

**THE LEADER
IN MINERAL DRILLING
INNOVATION**



Innovative • Productive • Safe

CORPORATE DIRECTORY

Directors

Andrew Simpson -
Non-Executive Chairman

Kent Swick -
Managing Director

David Nixon -
Non-Executive Director

Phillip Lockyer -
Non-Executive Director

Ian McCubbing -
Non-Executive Director

Company Secretary

Frank Campagna

Registered and Operations Office

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Deloitte Touche Tohmatsu

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240 St Georges Terrace
Perth, Western Australia

Solicitors

Steinepreis Paganin

Lawyers and Consultants

Level 4, The Read Buildings
16 Milligan Street
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Share Registry

Security Transfer

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Applecross, Western Australia

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Bankers

National Australia Bank Ltd

ASX Code: SWK (fully paid shares)

Listed on the Australian Securities Exchange



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Consolidated Financial Statements For The Year Ended 30 June 2015

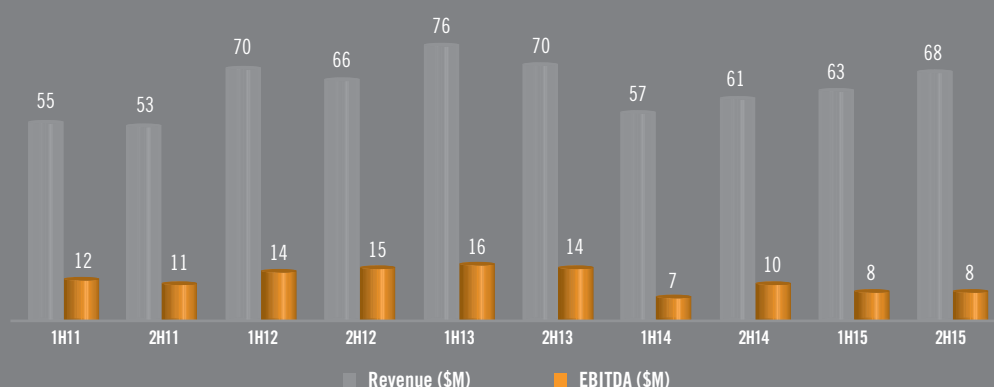
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2015 MILESTONES



- Decrease in Total Recordable Injury Frequency Rate (TRIFR) of 67% in 2 years.
- Investment in Orexplore subsidiary now at 50.5%, giving Swick control of the company.
- Most metres drilled in any one year by Swick's Underground Diamond Drilling division (total 1,011,886).
- Research and development work to focus on next step change in technology.
- Most metres drilled in any one quarter by Swick's Underground Diamond Drilling division (285,077 in Q4 FY15).
- Business restructured to reflect current market challenges and competitiveness.

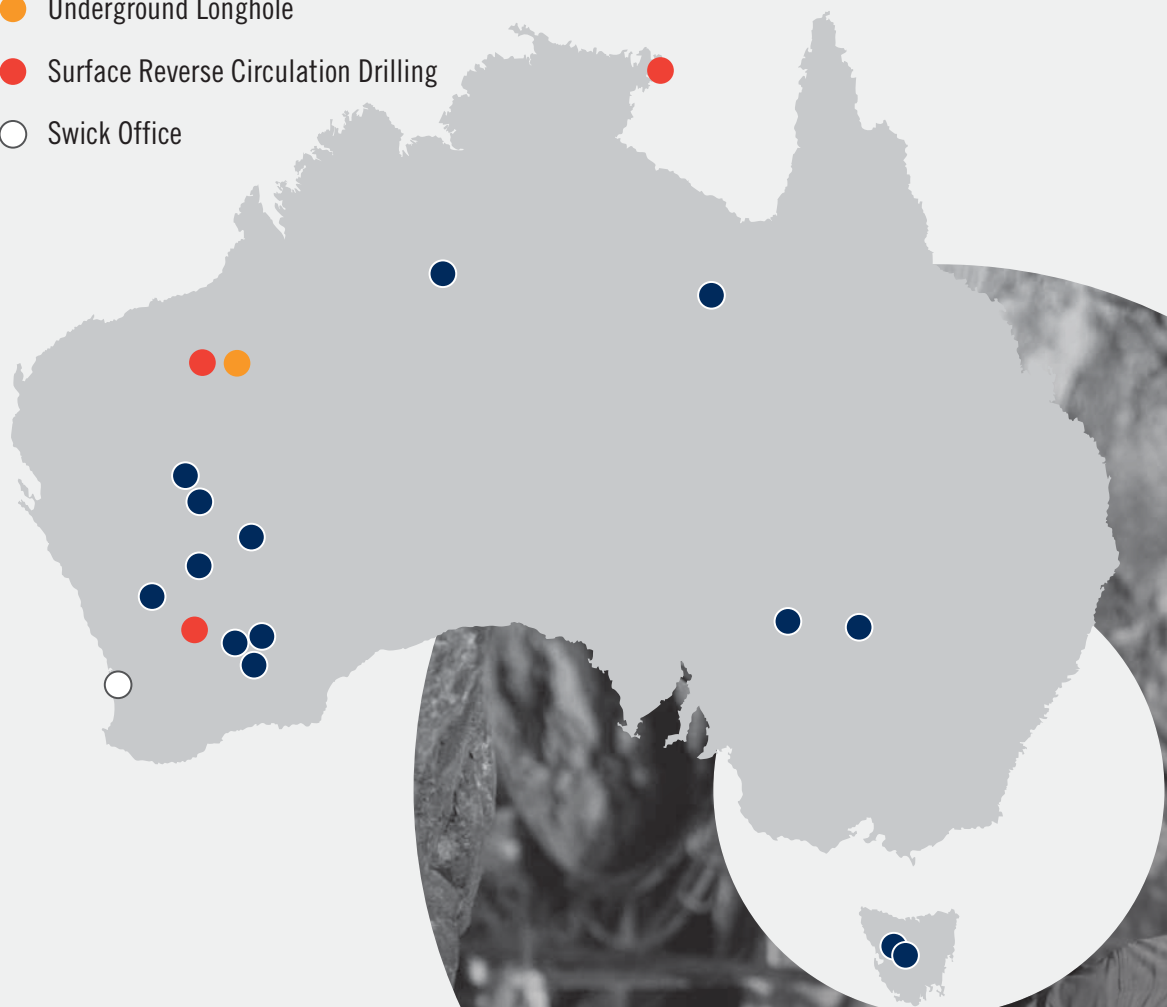
Consolidated - Half Yearly Revenue and EBITDA (excluding significant items)
1 July 2011 to 30 June 2015



OUR LOCATIONS



- Underground Diamond Drilling
- Underground Longhole
- Surface Reverse Circulation Drilling
- Swick Office





CHAIRMAN'S LETTER

Dear Shareholder,

On behalf of the Board of Directors of Swick Mining Services Ltd ("Swick" or "the Company"), I take great pleasure in presenting the Company's 2015 Annual Report.

Despite the ongoing uncertainty in the macro market circumstances, our Company continued to work diligently to maintain the highest level of customer service and support during the 2015 financial year. This resulted in an increase in market share in our core Underground Diamond Drilling division which achieved revenue growth while holding margins before the impact of significant items.

As successful as the core business has been, the overall market decline necessitated a review of the carrying values of the Company's assets which resulted in the Company recognising an impairment and inventory obsolescence expense during the year.

Safety

Safety continued to be an integral part of the Swick brand. Over the 2015 financial year Swick continued to improve its safety performance with the Total Recordable Injury Frequency Rate (TRIFR) reducing to 14.7 at year end, a 25% reduction over the year, on the back of a 53% reduction in financial year 2014.

The Company's new and simpler Safety Management System and associated tools coupled with the right leadership have delivered the intent. Ongoing improvements to our safety systems will continue with a focus on competency based training.

Market Leadership

Swick's ongoing client focus of providing a strong value proposition has seen Swick continue to cement its position as the proven market leader in the Mineral Drilling Industry, making Swick a trusted and reliable partner for many mining houses. Recent analysis of the Australian Drilling market indicates that despite the Swick drilled metres remaining relatively consistent over recent years, the market share that Swick holds has increased considerably due to the decline in the overall market. Safety and efficiency remain top of mind with our clients and therefore a focus on continual improvement is essential for market success.

Strategic Focus

Swick continues to minimise its risk exposure by focusing on providing drilling services to strategic clients, on a number of operating sites, across a wide range of commodities. With the ongoing highly competitive market conditions, Swick is increasing its focus on the largest area of expertise, being underground diamond coring.

The strategic decision made a number of years ago to focus on Brownfields operations in the underground diamond core drilling, where the market leading mobile rig provides a competitive advantage, continues to see Swick outperform its peers. During the 2015 financial year it represented approximately 83% of the drilling fleet and contributed 90% of the Company's global revenue.

For clients, underground core drilling provides information for grade control and reserve definition purposes and is an essential part of defining the ongoing underground mining development designs, ore extraction plans, budgets and the resource base. As a result of the large exposure to this type of drilling, and working with its existing clients on solving their business issues, the Swick business was able to increase its metres drilled in financial year 2015.

The confidence shown in Swick by our industry partners along with the addition of new business has enabled Swick to grow its market position



For the Underground Production and Surface RC divisions, the number of market opportunities continued to be limited and highly competitive. This highly competitive market has seen Swick unable to secure any long term new contracts, which lead to the decision to undertake an asset write-down for these divisions in the financial year 2015 result.

Maintained Growth and Market Position

The beginning of financial year 2015 was characterised by stable revenues resulting from work won in the second half of financial year 2014.

The solid foundation, coupled with some favourable commodity price movements enabled growth in activity for Swick in the second half of the year with a total of 10 additional rigs in work at the end of financial year 2015 compared to 2014.

The confidence shown in Swick by our industry partners along with the addition of new business has enabled Swick to grow its market position and maintain high fleet utilisation in a highly competitive market.

Strong Results

With the ongoing challenging economic conditions, Swick was again able to deliver a strong financial result for the 2015 financial year before significant items. The Company recorded \$131 million in revenue, with an EBITDA before significant items of \$17.2 million (EBITDA margin of 13%) which was within market guidance provided at the half-year. Non-cash items of impairment of non-core assets, write-down of inventory and an accounting loss on disposal of an associate, and restructure related redundancy expenses contributed to a reported loss before tax of \$24.5 million.

Due to the break-even underlying result for financial year 2015 and the ongoing slowdown and uncertainty in the overall drilling market, the Company has decided not to declare a final dividend for this financial year. The company remains committed to its dividend payout policy and will reconsider a dividend payout for first half of financial year 2016.

Research & Development

As a leader in the mineral drilling industry, Swick has continued its commitment to research and development. With clients now more focused than ever on safety performance and cost reductions, together with the extremely competitive market, Swick's dedication and investment towards improved safety and productivity is recognised by its clients as a key competitive advantage, and with it a strong market position has developed.

Swick's strategic objective to 'double the metres per man-hour' from June 2012 to June 2017, has founded numerous strategic research and development projects, a number of which have now been implemented. Over the next two years, Swick's underground drilling fleet will undergo a major technology upgrade that will provide the Company with significant additional competitive advantages and allow continued improvement of the value delivered to its clients.

The Future

Swick enters financial year 2016 in a strong market position, on the back of a consistent performance in financial year 2015 which has seen us:

- ✦ continue to grow our market position;
- ✦ undertake business restructuring to meet the demands of the highly competitive market while retaining important personnel skill sets and increasing fleet utilisation; and
- ✦ improve safety and productivity through innovation.

This continued focus on innovation and productivity will lead to further optimisation of the existing drilling fleet and ensure Swick extracts maximum return from our assets. This will also provide flexibility to take advantage of further global market opportunities as they present themselves. Every expanded activity will maintain our traditional focus on competitive advantage, resulting in ongoing market leadership.

On behalf of the Board, I would like to thank the Managing Director, the Chief Executive Officer and the Executive Leadership Team for developing and implementing the strategies that have led to another successful year for the Company. We'd also like to recognise the broader Swick team – a committed group of people passionate about living the values of an industry leading company.

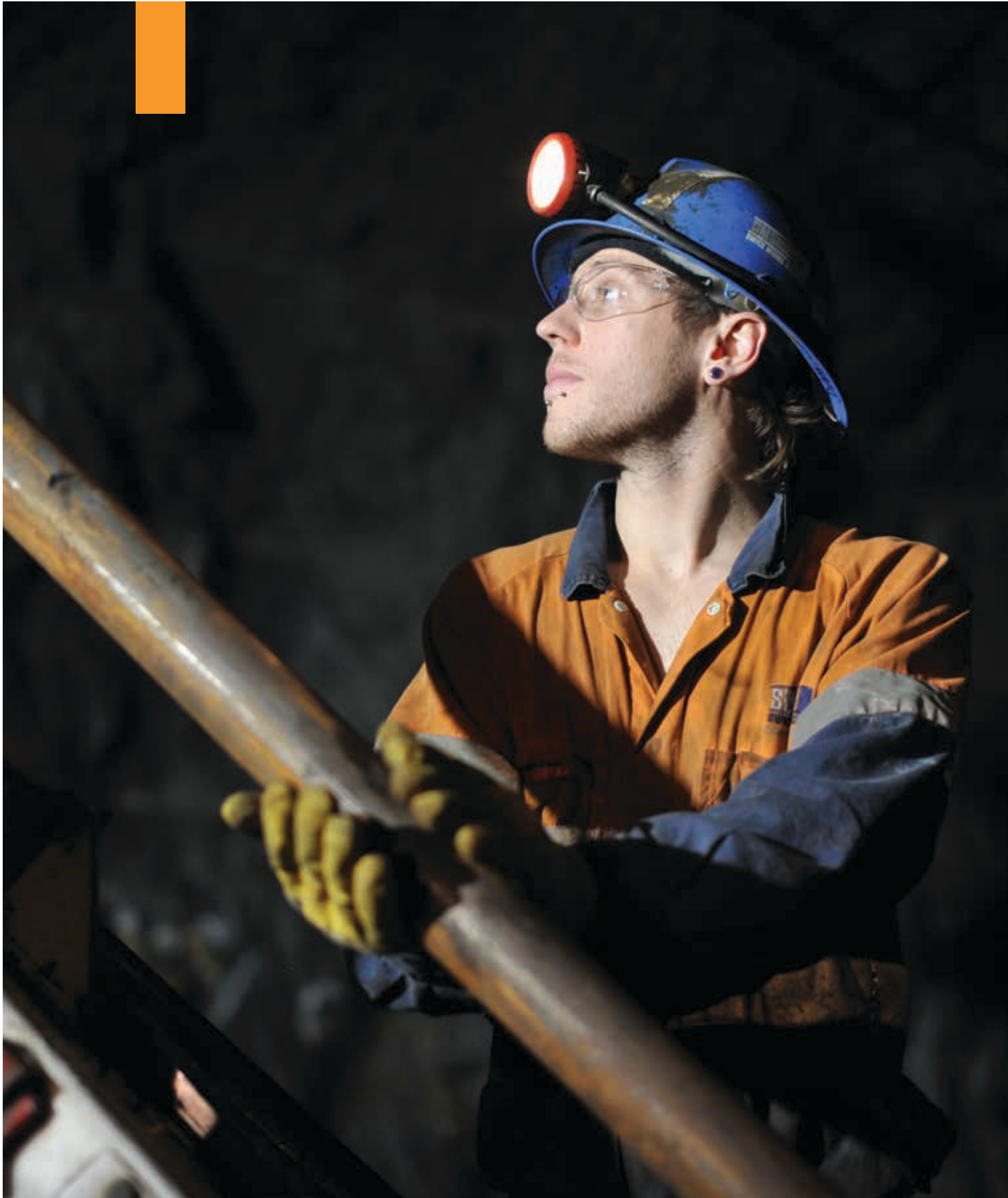
I would also like to thank Swick's clients, partners and suppliers for the continued support of our business and their shared vision of further improving safety and productivity.

We look forward to further developing our market leading position in Australia and to sharing our innovations and values across the globe.

Yours faithfully,

Andrew Simpson

Chairman





MANAGING DIRECTOR'S REPORT ON OPERATIONS

Financial Year 2015 Overview

The 2015 financial year saw a continuation of low (and volatile) commodity prices, uncertain global demand for metals and disinterested capital markets. These factors converged to reinforce the cost focus of the sector, and the continued very low capital expenditure environment. This led to greatly reduced exploration drilling and the competitive environment became more aggressive.

Despite the difficult year experienced by the wider market, Swick maintained its focus on executing its internal strategies and continued to invest in continuous improvement and research and development initiatives that moved the Company closer to its strategic goal of doubling its metres per man-hour production rate by June 2017. This goal allows for the distinct focus and alignment of strategies and business planning to the key deliverables of productivity and safety, and ultimately efficiency. This is reinforced by the fact that all of Swick's capital expenditure decisions are reviewed to ensure that any discretionary spend will assist Swick in achieving this goal. The focus on client needs and continuous improvement enabled the Company to achieve record drilled metres during the year.

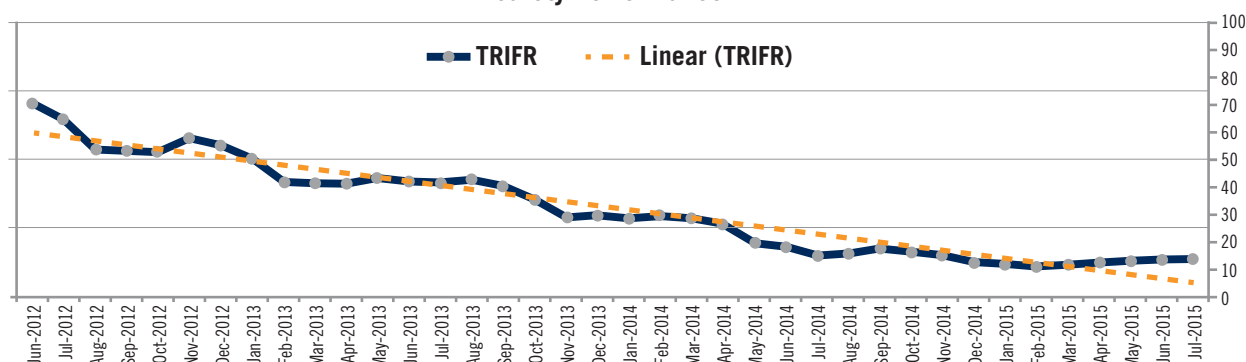
I would like to thank the Board of Directors for its guidance and support over the past twelve months, as well as the Executive and Management teams, which were able to successfully implement many components of the strategic plan throughout our business during the year. The efforts of the team to minimise risk and to maximise performance has yielded strong results for shareholders and placed our Company in good stead for the future.

