requirements. Mr D'Anna is currently Executive Director and Company Secretary of ZYL Limited and was previously Executive Director of ASX Listed Ferrum Crescent Limited (formerly Washington Resources Limited).
Interest in Shares and Options	-	4,500,000 shares
Special Responsibilities	-	Nil
Directorships held in other listed entities	-	Nil

Directors' Report (continued)

Information on Directors (continued)

Mr Benjamin Bussell	-	Non-Executive Director & Chairman
Qualifications	-	Bachelor of Business, CSA (Cert)
Experience	-	Mr Bussell is a Senior Accountant with over 13 years' experience in public accounting, corporate accounting and taxation. Mr Bussell is currently the Chief Financial Officer of ASX listed mineral exploration companies Minerals Corporation Ltd, ZYL Ltd, Pura Vida Energy NL, and Segue Resources Ltd
Interest in Shares and Options	-	3,157,895 shares
Special Responsibilities	-	Nil
Directorships held in other listed entities	-	Non-Executive Chairman of Terranova Minerals NL Non-Executive Director of Red October Resources Ltd

Mr Darren Olsen	-	Non-Executive Director
Qualifications	-	Bachelor of Business, Certified Practising Accountant
Experience	-	Darren Olsen is a Certified Practising Accountant with over 13 years' experience in Public Accounting & Taxation. Mr Olsen is currently a Director of Marlston Taxation & Business Advisers, a public Accountancy Firm which provides Accounting and Taxation services and advice to a wide range of small to large business entities including several ASX listed exploration companies. Mr Olsen has also been directly involved in an accounting advisory capacity with a number of IPO's and capital raisings including Stonehenge Metals Ltd and Excelsior Gold Ltd.
Interest in Shares and Options	-	3,200,000 shares
Special Responsibilities	-	Nil
Directorships held in other listed entities	-	Nil

Directors' Report (continued)

Information on Directors (continued)

Mr Matthew Foy	-	Executive Director, appointed 16 June 2011
Qualifications	-	Bachelor of Commerce, Graduate Diploma of Applied Finance and Investment (FINSIA) and Graduate Diploma of Applied Corporate Governance (CSA)
Experience	-	Matthew Foy was a Senior Adviser at the Australian Securities Exchange with 4 years' experience in facilitating the compliance of listed companies. Mr Foy has reviewed and approved the listing of over 40 companies during his tenure at the ASX. Mr Foy has been involved in a number of seed capital raisings and initial public offering and possess significant commercial and corporate experience. Mr Foy is currently the company secretary of ASX Listed Segue Resources NL, Stonehenge Metals Ltd and Terranova Minerals NL and Red October Resources Ltd.
Interest in Shares and Options	-	1,013,158 ordinary shares
Special Responsibilities	-	Nil
Directorships held in other listed entities	-	Executive Director of Terranova Minerals NL

The Audit, Compliance and Risk Management Committee comprises three Directors (two of whom are Non-Executive Directors) and is chaired by Mr Matthew Foy (Executive Director), who is not the chair of the Board. The members of the Committee are:

- Mr Gino D'Anna (Resigned 16 June 2011)
- Mr Benjamin Bussell
- Mr Darren Olsen
- Mr Matthew Foy (Appointed 16 June 2011)

Directors' Report (continued)

Remuneration report

This report details the nature and amount of remuneration for each director of SWW Energy Limited, and for all other key management personnel. Key management personnel are defined as persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any directors (whether executive or otherwise).

Remuneration policy

The remuneration packages of directors and key management personnel of SWW Energy Limited have been designed to align director and other key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific performance pay incentives based on key performance areas affecting the entity's financial results. The board of SWW Energy Limited believes the remuneration methodology to be appropriate and effective in its ability to attract and retain the best key management personnel and directors to run and manage the entity, as well as create goal congruence between directors, other key management personnel and shareholders.

The board determines the nature and the amount of remuneration for board members and key management personnel of the entity as follows:

- All key management personnel may receive a base salary, superannuation, fringe benefits (if applicable) and performance pay incentives (if applicable).
- The performance pay plan is reviewed by the board. Objectives for the key management personnel are set by the board.
- The key management personnel packages are reviewed annually by reference to the entity's performance, key management personnel performance and comparable information from industry sectors and other listed companies in similar industries.

The performance of key management personnel is measured against criteria agreed annually with each key management personnel, and is in part based on the forecast growth of the entity's profits and shareholders' value. All bonuses and incentives must be linked to predetermined performance criteria. The board may, however, exercise its discretion in relation to approving incentives and bonuses. Any changes must be justified by reference to measurable performance criteria. The remuneration practices are designed to attract the highest calibre of key management personnel and reward them for performance that results in long-term growth in shareholder wealth.

The executive directors and the Australian based key management personnel receive the superannuation guarantee contribution required by the government, which is currently 9%, and do not receive any other retirement benefits.

All remuneration paid to directors and other key management personnel is valued at the cost to the company and expensed.

The board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The Chairman determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting.

Directors' Report (continued)

Remuneration report (continued)

Company performance, shareholder wealth and director and executive remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives. There have been two methods applied in achieving this aim (or a combinations of both), the first being a performance based bonus based on key performance indicators, and the second being the issue of options to the majority of directors and executives to encourage the alignment of personal and shareholder interests.

The following table shows the gross revenue, profits and dividends for the last four and a half years for the listed entity, as well as the share price at the end of the respective financial years. Analysis of the actual figures shows that subsequent to the start-up phase during 2004-2006 the results in 2007 were severely impacted by the change in regulatory environment after initially promising results. In 2008 the company went through a turnaround and set itself up for a revised renewable fuel strategy to be implemented from 2009 onwards. The above mentioned remuneration methods have been instrumental in attracting the right human resources throughout the various stages of the company.

	2007	**2008**	**2009**	**2010**	**2011**
	$000	**$000**	**$000**	**$000**	**$000**
Revenue	6,588	5,134	12,028	-	38
Net profit/(loss)	(29,499)	(1,996)	(24,933)	(345)	691
Share price at year-end (cents)	3.20	1.80	3.2	9.2	2.0
Dividend paid	-	-	-	-	-

Performance based remuneration

As part of each executive director and executive remuneration package there is a performance-based component, consisting of company and individual objectives. The intention of this program is to facilitate goal congruence between directors/executives with that of the business and shareholders. The objectives are set annually, with certain level of consultation with directors/executives to ensure buy-in. The measures are specifically tailored to the areas each director/executive is involved in and has a level of control over. When setting objectives the board aims to set objectives that will provide greater potential for the company's' expansion and profit, covering financial and non-financial as well as short- and long-term goals.