Safety and Training

Employee health and safety continues to be a core value at Swick and this is demonstrated with the ongoing commitment to safety standards and engineering innovations to make our operations safer. The wholistic approach to risk management and effective use of engineering controls continues to drive down the number of safety incidences. Swick's Total Recordable Injury Frequency Rate (TRIFR) at June 2015 was 14.7, a 25% reduction from the rate at the start of the year, which was on the back of a 53% reduction in the prior financial year. The graph below shows the continuing downward trend that has occurred over the last 3 years highlighting the improved simplistic systems, training strategy, and engagement of employees.

The ongoing commitment demonstrated by the Project Implementation and Technical Training team (PITT) has allowed for the Training Strategy to be resourced effectively ensuring maximum yield from continuous improvement projects and safety implementations through competency based assessment training.

Safety Performance

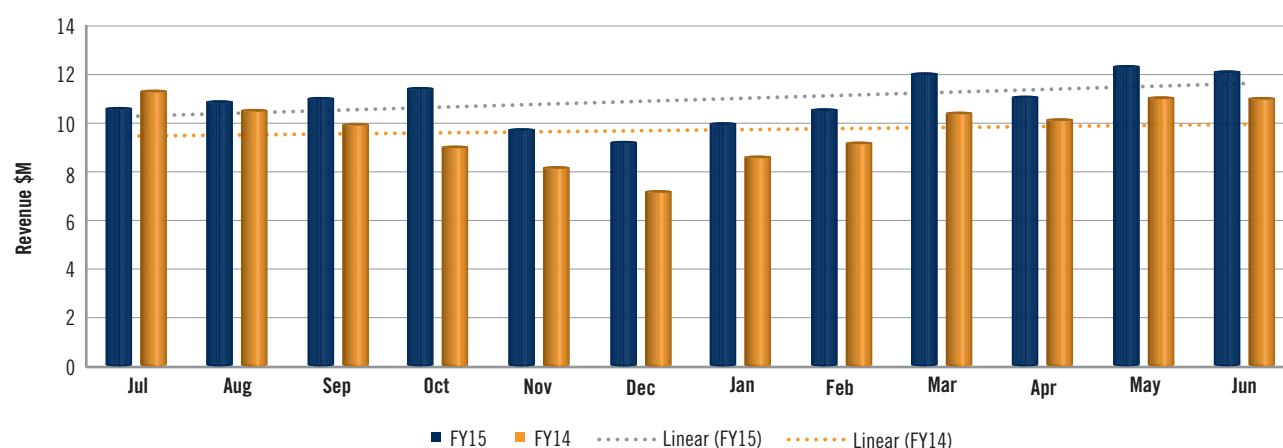


MANAGING DIRECTOR'S REPORT ON OPERATIONS

Production and Revenue

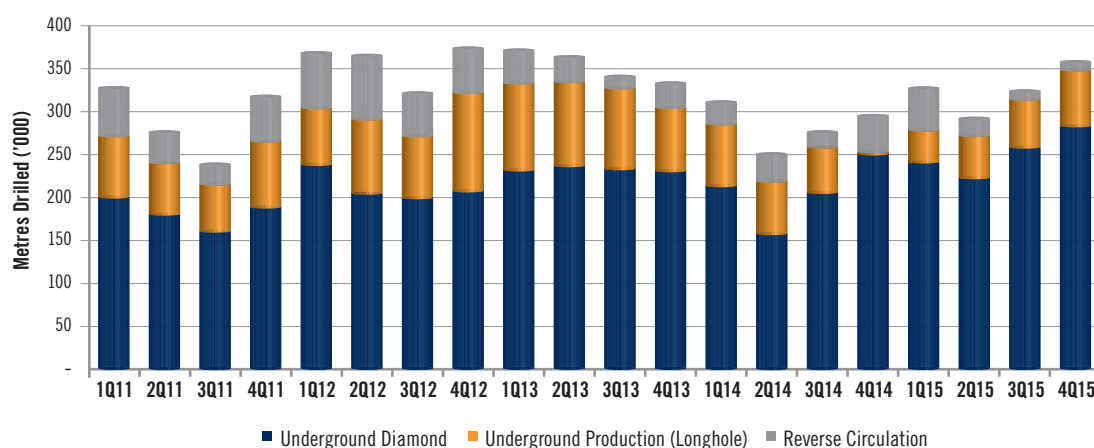
Financial year 2015 was a more consistent year than 2014, with greater stability of earnings through the December period, and an overall increase in production in the second half of the year as the Australian dollar gold price recovered. The first half saw clients strictly adhering to budgets as they continued to conserve cash. As the gold and zinc price increased in Australian dollar terms, existing clients added new rigs in the second half.

FY15 vs FY14 revenue per month



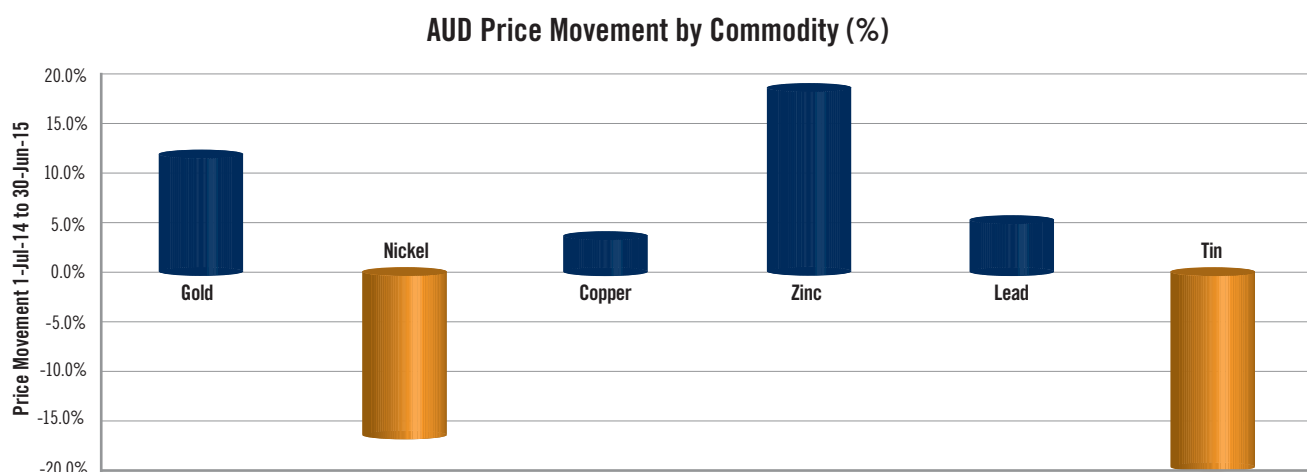
Swick's Underground Diamond drilling division drilled a record 1,011,886 metres in financial year 2015, an increase of 22.1% on the 2014 figure, and an 8.4% improvement on the previous record set in 2013. This strong result is reward for our ongoing high level of service quality, whilst working with clients to lower the direct and indirect costs of drilling.

Metres Drilled by Quarter

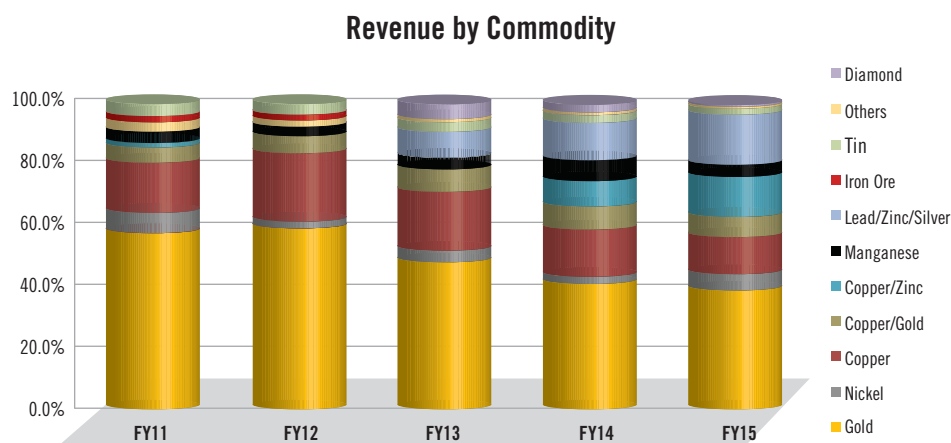


MANAGING DIRECTOR'S REPORT ON OPERATIONS

The second half of the year saw an increased Australian dollar price for both Gold and Zinc, while Copper remained relatively stable throughout the year. These three commodities make up over 80% of our metres drilled. Nickel and Tin prices have decreased significantly, which has not had a major impact on volumes as they represent a low percentage of activity. The graph below shows the commodity price movements during the year in percentage terms.



During the year, Swick had a stable client base with the growth coming from additional rigs being utilised by existing clients. As a result of the changes in Swick's contracted work during the financial year the commodity spread for the business is now as shown in the graph below:



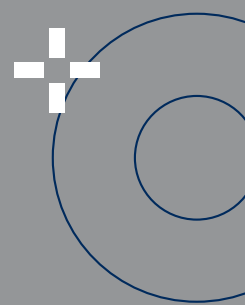
“During the year, Swick had a stable client base with the growth coming from additional rigs being utilised by existing clients”



MANAGING DIRECTOR'S REPORT ON OPERATIONS



MANAGING DIRECTOR'S REPORT ON OPERATIONS



Underground Diamond Drilling

The Underground Diamond Drilling division achieved a record for metres drilled per quarter. The division drilled 285,077 metres in the fourth quarter which followed on from a previous record in the third quarter of 258,957 metres. The full year 22.1% increase in metres when compared to the prior financial year resulted in a revenue increase of 15% to \$118 million.

The first half of financial year 2015 was one of consolidation following the recovery observed in the second half of 2014. The second half saw additional rigs being put to work at existing projects as the gold and zinc prices rose in Australian dollar terms. In addition, the second half also saw clients moving to normal 24 hour operations from single shift operations.

During the year a number of holes were drilled to a depth of 1,500 metres, setting new records for the Swick mobile rig, and continuing our proactive approach to providing a strong value proposition and servicing client requirements. By starting these holes from within the mine, Swick was able to assist the client in avoiding the need to drill from the surface, removing the need to drill through hundreds of metres of non-prospective ground.

Despite Swick clearly demonstrating its value proposition as a service provider over many years, the Company is respectful of the highly competitive operating environment and continues to recognise the need to assist in lowering the operating costs of their clients, to any extent possible.

The Swick Research and Development department has continued its efforts to look at ways of reducing non-drilling time. Following a period of focus on developing low complexity high value solutions, the second half saw focus move to early development of the next step change project. During the year one main initiative was introduced in the first half, with a second key project commencing the implementation phase towards the end of the year. Financial year 2016 will focus on trialling the next step change in technology, with ongoing application of identified low complex high value solutions.

Reverse Circulation (RC) Drilling

Financial year 2015 saw the RC Drilling division report revenue of \$5.8 million which was a decrease of 21% from prior year. The drop in revenue was as a result of one site reducing operations by one full time rig over the year. This reduction is expected to be ongoing, and this, combined with the sporadic nature of other drilling contracts in this division has contributed to the impairment of assets allocated to this division.

Underground Production Drilling

The Underground Production Drilling division experienced a 6% increase in revenue to \$6.9 million for the year. This increase was due to lower than normal revenue in the prior financial year caused by a client driven unscheduled suspension of works at one project.

The small nature of the Company's Underground Production Drilling operations and its reliance on client rigs as opposed to Swick owned rigs to generate revenue has led to a write-down of the assets associated with this division.

Outlook for financial year 2016

With the continued volatility in the commodity market the Company expects the highly competitive market for drilling services to continue in 2016 as surplus capacity remains in the industry.

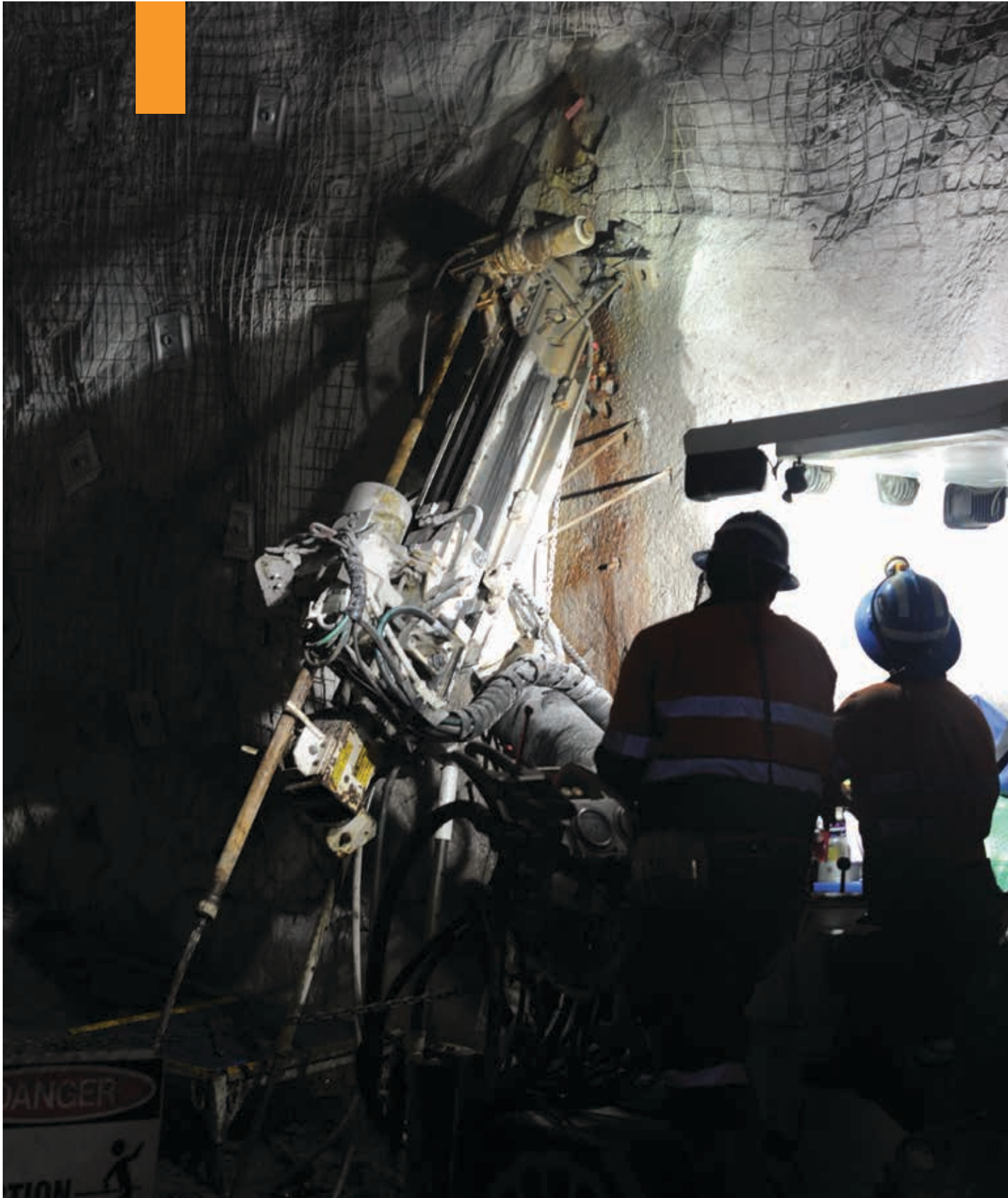
Swick continues to be ready and willing to assist its clients maintain low costs and high productivity in this tough market.

Yours faithfully

Kent Swick

Managing Director

**“285,077 metres drilled
in the fourth quarter, a
new record”**





DIRECTORS' REPORT

Your directors present their report, together with the financial statements of Swick Mining Services Ltd (the “Parent” or the “Company”) and its controlled entities (collectively referred to as “Swick Mining Services Group” or “the Group”) for the financial year ended 30 June 2015.

Information on directors

Andrew Simpson

Non-executive chairman

Qualifications

Grad Dip (Bus), MAICD

Experience

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

Interest in shares

605,000 Fully Paid Ordinary Shares

Special responsibilities

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

Directorships held in other listed entities during the three years prior to the current year

Territory Resources Limited non-executive director - 25 September 2007 to 31 January 2014
Blackwood Corporation Ltd (formerly Matilda Minerals Ltd) non-executive director - 25 September 2007 to 31 December 2013
India Resources Ltd non-executive director - 21 August 2006 to present
Vital Metals Ltd non-executive director - 23 February 2005 to present

Kent Swick

Managing director

Qualifications

B.Eng (Mech)

Experience

Mr Swick is a Mechanical Engineer with 25 years experience in civil construction, mining maintenance and surface and underground mineral drilling. He was previously employed by Atlas Copco Australia as a Maintenance Engineer managing underground maintenance, where he developed a strong understanding of underground mining methods and equipment. Mr Swick was the driving technical force behind the design of the Company's innovative underground diamond drill rig and award winning surface reverse circulation drill rig. He graduated from the University of Western Australia holding a Bachelor of Engineering (majoring in Mechanical Engineering). Mr Swick was appointed as a Director of the Company on 24 October 2006.

Interest in shares

33,117,498 Fully Paid Ordinary Shares

Interest in performance rights

204,684 Performance Rights

Special responsibilities

Nil

Directorships held in other listed entities during the three years prior to the current year

Nil

DIRECTORS' REPORT

David Nixon	Non-executive director
Qualifications	B.Sc. Eng (Mech), MAICD
Experience	Mr Nixon is a Mechanical Engineer with over 40 years experience in the mining and construction industries in Southern Africa, Australia, New Zealand, Canada and Indonesia. He was a founding executive of Signet Engineering in 1990 and a director until its acquisition by Fluor Australia in 1996. Mr Nixon was the project director for the \$1 billion BHP Billiton Iron Ore Asset Development projects, and is a past non-executive chairman of Atlas Iron and past non-executive director of Brockman Resources and Moly Mines. Mr Nixon graduated from the University of Natal (South Africa) holding a Bachelor of Science (Mechanical Engineering) and is a member of the Australian Institute of Company Directors. Mr Nixon was appointed as a Director of the Company on 1 January 2007.
Interest in shares	55,000 Fully Paid Ordinary Shares
Special responsibilities	Mr Nixon is a member of the Board's Audit and Corporate Governance Committee and the Remuneration and Nomination Committee.
Directorships held in other listed entities during the three years prior to the current year	Moly Mines Ltd non-executive director - 10 June 2008 to 31 May 2013 Brockman Resources Ltd non-executive director - 23 March 2009 to 6 September 2011
Phillip Lockyer	Non-executive director
Qualifications	Dip Met, Assoc Min Eng, M.Min Econs
Experience	Mr Lockyer is a Mining Engineer and Metallurgist who has over 50 years experience in the mineral industry, with a focus on gold and nickel in both underground and open pit operations. He was employed by WMC Resources for 20 years and as General Manager for Western Australia was responsible for WMC's nickel division and gold operations. Mr Lockyer also held the position of Director Operations for Dominion Mining Limited and Resolute Limited. He holds a Diploma of Metallurgy from the Ballarat School of Mines, an Associateship of Mining Engineering from the Western Australian School of Mines and a Masters of Minerals Economics from Curtin University. Mr Lockyer was appointed as a Director of the Company on 11 February 2008.
Interest in shares	200,000 Fully Paid Ordinary Shares
Special responsibilities	Mr Lockyer is a member of the Board's Audit and Corporate Governance Committee and the Remuneration and Nomination Committee.
Directorships held in other listed entities during the three years prior to the current year	CGA Mining Limited non-executive director - 9 January 2009 to 16 January 2013 Western Desert Resources Ltd non-executive director - 1 June 2010 to present St Barbara Ltd non-executive director - 19 December 2006 to 31 March 2014 Focus Minerals Ltd non-executive director - 7 December 2005 to 28 November 2013 RTG Mining Inc. non-executive director - 26 March 2013 to present
Ian McCubbing	Non-executive director
Qualifications	B.Comm. (Hons), MBA (Ex), CA, GAICD
Experience	Mr McCubbing is a Chartered Accountant with more than 25 years experience, principally in the areas of corporate finance and mergers and acquisition. He spent more than 15 years working with ASX200 and other listed companies in senior finance roles, including positions as Finance Director and Chief Financial Officer in mining and industrial companies. Mr McCubbing was appointed as a Director of the Company on 1 August 2010.
Interest in shares and options	150,000
Special responsibilities	Mr McCubbing is a member of the Board's Audit and Corporate Governance Committee (Committee Chairman).
Directorships held in other listed entities during the three years prior to the current year	Minemakers Limited non-executive director - 20 December 2012 to present Kasbah Resources Ltd non-executive director - 1 March 2011 to present Mirabela Nickel Ltd non-executive director - 1 January 2011 to 7 April 2014 Alcyone Resources Ltd non-executive director - 17 February 2012 to 8 March 2013 Eureka Energy Ltd Chairman - 5 July 2010 to 20 June 2012 Territory Resources Ltd non-executive director - 5 May 2008 to 31 July 2011

DIRECTORS' REPORT

Company Secretary

Mr Frank Campagna held the position of Company Secretary at the end of the financial year.

Qualifications

B.Bus (Acc), CPA

Experience

Company Secretary of Swick Mining Services Ltd since June 2014. Mr Campagna is a Certified Practising Accountant with over 25 years' experience as Company Secretary, Chief Financial Officer and Commercial Manager for listed resources and industrial companies. He presently operates a corporate consultancy practice which provides corporate secretarial and advisory services to both listed and unlisted companies.

Board committees

At the date of this report, the committees and their current membership are as follows:

Audit and Corporate Governance Committee - Ian McCubbing (non-executive director), David Nixon (non-executive director) and Phillip Lockyer (non-executive director).

Remuneration and Nomination Committee - Andrew Simpson (non-executive chairman), David Nixon (non-executive director) and Phillip Lockyer (non-executive director).

Meetings of directors

During the financial year, 15 meetings of directors (including committees of directors) were held.

Attendances by each director during the year were as follows:

	Directors' meetings		Audit and corporate governance		Remuneration and nomination	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Andrew Simpson	12	11	-	-	1	1
Kent Swick	12	11	-	-	-	-
David Nixon	12	11	2	2	1	1
Phillip Lockyer	12	12	2	2	1	1
Ian McCubbing	12	11	2	2	-	-

Principal activities and significant changes in nature of activities

The principal activity of the Group during financial year 2015 was the provision of mineral drilling services to the mining industry in the Asia Pacific and other international regions, primarily in the areas of underground diamond drilling, underground production drilling and surface reverse circulation drilling. There were no significant changes in the nature of the principal activity during the year.

Operating results and review of operations for the year

Review of result

AUDITED 2015 FINANCIAL RESULTS	2015	2014	Change
	\$000	\$000	%
Profit & Loss			
Revenue and other income	131,981	117,615	12.2%
EBITDA (reported)	11,888	16,550	(28.2%)
EBITDA (before significant items)	17,227	16,550	4.1%
EBIT (reported)	(23,029)	3,432	(771.0%)
EBIT (before significant items)	1,975	3,432	(42.5%)
NPAT (reported)	(17,533)	1,535	(1,242.2%)
NPAT (before significant items)	(30)	1,535	(102.0%)
Cash Flow			
Net cash from operating activities	13,632	10,116	34.8%
Net cash used in investing activities	(15,426)	(21,590)	28.6%
Free cash flow	(1,794)	(11,474)	84.4%
Operating cash flow before interest and taxes	16,668	15,948	4.5%
At Balance Date			
Cash	5,729	4,194	36.6%
Debt	25,020	20,844	20.0%
Net debt	19,291	16,650	15.9%
Ratios			
EBITDA margin (before significant items)	13.1%	14.1%	
EBIT margin (before significant items)	1.5%	2.9%	
Basic EPS (reported) – cents per share	(8.1)	0.7	
Basic EPS (before significant items) – cents per share	(0.01)	0.7	
EBITDA cash conversion (%)	96.8%	96.4%	
Gearing (Net debt/equity) (%)	20.7%	15.4%	

2015 Consolidated Results			
	Before Tax \$000	Tax \$000	After Tax \$000
Significant items			
1. One-off redundancy costs of restructuring	472	(141)	331
2. Loss recognised on disposal of associate	732	(220)	512
3. Increase in provision for stock obsolescence	4,135	(1,241)	2,894
Significant items impacting EBITDA	5,339	(1,602)	3,737
4. Impairment of assets	19,665	(5,899)	13,766
Significant items impacting EBIT & NPAT	25,004	(7,501)	17,503

DIRECTORS' REPORT

The net assets of the Group have decreased by \$14.6 million from 30 June 2014 to \$93.4 million at 30 June 2015. This decrease is primarily due to the impairment charge and inventory write-down recognised during the year of \$16.7 million after tax.

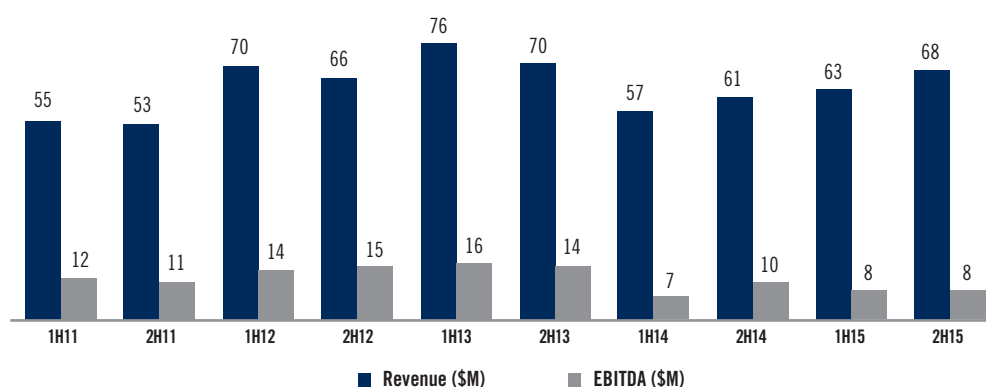
The directors believe the Group is in a strong and stable financial position to weather the current tough trading conditions and take advantage of opportunities as they arise.

Review of operations

The underlying result for the 2015 financial year was a strong result with the Company achieving growth in activity and maintaining broadly similar overall margins to the prior year. The underlying result was impacted by the impairment of non-core equipment, goodwill, internal development and write-down of inventory assets. Despite the continued challenging conditions facing the global drilling market, Swick achieved a record number of metres drilled within its core Underground Diamond Drilling division, drilling in excess of one million metres for the year. This record was on the back of increased activity being undertaken by key clients combined with strong client retention rates.

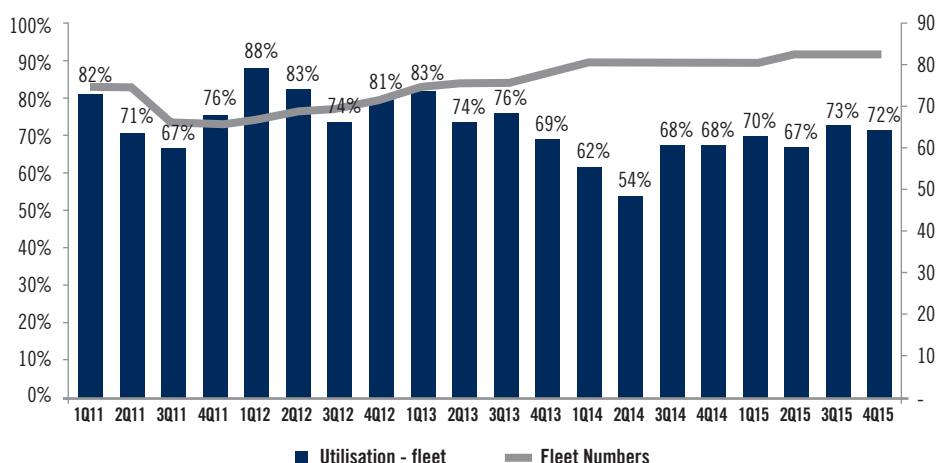
The Group's revenue and EBITDA profile excluding significant items over the past five years is graphically illustrated below:

Half Yearly Revenue and EBITDA (excluding significant items)



Despite the rebound in the Gold and Zinc prices in Australian dollar terms, it continues to be an extremely tough market for mining services companies. The Company believes that the advantage of its world leading underground diamond drilling technology continues to demonstrate its value to our customers. As a company we are committed to delivering a safe, efficient and productive low unit cost solution to our customers.

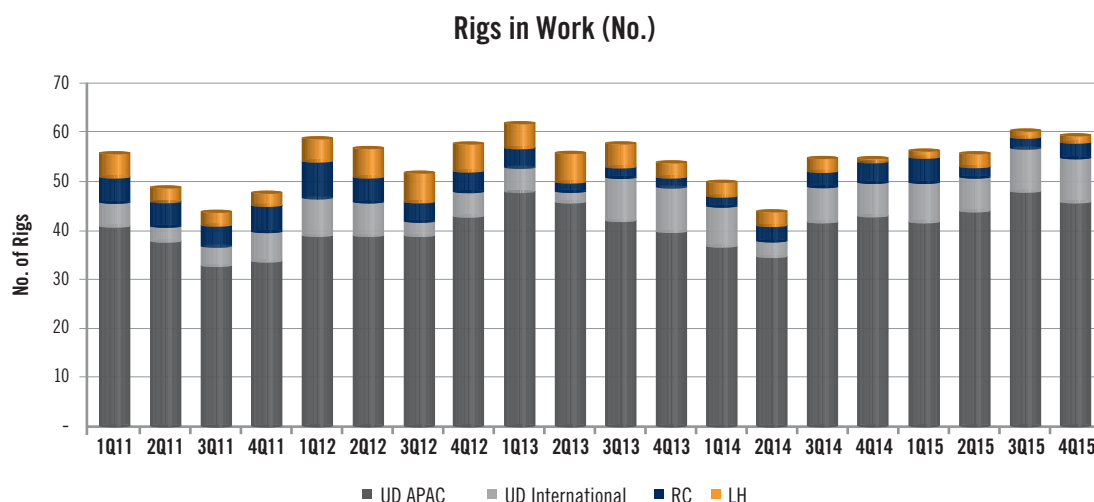
Fleet Utilisation %



DIRECTORS' REPORT

The Group's rig utilisation ended the year at 72%, a four percentage points improvement over the end of financial year 2014, with the increased utilisation all attributable to the Underground Diamond Drilling division. Utilisation in the current market remains difficult to forecast accurately. Swick expects the current level of utilisation to reduce slightly through the first half of financial year 2016 before stabilising in the second half.

The number of rigs in work by operating division is shown below:



The Underground Production Drilling division recommenced operations using client rigs in the first quarter of financial year 2015 following an unscheduled mine shut down that affected the division over the last four months of 2014. The Reverse Circulation "RC" Drilling division suffered from a reduction of operating rigs at its main contract, but has been able to mitigate losses by winning small jobs to have some level of rigs operating during the year.

With Swick's focus on continual improvement in all areas of operations and safety management, our goal is to provide the highest quality, best value service available to our clients.

Significant changes in state of affairs

During the year, Swick gained control of Orexplor AB, a Swedish based company that was previously recognised as an associate.

There have been no other significant changes in the state of affairs of the Company and/or Group during the financial year.

Dividends paid or recommended

Dividends paid or declared for payment in relation to the financial year are as follows:

Interim ordinary dividend of 0.2 cents per share paid on 8 April 2015	\$435,286
Final ordinary dividend of nil recommended by the Directors	Nil

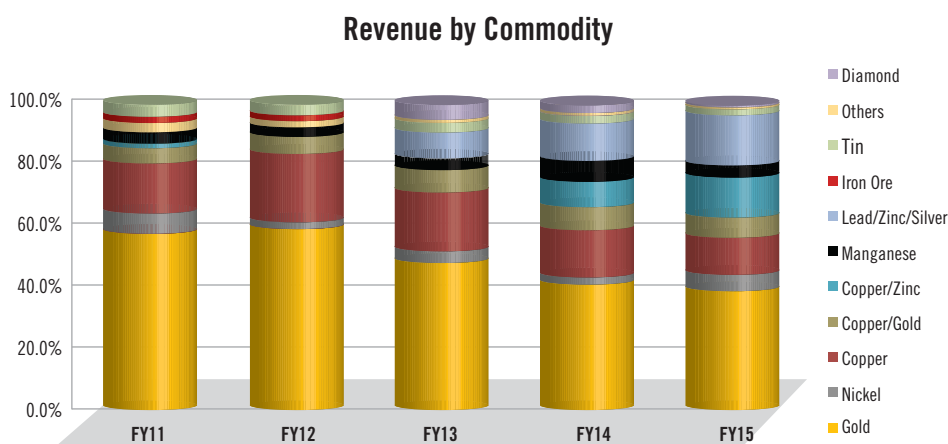
Events after the reporting period

There were no significant events after the reporting period.

Future developments, prospects and business strategies

As highlighted in the review of operations, financial year 2015 was a strong underlying result despite the ongoing tough operating environment. Based on current contracted work, the Company expects rigs in work to reduce slightly in the first half of financial year 2016 before remaining stable for the second half. There is a significant amount of new work available in upcoming tenders however the market continues to be extremely competitive.

The commodity spread (shown below) indicates the Company's reliance on gold projects however this has reduced compared to prior years and the Company now has a good mix of revenue from other base and precious metals.



Swick currently has no exposure to Greenfields operations. The Company believes that the focus on Brownfields operations, where income is earned from rigs at operating mines, is the principal reason why it was able to continue to remain in a solid financial position through the general market slow-down.

The Company still sees its ability to focus on continuous improvement within the mineral drilling industry as a key strategy to its ongoing success. The dedicated research and development team remains well resourced and fully funded, with the aim of developing step change innovation in drilling that will lead to safety, productivity and versatility improvements in its systems of work and equipment for the benefit of the Company's employees, clients and ultimately, its shareholders.

Operational outlook

During the last quarter of financial year 2015 Swick maintained its fleet utilisation at 72%, with expectations that this level will drop slightly to the 2014 level of around 68%. The Company's forward order book as at 30 June 2015 is estimated at \$128 million. Swick is entering financial year 2016 with a record run rate in underground diamond coring, and has been able to maintain an overall level of stability in rigs in work and clientele in the Underground Diamond Drilling division through the year.

Environmental regulation

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

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

DIRECTORS' REPORT

Indemnifying officers

During the financial year, the Company paid premiums totalling \$46,158 to insure all the directors and officers against liabilities for any costs and expenses incurred by them in defending legal proceedings arising from their conduct while acting in the capacity of directors and officers of the Company, other than conduct which might be a wilful breach of duty in relation to the Company.

Options

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

Performance rights

At the date of this report, the unissued ordinary shares of Swick Mining Services Limited under Performance Rights are as follows:

Grant date	Date of vesting	Date of expiry	Number under rights
17 January 2012	31 August 2015	31 August 2017	200,000
17 January 2012	31 August 2016	31 August 2018	200,000
14 November 2014	31 August 2015	31 August 2017	401,439
			801,439

Rights holders do not have any rights to participate in any issues of shares or other interests in the Company or any other entity.

There have been no unissued shares or interests under option of any controlled entity within the Group during or since the end of the reporting period.

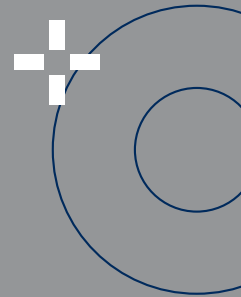
For details of performance rights issued to directors and executives as remuneration, refer to the Remuneration Report.

During the year ended 30 June 2015, the following ordinary shares of Swick Mining Services Limited were issued on vesting of Performance Rights granted. No further shares have been issued since year end. No amounts are unpaid on any of the shares.