Performance in relation to the objectives is assessed annually, with bonuses being awarded depending on the number and deemed difficulty of the objective achieved.

In determining whether the financial objectives have been achieved, SWW Energy Limited bases the assessment on audited figures.

Directors' Report (continued)

Remuneration report (continued)

Details of remuneration for the financial year ended 31 December 2011

The remuneration for each director and other key management personnel of the entity receiving the highest remuneration during the year was as follows:

	Position	Salary, Fees and Commissions $	Superannuation Contribution $	Cash Bonus $	Non-cash benefits $	Total $	Performance related %
Directors (i)							
Mr Gino D'Anna (i)	Executive Director	-	-	-	-	-	-
Mr Benjamin Bussell	Non-executive Director	15,581	-	-	-	15,581	-
Mr Darren Olsen	Non-executive Director	14,183	1,398	-	-	15,581	-
Mr Matthew Foy (ii)	Executive Director & Company Secretary	20,775	-	-	-	20,775	-
		50,539	1,398	-	-	51,937	

(i) Resigned 16 June 2011

(ii) Appointed 16 June 2011

There is no further key management personnel remuneration to be disclosed.

Details of remuneration for the financial year ended 31 December 2010

	Position	Salary, Fees and Commissions $	Superannuation Contribution $	Cash Bonus $	Non-cash benefits $	Total $	Performance related %
Directors (i)							
Mr Dennis Danzik (i)	Non-executive Director	79,752	-	-	-	79,752	0%
Mr John Hoffman (ii)	Non-executive Director	79,752	-	-	-	79,752	0%
Mr David Sutton (iii)	Non-executive Director	77,854	-	-	-	77,854	0%
Mr Gino D'Anna (iv)	Executive Director	-	-	-	-	-	-
Mr Benjamin Bussell (v)	Non-executive Director	-	-	-	-	-	-
Mr Darren Olsen (vi)	Non-executive Director	-	-	-	-	-	-
		237,358	-	-	-	237,358	

(i) Appointed 10 February 2009, resigned 24 September 2010
(ii) Appointed 10 February 2009, resigned 24 September 2010
(iii) Appointed 27 August 2009, resigned 24 September 2010
(iv) Appointed 24 September 2010
(v) Appointed 24 September 2010
(vi) Appointed 24 September 2010

There is no further key management personnel remuneration to be disclosed.

Directors' Report (continued)

Remuneration report (continued)

Performance income as a proportion of total remuneration

Executive directors and other key management personnel are paid performance based bonuses based on set monetary figures specified in their employment contracts, rather than proportions of their salary. These bonuses are to encourage achievement of specific goals that have been given a high level of importance in relation to the future growth and profitability of the entity. The Board will review the performance bonuses to gauge their effectiveness against achievement of the set goals, and adjust future years incentives as they see fit, to ensure use of the most cost effective and efficient methods.

Options issued as part of remuneration for the year ended 31 December 2011

There were nil options issued during the period to key management personnel. Options may be issued to key management personnel as part of their remuneration. The options are issued to key management personnel of SWW Energy Limited and its subsidiaries to increase goal congruence between key management personnel and shareholders, and are partly based on performance criteria.

Options granted as remuneration for the year ended 31 December 2010

There were nil options issued during the period to key management personnel. Options may be issued to key management personnel as part of their remuneration. The options are issued to key management personnel of SWW Energy Limited and its subsidiaries to increase goal congruence between key management personnel and shareholders, and are partly based on performance criteria.

Shares issued on exercise of compensation options

A total of 2,100,000 options expired during the year that were granted as compensation in prior periods.

Employment contracts of directors and key management personnel

The employment conditions of the executive directors and other key management personnel are formalised in contracts of employment. As at 31 December 2011, other than the non-executive directors all key management personnel are permanent employees of SWW Energy Limited.

The employment contracts stipulate a range of three- to six-month resignation periods. Certain directors and executives have renewable three year fixed term contracts. The company may terminate an employment contract without cause by providing notice or making payment in lieu of notice, based on the individual's annual salary component. Non-competition clauses are in certain contracts ranging from six to twenty four months depending on geographical region. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the company can terminate employment at any time.

Directors' Report (continued)

Remuneration report (continued)

Number of shares held by parent entity directors and other key management personnel:

	Balance 1 Jan 11	Purchased	Disposed	Balance 31 Dec 11
Directors				
Mr Gino D'Anna	-	4,500,000	(4,500,000)	-
Mr Benjamin Bussell	-	3,157,895	-	3,157,895
Mr Darren Olsen	-	3,500,000	(300,000)	3,200,000
Mr Matthew Foy	-	1,013,158	-	1,013,158
	-	12,171,053	(4,800,000)	7,371,053

The above figures are from the later of employment commencement date and 1 January 2011 through to the earlier of termination date and 31 December 2011.

End of audited remuneration report.

Meetings of Directors

During the financial year 2 meetings of Directors and 0 meetings of audit, compliance and risk management committee were held. Attendances by each director during the year were as follows:

Director	Directors' Meetings		Audit Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Mr Gino D'Anna	-	-	-	-
Mr Benjamin Bussell	2	2	-	-
Mr Darren Olsen	2	2	-	-
Mr Matthew Foy	2	2	-	-

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of these proceedings.

The company was not a party to any such proceedings during the year.

Non-audit Services

The board of directors, in accordance with advice from the audit, compliance and risk management committee, is satisfied that the provision of non-audit services during the year are compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001.* The directors believe that the services did not compromise the external auditor's independence for the following reasons:

- typically non-audit services are reviewed and approved by the audit, compliance and risk management committee prior to commencement to ensure they do not adversely affect the integrity and objective of the auditor; and
- the nature of the services provided do not comprise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

Directors' Report (continued)

The following fees for non-audit services were paid to the external auditors during the year ended 31 December 2011:

	$
Compliance and Taxation Services	-

Indemnity and Insurance of officers

(a) Indemnification

Every person who is or has been a director, secretary or executive officer of the entity is indemnified, to the maximum extent permitted by law, out of property of the company against any liabilities for costs and expenses incurred by that person unless the liability arises out of conduct involving a lack of good faith.

(b) Insurance Premiums

The company has paid a premium for directors and officers liability. The insurance policy covers the directors of the company and executive officers. The contract prohibits the disclosure of the nature of the liability insured and the amount of the premium.

Auditor's Independence Declaration

The lead auditor's independence declaration for the financial year ended 31 December 2011 has been received and can be found on page 22, which forms part of the directors' report.

Signed in accordance with a resolution of the Board of Directors.

……………………………
Mr Matthew Foy, Director

Dated this 30th day of March 2012

Corporate Governance Statement

For the year ended 31 December 2011

The Board of SWW Energy Limited is committed to maintaining high standards of Corporate Governance. This statement outlines the main Corporate Governance practices that where adopted or in place throughout the financial year, which comply with the ASX Corporate Governance Council recommendations, unless otherwise stated.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Recommendation 1.1: *Companies should establish the functions reserved to the board and management.*

The Board's primary responsibility is to oversee the Company's business activities and management for the benefit of shareholders.

Its functions and responsibilities include:

- Determining strategic and policy direction and monitoring performance against strategy;
- Establishing goals and monitoring performance;
- Identifying risk and opportunities for ensuring risk management systems are established and reviewed;
- Approving and monitoring financial reports, capital management, and compliance; and
- Ensuring that policies and compliance systems consistent with the Group's objectives and best practice are in place and that the Company and its officers act legally, ethically and responsibly.

The Board is also governed by the Company's constitution. The day to day management of the Company's affairs and implementation of corporate strategies and policy initiatives are formally delegated by the Board to the Managing Director and senior executives.

Recommendation 1.2 *Companies should disclose the process for evaluating the performance of senior executives.*

- There are no formal processes for monitoring senior executive performance as the size of the Company permits ongoing monitoring by the board of senior executive performance.

Recommendation 1.3 *Provide the information indicated in the ASX Corporate Governance Council's Guide to Reporting on Principle 1.*

The evaluation of performance of senior executives has taken place throughout the year.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

Recommendation 2.1: *A majority of the Board should be Independent Directors.*

Given the Company's background, nature and size of its business and the current stage of its development, the Board is comprised of three directors, Messrs Bussell and Olsen are non-executive and independent and Mr Matthew Foy is an executive director. The Board believes that this is both appropriate and acceptable.

CORPORATE GOVERNANCE STATEMENT (cont)

Recommendation 2.2: *The Chairperson should be an Independent Director.*

The Chairperson, Mr Bussell is independent, the Board considers he is suitably skilled to perform the role.

Recommendation 2.3: *The roles of the chairperson and chief executive officer should not be exercised by the same individual.*

The positions of Chairman and Executive Director are held by separate persons.

Recommendation 2.4: *The Board should establish a nomination committee.*

The Company has established a nomination committee charter; however it has not established a nomination committee at this time due to the Company's background, nature and size of its business and the current stage of its development. The Board undertakes the process of determining the need for, screening and appointing new directors.

Recommendation 2.5: *Disclose the process for performance evaluation of the Board, its committees and individual Directors, and key executives.*

The Company has adopted self-evaluation processes to manage Board performance. An annual review is undertaken in relation to the composition and skills mix of the Directors of the Company.

Recommendation 2.6: *Provide the information indicated in the ASX Corporate Governance Council's Guide to Reporting on Principle 2.*

The skills and experience for the directors are set out in the Company's Annual Report. The Company has not included on its website, information on procedures for the selection and appointment of new Directors as these procedures are not formalised.

PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING.

Recommendation 3.1: *Companies should establish a code of conduct and disclose the code or a summary of the code as to:*

3.1.1 The practices necessary to maintain confidence in the Group's integrity
3.1.2 The practices necessary to take into account the legal obligations and the reasonable expectations of stakeholders
3.1.3 The responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

The Company has adopted a Code of Conduct setting standards expected of directors, officers, employees and contractors and demonstrate the Company's commitment to conducting business in an ethical and accountable manner. Directors, officers, employees and contractors are expected to act with integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

Adherence to the code of conduct is expected at all times and the Board actively promotes a culture of quality and integrity.

The Board monitors the implementation of the Code. Breaches are reported by employees or contractors to the Executive Director or Company Secretary.

CORPORATE GOVERNANCE STATEMENT (cont)

Recommendation 3.2: *Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.*

The Board has developed and adopted a diversity policy that ensures all personnel within the organisation will be treated with respect and no person will be discriminated against either during their employment or through the recruitment process, no matter their gender, ages, race, religion, cultural background, marital status, sexual orientation or disability. The Company recognises there is difficulty achieving diversity across all areas of the Company due to its relatively small size, but considers increased representation by women to be a desirable outcome.

Recommendation 3.3: *Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them*

In respect of gender diversity the Company's goal is to increase the level of diversity across the Company over time as the business expands.

Recommendation 3.4: *Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.*

Position	Male	Female
Board of Directors	100%	0%
Senior Management	100%	0%

Recommendation 3.5: *Companies should provide the information indicated in the Guide to reporting on Principle 3.*

Please refer to Recommendation 3.1.

PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

R**ecommendation 4.1**: *The Board should establish an audit committee.*
The Company has a formal charter for an Audit Committee, however, no Committee has been appointed to date. All members of the Board currently provide an active role in the following activities:

- Review the Company's accounting policies;
- Review the content of financial statements;
- Review the scope of the external audit, its effectiveness, and independence of the external audit;
- Ensure accounting records are maintained in accordance with statutory and accounting standard requirements;
- Monitor systems used to ensure financial and other information provided is reliable, accurate, and timely;
- Review the audit process with the external auditors to ensure full and frank discussion of audit issues; and
- Present half and full year financial statements to the Board.

CORPORATE GOVERNANCE STATEMENT (cont)

Recommendation 4.2: *Structure the Audit Committee so that it consists of:*

- *Only non-executive directors;*
- *A majority of independent directors;*
- *An independent chairperson, who is not chairperson of the Board; and*
- *At least 3 members.*

Refer to Recommendation 4.1.

Recommendation 4.3: *The Audit Committee should have a formal charter.*

Refer to Recommendation 4.1.

Recommendation 4.4: *Provide the information indicated in the ASX Corporate Governance Council's Guide to Reporting on Principle 4.*

Refer to Recommendation 4.1.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

Recommendation 5.1: *Establish written policies and procedure designed to ensure compliance with ASX Listing Rules disclosure requirements and to ensure accountability at a senior management level for that compliance.*

The Company has a formal continuous disclosure policy. The policy requires all executives and Directors to inform the Managing Director or in his absence the Company Secretary of any potentially material information as soon as practical after they become aware of that information.

Information is material if it is likely that the information would influence investors who commonly acquire securities on the ASX in deciding whether to buy, sell or hold the Group's securities.

Information need not be disclosed only if the ASX listing rules provide for non-disclosure.

The Executive Director is responsible for interpreting and monitoring the Company's disclosure policy and where necessary informing the Board. The Company Secretary is responsible for all communications with ASX.