Executive	Number of shares issued during 2015	Vesting condition	Grant date	Vesting date
Kent Swick	412,814	Service condition	14 November 2014	14 November 2014
	204,684	Service condition	14 November 2014	14 November 2014
Vahid Haydari	100,000	Service condition	17 January 2012	31 August 2014
	188,600	Service condition	18 December 2013	31 August 2014
	196,755	Service condition	14 November 2014	14 November 2014
Tony Tamlin	100,000	Service condition	14 November 2014	14 November 2014
Will Gove	100,000	Service condition	17 January 2012	31 August 2014
Former Executives				
Bryan Wesley	100,000	Service condition	17 January 2012	31 August 2014
	117,524	Service condition	18 December 2013	31 August 2014
Total	1,520,377			

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



Non-audit services provided by Auditor

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in note 31 to the financial statements. No non-audit services were provided during the year.

The Board, in accordance with advice from the Audit and Corporate Governance Committee, is satisfied that the provision of non-audit services, when provided, is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors use the principles set out below to judge whether the external auditor's independence is compromised:

- + All non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- + The nature of the services provided does not compromise 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.

Auditor's Independence Declaration

The lead auditor's Independence Declaration for the year ended 30 June 2015 has been received.

ASIC class order 98/100 rounding of amounts

The Company is an entity to which ASIC Class Order 98/100 applies and, accordingly, amounts in the financial statements and directors' report have been rounded to the nearest thousand dollars.

Remuneration Report (Audited)

Remuneration policy

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

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

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

Relationship between remuneration policy and Company performance

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives. Two methods have been applied to achieve this aim, the first being a performance-based bonus based on key performance indicators (KPI's), and the second being the issue of performance rights to Key Management Personnel to encourage the alignment of personal and shareholder interests, as well as a longer term retention strategy. The Company believes this policy will be effective in increasing shareholder wealth over time.

The following table shows the gross revenue, profits and dividends for the last five years for the listed entity, as well as the share prices at the end of the respective financial years. Analysis of the actual figures shows an increase in profits for each of the three years to 30 June 2013 before the impact of the tough operating environment was felt in financial years 2014 & 2015. The Board is of the opinion that, after excluding the significant one off items incurred in 2015, the financial result in the current macro market can be attributed, in part, to the remuneration policy and is satisfied with its current positioning.

	2015	2014	2013	2012	2011
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	131,981	117,615	146,535	136,418	116,305
Net profit/(loss) before tax	(24,549)	1,815	14,680	12,783	3,822
Net profit/(loss) after tax	(17,533)	1,535	11,310	9,698	3,852
Share price at start of year	\$0.26	\$0.29	\$0.27	\$0.40	\$0.36
Share price at end of year	\$0.13	\$0.26	\$0.29	\$0.27	\$0.40
Basic earnings/(loss) per share	(8.1cps)	0.7cps	4.9cps	4.1cps	1.4cps
Dividends declared	0.2 cps	0.4 cps	1.2 cps	1.0 cps	-

Remuneration and Nomination Committee

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

Remuneration structure - non-executive directors

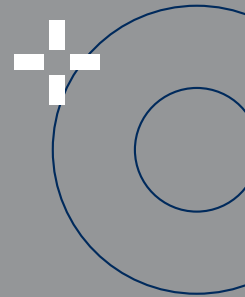
Objective

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

Structure

Remuneration levels for non-executive directors are reviewed at least annually by the Remuneration and Nomination Committee. The Remuneration and Nomination Committee provides recommendations for the remuneration of non-executive directors, including the Chairman, and the Board is then responsible for ratifying the recommendations, if appropriate. As at the date of this report, remuneration for non-executive directors was set at \$66,950 per annum plus superannuation, with remuneration for the non-executive chairman set at \$100,425 per annum plus superannuation.

The Remuneration and Nomination Committee has also set an additional amount payable to the chairman of the Audit and Corporate Governance Committee of \$10,300 per annum plus superannuation.



Remuneration structure - executive directors & management

Objective

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

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

The principles of the policy are:

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

Structure

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

In determining individual remuneration packages, the Remuneration and Nomination Committee reviews the individual's annual performance review, specific roles and responsibilities, and remuneration relative to their position within the Group and with positions in comparable companies through the use of market data and surveys. Where appropriate, a package may be adjusted to reflect the role, responsibilities and importance of that position and to keep pace with market trends and ensure continued remuneration competitiveness. In conducting a comparative analysis, the Group's expected performance for the year is considered in the context of the Group's capacity to fund remuneration budgets. From time to time, a review of the total remuneration package by an independent remuneration consultant may be undertaken to provide an independent reference point. There was no independent review of remuneration in the current financial year.

Fixed remuneration

The components of the fixed remuneration of executive directors and management are determined individually and may include:

- + cash remuneration;
- + superannuation;
- + accommodation and travel benefits;
- + motor vehicle; and
- + other benefits.

Variable remuneration

The components of the variable remuneration of executive directors and management are determined individually and may include:

- + Short term incentives (non-salary cash based incentives) – executive directors and management are eligible to participate in a cash bonus if so determined by the Remuneration and Nomination Committee and the Board: and
- + Long term incentives – executive directors and management are eligible to receive shares and performance rights if so determined by the Remuneration and Nomination Committee and the Board.



DIRECTORS' REPORT

Director and senior management details

The following table provides employment details of persons who were Directors or Key Management Personnel (KMP) of the Group during the financial year.

Directors		
Andrew Simpson	Non-executive chairman	
Kent Swick	Managing director	
David Nixon	Non-executive director	
Phillip Lockyer	Non-executive director	
Ian McCubbing	Non-executive director	
Executives		
Vahid Haydari	Chief Executive Officer	
Will Gove	General Manager North America	
Tony Tamlin	General Manager Operations Australia Pacific (APAC)	
Bryan Wesley	Chief Financial Officer	Resigned 10 October 2014
Jitu Bhudia	Chief Financial Officer	Commenced 8 April 2015

Employment contracts

As at the date of this report, the Group had entered into employment contracts with the following executive directors and management personnel:

Kent Swick - Managing director

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

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

Senior management

Senior management refers to non-executive directors and other executives employed by the Group. Senior management personnel are employed under individual employment agreements and are employed on a permanent basis that continues until terminated. If an employment agreement is terminated without cause by the Group, the agreements provide a minimum remuneration range between one and six months. The minimum notice period for termination of employment to be provided by a contracted person is at least one month. Termination payments are not payable on resignation. Under the circumstances of unsatisfactory performance termination payments are between one and three months.

If the service agreement is terminated as a result of a change in control, up to twelve month's remuneration must be paid (provided that any such additional amount shall, at all times, be limited to the maximum extent permitted by the ASX Listing Rules).

Performance rights plan

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

Details of performance rights issued during the year can be found under the Performance rights heading in the Remuneration details for year ended 30 June 2015.

DIRECTORS' REPORT

Performance based remuneration

The table below outlines the theoretical split between fixed and performance based remuneration for the directors and Key Management Personnel. The estimated percentage splits are based on 100% compliance with any relevant performance criteria:

	Proportions of elements of remuneration related to performance		Proportions of elements of remuneration not related to performance	
	Non-salary cash based incentives %	Performance rights %	Fixed salary/fees %	Total %
Non-executive directors				
Andrew Simpson	0%	0%	100%	100%
David Nixon	0%	0%	100%	100%
Phillip Lockyer	0%	0%	100%	100%
Ian McCubbing	0%	0%	100%	100%
Other executives				
Kent Swick	40%	0%	60%	100%
Vahid Haydari	30%	20%	50%	100%
Will Gove	36%	10%	54%	100%
Tony Tamlin	30%	10%	60%	100%
Jitu Bhudia	30%	10%	60%	100%

DIRECTORS' REPORT

Remuneration details for the year ended 30 June 2015

The following table of benefits and payment details, in respect to the financial year, the components of remuneration for the Key Management Personnel of the Group:

Table of benefits and payments for the year ended 30 June 2015

	Short-term benefits			Post-employment benefits		Equity-settled share-based payments	Total	
2015	Salary, fees and leave \$	Profit share and bonuses \$	Non- monetary \$	Pension and superannuation \$	Termination benefits \$	Perfor- mance rights \$	Total \$	Perf. based %
Andrew Simpson	100,425	-	-	9,540	-	-	109,965	0%
David Nixon	73,310	-	-	-	-	-	73,310	0%
Phillip Lockyer	66,950	-	-	6,360	-	-	73,310	0%
Ian McCubbing	77,250	-	-	7,339	-	-	84,589	0%
Total non-executive directors	317,935	-	-	23,239	-	-	341,174	0%
Kent Swick	586,800	42,826	-	25,000	-	198,498	853,124	28%
Vahid Haydari	563,100	41,167	1,357	25,000	-	121,046	751,670	22%
Will Gove	276,284	19,361	19,642	25,701	-	15,676	356,664	10%
Tony Tamlin	279,035	21,329	12,947	23,336	-	25,500	362,147	13%
Bryan Wesley ¹	76,564	-	11,651	19,481	160,581	(17,107)	251,170	(7%)
Jitu Bhudia ²	69,231	-	392	6,138	-	-	75,761	-
Total other executives	1,851,014	124,683	45,989	124,656	160,581	343,613	2,650,536	18%
Total payments and benefits	2,168,949	124,683	45,989	147,895	160,581	343,613	2,991,710	16%

Notes: 1) resigned 10 October 2014 2) commenced 8 April 2015

DIRECTORS' REPORT

Table of benefits and payments for the year ended 30 June 2014

	Short-term benefits			Post-employment benefits		Equity-settled share-based payments	Total	
2014	Salary, fees and leave \$	Profit share and bonuses \$	Non-monetary \$	Pension and superannuation \$	Termination benefits \$	Performance rights \$	Total \$	Perf. based %
Andrew Simpson	99,312	-	-	9,186	-	-	108,498	0%
David Nixon	72,378	-	-	-	-	-	72,378	0%
Phillip Lockyer	66,207	-	-	6,124	-	-	72,331	0%
Ian McCubbing	76,393	-	-	7,066	-	-	83,459	0%
Total non-executive directors	314,290	-	-	22,376	-	-	336,666	0%
Kent Swick	517,832	-	-	25,000	-	-	542,832	0%
Vahid Haydari	475,276	-	1,766	25,000	-	113,924	615,966	18%
Will Gove	264,948	-	25,741	26,078	-	30,278	347,045	9%
Tony Tamlin ¹	147,769	-	834	12,672	-	-	161,275	0%
Nigel Cocliff ²	30,231	-	-	20,594	204,380	-	255,205	0%
Bryan Wesley	284,465	-	3,496	17,774	-	82,401	388,136	21%
Total other executives	1,720,521	-	31,837	127,118	204,380	226,603	2,310,459	10%
Total payments and benefits	2,034,811	-	31,837	149,494	204,380	226,603	2,647,125	9%

Notes: 1) commenced 10 December 2013 2) resigned 26 July 2013

Securities received that are not performance related

No members of Key Management Personnel are entitled to receive securities which is not performance based as part of their remuneration.

Bonuses

During the year cash bonuses totalling \$124,683 were paid in relation to the 2014 results in accordance with employment contracts. These bonus payments relate to the safety component of the short term incentives and were paid following an exceptional safety performance in 2014.

Performance rights

During the year the following share based payment arrangements were in existence.

Rights series	Grant date	Expiry date	Grant date fair value	Vesting date
Issued 17 January 2012	17 January 2012	Note 1	\$0.28	Note 1
Issued 18 December 2013	18 December 2013	Note 2	\$0.29	Note 2
Issued 14 November 2014	14 November 2014	Note 3	\$0.26	Note 3

DIRECTORS' REPORT

The terms and conditions relating to Performance Rights in operation during the year for Key Management Personnel are as follows:

	Grant date	Vesting conditions	Vested/paid during year	Forfeited during year	Remaining as unvested	Vesting date
Key Management Personnel						
Kent Swick	14 November 2014	Note 2	100%			Note 2
	14 November 2014	Note 3	50%		50%	Note 3
Vahid Haydari	17 January 2012	Note 1	20%		40%	Note 1
	18 December 2013	Note 2	50%			Note 2
	14 November 2014	Note 3	50%		50%	Note 3
Will Gove	17 January 2012	Note 1	20%		40%	Note 1
Tony Tamlin	14 November 2014	Note 3	100%			Note 3
Former Executives						
Bryan Wesley	17 January 2012	Note 1	20%	40%		Note 1
	18 December 2013	Note 2	50%			Note 2

Note 1 The performance rights with Swick Mining Services Limited vest in equal amounts of 100,000 annually subject to completion of each year of service. The performance rights vest evenly on 31 August of each year.

Note 2 The performance rights with Swick Mining Services Limited vested 50% on issue, and 50% on 31 August 2014. In the case of Kent Swick, all rights related to this series granted and vested on the same date of 14 November 2014.

Note 3 The performance rights with Swick Mining Services Limited vested 50% on issue, and 50% on 31 August 2015. Tony Tamlin's rights were fully vested on the grant date.

Note 4 The dollar value of the percentage vested/paid during the period has been reflected in the Table of Benefits and Payments.

All rights were issued by Swick Mining Services Limited and entitle the holder to 1 ordinary share in Swick Mining Services Limited upon vesting.

The following share based payment compensation to Key Management Personnel relate to the current financial year:

Executive	Grant date	Balance at start of the year	Number granted in 2015	Number forfeited in 2015	Number vested during year	Balance at end of the year	Financial year in which grants vests	
							2016	2017
Kent Swick	14 November 2014	-	412,814	-	(412,814)	-	-	-
	14 November 2014	-	409,368	-	(204,684)	204,684	204,684	-
Vahid Haydari	17 January 2012	300,000	-	-	(100,000)	200,000	100,000	100,000
	18 December 2013	188,600	-	-	(188,600)	-	-	-
	14 November 2014	-	393,510	-	(196,755)	196,755	196,755	-
Will Gove	17 January 2012	300,000	-	-	(100,000)	200,000	100,000	100,000
Tony Tamlin	14 November 2014	-	100,000	-	(100,000)	-	-	-
Former Executives								
Bryan Wesley	17 January 2012	300,000	-	(200,000)	(100,000)	-	-	-
	18 December 2013	117,524	-	-	(117,524)	-	-	-
		1,206,124	1,315,692	(200,000)	(1,520,377)	801,439	601,439	200,000

Note 1 The value of the Performance Rights granted is recognised in compensation over the vesting period of the grant, in accordance with Australian Accounting Standards. The value is based on the closing share price at the grant date.

DIRECTORS' REPORT

KMP rights holdings

The number of performance rights over ordinary shares held during the financial year by each KMP of the Group is as follows:

	Balance at beginning of year	Granted during the year	Vested and exercised during the year	Forfeited during the year	Balance at end of year
Non executive directors					
Andrew Simpson	-	-	-	-	-
David Nixon	-	-	-	-	-
Phillip Lockyer	-	-	-	-	-
Ian McCubbing	-	-	-	-	-
Other executives					
Kent Swick	-	822,182	(617,498)	-	204,684
Vahid Haydari	488,600	393,510	(485,355)	-	396,755
Will Gove	300,000	-	(100,000)	-	200,000
Tony Tamlin	-	100,000	(100,000)	-	-
Former Executives					
Bryan Wesley ¹	417,524	-	(217,524)	(200,000)	-
	1,206,124	1,315,692	(1,520,377)	(200,000)	801,439

Notes: 1) resigned 10 October 2014

DIRECTORS' REPORT

Key Management Personnel shareholdings

The number of ordinary shares in Swick Mining Services Limited held by each KMP of the Group during the financial year is as follows:

	Balance at beginning of year	Issued on exercise of rights during the year	Other changes during the year	Balance at end of year
Non executive directors				
Andrew Simpson	605,000	-	-	605,000
David Nixon	55,000	-	-	55,000
Phillip Lockyer	120,000	-	80,000	200,000
Ian McCubbing	-	-	150,000	150,000
Other executives				
Kent Swick	32,500,000	617,498	-	33,117,498
Vahid Haydari	388,600	485,355	-	873,955
Will Gove	800,000	100,000	-	900,000
Tony Tamlin	-	100,000	-	100,000
Former Executives				
Bryan Wesley ¹	497,999	217,524	(715,523)	-
	34,966,599	1,520,377	(485,523)	36,001,453

Notes: 1) resigned 10 October 2014

Other Key Management Personnel transactions

There have been no other transactions involving equity instruments other than those described in the tables above.

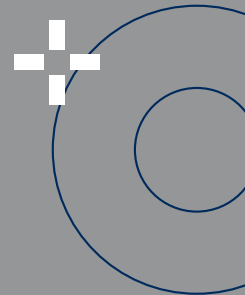
This Directors' Report, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors.



Kent Swick

Dated: 14 September 2015

AUDITOR'S INDEPENDENCE DECLARATION



Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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

14 September 2015

Dear Board Members

Swick Mining Services Limited

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

As lead audit partner for the audit of the financial statements of Swick Mining Services Limited for the financial year ended 30 June 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

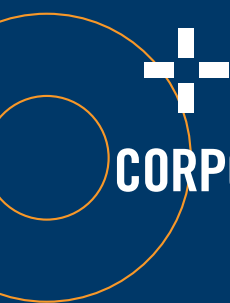
- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

DELOITTE TOUCHE TOHMATSU

Neil Smith
Partner
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.
Member of Deloitte Touche Tohmatsu Limited



CORPORATE GOVERNANCE STATEMENT

The Board and management of the Company are committed to high standards of corporate governance practices. Copies of relevant corporate governance policies and charters are available in the corporate governance section of the Company's web-site at www.swickmining.com.

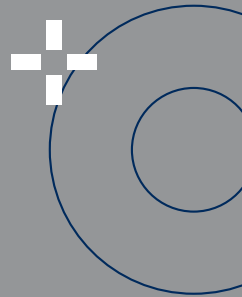
Board composition

The skills, experience and expertise relevant to the position of each director and Board committee member and their term of office and membership of each board committee and attendance at committee meetings, are detailed in the Directors' Report.

The Board sets out below its "if not why not" report in relation to those matters of corporate governance where the Company's practices depart from the Recommendations. Unless otherwise stated, corporate governance practices were in place for the entire financial year.