Recommendation 5.2: *Provide the information indicated in the ASX Corporate Governance Councils' Guide to Reporting on Principle 5.*

Disclosure is reviewed as a routine agenda item at each Board meeting.

CORPORATE GOVERNANCE STATEMENT (cont)

PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS

Recommendation 6.1: *Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings.*

The Company is committed to dealing fairly, transparently and promptly with shareholders. The Board aims to ensure that the shareholders are informed of all major developments.

The annual report is distributed to all shareholders who have specifically requested the document. In addition, the Company makes all ASX announcements, details of shareholder meetings and financial reports available of the Company's website.

Half-year financial reports prepared in accordance with the requirements of Accounting Standards and the Corporations Act 2001 are lodged with the Australian Securities and Investments Commission and the Australian Securities Exchange. The financial reports are sent to any shareholder who requests them and quarterly reports are submitted to the ASX under the requirements of the Exchange relating to mining companies. Copies of the quarterly reports are sent to shareholders whenever sufficient new information in the report warrants distribution.

Recommendation 6.2: *Provide the information indicated in the ASX Corporate Governance Councils' Guide to Reporting on Principle 6.*

The Group effectively communicates with shareholders via ASX announcements and newsletters.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

Recommendation 7.1: *The Board or appropriate committee should establish policies on risk oversight and management of material business risks and disclose a summary of those policies.*

The Board is responsible for the oversight of the Company's risk management and control framework. Responsibility for control and risk management is delegated to the appropriate level. The Risk Management Policy is reviewed annually. A copy of the Risk management policy upon request.

Recommendation 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.*

The Company is not of size to allow this recommendation to be followed. The Board is responsible for the design and implementation of risk management and internal control systems.

Recommendation 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 system of risk management and internal control and that the system is operating effectively in all material respects in relation to the financial reporting risks.*

The Company's Executive Director and Chief Financial Officer provide this statement.

CORPORATE GOVERNANCE STATEMENT (cont)

Recommendation 7.4: *Provide the information indicated in the ASX Corporate Governance Council's Guide to reporting on Principle 7.*

A description of the Company's risk oversight and management policy and internal compliance and control system is available on request.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

Recommendation 8.1: *The Board should establish a remuneration committee.*

The Company has a charter for a remuneration committee however; a committee has not been established at this time. Given the small size of the board, the entire board performs the functions of the remuneration committee.

Recommendation 8.2: *The remuneration committee should be structured so that it:*

- *Consists of a majority of independent directors;*
- *Is chaired by an independent chair; and*
- *Has at least three members.*

Please refer to 8.1 in relation to the remuneration committee.

Recommendation 8.3: *Clearly distinguish the structure of non-executive Directors' remuneration from that of executives.*

The Company outlines the structure of remuneration of non-executive Directors and executives of the Company in the Remuneration report in the annual report.

Recommendation 8.4: *Provide the information indicated in the ASX Corporate Governance Council's Guide to Reporting on Principle 8*

Refer to Recommendation 8.1 in relation to the remuneration committee.

Refer to the Remuneration report in this Annual Report in relation to the superannuation payments to directors. The Company does not have a superannuation scheme for its employees.

Grant Thornton

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Auditor's Independence Declaration
To the Directors of SWW Energy Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of SWW Energy Limited for the year ended 31 December 2011, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

GRANT THORNTON NSW
Chartered Accountants

G S Layland
Partner

Sydney, 30 March 2012

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

	Note	**Company** 2011 $	**Consolidated** 2010 $
Revenue	2	-	-
Cost of sales		-	-
Gross profit		-	-
Other Income		1,098,475	-
Interest Income		37,679	
		1,136,154	-
Administration expenses	3	(444,915)	(56,994)
Impairment of intercompany loan		-	(287,558)
		(444,915)	(344,552)
Profit / (Loss) before income tax		691,239	(344,552)
Income tax expense	4	-	-
Profit / (Loss) for the year attributable to members of the parent entity		691,239	(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		691,239	(344,552)
Overall operations			
Basic profit/(loss) per share (cents per share)	7	0.27	(0.33)
Diluted profit/(loss) per share (cents per share)	7	0.22	(0.32)

The financial statements should be read in conjunction with accompanying notes.

Statement of Financial Position as at 31 December 2011

	Note	Company 2011 $	Consolidated 2010 $
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	15	1,257,325	-
Trade and other receivables	8	21,089	700
Other current assets	10	4,824	-
TOTAL CURRENT ASSETS		1,283,238	700
TOTAL ASSETS		1,282,238	700
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	100,421	1,853,475
TOTAL CURRENT LIABILITIES		100,421	1,853,475
TOTAL LIABILITIES		100,421	1,853,475
NET ASSETS		1,182,817	(1,852,775)
EQUITY			
Issued capital	12	1,792,353	72,605,431
Reserves		552,000	-
Retained earnings		(1,161,536)	(74,458,206)
TOTAL EQUITY		1,182,817	(1,852,775)

The financial statements should be read in conjunction with accompanying notes.

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

	Ordinary Share Capital	Share Based Payments Reserve	Retained Earnings	Total
	$	$	$	$
Consolidated Entity				
Balance at 1 January 2010	**72,232,052**	**-**	**(74,113,654)**	**(1,881,602)**
Total Comprehensive Income for the year	-	-	(344,552)	(344,552)
Transactions with owners, in their capacity as owners				
Issue of shares	298,379	-	-	298,379
Convertible note issue	75,000	-	-	75,000
Total transactions with owners	373,379	-	-	373,379
Balance at 31 December 2010	**72,605,431**	**-**	**(74,458,206)**	**(1,852,775)**
Company				
Total Comprehensive Income for the year	-	-	691,239	691,239
Transactions with owners in their capacity as owners				
Issue of shares	2,771,000	-	-	2,771,000
Reduction of share capital	(72,605,431)	-	72,605,431	-
Cost of share issue	(978,647)	552,000	-	(426,647)
Total transactions with owners	(70,813,078)	552,000	72,605,431	2,344,353
Balance at 31 December 2011	**1,792,353**	**552,000**	**(1,161,536)**	**1,182,817**

The financial statements should be read in conjunction with accompanying notes.

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		(1,186,283)	(99,706)
Interest Received		37,628	-
Net cash used in operating activities	15(b)	(1,148,655)	(84,503)
CASH FLOWS FROM INVESTING ACTIVITIES			
Loans to related entities		(11,779)	(287,559)
Net cash used in investing activities		(11,779)	(287,559)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		2,417,759	373,379
Net cash provided by financing activities		2,417,759	373,379
Net increase 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	15(a)	1,257,325	-

The financial statements should be read in conjunction with accompanying notes.

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

The Company has received a net profit after taxes for the year ended 31 December 2011 of $691,239 (Consolidated Entity 31 December 2010 loss of $344,552) and has a working capital surplus of $1,181,817 (Consolidated Entity 31 December 2010 deficit of $1,852,775). The financial report has therefore 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 $2,771,000 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 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;

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)

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

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

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).

A list of controlled entities as at 31 December 2011 is contained in Note 9 to the financial statements.

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.

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.

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

1. Statement of significant accounting policies (continued)

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) 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.

(f) 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.

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

1. Statement of significant accounting policies (continued)

(g) 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.

(h) 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.

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.

(i) 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 entities controlled by SWW Energy Limited at that time.

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

1. Statement of significant accounting policies (continued)

(j) 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.

(k) 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)

(l) 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 31 December 2013 year end, the company has not yet made an assessment of the impact of these amendments.
AASB13	Fair Value Measurement	IFRS13: • explains how to measure fair value (when fair value is required by another standard) by providing a new definition and introducing a single set of requirements for (almost) all fair value measurements; • clarifies how to measure fair value when a market becomes less active; • improves transparency through additional disclosures; and • applies to both financial and non-financial items but does not address or change the requirements on when fair value should be used.	Periods beginning on or after 1 January 2013	No Impact

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

1. Statement of Significant Accounting Policies (continued)

(l) Impact of new accounting standards not yet adopted

AASB reference	Title and Affected Standard(s):	Nature of Change	Application date:	Impact on Initial Application
AASB2011-4	Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements	This Standard makes amendments to AASB 124 Related Party Disclosures to remove individual key management personnel disclosure requirements, to achieve consistency with the international equivalent and remove duplication with the Corporations Act 2011.	Annual reporting periods commencing on or after 1 July 2013.	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		
Other revenues		
- interest	37,679	-
- reversal of creditors	1,098,475	-
Total Operating Revenue	1,136,154	-

3. Loss before income tax

(a) Expenses

ASIC/ASX fees	62,852	-
Audit fees	56,718	-
Consultants fees	40,657	-
Directors fees	46,743	-
Other administration expenses	173,607	56,994
Project evaluation expenses written off	64,338	-
	444,915	56,994

Restructure and recapitalisation

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.

4. Income Tax Expense

(a) The components of tax expense comprise:

	Company 2011 $	Consolidated 2010 $
Current tax	-	-
Deferred tax	-	-
Recoupment of prior year tax losses	-	-
Under provision in respect of prior years	-	-
	-	-

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

4. Income Tax Expense (continued)

(b) The prima facie tax benefit on loss before income tax is reconciled to the income tax as follows:

	Company 2011 $	Consolidated 2010 $
Prima facie tax benefit on loss before income tax at 30% (31 Dec 2010: 30%)		
- entity	207,372	(103,366)
	207,372	(103,366)
Add:		
Tax effect of:		
Deductions not included in loss for the period		
Non-deductible expenses	-	-
	-	-
Less:		
Tax effect of:		
Non-assessable income	(329,543)	-
Tax benefit not carried forward to later years	122,171	103,366
Income tax credit	-	-
Deferred tax assets/liabilities not brought to account:		
Tax losses	122,171	16,372,170
Temporary differences	-	-
Asset	-	-
Liabilities	-	-
	122,171	16,372,170
The applicable weighted average effective tax rates are as follows:	0%	0%

5. Key Management Personnel Information

(a) *Names and positions held of the entity's key management personnel in office at any time during the financial year are:*

Key Management Personnel		
Gino D'Anna	Executive Director	Resigned 16 June 2011
Gino D'Anna	Company Secretary	Resigned 16 June 2011
Benjamin Bussell	Non-executive Director	
Darren Olsen	Non-executive Director	
Matthew Foy	Executive Director	Appointed 16 June 2011
Matthew Foy	Company Secretary	Appointed 16 June 2011

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

5. Key Management Personnel Information (continued)

(b) *Key Management Personnel Compensation*

12 months to 31 December 2011 (i)	**Short-term Benefits**			**Post-employment Benefits**	**Share-based payment**		**Total**	**Perform-ance Related**
	Cash, Salary and Commissions	**Cash Bonus**	**Non-cash benefit**	**Super-annuation**	**Equity**	**Options**		
	$	$	$	$	$	$	$	%
Gino D'Anna	-	-	-	-	-	-	-	-
Benjamin Bussell	15,581	-	-	-	-	-	15,581	-
Darren Olsen	14,183	-	-	1,398	-	-	15,581	-
Mr Matthew Foy	20,775	-	-	-	-	-	20,775	-
	50,539	-	-	1,398	-	-	51,937	

(i) The above figures are from the later of employment commencement date and 1 January 2011 through to the earlier of termination date and 31 December 2011.

12 months to 31 December 2010 (i)	**Short-term Benefits**			**Post-employment Benefits**	**Share-based payment**		**Total**	**Perform-ance Related**
	Cash, Salary and Commissions	**Cash Bonus**	**Non-cash benefit**	**Super-annuation**	**Equity**	**Options**		
	$	$	$	$	$	$	$	%
Dennis Danzik	79,752	-	-	-	-	-	79,752	0%
John Hoffman	79,752	-	-	-	-	-	79,752	0%
David Sutton	77,854	-	-	-	-	-	77,854	0%
Gino D'Anna	-	-	-	-	-	-	-	-
Benjamin Bussell	-	-	-	-	-	-	-	-
Darren Olsen	-	-	-	-	-	-	-	-
	237,358	-	-	-	-	-	237,358	

The above figures are from the later of employment commencement date and 1 January 2010 through to the earlier of termination date and 31 December 2010.

(c) *Other Key Management Personnel Disclosures*

Director, Mr B Bussell, is a shareholder and a director of Hemisphere Corporate Services Pty Ltd. During the 2011 year the Company was providing consultancy, tenancy and administration services to SWW Energy Limited. No formal contract is in place in regard to these transactions. All transactions were conducted on normal commercial terms.

Director, Mr D Olsen, is a shareholder and a director of Marlston Taxation & Business Advisers. During the 2011 year the company was providing taxation and accountancy services to SWW Energy Limited. No formal contract is in place in regard to these transactions. All transactions were conducted on normal commercial terms.