Recommendation	Current practice
1.1 Disclose the respective roles and responsibilities of the board and management; and those matters expressly reserved to the board and those delegated to management.	The Board's primary role is to formulate the strategic direction of the Company and to oversee the Company's business activities and management. The Board Charter sets out the functions reserved for the Board and those delegated to senior management. A copy of the Board Charter is available on the Company's web-site.
1.2 Companies should undertake appropriate checks before appointing a person as a director; and provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	Prior to a candidate being considered for appointment as a director of the Company, appropriate enquiries will be made as to the person's character, experience, education, criminal record and bankruptcy history. Biographical details and other relevant information of directors standing for re-election are provided to shareholders in the notice of meeting. These requirements are contained in the Remuneration and Nomination Committee Charter, a copy of which is available on the Company's web-site.
1.3 Companies should have a written agreement with each director and senior executive setting out the terms of their appointment.	Each director and senior executive of the Company has an agreement in writing with the Company, which sets out the key terms and conditions of their appointment including their duties, rights and responsibilities. These requirements are contained in the Remuneration and Nomination Committee Charter.
1.4 The company secretary should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	The Board is responsible for the appointment and removal of the Company Secretary. The Board Charter sets out that the Company Secretary is accountable to the Board on all matters relating to the proper functioning of the Board.
1.5 Companies should have a diversity policy.	A copy of the Company's Diversity Policy is available on the web-site. The Company aims to achieve an appropriate mix of diversity on its Board, in senior management and throughout the organisation. Measurable diversity objectives have not yet been established as the Board is continuing to assess the merits of setting achievable targets. The proportion of female employees in the whole organisation is 4.9%. There are no females in senior executive positions and on the Board. The appropriate mix of skills and diversity for membership of the Board is considered by the Remuneration and Nomination Committee as part of ongoing nomination and succession planning and which recognises the value of balanced gender representation.
1.6 Disclose the process for periodically evaluating the performance of the board, its committees and individual directors; and whether a performance evaluation was undertaken in the reporting period.	Formal evaluation procedures have been adopted and are set out in the Board Charter. No formal Board and committee appraisals were completed during the year, however, the Chairman assesses the performance of the Board, individual directors and Board committees on an ongoing basis and undertakes informal appraisals with relevant directors.

CORPORATE GOVERNANCE STATEMENT

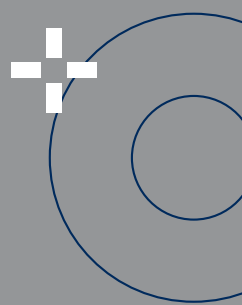


Recommendation	Current practice																				
1.7 Companies should have and disclose a process for periodically evaluating the performance of its senior executives; and whether a performance evaluation was undertaken in the reporting period.	The performance of senior executives is reviewed annually by the chief executive officer through a formal performance appraisal meeting, incorporating measurement against key performance indicators which are based on business plan initiatives. Formal appraisals of senior management were conducted during the year in accordance with performance evaluation policies. An annual performance appraisal of the managing director is undertaken by the chairman and the managing director conducts a performance review of the chief executive officer. The formal evaluation procedures are set out in the Board Charter.																				
2.1 The Board should establish a nomination committee.	The Board has established a Remuneration and Nomination Committee which comprises a majority of independent directors and is chaired by an independent director. A copy of the charter is available on the Company's web-site. Details of membership of the Committee are set out in the Directors' Report.																				
2.2 Companies should have and disclose a board skills matrix.	Requirements for the appropriate mix of skills and experience on the Board are contained in the Board Charter. The current skills matrix for the Board is as follows: <table> <tr> <th data-bbox="874 999 1273 1028">Experience and skills</th><th data-bbox="1294 999 1481 1028">Number of directors</th></tr> <tr> <td data-bbox="874 1039 1273 1068">Accounting and finance</td><td data-bbox="1378 1039 1398 1068">4</td></tr> <tr> <td data-bbox="874 1079 1273 1108">Business development and marketing</td><td data-bbox="1378 1079 1398 1108">2</td></tr> <tr> <td data-bbox="874 1120 1273 1149">Research and development</td><td data-bbox="1378 1120 1398 1149">1</td></tr> <tr> <td data-bbox="874 1160 1273 1189">Strategic planning and risk management</td><td data-bbox="1378 1160 1398 1189">5</td></tr> <tr> <td data-bbox="874 1200 1273 1229">Mining and drilling industries</td><td data-bbox="1378 1200 1398 1229">5</td></tr> <tr> <td data-bbox="874 1240 1273 1270">Public company directorship and management</td><td data-bbox="1378 1240 1398 1270">5</td></tr> <tr> <td colspan="2" data-bbox="874 1326 999 1355">Geographical</td></tr> <tr> <td data-bbox="874 1366 957 1395">Australia</td><td data-bbox="1378 1366 1398 1395">5</td></tr> <tr> <td data-bbox="874 1406 999 1435">North America</td><td data-bbox="1378 1406 1398 1435">3</td></tr> </table>	Experience and skills	Number of directors	Accounting and finance	4	Business development and marketing	2	Research and development	1	Strategic planning and risk management	5	Mining and drilling industries	5	Public company directorship and management	5	Geographical		Australia	5	North America	3
Experience and skills	Number of directors																				
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Mining and drilling industries	5																				
Public company directorship and management	5																				
Geographical																					
Australia	5																				
North America	3																				
2.3 Disclose the names of directors who are considered to be independent.	The independent directors of the Company are Andrew Simpson, David Nixon, Phillip Lockyer and Ian McCubbing. The Board has adopted ASX recommended principles in relation to the assessment of directors' independence, other than the Board does not believe that length of service is a potential indicator that independence may have been compromised.																				
2.4 A majority of the board should be independent directors.	The Board comprises five directors, four of whom are independent.																				
2.5 The chair should be an independent director and should not be the same person as the CEO.	Andrew Simpson is an independent director. The roles of chair and chief executive officer are not combined.																				

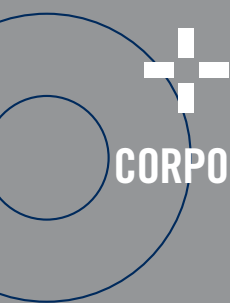
CORPORATE GOVERNANCE STATEMENT

Recommendation	Current practice
2.6 Companies should have a program for inducting new directors and provide appropriate professional development opportunities.	New directors will be provided with an induction including comprehensive briefings with the Chairman and senior executives, visits to operating sites and provision of information on the Company including Company and Board policies and other relevant documents. Induction requirements are included in the Remuneration and Nomination Committee charter. All directors are expected to maintain the skills required to effectively discharge their obligations to the Company. Directors are encouraged to undertake professional development programs to develop and maintain the skills and knowledge needed to perform their role as directors of the Company. Directors have the right, in connection with their duties and responsibilities, to seek independent professional advice at the Company's expense, subject to the prior written approval of the Chairman, which will not be unreasonably withheld.
3.1 Companies should have a code of conduct.	A Code of Conduct has been established and applies to all directors and employees, to guide compliance with the legitimate interests of all stakeholders. A copy of the Company's Code of Conduct is available on the web-site.
4.1 The Board should have an audit committee.	The Board has established an Audit and Corporate Governance Committee which comprises a majority of independent directors and is chaired by an independent director. A copy of the charter is available on the Company's web-site. Details of membership of the Committee are set out in the Directors' Report.
4.2 The board should receive a declaration from the CEO and CFO that financial records have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	The Board requires the chief executive officer and chief financial officer to provide a declaration prior to the approval of the Company's financial statements for a financial period.
4.3 Ensure that the external auditor attends the AGM and is available to answer questions.	The external auditor is requested to attend annual general meetings and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.
5.1 Have a written policy for complying with its continuous disclosure obligations under the Listing Rules.	The Board recognises the obligations of continuous disclosure and the Company has a formal written policy for the continuous disclosure of any price sensitive information concerning the Company. A copy of the Company's Continuous Disclosure Policy is available on the web-site.
6.1 Provide information about itself and its corporate governance policies via its web-site.	Information relating to the Company and its governance practices is available on the Company's web-site.
6.2 Design and implement an investor relations program to facilitate effective two-way communication with investors.	The Board has adopted a written policy covering arrangements to promote communications with shareholders. A copy of the Shareholder Communications policy is available on the web-site.
6.3 Disclose the policies and processes the company has in place to facilitate and encourage participation at meetings of security holders.	The Shareholder Communications policy sets out policies to encourage effective participation by shareholders at general meetings of the Company.
6.4 Give security holders the option to receive communications from and send communications to the Company and its security registry electronically.	The Company and the share registry offer mechanisms for electronic communication by shareholders, including an e-mail alert facility available through the Company's web-site. Requirements are contained in the Shareholder Communications policy.

CORPORATE GOVERNANCE STATEMENT



Recommendation	Current practice
7.1 The board should have a committee or committees to oversee risk.	No separate risk committee has been established. The Board is responsible for the oversight of the Company's risk management and control framework. Responsibility for internal control and risk management is delegated to the appropriate level of management within the Company with the Chief Executive Officer having ultimate responsibility to the Board for the risk management and control framework. The Audit and Corporate Governance Committee is responsible for specific oversight of financial risks. A risk register has been developed which details material business risks arising from the Company's operations. The risk register is presented to the Board bi-annually and is reviewed and updated on a regular basis. The Company has procedures in place covering the oversight and management of material business risks arising within the minerals drilling industry. These policies and standards include management of hazards and exposures inherent in the Company's business operations. Details of risk management practices are set out in the Risk Management Statement in the corporate governance section of the web-site.
7.2 The board or a committee of the board should review the Company's risk management framework at least annually and disclose, in relation to each reporting period, whether such a review has taken place.	The Board conducts an annual review of the risk management framework. These reviews cover the process for the identification, assessment and management of material business risks. Management is required to report to the Board on the Company's risk register and risk mitigation strategies on a regular basis. The Board has reviewed the risk register during the reporting period and a review of the risk management framework is scheduled in the forthcoming year.
7.3 Disclose whether the Company has an internal audit function.	The Company does not have a separate internal audit function as the Board believes that existing internal controls and management systems provide sufficient assurance that the Company's risk management, governance and internal control processes are operating effectively. Senior management periodically undertake internal reviews of financial and operating systems and processes. External reviews of specific business activities or processes are undertaken as required. Operational, financial, legal, compliance, strategic and reputational risks are managed primarily by senior executives as part of the day-to-day management of the Company's affairs. The support of relevant external professional advisers is engaged as required.



CORPORATE GOVERNANCE STATEMENT

Recommendation	Current practice
7.4 Disclose whether the Company has any material exposure to economic, environmental and social sustainability risks and how it manages those risks.	The Company undertakes minerals drilling and related activities and faces risks inherent to its business operations, including economic, environmental and social sustainability risks, which may materially impact the Company's ability to create or preserve value for shareholders. Material risks associated with economic, environmental and social sustainability are included in the Company's risk register to ensure that they are form part of a robust risk assessment and management process. One of the Company's core values is safety and it prioritises safety and health to people, the environment and community. The Company views sustainable and responsible business practices as an important long term driver of performance and shareholder value and is committed to transparency, fair dealing, responsible treatment of employees and partners and positive interaction with the community. The systems and processes implemented to manage material risks include clearly defined management responsibilities and organisational structure; delegated limits of authority; treasury and accounting controls and reconciliations; comprehensive management reporting systems; budgeting and strategic planning processes; segregation of duties; appropriate policies and procedures that are widely disseminated to employees; and specific work health and safety policies and procedures. The Company has in place policies and procedures to identify, report and manage business risks as part of its management information and reporting systems.
8.1 The Board should establish a remuneration committee.	The Board has established a Remuneration and Nomination Committee which comprises a majority of independent directors and is chaired by an independent director. A copy of the charter is available on the Company's web-site. Details of membership of the Committee are set out in the Directors' Report.
8.2 Disclose the Company's policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	The Company's remuneration policies are designed to align the interests of executive directors and management with the interests of shareholders and the Company's objectives by providing a fixed remuneration component and where appropriate, offering specific short-term (cash bonuses) and long-term (equity schemes) incentives linked to performance. The structure for the remuneration of non-executive directors and senior executives is separate and distinct. Non-executive directors do not participate in remuneration schemes designed for executive directors or receive bonus payments or retirement benefits other than statutory superannuation. The remuneration policy statement is available in the corporate governance section of the web-site.
8.3 If a company has an equity-based remuneration scheme it should have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme and disclose that policy.	Under the Company's Securities Trading Policy, directors, officers and employees of the Company are prohibited from entering into arrangements for the hedging, or otherwise limiting their exposure to risk in relation to unvested shares, options or rights issued or acquired under the Company's employee equity scheme.

Further information about the Company's corporate governance practices is set out on the Company's web-site at www.swickmining.com.

The Corporate Governance Statement was approved by the Board on 14 September 2015.



CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended 30 June 2015

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Year Ended 30 June 2015

		CONSOLIDATED GROUP	
	Note	2015 \$000	2014 \$000
Continuing operations			
Revenue	4	131,173	116,954
Other income	4	808	661
Raw materials and consumables used		(23,434)	(16,687)
Employee benefits expense		(72,306)	(66,399)
Depreciation and amortisation expense		(15,252)	(13,118)
Increase in inventory obsolescence provision		(4,135)	-
Impairment of assets		(19,665)	-
Share of loss of associates		(229)	(118)
Loss recognised on gaining control in former associate	5	(732)	-
Finance costs		(1,520)	(1,617)
Other expenses	6	(19,257)	(17,861)
(Loss)/profit before income tax		(24,549)	1,815
Income tax benefit/(expense)	7	7,016	(280)
Net (loss)/profit from continuing operations after tax		(17,533)	1,535
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign controlled entities		44	(108)
Reclassification adjustments relating to foreign associates disposed of in the year		732	-
Net fair value gain on available-for-sale financial assets		280	-
Other comprehensive income/(expense) for the year, net of tax		1,056	(108)
Total comprehensive income/(expense) for the year		(16,477)	1,427
(Loss)/profit for the year attributable to:			
Owners of the Company		(17,544)	1,535
Non-controlling interests	17	11	-
		(17,533)	1,535
Earnings per share			
Basic (loss)/earnings per share (cents)	24	(8.1)	0.7
Diluted (loss)/earnings per share (cents)	24	(8.1)	0.7

The consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As At 30 June 2015



	Note	CONSOLIDATED GROUP	
		2015 \$000	2014 \$000
Assets			
Current assets			
Cash and cash equivalents	10	5,729	4,194
Trade and other receivables	11	21,779	18,379
Inventories	12	14,951	19,546
Other assets	13	1,165	1,583
Current tax assets		2,036	-
Total current assets		45,660	43,702
Non-current assets			
Property, plant and equipment	14	79,748	95,655
Intangible assets	15	9,851	9,160
Other financial assets	16	1,280	1,000
Investment in associates	17	-	1,913
Deferred tax asset	7	3,840	-
Total non-current assets		94,719	107,728
Total assets		140,379	151,430
Liabilities			
Current liabilities			
Trade and other payables	18	15,483	13,766
Borrowings	19	904	1,374
Current tax liabilities		-	634
Provisions	20	5,321	5,330
Total current liabilities		21,708	21,104
Non-current liabilities			
Borrowings	19	24,116	19,470
Deferred tax liabilities	7	-	2,057
Provisions	20	1,128	792
Other financial liabilities	16	18	36
Total non-current liabilities		25,262	22,355
Total liabilities		46,970	43,459
Net assets		93,409	107,971
Equity			
Issued capital	21	75,841	75,841
Reserves	22	2,360	856
Retained earnings	23	12,862	31,274
Equity attributable to owners of the Company		91,063	107,971
Non-controlling interests		2,346	-
Total equity		93,409	107,971

The consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Year Ended 30 June 2015

Note	RESERVES						Total
	Issued Capital	Retained Earnings	Foreign Currency Translation Reserve	Asset Revaluation Reserve	Share Based Payments	Non-Controlling Interest	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Consolidated Group							
Balance at 1 July 2013	77,644	31,471	(37)	-	760	-	109,838
Comprehensive income							
Profit for the year	-	1,535	-	-	-	-	1,535
Other comprehensive income for the year	-	-	(108)	-	-	-	(108)
Total comprehensive income for the year	-	1,535	(108)	-	-	-	1,427
Transactions with owners, in their capacity as owners, and other transfers							
Share based payments	-	-	-	-	241	-	241
Transaction costs	(4)	-	-	-	-	-	(4)
Shares bought back during the year	(1,799)	-	-	-	-	-	(1,799)
Dividends recognised for the year	9	(1,732)	-	-	-	-	(1,732)
Total transactions with owners and other transfers	(1,803)	(1,732)	-	-	241	-	(3,294)
Balance at 30 June 2014	75,841	31,274	(145)	-	1,001	-	107,971
Comprehensive income							
(Loss)/profit for the year	-	(17,544)	-	-	-	11	(17,533)
Other comprehensive income for the year	-	-	776	280	-	-	1,056
Total comprehensive income/ (expense) for the year	-	(17,544)	776	280	-	11	(16,477)
Transactions with owners, in their capacity as owners, and other transfers							
Additional non-controlling interests arising on the acquisition of Oreplore	-	-	-	-	-	2,335	2,335
Share based payments	-	-	-	-	448	-	448
Dividends recognised for the year	9	(868)	-	-	-	-	(868)
Total transactions with owners and other transfers	-	(868)	-	-	448	2,335	693
Balance at 30 June 2015	75,841	12,862	631	280	1,449	2,346	93,409

The consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For The Year Ended 30 June 2015



	Note	CONSOLIDATED GROUP	
		2015 \$000	2014 \$000
Cash flows from operating activities			
Receipts from customers		140,999	129,477
Payments to suppliers and employees		(124,331)	(113,529)
Income tax paid		(1,525)	(4,471)
Net interest paid		(1,511)	(1,361)
Net cash provided by operating activities	27	13,632	10,116
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		506	445
Purchase of property, plant and equipment		(12,824)	(14,232)
Payments for development		(2,721)	(4,447)
Investment in associates		(542)	(2,356)
Cash inflow on acquisition of subsidiary		19	-
Investment income		136	-
Other financial assets		-	(1,000)
Net cash used in investing activities		(15,426)	(21,590)
Cash flows from financing activities			
Proceeds from borrowings		5,000	1,183
Share transaction costs		-	(4)
Share buy-back payment		-	(1,799)
Repayment of borrowings		(824)	(2,862)
Dividends paid by parent entity		(868)	(1,732)
Net cash used in financing activities		3,308	(5,214)
Net (decrease)/increase in cash and cash equivalents		1,514	(16,688)
Cash and cash equivalents at beginning of financial year		4,194	20,873
Effects of exchange rate changes on cash and cash equivalents		21	9
Cash and cash equivalents at end of financial year	10	5,729	4,194

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



NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2015

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

The address for its registered office and principal place of business is as follows:

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

The financial report of the Company and its controlled entities for the year ended 30 June 2015 was authorised for issue on 14 September 2015 by the directors of the Company.