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

5. Key Management Personnel Information (continued)

Aggregate amounts of each of the above types of other transactions with key management personnel of SWW Energy Limited are as follows:

	Company 2011 $	Consolidated 2010 $
Amounts recognised as expense		
Consultancy, Rent and Administration	340,400	-
Taxation and Accountancy	38,030	-
	378,430	-
Balance outstanding at year end		
Trade payables	54,993	-

(d) *Compensation options*

No options were issued to Directors or Key Management Personnel during the year.

(e) *Shareholdings*

Number of shares held by parent entity directors and other key management personnel

	Balance 1 Jan 11	Purchased	Disposed	Balance 31 Dec 11
Directors				
Mr Gino D'Anna	-	4,500,000	(4,500,000)	-
Mr Benjamin Bussell	-	3,157,895	-	3,157,895
Mr Darren Olsen	-	3,500,000	(300,000)	3,200,000
Nr Matthew Foy	-	1,013,158	-	1,013,158
	-	12,171,053	(4,800,000)	7,371,053

The above figures are from the later of employment commencement date and 1 January 2011 through to the earlier of termination date and 31 December 2011.

6. Auditors' Remuneration

	Company 2011 $	Consolidated 2010 $
Remuneration of the auditor of the parent entity for:		
- auditing and review of financial reports	56,718	50,000
- compliance and taxation services	-	-
	56,718	50,000

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

7. Earnings Per Share

	Company 2011 $	Consolidated 2010 $
(a) Earnings used in calculating earnings per share		
Profit/(Loss) attributable to continuing operations	691,239	(344,552)
Profit/(Loss) attributable to ordinary equity holders of the parent	691,239	(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	310,777,206	105,952,372

8. Trade and Other Receivables

CURRENT		
Trade and other receivables	21,089	700
Less: Provision for impairment of receivables	-	-
	21,089	700

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 Entity	21,089	21,089	-	-	-	-
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.

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

9. Financial Assets

Controlled Entities at 31 December 2011

	Country of Incorporation	Percentage Owned*		Carrying Amount of Investment
		31 Dec 11	31 Dec 10	31 Dec 11
		%	%	$
Parent Entity:				
SWW Energy Limited	Australia			
Subsidiaries of SWW Energy Limited				
ACN 051 792 495 Pty Ltd (formerly known as Scanline Pty Ltd)	Australia	-	100	-
				-

** Percentage of voting power is in proportion to ownership*

As part of the previously approved DOCA proposal, on termination of the DOCA on 19th May 2011, the Company transferred 100% of the issued capital of its wholly owned subsidiary, ACN 051 792 495 Pty Ltd to the Deed Administrator. Given there was no carrying value in the subsidiary at that date, no gain or loss has been recognised in the 31 December 2011 financial statements.

10. Other Current Assets

	Company 2011 $	**Consolidated 2010 $**
Prepayments	4,824	-
	4,824	-

11. Trade and Other Payables

CURRENT		
Trade payables	100,421	1,803,475
Accrued expenses	-	50,000
	100,421	1,853,475

12. Issued Capital

389,599,124 (2010: 103,379,322) fully paid ordinary shares	(a)	1,792,353	72,530,431
0 (2010: 15,000,000) convertible notes	(b)	-	75,000
		1,792,353	72,605,431

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

12. Issued Capital (continued)

(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	72,605,431	72,232,052
Reduction of share capital	(72,605,431)	
Shares issued during year		
- 28 January 2010	-	258,934
- 19 February 2010	-	39,445
- 24 September 2010	-	75,000
- 18 May 2011	2,721,000	-
- 24 May 2011	50,000	-
Capital Raising Costs	(978,647)	-
At reporting date	1,792,353	72,605,431

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

12. 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		
- 24 September 2010	-	15,000,000
- Notes converted	(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

13. Reserves

	Company 2011 $	Consolidated 2010 $
(a) Reserves		
Share Based Payments Reserve	552,000	-
	552,000	-
Movements:		
Share Based Payments Reserve		
Balance 1 July	-	-
Options Issued to consultants	552,000	-
Balance 30 June	552,000	-

Nature and purpose of reserves

(i) Share-based payments reserve

The share based payments reserve is used to recognise:

- The fair value of options issued to employees and consultants but not exercised
- The fair value of shares issues to employees

14. Segment Reporting

The company primarily operates in one segment being renewable energy research, development and production.

15. Cash Flow Information

(a) Reconciliation of Cash

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of financial position as follows:

	Company 2011 $	Consolidated 2010 $
Cash on hand and bank	1,257,325	-
Bank deposits	-	-
	1,257,325	-

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

15. Cash Flow Information (continued)

(b) Reconciliation of Cash Flow from Operations With Loss After Tax

	Company 2011 $	Consolidated 2010 $
Profit/(Loss) after income tax	691,239	(344,552)
Cash flows excluded from profit from ordinary activities attributable to operating activities		
Reversal of creditors	(1,098,475)	-
Non-cash flows in loss from ordinary activities		
Impairment of Inter Entity Loan	-	287,558
Changes in assets and liabilities		
(Increase)/decrease in trade and term receivables	(24,141)	3,682
Increase/(decrease) in trade payables and accruals	(717,278)	(31,191)
Cashflow used in operations	(1,148,655)	(84,503)

16. Share-based Payments

(a) Options Issued

The share based payments listed below have been issued to consultants of SWW Energy during the year ended 31 December 2011.

Share based payments transactions are recognised at fair value in accordance with AASB 2.

Grant date	Expiry date	Exercise price	Balance at start of the year Number	Granted during the year Number	Expired during the year Number	Balance at the end of the year Number	Vested and exercisable at the end of the year Number
2011							
19/04/2011	31/12/2014	$0.01	-	80,000,000	-	80,000,000	80,000,000
28/05/2008	28/05/2011	$0.01885	2,100,000	-	(2,100,000)	-	-
			2,100,000	80,000,000	(2,100,000)	80,000,000	80,000,000
Weighted Average Exercise Price			$0.5185	-	-	$0.01	$0.01

Grant date	Expiry date	Exercise price	Balance at start of the year Number	Granted during the year Number	Expired during the year Number	Balance at the end of the year Number	Vested and exercisable at the end of the year Number
2010							
28/05/2008	28/05/2011	$0.01885	2,100,000	-	-	2,100,000	2,100,000
			2,100,000	-	-	2,100,000	2,100,000
Weighted Average Exercise Price			$0.5185	-	-	$0.5185	$0.5185

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

16. Share-based Payments (continued)

The assumptions used for the director's options valuation for options issued in 2011 are as follows:

The options granted during 2011 had a weighted average fair value of the options granted during the year was $0.0069. This price was calculated by using a Black Scholes option pricing model applying the following inputs:

Weighted average exercise price	$0.01
Weighted average life of the option	3.704 years
Underlying share price	$0.01
Expected share price volatility	100%
Risk free interest rate	4.97%

The assumptions used for the director's options valuation for options issued in 2010 are as follows:

The options granted during 2008 (pre consolidation) had a weighted average exercise price of $0.01885 and a weighted average remaining contractual life of 2.4 years. Exercise prices range from $0.01885 to $0.33 in respect of options outstanding at 31 December 2008. The weighted average fair value of the options granted during the year was $0.0131. This price was calculated by using a Black Scholes option pricing model applying the following inputs:

Weighted average exercise price	$0.01885
Weighted average life of the option	2.75 years
Underlying share price	$0.0190
Expected share price volatility	114.2%
Risk free interest rate	7.25%

Historical volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future tender, which may not eventuate. The life of the options is based on the historical exercise patterns, which may not eventuate in the future.

Included under employee benefits expense in the statement of comprehensive income is $nil (2010: $nil), and relates, in full, to equity-settled share-based payment transactions.

(b) Shares issued

Shares granted to external consultants during the year as share-based payments are as follows:

Grant Date	No. of Shares
13 May 2011	20,000,000

The weighted average fair value of those equity instruments, determined by reference to market price, was $0.010875.

These shares were issued as compensation to external consultants of the Company in exchange for services rendered during the year. A summary of shares issued is as follows:

Shareholder	No. of shares	$ value
Hemisphere Corporate Services	20,000,000	217,500

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

17. Events After the Statement of Financial Position Date

Subsequent to the reporting period on 23 February 2012 the Company announced it had executed a US$100,000 laboratory services agreement with Ridgeline Energy Services, Inc. (Ridgeline) to determine whether waste water containing a polymer (primarily vegetable and petroleum based) / oil can be successfully refined into a fuel base to be further refined into biodiesel or a biofuel. This will also include tests to identify produced water from other industrial waste sources.

The evaluation process will involve the sourcing of appropriate waste water, processing and independent testing including fuel quality testing. Make up water will be processed and then refined materials that can be converted to fuel base will be identified. Test America, Inc. an independent laboratory has been chosen to verify test results.

It is proposed to conduct three separate tests, each taking approximately two months from initial waste collection to final results. Each sample of waste water will be representative of waste streams commonly found in developed, populated areas, including; Interceptor waste water, transported non-hazardous water sources, and sump waste water, (typically found at car washes and other locations).

18. Capital Management

Management controls the capital of the entity in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the entity can fund its operations and continue as a going concern.

The entity's debt and capital includes ordinary share capital, and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements.

Management effectively manages the entity's capital by assessing the entity's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the entity since the prior year. This strategy is to ensure that the entity's gearing ratio remains below 40%. The gearing ratios for the year ended 31 December 2011 and 31 December 2010 are as follows:

	Company	**Consolidated**
	2011	**2010**
	$	**$**
Total borrowings	-	75,000
Less cash and cash equivalents	1,257,325	-
Net debt	-	(75,000)
Total equity	1,182,817	(1,852,775)
Total capital	1,182,817	(1,927,775)
Gearing ratio	0%	3.8%

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

19. Financial Risk Management

The entity's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivables and payable and leases.

1. Treasury Risk Management

An Audit, Compliance and Risk Committee consisting of board members who meet to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

The board's overall risk management strategy seeks to assist the entity in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

Risk management policies are approved and reviewed by the board. These include the use of credit risk policies and future cash flow requirements.

2. Financial Risk Exposures and Management

The main risks the entity is exposed to through its financial instruments are interest rate risk, liquidity risk, credit risk and price risk.

The entity is not exposed to fluctuations in foreign currencies arising from the sale and purchase of goods and services in currencies other than the entity's measurement currency.

(a) Interest rate risk

The entity is exposed to interest rate risk at the date of this report via its cash holdings.

(b) Liquidity risk

The entity manages liquidity risk by monitoring forecast cash flows and ensuring sufficient cash reserves are on hand to meet obligations.

(c) Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

(d) Financial instrument composition and maturity analysis

The tables below reflect the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts may not reconcile to the statement of financial position.

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

19. Financial Risk Management (continued)

	Weighted average effective interest rate	Variable interest rate	Fixed Interest 1 Year or less	Fixed Interest Over 1 to 5 years	Non-interest bearing	Total
	%	$	$	$	$	$
2011 Company						
Financial Assets	-	-	-	-	-	-
Cash and cash equivalents	5.99%	1,257,325	-	-	-	1,257,325
Trade and other receivables		-	-	-	24,841	24,841
Total		1,257,325	-	-	24,841	1,282,166
Financial Liabilities	-	-	-	-	-	-
Trade and other payables	-	-	-	-	100,421	100,421
Other financial liabilities	-	-	-	-	-	-
Total		-	-	-	100,421	100,421
2010 Consolidated						
Financial Assets	-	-	-	-	-	-
Cash and cash equivalents	-	-	-	-	-	-
Trade and other receivables		-	-	-	700	700
Total		-	-	-	700	700
Financial Liabilities	-	-	-	-	-	-
Trade and other payables	-	-	-	-	1,853,475	1,853,475
Other financial liabilities		-	-	-	75,000	75,000
Total					1,928,475	1,928,475

Trade and other payable are expected to be paid as follows;

	Company 2011	Consolidated 2010
	$	$
Less than 6 months	100,421	1,853,475
6 months to 1 year	-	-
1 to 5 years	-	-
Over 5 years	-	-
	100,421	1,853,475

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

19. Financial Risk Management (continued)

(e) Net Fair Value of Financial Assets and Liabilities

For all assets and liabilities net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments. Financial assets where the carrying amount exceeds net fair values have not been written down as the company intends to hold these assets to maturity. The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements.

(f) Sensitivity Analysis

Interest Rate Risk and Price Risk

The entity has performed a sensitivity analysis relating to its exposure to interest rate risk, and price risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.
Interest Rate Sensitivity Analysis
At 31 December 2011, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	Company	Consolidated
	2011	2010
	$	$
Change in profit		
Increase in interest rate by 2%	12,573	-
Decrease in interest rate by 2%	(12,573)	-
Change in equity		
Increase in interest rate by 2%	12,573	-
Decrease in interest rate by 2%	(12,573)	-

20. 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.

21. 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 24 to 49 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

Matthew Foy
Director

Dated this 30th day of March 2012.

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Independent Auditor's Report
To the Members of SWW Energy Limited

Report on the financial report

We have audited the accompanying financial report of SWW Energy Limited (the "Company"), which comprises the statement of financial position as at 31 December 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the company.