Note 1 New, revised or amending Accounting Standards and Interpretations adopted

(a) New and amended standards adopted by the Group

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (‘AASB’) that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The consolidated entity has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 July 2014.

- + AASB 2013-3 ‘Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets’
- + AASB 2012-3 ‘Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities’
- + AASB 2014-1 ‘Amendments to Australian Accounting Standards’
- + AASB 2013-4 ‘Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting’
- + Interpretation 21 Accounting for Levies
- + AASB 1031 ‘Materiality’, AASB 2013-9
- + AASB 2013-4 Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting

The application of these amendments does not have any material impact on the disclosures in the Group’s consolidated financial statements.

(b) New standards and interpretations not yet adopted

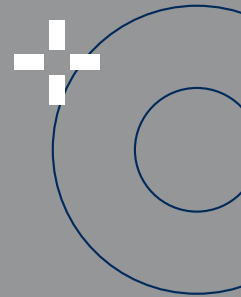
Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2015 reporting periods and have not been early adopted by the Group. The Group’s assessment of the impact of these new standards and interpretations is set out below.

AASB 9 Financial Instruments – must be applied for financial years commencing on or after 1 January 2018.

Following the changes approved by the AASB in December 2014, the Group no longer expects any impact from the new classification, measurement and derecognition rules on the Group’s financial assets and financial liabilities. While the Group has yet to undertake a detailed assessment of the debt instruments currently classified as available-for-sale financial assets, it would appear that they would satisfy the conditions for classification as at fair value through other comprehensive income (FVOCI) and hence there will be no change to the accounting for these assets.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2015



There will also be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities.

AASB 15 Revenue from Contracts with Customers - expected date of adoption by the Group: 1 July 2018.

The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise transitional adjustments in retained earnings on the date of initial application (e.g. 1 July 2017), i.e. without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application.

At this stage, the Group is not able to estimate the impact of the new rules on the Group's financial statements. The Group will make more detailed assessments of the impact over the next twelve months.

Note 2 Summary of significant accounting policies

Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of the law.

The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Company and the Group comply with International Financial Reporting Standards ('IFRS').

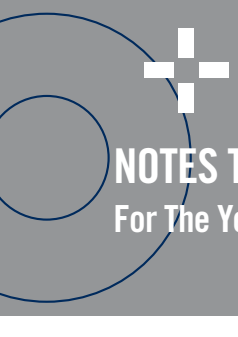
Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for certain financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

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

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- ✚ Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- ✚ Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- ✚ Level 3 inputs are unobservable inputs for the asset or liability.



NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2015

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

a) Principles of consolidation

The consolidated financial statements incorporate the financial statements of Swick Mining Services Limited and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- + has power over the investee;
- + is exposed, or has rights, to variable returns from its involvement with the investee; and
- + has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- + the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- + potential voting rights held by the Company, other vote holders or other parties;
- + rights arising from other contractual arrangements; and

any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Business combinations

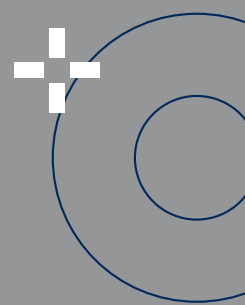
Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2015



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

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

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

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

Goodwill and other intangible assets

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

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised, but reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

b) Taxation

Current tax

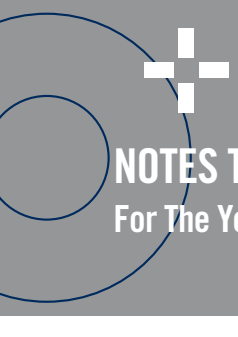
The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

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

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

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



NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2015

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

Current & deferred tax for the period

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

Tax consolidation

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

c) Cash and cash equivalents

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

The cash and cash equivalents balance primarily consists of cash, on call in bank deposits, bank term deposit with three month maturity, net of outstanding bank overdrafts. Bank overdrafts are carried at the principal amount.

d) Trade and other receivables

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

e) Inventories

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

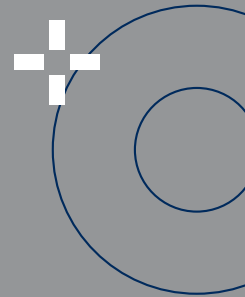
f) Plant and equipment

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

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

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2015



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

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

Class of fixed asset	Useful life
Leasehold improvements	10 - 15 years
Plant and machinery	5 - 10 years
Drilling rigs	10 – 15 years
Other drilling equipment	2 – 20 years
Motor vehicles	3 – 10 years
Office furniture & equipment	5 – 10 years
Computer equipment:	
Hardware	3 – 5 years
Software	1 – 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the profit and loss. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

g) Recoverable amount of non-current assets

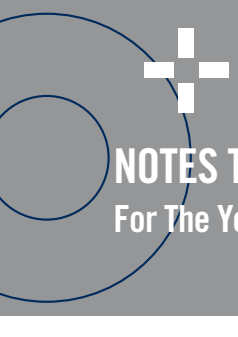
Non-current assets valued on the cost basis are not carried at an amount above their recoverable amount, and where a carrying value exceeds the recoverable amount, the asset is written down to the lower amount. The write-down is recognised as an expense in the net profit or loss in the reporting period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

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

h) Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with AASB 5. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.



NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2015

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of AASB 139 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with AASB 136 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with AASB 136 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with AASB 139. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a Group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

i) **Other financial assets**

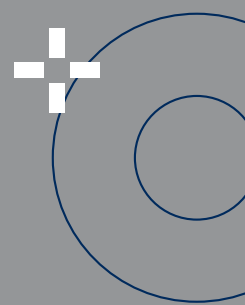
Other financial assets held by the Company are classified as 'available-for-sale' (AFS) financial assets. The classification is determined by the nature and purpose of the financial assets and is determined at the time of initial recognition.

The Group has investments in an unlisted unit trust that are not traded in an active market but that are classified as AFS financial assets and stated at fair value (because the directors consider that fair value can be reliably measured). Initial measurement is at cost. Fair value is then determined in the manner described in note 16. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the asset revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the asset revaluation reserve is reclassified to profit or loss.

Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2015



The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

j) Leases

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

The Group as a lessee

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

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

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

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

k) Trade and other payables

Trade and other payables are carried at amortised cost. They represent unsecured liabilities for goods and services procured by the Group prior to the financial period end that remain unpaid and occur when the Group becomes obligated to make future payments. The amounts are unsecured and are usually paid within 30-60 days of recognition.

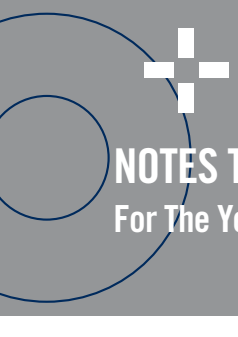
l) Provisions

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

m) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.



NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2015

Liabilities recognised in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

n) Loans and borrowings

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

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

o) Financial instruments

Debt and equity instruments

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

(i) Financial assets

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

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

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

(ii) Loans and receivables

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

(iii) Financial liabilities

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

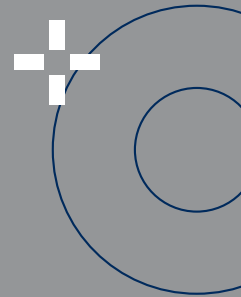
Financial liabilities at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

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

Financial liabilities are derecognised when the obligations to pay future cash flows for the financial liabilities have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2015



p) Revenue recognition

Revenue from the provision of services is measured at the fair value of the consideration received or receivable, net of goods and services tax or other sales taxes. Revenue is recognised when the service has been delivered to the client and the recovery of the consideration is probable. Interest revenue is recognised as it accrues using the effective interest rate method.

q) 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 relevant tax authority. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

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

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

r) Earnings per share

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

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

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

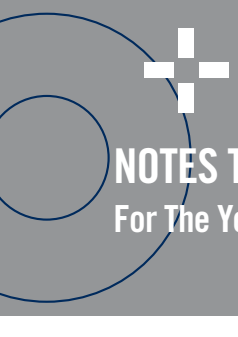
The dilutive effect, if any, of outstanding options and performance rights is reflected as additional share dilution in the computation of diluted earnings per share.

s) Share based payments

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

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

- (i) the extent to which the vesting period has expired; and
- (ii) the number of awards that, in the opinion of the directors of the Group, will ultimately vest. This opinion is formed based on the best available information at reporting date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.



NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2015

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

t) **Non-current assets held for sale**

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

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

u) **Foreign currencies**

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

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

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

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

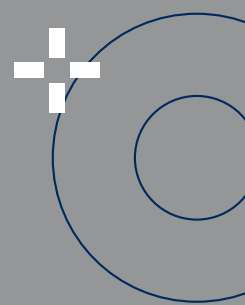
For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Australian dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the exchange rates at the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

v) **Impairment of tangible and intangible assets**

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

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2015



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

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

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

Impairment losses on goodwill are not reversed.

w) **Research and development**

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

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

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

Development costs

Useful lives

Finite

Amortisation method used

Amortised over the period of between 5 and 15 years on a straight-line basis

Internally generated or acquired

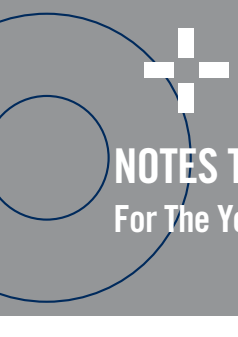
Internally generated

Impairment testing

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

x) **Government grants**

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.



NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2015

y) **Comparative figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the Group has retrospectively applied an accounting policy, made a retrospective restatement of items in the financial statements or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

z) **Critical accounting estimates and judgements**

The directors evaluate estimates and judgments incorporated into the financial statements 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 Group.

Key estimates

(i) Impairment of assets

Determining whether the assets of the Group are impaired requires an estimation of the value in use of the cash generating units to which the assets have been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

In supporting the assumptions behind the value in use calculations, the directors have referenced externally available data and engaged independent advice as appropriate. Key assumptions can be found in note 14.

(ii) Recoverability of internally generated intangible assets

During the year, the directors reconsidered the recoverability of the Group's capitalised development, tooling and computer-aided design (CAD) database which is included in the consolidated statement of financial position at 30 June 2015 at \$9.9 million (30 June 2014: \$9.0 million).

Development projects continue to progress in accordance with the Group's project management plans. Research and development is conducted for the purpose of improved efficiency in the business' operations. Sensitivity analysis has been carried out and directors are confident the carrying amount of the assets will be recovered in full.

(iii) Useful lives of property, plant & equipment

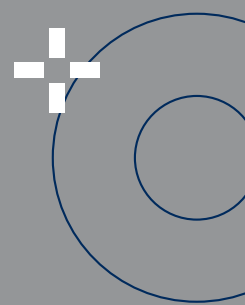
The Group reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. No changes to useful life have been made for the financial year ending 30 June 2015.

(iv) Recoverability of International tax losses

The directors have considered the recoverability of international tax losses as included in deferred tax balances at 30 June 2015 of \$1.9 million (30 June 2014: \$2.1 million). Having regard to the improved performance in the second half of the year, the length of contracts in place and proven past profitability the directors believe it is probable that these amounts will be recovered.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2015



Note 3 Operating segments

General information

Identification of reportable segments

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

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

Unless stated otherwise, all amounts reported to the Board of Directors, being the chief operating decision makers with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

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

Segment revenue, expense and results for continuing operations

	DRILLING SERVICES - ASIA PACIFIC		DRILLING SERVICES - INTERNATIONAL		TOTAL	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Revenue	114,155	106,159	17,018	10,795	131,173	116,954
Other Income	723	610	85	51	808	661
Total revenue and other income	114,878	106,769	17,103	10,846	131,981	117,615
Cost of sales	87,979	77,114	12,429	10,856	100,408	87,970
Depreciation and amortisation	13,009	11,751	2,243	1,367	15,252	13,118
Increase in provision for inventory obsolescence	4,135	-	-	-	4,135	-
Impairment	19,665	-	-	-	19,665	-
Overheads	12,958	10,720	2,592	2,375	15,550	13,095
Interest expenses	1,492	1,599	28	18	1,520	1,617
Total expense	139,238	101,184	17,292	14,616	156,530	115,800
Segment profit/(loss) before tax	(24,360)	5,585	(189)	(3,770)	(24,549)	1,815

Segment assets and liabilities for continuing operations

	DRILLING SERVICES - ASIA PACIFIC		DRILLING SERVICES - INTERNATIONAL		TOTAL	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Total segment assets	140,420	154,868	23,110	17,150	163,530	172,018
Total segment liabilities	(56,673)	(54,294)	(22,764)	(18,859)	(79,437)	(73,513)
Eliminations	-	-	-	-	9,316	(9,106)
Total net assets	83,747	100,574	346	(1,709)	93,409	107,971

Other segment information

Additions to non-current assets

Property, plant and equipment	11,862	15,181	962	1,368	12,824	16,549
Intangible assets	2,443	4,447	4,338	-	6,781	4,447
Total additions to non-current assets	14,305	19,628	5,300	1,368	19,605	20,996

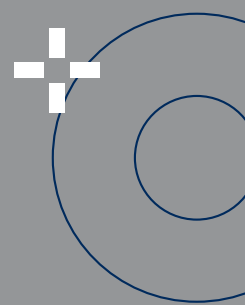


Included in the revenues arising from direct sales of drilling contract services of \$131.0 million (2014: \$116.6 million) are revenues of approximately \$38.9 million (2014: \$25.7 million) which arose from sales to the Group's two (2014: one) largest customer(s). No other single customer contributed 10% or more to the Group's revenue for 2015 or 2014.

CONSOLIDATED GROUP	
2015 \$000	2014 \$000
130,976	116,622
130,976	116,622
9	256
188	76
197	332
131,173	116,954
83	150
725	511
808	661

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2015



Note 5 Loss on disposal of interest in associate

On 6 November 2013, the Group acquired a 23.0% interest in Orexplore AB, a Company incorporated in Sweden and engaged in mineral analysis and measurement technology. The initial investment was \$1.6 million (23.0%) with further equity investment of \$2.9 million over 2.5 years in six tranches which will increase Swick's equity ownership in Orexplore to 54.3%.

At 30 June 2014 the Group held a 40.6% interest in Orexplore AB and accounted for the investment as an associate. During the year the Group's interest in the entity increased to 50.5% following additional investment of \$542,000 on 5th of November 2014, and \$546,000 on 7th of April 2015.

Due to the change in control, Orexplore AB is no longer an associate; instead it has been accounted for as a subsidiary of the Group in accordance with AASB 3 Business Combinations. As the business combination has been achieved in stages, the Group's previously held equity interest, including accumulated foreign exchange differences, was remeasured to its acquisition date fair value and the resulting loss of \$732,000 was recognised in the Consolidated Statement of Profit or Loss.

Details of the loss recognised on gaining control in former associate are set out below:

Note	CONSOLIDATED GROUP	
	2015 \$000	2014 \$000
Deemed disposal:		
Fair value of 46% investment at deemed disposal date	2,153	-
Less: equity accounted value at the date of deemed disposal	(1,818)	-
Less: accumulated foreign currency losses transferred from other comprehensive income	(732)	-
Loss on deemed disposal	(397)	-
Less: write off of goodwill arising on acquisition of subsidiary	(335)	-
Net loss on gaining control in former associate	(732)	-

Note 6 Other Expenses

Profit before income tax from continuing operations includes the following specific expenses:

Expenses

	CONSOLIDATED GROUP	
	2015 \$000	2014 \$000
Accommodation and travel	4,126	5,165
Repairs and maintenance	6,266	5,273
Administration costs	3,185	3,428
Insurance	3,038	2,150
Marketing	195	141
Recruitment and training	1,025	536
Other direct costs	95	96
Rental expense on operating leases - minimum lease payments	1,327	1,072
Total other expenses	19,257	17,861

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2015

Note 7 Income tax expense

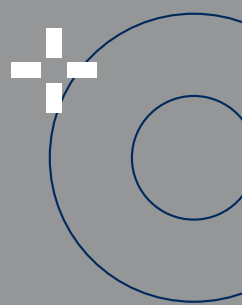
CONSOLIDATED GROUP	
2015 \$000	2014 \$000
(a) Income tax recognised in profit and loss:	
<i>Current income</i>	
Current year tax expense	(23)
Adjustments for prior years income tax expense	1,158
1,048	(245)
<i>Deferred tax</i>	
Relating to origination and reversal of temporary differences	6,934
Adjustments in respect of previously deferred income tax	(868)
Recognition of overseas losses	1,038
5,968	(35)
Net income tax benefit/(expense) reported in income statement	7,016 (280)
(b) The benefit/(expense) for the year can be reconciled as follows:	
Accounting (loss)/profit before tax from continuing operations	(24,549)
Accounting (loss)/profit before income tax	(24,549) 1,815
Prima facie tax benefit/(payable) on profit from ordinary activities before income tax at 30% (2013: 30%)	7,365
- Non-deductible expenses	(43)
- Impairment of goodwill	63
- Share of associate loss	(69)
- Loss on disposal of associate	(220)
- Effect of foreign tax rate	(185)
- R&D tax offsets	-
- Adjustments in respect of previous deferred income tax	105
Income tax benefit/(expense) attributable to entity	7,016 (280)

The tax rate used for the 2015 and 2014 reconciliations above is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law.

Income tax benefit/(expense) reported in income statement	7,016 (280)
Weighted average effective tax rates are as follows	28.6% 15.4%

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2015



The increase in the weighted average effective consolidated tax rate for 2015 is a result of the impairment of assets.