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 of the financial report in accordance with Australian Accounting Standards and the Corporations Act 2001. This responsibility includes such internal controls as the Directors determine are necessary to enable the preparation of the financial report to be free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies 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 which require us to 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 Company's preparation and fair presentation of the financial report 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 Company'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.

Independence
In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's opinion
In our opinion:

a the financial report of SWW Energy Limited is in accordance with the Corporations Act 2001, including:

   i giving a true and fair view of the Company's financial position as at 31 December 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 financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Report on the remuneration report
We have audited the remuneration report included in pages 17 to 21 of the directors' report for the year ended 31 December 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.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of SWW Energy Limited for the year ended 31 December 2011, complies with section 300A of the Corporations Act 2001.

GRANT THORNTON NSW
Chartered Accountants

G S Layland
Partner

Sydney, 30 March 2012

Additional ASX Information

Company Name: SWW Energy Limited (formerly Solverdi Worldwide Limited) (SWW.ASX)
Latest Date: 23 February 2012
Top 20 Shareholders

Date	Issued Capital (IC)	Top 20 Position	%IC
23 February 2012	389,599,124	327,405,456	84.04%

Rank	Name	A/C Designation	23 Feb 12	%IC
1	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED		45,000,000	11.55%
2	NIGEL TARRATT PTY LTD	NIGEL TARRATT SUPER FUND	34,250,000	8.79%
3	MIMO STRATEGIES PTY LTD	<MIMO A/C>	26,872,266	6.90%
4	BLU BONE PTY LTD	<THE SHARE TRADING A/C>	22,000,000	5.65%
4	KOBIA HOLDINGS PTY LTD	<THE KOBIA A/C>	22,000,000	5.65%
5	BEVAN NIGEL HUGH TARRATT & SOPHIE MACKAY		20,336,647	5.22%
6	FOSTER STOCKBROKING NOMINEES PTY LTD	<NO 1 ACCOUNT>	20,250,000	5.20%
7	JOE DIRT SUPER PTY LTD	JOE DIRT SUPER	17,500,000	4.49%
8	NAUTICAL HOLDINGS WA PTY LTD	<ABANDON SHIP SUPER FUND	15,000,000	3.85%
9	MR MARK JOHN BAHEN & MRS MARGARET PATRICIA	<SUPERANNUATION ACCOUNT>	14,700,000	3.77%
10	KINGSLANE PTY LTD	CRANSTON SUPERANNUATION	12,500,000	3.21%
11	MRS JANE VALENTINE WHIDDON	<THE LAGRAL FAMILY A/C>	10,000,000	2.57%
12	HEMISPHERE CORPORATE SERVICES PTY LTD		8,000,000	2.05%
13	N & J MITCHELL HOLDINGS PTY LTD	ORD STREET PROPERTIES	7,500,000	1.93%
14	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED		7,033,634	1.81%
15	OAKHURST ENTERPRISES PTY LTD		5,512,909	1.42%
16	MR JASON PETERSON & MRS LISA PETERSON	<J & L PETERSON S/F A/C>	5,450,000	1.40%
17	ROWAN HALL PTY LTD	<ROWAN HALL TRADING A/C>	5,000,000	1.28%
17	THIRD REEF PTY LTD	<BACK REEF A/C>	5,000,000	1.28%
17	GETMEOUTOFHERE PTY LTD	SINKING SHIP SUPER FUND	5,000,000	1.28%
18	MR GINO D'ANNA	<THE INTERNATZIONALE A/C>	4,500,000	1.16%
19	HIGH STREET CONSULTING PTY LIMITED	<ENDLESS POWDER S/FUND A/C>	4,000,000	1.03%
19	BRAHMA FINANCE BVI LIMITED		4,000,000	1.03%
20	DR ERIC VERNON LILFORD		3,000,000	0.77%
20	MISS CORRINA MARIE LARSSON		3,000,000	0.77%
	TOTAL		**327,405,456**	**84.04%**
	Balance of Register		**62,193,668**	**15.96%**
	Grand TOTAL		**389,599,124**	**100.00%**

Range	Securities	%	No of Holders	%
1 to 1000	74,062	0.02%	227	32.52%
1001 to 5000	446,220	0.11%	178	25.50%
5001 to 10000	343,228	0.09%	47	6.73%
10001 to 100000	5,544,811	1.42%	141	20.20%
100001 and Over	383,190,803	98.36%	105	15.04%
Total	**389,599,124**	**100.00%**	**698**	**100.00%**

Additional ASX Information (continued)

Unmarketable Parcels

The number of holders of less than a marketable parcel of fully paid shares is 489.

Voting Rights

The voting rights attached to each class of equity security are as follows:

Ordinary shares

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

Options

There are no voting rights attached to any class of options that is on issue.

Substantial Shareholders (i.e. shareholders who hold 5% or more of the issued capital)

Name	Number of Shares Held	Percentage
Nigel Tarratt Pty Ltd <Nigel Tarratt Super Fund>	34,250,000	8.79%
MIMO Strategies Pty Ltd <MIMO A/C>	26,872,266	6.90%
Blu Bone Pty Ltd <The Share Trading A/C>	22,000,000	5.65%
Kobia Holdings Pty Ltd <The Kobia A/C>	22,000,000	5.65%
Bevan Nigel Hugh Tarratt & Sophie MacKay	20,336,647	5.22%

Unquoted Securities

As at 24 February 2012 the following options over un-issued shares were on issue:

(i) 80,000,000 options exercisable at 1 cent on or before 31 December 2014.

Unquoted Equity Security Holders with Greater than 20% of an Individual Class

As at 24 February 2012 the following class of unquoted securities had holders with greater than 20% of the class on issue.

Options exercisable at 1 cent on or before 31 December 2014

Name	Number of Shares Held	Percentage
MIMO Strategies Pty Ltd <MIMO A/C>	20,000,000	25.0%
Hemisphere Corporate Services Pty Ltd	20,000,000	25.0%

Buy-back arrangements

There are no buy-back arrangements in place.

Restricted Securities

There are no securities restricted or currently subject to voluntary escrow.

Additional ASX Information (continued)

Registered Address

The address of the principal registered office is Level 8, 225 St Georges Terrace, Perth WA. Telephone (08) 9486 4036.

Registers

The register of securities are held at the following address:
Link Market Services Limited
Ground Floor, 178 St Georges Terrace
Perth WA 6000

Variance from Preliminary Final Report and Appendix 4E

There was no material variance from the Final Annual Report for the Year Ended 31 December 2011 and Preliminary Final Report and Appendix 4E lodged on 29 February 2012.