(c) Deferred tax balances:

Deferred tax assets and liabilities are attributable to the following:

Recognised deferred tax assets

Provisions and accrued expenses
Borrowing costs
Tax deductibility for capital raising costs
R&D credit
Tax losses

Deferred tax assets

Set off of deferred tax liability

Net deferred tax assets

Recognised deferred tax liabilities

Consumables
Property, plant and equipment
Accrued income
Prepayments

Deferred tax liabilities

Set off to deferred tax asset

Net deferred tax liabilities

Movements:

Opening balance 1 July
Debit/(Credit) to the income statement
Exchange rate revaluation

Closing balance at 30 June

CONSOLIDATED GROUP	
2015 \$000	2014 \$000
1,698	1,603
4	7
1	-
396	-
3,591	2,160
5,690	3,770
(1,850)	(3,770)
3,840	-
(2,114)	(2,617)
544	(2,755)
(257)	(382)
(23)	(73)
(1,850)	(5,827)
1,850	3,770
-	(2,057)
(2,057)	(2,115)
5,968	(35)
(71)	93
3,840	(2,057)

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2015

Note 8 Key management personnel compensation

Refer to the Remuneration Report contained in the Director's Report for details of the remuneration paid or payable to each member of the Group's Key management personnel (KMP) for the year ended 30 June 2015.

The total remuneration paid to KMP of the Company and the Group during the year is as follows:

CONSOLIDATED GROUP	
2015	2014
\$	\$
Short-term employee benefits	2,339,621
Post-employment benefits	2,066,648
Termination benefits	147,895
Share-based payments	160,581
Total KMP compensation	204,380
	226,603
	2,991,710
	2,647,125

Note 9 Dividends

CONSOLIDATED GROUP	
2015	2014
\$000	\$000
Distributions paid	
2015 interim fully franked ordinary dividend of 0.2 cents per share franked at a tax rate of 30%	436
2014 final dividend (fully franked) of 0.2 cents per share paid in 2015 franked at the tax rate of 30%	-
2014 interim fully franked ordinary dividend of 0.2 cents per share franked at a tax rate of 30%	432
2013 final dividend (fully franked) of 0.6 cents per share paid in 2014 franked at the tax rate of 30%	1,300
Total dividends per share	1,732

(a) Proposed final 2015 ordinary dividend of nil (2014: 0.2 cents per share franked at the tax rate of 30%)

(b) Franking account balance:

Closing balance

Subsequent to year-end, the franking account would be increased by income tax payments as follows:

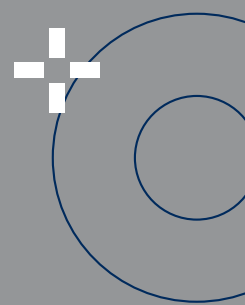
Subsequent to year-end, the franking account would be reduced by the proposed dividend reflected per (a) as follows:

Adjusted franking account balance

-	432
5,179	4,026
154	198
-	(185)
5,333	4,039

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2015



Note 10 Cash and cash equivalents

Cash at bank
Cash in hand

CONSOLIDATED GROUP	
2015 \$000	2014 \$000
5,727	4,192
2	2
5,729	4,194

Cash in hand is non interest bearing. Bank balances attract an average interest rate of approximately 0.12% per annum (2014: 0.16%). The Group and parent entity's exposure to interest rate risk is discussed in note 34. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of cash and cash equivalents mentioned above.

Note 11 Trade and other receivables

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

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

CURRENT

Trade receivables

Accrued income

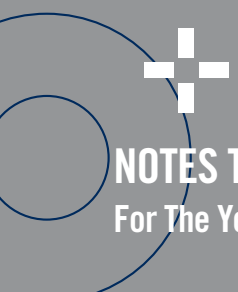
Rebates and credit offsets

Total current trade and other receivables

CONSOLIDATED GROUP	
2015 \$000	2014 \$000
20,576	16,979
1,040	1,336
163	64
21,779	18,379

Risk management

Credit risk and foreign exchange risk management is as outlined in note 34.



NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2015

The following table details the Group's aged trade and other receivables exposed to credit risk. Amounts are considered as 'past due' when the debt has not been settled with the terms & conditions agreed between the Group and the customer or counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Group.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

CONSOLIDATED GROUP	
2015 \$000	2014 \$000
Current	20,592
Past due 0 to 30 days	-
Past due 31+ days	1,187
21,779	18,379

None of the receivables past due are considered impaired as these amounts had either been collected or payment arrangements agreed prior to the date of this report.

Note 12 Inventories

CONSOLIDATED GROUP	
2015 \$000	2014 \$000
At cost	
Raw materials and consumables	19,871
Allowance for obsolescence	(4,920)
14,951	19,546

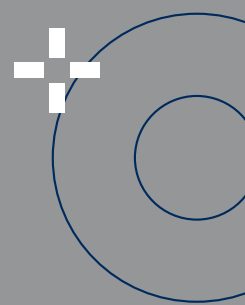
The allowance for obsolescence at 30 June 2015 increased by \$4.1 million compared to the prior year. This was the result of a review into the slow moving items and change in estimate of costs.

Note 13 Other assets

CONSOLIDATED GROUP	
2015 \$000	2014 \$000
Prepayments	1,013
Other	152
1,165	1,583

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2015



Note 14 Property, plant and equipment

Plant and equipment

At cost

Accumulated depreciation

Impairment

Total plant and equipment

Leasehold improvements

At cost

Accumulated amortisation

Total leasehold improvements

Office furniture and equipment

At cost

Accumulated depreciation

Total office furniture and equipment

Motor vehicles

At cost

Accumulated depreciation

Total motor vehicles

Total property, plant and equipment

CONSOLIDATED GROUP	
2015 \$000	2014 \$000
175,920	163,312
(92,664)	(80,365)
(14,882)	-
68,374	82,947
3,228	3,108
(1,800)	(1,524)
1,428	1,584
5,722	4,918
(4,447)	(3,843)
1,275	1,075
19,625	19,827
(10,954)	(9,778)
8,671	10,049
79,748	95,655

(a) Movements in carrying amounts

Movements in carrying amounts for each class of property, plant and equipment

	PLANT AND EQUIPMENT	LEASEHOLD AND IMPROVEMENTS	OFFICE FURNITURE AND EQUIPMENT	MOTOR VEHICLES	TOTAL
Consolidated Group					
Balance at 1 July 2013	78,285	1,737	1,386	11,250	92,658
Additions	15,438	110	127	874	16,549
Disposals	(287)	-	-	(108)	(395)
Exchange rate revaluation	(15)	-	(2)	(22)	(39)
Depreciation expense	(10,474)	(263)	(436)	(1,945)	(13,118)
Balance at 30 June 2014	82,947	1,584	1,075	10,049	95,655
Additions	12,632	120	771	593	14,116
Disposals	(324)	-	(5)	(94)	(423)
Additions as a result of the acquisition of Orexplor	15	-	4	-	19
Impairment (See below)	(14,882)	-	-	-	(14,882)
Exchange rate revaluation	386	-	7	46	439
Depreciation expense	(12,400)	(276)	(577)	(1,923)	(15,176)
Balance at 30 June 2015	68,374	1,428	1,275	8,671	79,748

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2015

Additions include \$1.3 million (2014: \$2.3 million) of development and tooling costs capitalised to plant and equipment.

In assessing any potential impairment of assets, management have used 3 separate functional divisions being the cash generating units within the Group:

- + Underground Diamond Drilling;
- + Surface Reverse Circulation Drilling; and
- + Long Hole Drilling

According to AASB 136 Impairment of Assets, impairment testing is required at the end of each reporting period when there is an indication of possible impairment. The Group considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment. As at 30 June 2015, the market capitalisation of the Group was below the book value of its equity, indicating a potential impairment of the assets of the cash generating units.

The recoverable amount of each cash-generating unit is determined based on a value-in-use calculation. Value-in-use is calculated based on the present value of cash flow projections over a five year period with a terminal value. The cash flow projections are based on next year's financial budget approved by the directors extended to the following 4 years using a combination of growth at management estimates and external market research, with a terminal value growth rate of 2.5%.

The post-tax WACC (Weighted Average Cost of Capital) of the Company has been reduced to 10.5% per annum (2014: 11.5% per annum) to reflect the current reduction in cost of both debt and equity capital.

Based on the testing performed, an impairment loss of \$14.9 million (2014: nil) was required to be recognised in the Long Hole and Surface Reverse Circulation Drilling CGUs as a result of current and expected future low utilisation of plant and equipment.

Note 15 Intangible assets

CONSOLIDATED GROUP	
2015	2014
\$000	\$000

Goodwill

Cost

Net carrying amount

-	209
-	209

Development, tooling & CAD database

Cost

Net carrying amount

Total intangibles

9,851	8,951
9,851	8,951
9,851	9,160

Consolidated Group

Goodwill	Development, tooling & CAD database
\$000	\$000

Year ended 30 June 2014

Balance at the beginning of 2014

Internal development

Transfers to plant and equipment

Closing value at 30 June 2014

209	6,821
-	4,447
-	(2,317)
209	8,951

Year ended 30 June 2015

Balance at the beginning of year 2015

Internal development

Transfers to plant and equipment

Amortisation expense

Exchange rate revaluation

Intangible development asset recognised as a result of the acquisition of Orexplore

Impairment of intangibles

Closing value at 30 June 2015

Note 17

209	8,951
-	2,721
-	(1,292)
-	(76)
-	61
-	4,060
(209)	(4,574)
-	9,851

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2015

In assessing any potential impairment management have used 3 separate functional divisions being the cash generating units within the Group:

- + Underground Diamond Drilling;
- + Surface Reverse Circulation Drilling; and
- + Long Hole Drilling

Goodwill has been allocated for impairment purposes to the three cash generating units. The Group has determined recoverable amounts of its cash generating units based on value in use under AASB 136. In line with the impairment of assets as disclosed in note 14, goodwill has also been impaired.

Management has conducted a review of the current development projects which have been capitalised to determine the expected future cash flows to be generated from future use. As a result of this review, management has decided to impair the development asset by \$4.6 million.

Note 16 Fair value of financial instruments

Other financial assets consist of:

Units in unlisted property trust

CONSOLIDATED GROUP	
2015 \$'000	2014 \$'000
1,280	1,000
1,280	1,000

Other financial liabilities consist of:

Foreign currency forward contracts

CONSOLIDATED GROUP	
2015 \$'000	2014 \$'000
18	36
18	36

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined.

FINANCIAL ASSETS/ FINANCIAL LIABILITIES	FAIR VALUE AS AT		FAIR VALUE HIERARCHY	VALUATION TECHNIQUE(S) AND KEY INPUT(S)	SIGNIFICANT UNOBSERVABLE INPUT(S)	RELATIONSHIP OF UNOBSERVABLE INPUTS OF FAIR VALUE
	30/06/15 \$'000	30/06/14 \$'000				
Foreign currency forward contracts	(18)	(36)	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.	N/A	N/A
Investment in unlisted property trust (Note 2)	1,280	1,000	Level 2	The underlying net asset position with property was valued in accordance with Australian Property Institute guidelines by a Certified Practising Valuer. The valuation analysed sales of similar industrial properties within similar industrial areas taking into account the size, location and shape of the land.	N/A	N/A

Note 1: There have been no transfers between Level 1 and Level 2 during the period.

Note 2: The gain of \$0.3 million resulted from the revaluation of the underlying property in the unit trust. The gain has been recognised in other comprehensive income for the period.

Note 3: Investment income of \$136,000 received during the financial year from the investment in the unlisted property trust has been included in other income.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2015

Note 17 Business combinations

(A) Summary of acquisition

On the 7th of April 2015, the Group acquired a further 4.6% of the shares and voting interests in Orexplora, a mineral analysis and measurement technology Company based in Sweden. As a result, the Group's equity interest in Orexplora increased from 46% to 50.5%, thus obtaining control of Orexplora. Cash consideration of \$546,000 was transferred for the acquisition of these shares.

Taking control of Orexplora will allow the Group access to Orexplora's patented technology which is still in the development phase of production.

The assets and liabilities recognised as a result of the acquisition are as follows:

CONSOLIDATED GROUP		
	2015 \$000	2014 \$000
Business combination:		
Cash and cash equivalents	565	-
Intangible development asset	4,060	-
Other assets	207	-
Trade and other payables	(108)	-
Provisions	(43)	-
Fair value of net identifiable assets	4,681	-
Less: non-controlling interest (49.5%)	(2,317)	-
Net identifiable assets acquired by the Group (50.5%)	2,364	-
Consideration transferred comprising of:		
Fair value of 46% investment	2,153	
Cash consideration	546	2,699
Excess consideration, being recognised as goodwill	335	-

(i) Measurement of fair value

Orexplora AB is an unlisted company registered in Sweden. The estimation of fair value is a level 3 category under AASB 13 Fair Value Measurement. The fair value of net identifiable assets have been measured having regard to:

- The terms of share subscription agreement entered by Swick in November 2013;
- Changes in the economic environment; and
- Progress of the intellectual property development

The directors have decided to write off the goodwill considering that Orexplora AB is in intellectual property development phase and the product is not yet available for commercial use.

(ii) Accounting policies

Intangible development assets: We are of the opinion that the capitalisation of costs as applied by Orexplora is consistent with the Note 2 policy on Research and Development in the Annual Report of Swick. Accordingly no adjustments are required to the numbers provided by Orexplora.

The Group elected to measure the non-controlling interest in the acquiree at the proportionate share of its interest in the acquiree's identifiable net assets. The value of the minority interest associated with the acquisition of Orexplora at 30 June 2015 was \$2.3m.

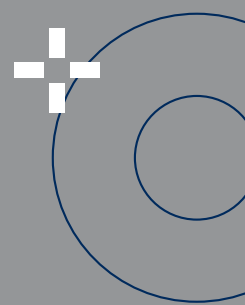
The financial year end date for Orexplora AB is 31 December, which was established prior to the Group taking an interest in the associate. For the purpose of consolidation, the financial statements of Orexplora AB for the period ended 30 June 2015 are used.

(iii) Revenue and profit contribution

The acquired business contributed income of \$145,000 and net profit of \$22,000 to the Group from the date of consolidation to 30 June 2015 of which \$11,000 is attributable to non-controlling interests.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2015



(B) Investments in associates

On 6 November 2013, the Group acquired a 23% interest in Oreplore AB, a company incorporated in Sweden and engaged in mineral analysis and measurement technology. As at 30 June 2014 the Group's ownership interest was 40.6%. The acquisition was treated as an Investment in Associate at 30 June 2014 as Swick had significant influence as per AASB 128: Investments in Associates and Joint Ventures.

Cash
Less: Share in loss of associate
Less: Foreign exchange revaluation of investment

CONSOLIDATED GROUP	
2015 \$000	2014 \$000
-	2,356
-	(119)
-	(324)
-	1,913

Note 18 Trade and other payables

CURRENT

Unsecured liabilities

Trade payables
Sundry payables

CONSOLIDATED GROUP	
2015 \$000	2014 \$000
9,482	9,679
6,001	4,087
15,483	13,766

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

Note 19 Borrowings

CURRENT

Secured liabilities

Hire purchase (HP) liabilities
Other loans (unsecured)

Total current borrowings

19b

CONSOLIDATED GROUP	
2015 \$000	2014 \$000
359	771
545	603
904	1,374

NON-CURRENT

Secured liabilities

Bank loans
Hire purchase (HP) liabilities

Total non-current borrowings

19c

19b

24,000	19,000
116	470
24,116	19,470
25,020	20,844

Total borrowings

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2015

(a) Total current and non-current secured liabilities:

Bank loans

Hire purchase (HP) liabilities

Other loans (unsecured)

CONSOLIDATED GROUP	
2015 \$000	2014 \$000
24,000	19,000
475	1,241
545	603
25,020	20,844

(b) Terms and conditions relating to the above financial instruments:

(i) Hire purchase liabilities generally have a term of between 3 and 5 years with the financier having an interest in the asset until the final payment is made. The average interest rate is 5.0% (2014: 6.5%). Financiers secure their interest by registering a charge over the financed assets.

(ii) Interest rate risk exposure: Details of the Group exposure to interest rate changes on interest bearing liabilities are set out in note 34.

(c) Assets pledged as security

The bank loans and overdraft are secured by fixed and floating charges over the Group's Asia Pacific assets. Hire purchase liabilities are secured by the asset for which the agreement relates.

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

Bank and other loan facilities

Total facilities

Used at balance date

Unused at balance date

CONSOLIDATED GROUP	
2015 \$000	2014 \$000
31,577	31,618
(26,070)	(20,844)
5,507	10,774

(e) Bills payable

Pursuant to a bank loan, facility bills payable have been drawn as a source of long-term finance. The facility limit of \$30 million matures on 31/12/2016.

24,000	19,000
--------	--------

Note 20 Provisions

CURRENT

Employee benefits

Total current

CONSOLIDATED GROUP	
2015 \$000	2014 \$000
5,321	5,330
5,321	5,330

NON-CURRENT

Employee benefits

Total non-current

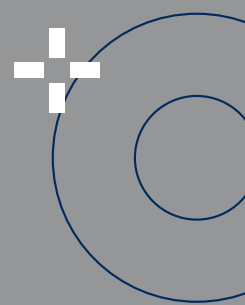
1,128	792
1,128	792

Provision for employee benefits

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2015



Note 21 Issued capital

(a) Share capital

Fully paid ordinary shares

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

CONSOLIDATED GROUP	
2015 \$000	2014 \$000
75,841	75,841
75,841	75,841

(b) Movement in ordinary shares on issues

At the beginning of the reporting period

Shares issued during the year

Issue of shares under the Company's Performance Rights Plan

Shares bought back during year

At the end of the reporting period

CONSOLIDATED GROUP	
2015 No.	2014 No.
216,123,326	222,169,027
-	-
1,520,377	606,124
-	(6,651,825)
217,643,703	216,123,326

The Company does not have a limited amount of authorised capital and issued shares do not have a par value.

Note 22 Reserves

Foreign exchange translation reserve

Share based payments reserve

Asset revaluation reserve

Balances in reserves

CONSOLIDATED GROUP	
2015 \$000	2014 \$000
631	(145)
1,449	1,001
280	-
2,360	856

(a) Foreign currency translation reserve

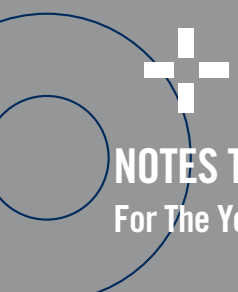
The foreign currency translation reserve records exchange differences arising on translation of foreign controlled subsidiaries.

(b) Share based payments reserve

The share based payments reserve records items recognised as expenses on valuation of employee share options or issue of performance rights. Details of share based payments can be found in the Remuneration Report and note 30.

(c) Asset revaluation reserve

The asset revaluation reserve represents the cumulative gains and losses arising on the revaluation of available-for-sale financial assets that have been recognised in other comprehensive income, net of amounts reclassified to profit or loss when those assets have been disposed of or are determined to be impaired.



NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2015

Note 23 Retained earnings

Balance at beginning of the year
Net (loss)/profit attributable to members
Less dividends paid

CONSOLIDATED GROUP	
2015 \$000	2014 \$000
31,274	31,471
(17,544)	1,535
(868)	(1,732)
12,862	31,274

Note 24 Earnings per share

(a) Reconciliation of earnings used to calculate earnings per share
(Loss)/profit after income tax expense

CONSOLIDATED GROUP	
2015 \$000	2014 \$000
(17,533)	1,535
(17,533)	1,535

(b) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS
Weighted average number of dilutive rights outstanding
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS

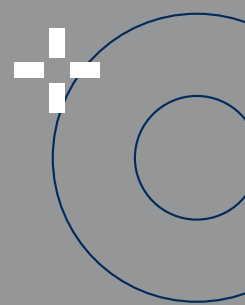
CONSOLIDATED GROUP	
2015 No.	2014 No.
216,883,515	217,122,193
1,003,782	1,194,574
217,887,297	218,316,767

(c) Basic (loss)/earnings per share (cents)
(d) Diluted (loss)/earnings per share (cents)

(8.1)	0.7
(8.1)	0.7

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2015



Note 25 Capital and leasing commitments

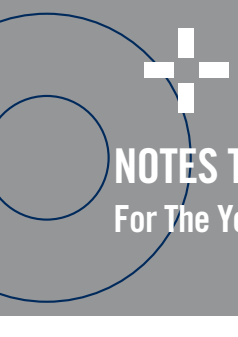
Note	CONSOLIDATED GROUP	
	2015 \$000	2014 \$000
(a) HP commitments		
Payable – minimum lease payments		
Not later than 12 months	376	829
Between 12 months and 5 years	119	491
Minimum lease payments	495	1,320
Less future finance charges	(20)	(79)
Present value of minimum lease payments	475	1,241
Comprising:		
Current liability	19	359
Non-current liability	19	116
Total financial liability	475	1,241
(b) Operating lease commitments		
Payments recognised as an expense	1,327	1,072
Non-cancellable operating leases contracted for but not recognised in the financial statements		
Payable-minimum lease payments		
Not later than 12 months	1,236	1,100
Between 12 months and 5 years	4,946	4,332
Later than 5 years	10,665	10,288
	16,847	15,720

Operating leases relate to leases of business premises with terms of between 1 to 15 years. All operating lease contracts contain clauses for yearly rental review in line with the Consumer Price Index (CPI). The Group does not have an option to purchase the leased premises at the expiry of the lease period.

The Group is also committed to further investment in Orexplore of SEK13.3 million (equivalent to AUD 2.1 million) during the 2016 financial year, with a further SEK13.3 million (equivalent to AUD 2.1 million) over the following two years.

Note 26 Contingent liabilities and contingent assets

There are no contingent liabilities or assets as at 30 June 2015.



NOTES TO THE FINANCIAL STATEMENTS

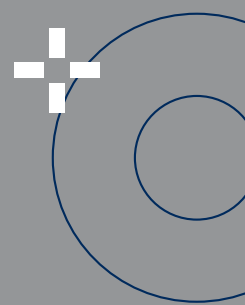
For The Year Ended 30 June 2015

Note 27 Cash flow information

CONSOLIDATED GROUP	
2015 \$000	2014 \$000
Reconciliation of cash flow from operations with profit after income tax	
(Loss)/profit after income tax	(17,533) 1,535
Non-cash flows in profit	
Depreciation and amortisation	15,252 13,118
Net loss on foreign exchange reserve	71 221
Net gain on disposal of property, plant and equipment	(83) (150)
Share options/performance rights expensed	448 241
Loss recognised on disposal of interest in associate	732 -
Share of losses of associates	228 118
Write-down of inventory to fair value	4,135 -
Investment income classified as investing cash flow	(136) -
Impairment of assets	19,665 -
Change in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:	
Increase in trade and other receivables	(3,598) (786)
Decrease in prepayments	253 622
Decrease in other assets	270 1,255
Decrease in inventories	460 (2,218)
Increase/(decrease) in trade payables and accruals	1,609 (79)
Decrease in income taxes payable	(2,670) (3,673)
Decrease in deferred taxes payable	(5,737) (58)
(Decrease)/increase in other liabilities	(18) 618
Increase/(decrease) in provisions	284 (648)
Cash flow from operations	13,632 10,116

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2015



Note 28 Parent information

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards.

Statement of financial position

Assets

Current assets

Non-current assets

Total assets

Liabilities

Current liabilities

Non-current liabilities

Total liabilities

Equity

Issued capital

Accumulated losses

Reserves

Total equity

Statement of comprehensive income/(loss)

Total loss

Total comprehensive loss

CONSOLIDATED GROUP	
2015 \$000	2014 \$000
682	35
59,476	61,269
60,158	61,304
1	120
18	36
19	156
89,389	89,389
(30,681)	(28,849)
1,431	608
60,139	61,148
(964)	(882)
(964)	(882)

There are no commitments or contingent liabilities in the Parent Entity at 30 June 2015.

The Company and its wholly-owned Australian resident entities have formed a tax-consolidated Group with effect from 1 July 2009 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated Group is Swick Mining Services Limited.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2015

Note 29 Controlled entities

Controlled entities consolidated

Subsidiaries of Swick Mining Services Limited:

	COUNTRY OF INCORPORATION	PERCENTAGE OWNED (%)	
		2015	2014
SMS Operations Pty Ltd	Australia	100	100
SMS Asset Holdings Pty Ltd	Australia	100	100
SMS Engineering Pty Ltd	Australia	100	100
Swick Mining Services (Canada) Inc	Canada	100	100
Swick Mining Services (USA) Inc	USA	100	100
Swick Drilling Portugal Unipossal Lda	Portugal	100	100
Swick Drilling Europe Ltd	United Kingdom	100	100
Swick Mining Services (Indonesia) Pty Ltd	Australia	100	100
Orexlore AB	Sweden	50.5	40.6*

* Orexlore AB changed from an associate to a subsidiary during the 2015 financial year as the Group acquired further interests.

Note 30 Share based payments

The Company has established the Swick Mining Services Limited Performance Rights Plan. The rights were granted at no cost to the executives and will convert into ordinary shares on completion of specified periods of service.

A summary of the movements of all Company performance rights on issue is as follows:

	CONSOLIDATED GROUP	
	2015 No.	2014 No.
Balance at the beginning of the year	1,206,124	1,600,000
Granted	1,315,692	612,248
Vested	(1,520,377)	(606,124)
Expired	(200,000)	(400,000)
Balance at year end	801,439	1,206,124

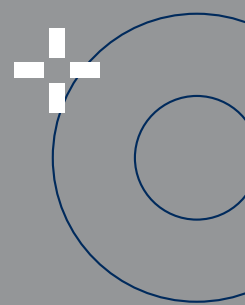
Information relating to the Group's Performance Rights, including details of issued, exercised, and lapsed Performance Rights is set out in the Directors Remuneration Report.

Note 31 Auditor's remuneration

	CONSOLIDATED GROUP	
	2015 \$	2014 \$
Remuneration of the auditor for:		
- Audit and review of the financial report	110,800	100,300
- Other services	-	10,500
	110,800	110,800
Paid to auditor of the subsidiary:		
- Audit and services	26,612	27,200
- Other services	-	-
	26,612	27,200

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2015



Note 32 Events after the reporting period

The directors are not aware of any significant events since the end of the reporting period.

Note 33 Related party transactions

Ultimate parent

The ultimate parent entity that exercises control over the Group is Swick Mining Services Limited, which is incorporated in Australia.

There were no related party transactions other than those related to Key Management Personnel and investments in associates as disclosed.

For details of disclosures relating to Key Management Personnel, refer to note 8 and the Remuneration Report.

Note 34 Financial risk management

Financial risk management objectives

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

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balances. The capital structure of the Group consists of debt, which includes the borrowings disclosed in Note 19, cash and cash equivalents and equity attributable to equity holders of the Parent, comprising issued capital, reserves, other equity and retained earnings/ (accumulated losses) as disclosed in Note 21, 22 and 23.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year. This strategy is to ensure that the Group's gearing ratio (net debt/equity) remains below 30%. The gearing ratios for the year ended 30 June 2015 are as follows:

	Note	CONSOLIDATED GROUP	
		2015 \$000	2014 \$000
Total borrowings	19	25,020	20,844
Less cash and cash equivalents	10	(5,729)	(4,194)
Net debt		19,291	16,650
Total equity		93,409	107,971
Total capital		112,700	124,621
Gross gearing ratio (gross debt/equity)		26.8%	19.3%
Net gearing ratio (net debt/equity)		20.7%	15.4%

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2015

The totals for each of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	CONSOLIDATED GROUP	
		2015 \$000	2014 \$000
Financial assets			
Cash and cash equivalents	10	5,729	4,194
Trade receivables	11	21,779	18,379
Total financial assets		27,508	22,573
Financial liabilities			
Financial liabilities at amortised cost			
Trade and other payables	18	15,483	13,766
Borrowings	19	25,020	20,844
Total financial liabilities		40,503	34,610

Specific financial risk exposures and management

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk, foreign currency risk and other price risk (commodity and equity price risk). There have been no substantive changes in the types of risks the Group is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

(a) Credit risk

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

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

As disclosed in note 3, the Group has two customers which contribute more than 10% of the revenue. Other than these two customers the Group does not have any significant credit risk exposure to any single counterparty or any Group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

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

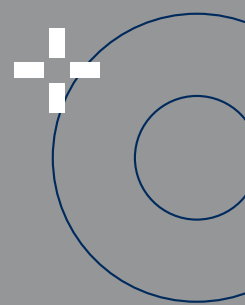
(b) Liquidity risk

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

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in Note 19 is a listing of undrawn facilities that the Group has at its disposal to further reduce liquidity risk.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2015



(c) Market risk

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

(d) Interest rate risk

The Parent and the Group are exposed to interest rate risk as entities within the Group borrow funds at fixed and variable interest rates. The interest rate risk is managed using a mix of fixed and floating rate debt. At 30 June 2015 approximately 16% of Group debt is fixed. A one percentage point increase/decrease in interest rates would result in a net profit after tax decrease/increase of approximately \$147,000.

The following table sets out the carrying amount, by maturity, of the financial assets and liabilities:

	WITHIN 1 YEAR		1 TO 5 YEARS		OVER 5 YEARS		TOTAL	
Consolidated Group	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000
Financial assets and liabilities:								
Cash and cash equivalents	5,729	4,194	-	-	-	-	5,729	4,194
Bank and other loans	(545)	(603)	(24,000)	(19,000)	-	-	(24,545)	(19,603)
Hire purchase/ liabilities	(359)	(771)	(116)	(470)	-	-	(475)	(1,241)
Foreign currency forward contracts	(18)	(18)	-	(18)	-	-	(18)	(36)
Net (inflow)/ outflow on financial instruments	4,807	2,802	(24,116)	(19,488)	-	-	(19,309)	(16,686)

Financial assets pledged as collateral

Certain financial assets have been pledged as security for debt and their realisation into cash may be restricted subject to terms and conditions attached to the relevant debt contracts as outlined in note 19(c).

At the end of the reporting period, the details of borrowings and the respective fixed interest rates are as follows:

Maturity of notional amounts	CONSOLIDATED GROUP			
	EFFECTIVE AVERAGE FIXED INTEREST RATE PAYABLE		NOTIONAL PRINCIPAL	
	2015 %	2014 %	2015 \$000	2014 \$000
Less than 1 year	3.99	6.03	904	11,370
1 to 2 years	6.24	6.53	3,116	358
2 to 5 years	-	6.24	-	116
			4,020	11,844

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2015

The net effective variable interest rate borrowings expose the Group to interest rate risk which will impact future cash flows and interest charges and is indicated by the following floating interest rate financial liabilities:

CONSOLIDATED GROUP			
EFFECTIVE AVERAGE FIXED INTEREST RATE PAYABLE		EFFECTIVE AVERAGE FIXED INTEREST RATE PAYABLE	
2015 %	2014 %	2015 \$000	2014 \$000

Floating rate instruments

Bank loans	3.51	5.41	21,000	9,000
------------	------	------	--------	-------

The Group cash balance at 30 June 2015 was \$5.7 million. These funds attract interest up to 0.12% per annum. A 1% increase or decrease in the interest rate will not result in a material variation in earnings.

(e) Foreign exchange risk

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

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

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

The following table details the Group's sensitivity to a 10% increase in the Australian dollar against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to Key Management Personnel and represents management's assessment of the reasonably possible change in foreign exchange rates in a single year. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower. A positive number below indicates an increase in equity.

CONSOLIDATED GROUP			
NET FINANCIAL ASSETS/(LIABILITIES)		IMPACT ON EQUITY	
2015 \$000	2014 \$000	2015 \$000	2014 \$000

Currency

Canadian dollar	(8,551)	(8,581)	855	858
US dollar	1,438	(683)	(144)	68
Euro	(3,759)	(3,372)	376	337
Swedish Krona	188	1,913	(19)	(191)

DIRECTORS' DECLARATION



In accordance with a resolution of the directors of Swick Mining Services Limited, the directors of the Company declare that:

1. 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;
2. in the directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 2 to the financial statements;
3. in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity; and
4. the directors have been given the declarations required by section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors

Kent Swick

Managing Director

Dated this 14 day of September 2015

Deloitte.

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

Report on the Financial Report

We have audited the accompanying financial report of Swick Mining Services Limited, which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 38 to 79.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the consolidated financial statements comply with International Financial Reporting Standards.

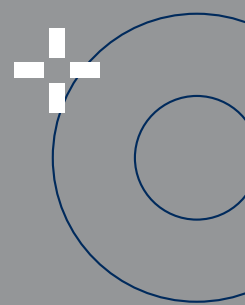
Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the company's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

Liability limited by a scheme approved under Professional Standards Legislation.
Member of Deloitte Touche Tohmatsu Limited



Deloitte.

Auditor's Independence Declaration

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

Opinion

In our opinion:

- (a) the financial report of Swick Mining Services Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 2.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 21 to 30 of the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of Swick Mining Services Limited for the year ended 30 June 2015, complies with section 300A of the *Corporations Act 2001*.

DELOITTE TOUCHE TOHMATSU

Neil Smith
Partner
Chartered Accountants
Perth, 14 September 2015

The additional information set out below is current as at 21 August 2015 and is provided in accordance with the ASX Listing Rules.

1. Substantial shareholders

The following shareholders have lodged a notice of substantial shareholding in the Company.

Shareholder	Number of shares
Kent Jason Swick	33,117,498
IIOF Holdings Limited	25,400,384
Hercules International Pty Ltd	24,703,502
Rosanne Thelma Swick	13,924,524
Schroder Investment Management Australia Limited	13,815,749
Vanshap Capital LLC	13,395,793
Northcape Capital Pty Ltd	13,241,582

2. Distribution schedule of equity security holders

Fully paid shares	Number of holders
1 – 1,000	352
1,001 – 5,000	612
5,001 – 10,000	344
10,001 – 100,000	621
100,001 and over	90
Total number of holders	2,019

3. Holders of unmarketable parcels

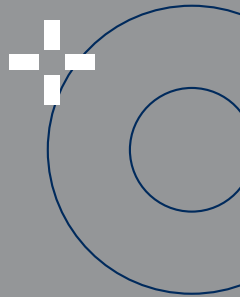
There are 795 shareholders holding less than a marketable parcel of ordinary shares (based on a market price of \$0.135 per share).

4. Classes of shares and voting rights

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

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

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



5. Register of securities

The register of securities is kept at the office of the Company's share registry, Security Transfer Registrars Pty Ltd at 770 Canning Highway, Applecross, Western Australia.

6. Stock Exchange listing

The Company's securities are quoted on the Australian Securities Exchange. Trading code: SWK.

7. On-market buy-back

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

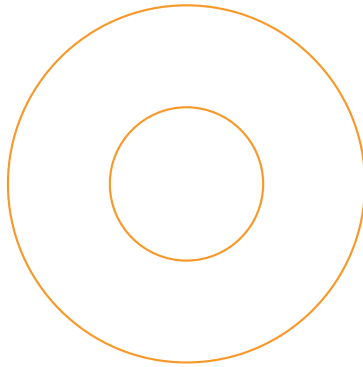
8. Twenty largest holders of fully paid shares

Shareholder	Shares	%
1. Hercules International Pty Ltd	24,703,502	11.35
2. National Nominees Limited	19,513,040	8.97
3. JP Morgan Nominees Australia Limited	15,978,483	7.34
4. BNP Paribas Noms Pty Ltd	15,346,548	7.05
5. Kent Jason Swick	14,500,651	6.66
6. Tanya Michelle Swick	14,500,651	6.66
7. Rosanne Thelma Swick	13,874,524	6.37
8. HSBC Custody Nominees (Australia) Limited – GSCO ECA	13,395,793	6.15
9. HSBC Custody Nominees (Australia) Limited	11,615,340	5.34
10. ABN Amro Clearing Sydney Nominees Pty Ltd	5,596,377	2.57
11. Citicorp Nominees Pty Ltd	4,402,657	2.02
12. Zero Nominees Pty Ltd	3,500,000	1.61
13. Equitas Nominees Pty Ltd	2,997,683	1.38
14. BNP Paribas Noms (NZ) Limited	2,738,712	1.26
15. Pyxis Holdings Pty Ltd	2,000,000	0.92
16. Robert Lugton & Gillian Lugton	1,763,000	0.81
17. K & T Swick Pty Ltd	1,540,000	0.71
18. Kent Swick & Tanya Swick	1,428,698	0.66
19. Seng Teoh & Sin Wong	1,208,267	0.56
20. Jared Lawrence & Kathryn Zaccaria	1,177,477	0.54
	171,781,403	78.93

9. Unquoted securities

There are 3 holders of 801,439 performance rights. Holders of more than 20% are as follows:

Name of holder	Number
Vahid Haydari	396,755
Kent Swick	204,684
William Gove	200,000
	801,439



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