ANNUAL REPORT 2021

THE LEADER IN MINERAL DRILLING

SWICK

Innovative • Productive • Safe

CORPORATE DIRECTORY

Directors
Andrew Simpson -
Non-Executive Chairman

Kent Swick -
Managing Director

Ian McCubbing -
Non-Executive Director

Stuart Carmichael -
Non-Executive Director

Alan Bye -
Non-Executive Director

Company Secretary
Frank Campagna

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Auditor

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11 Mounts Bay Rd
Perth, Western Australia, 6000

Solicitors

Steinepreis Paganin Lawyers and Consultants
Level 4, The Read Buildings
16 Milligan Street
Perth, Western Australia, 6000

Share Registry

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National Australia Bank Ltd

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

ABN: 20 112 917 905

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FY2021 HIGHLIGHTS

Drilling Business EBITDA of $30.4m,

↑19%

Drilling Business EBIT of $15.1m,

↑260%

Drilling Business free cash flow of

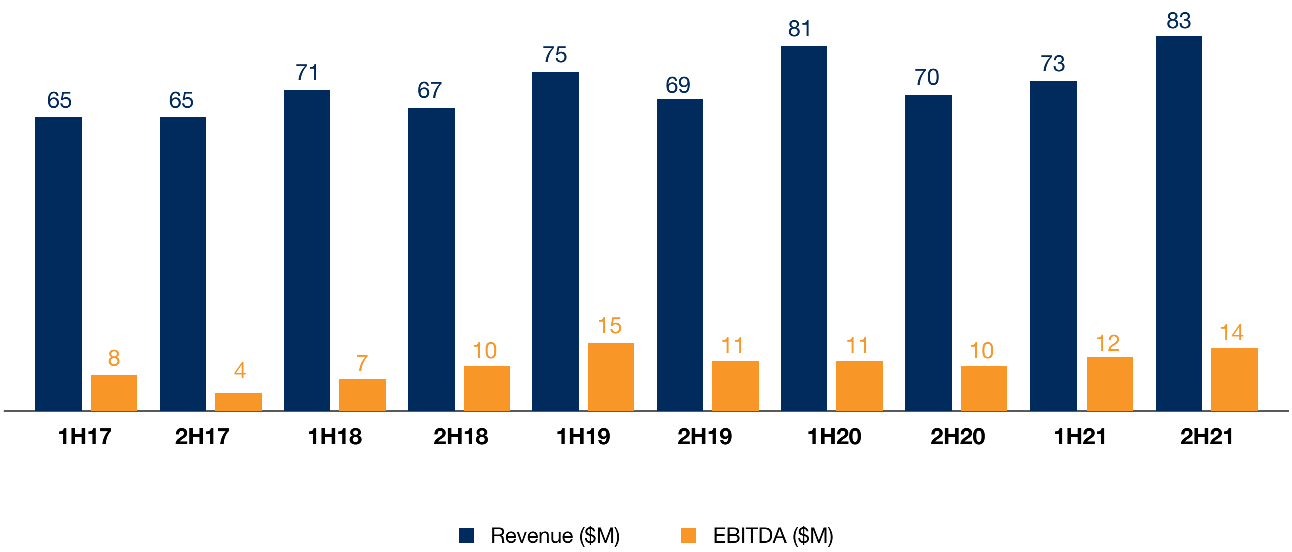
$22.1m

Total dividend of

1.45 cps

OUR LOCATIONS

Consolidated – Half Yearly Revenue and EBITDA FY17 to FY21



CHAIRMAN'S LETTER

Dear Shareholders,

On behalf of the Board of Directors of Swick Mining Services Ltd ("Swick" or the "Company"), I am pleased to present the Company's 2021 Annual Report.

The COVID-19 pandemic continued to present a unique and challenging set of circumstances during the 2021 financial year (FY2021). Swick positively adapted during this unprecedented period to protect its people from COVID-19 and limit the impact to stakeholders. This has included working carefully with our clients to ensure business continuity and safety during the pandemic, such as amending rosters and accommodating employees in local towns close to site to minimise the impact of travel restrictions.

Notwithstanding the impact of COVID-19, Swick continued to progress its strategy of establishing a clear value proposition for shareholders from the Company's two distinct businesses, the Underground Drilling Business and Mineral Technology Business, Orexplore.

FY2021 saw Swick refocus on its core Underground Drilling business by divesting its Surface Reverse Circulation (RC) division and taking the decision to demerge Orexplore.

Swick enjoys a competitive advantage in Underground Drilling through its scale of operations, unique drill rig manufacturing capability and technology, and strong customer relationships. Refocusing on its core business will better position the Company to maximise profitability, cash generation, and return on invested capital as the business grows and takes advantage of positive market conditions in the resources sector.

The Surface RC division was sold in February 2021. The demerger of Orexplore has progressed during the year and is planned for completion later in calendar 2021. The demerger is an outcome of a strategic review conducted by the Board in 2020 with the aim of maximising the value of both the Drilling and Orexplore businesses for Swick shareholders.

Swick's position in the Underground Drilling market was further strengthened through investment in new earnings streams and technology. During the year a new in-house Engineering division was established to capitalise on market demand for Swick rigs, and a Futures division (Future of Drilling focus) was established to develop lower carbon footprint rigs (Gen3 E-rig) and improve underground safety and production through automation (Remote Controlled Drilling system).

Underground Drilling

Our strategy for the Drilling business has been to enhance earnings from existing projects, increase utilisation from our fleet of underground diamond drilling rigs and continue to invest in new growth opportunities and technologies.

During FY2021, Swick successfully secured one of its largest projects, a five-year contract to provide underground drilling services to BHP's Olympic Dam mine in South Australia, with eight rigs currently deployed. In addition, Swick renewed its contract at Northern Star's Jundee Gold operations, with 14 rigs deployed representing Swick's largest contract to date. Internationally, the Company was also awarded a five-year contract from Minas de Aguas Teñidas SAU (MATSA) at its copper operations in Spain, with two rigs.

Swick Engineering was established and performed well with four GenII mobile drill rigs built and sold to clients in Canada and Tanzania in FY2021. This new division has enabled Swick to participate in significant mining markets and regions where it does not have a presence operationally. Rig sales are expected to increase with a growing global demand for high quality mobile underground drill rigs. Swick has expanded its Engineering facility in South Guilford to meet the expected increase in market interest for underground mobile diamond drill rigs.

The Company has also been investing in adding purpose-built DeepEX mobile rigs to the fleet that are currently in build. These DeepEX rigs will represent the world's most powerful underground mobile drills and will have capacities to drill exploration holes up to 3,000 metres of NQ2 core, providing significant opportunity to Swick's clients.

Swick has been a leader in underground core drilling innovation since June 2004 when it introduced the market's first commercial mobile underground diamond drill rig. To formalise and fast track its innovations, Swick established a 'Future of Drilling' ('Futures') department, independent of the Engineering business, that has its own dedicated resources and capital allocation and will be housed in independent facilities nearby to the South Guildford headquarters of Swick.

As the mining industry moves towards ESG (Environmental, Social and Governance) solutions with the majority of mining companies focused on decarbonization as part of their strategy, Swick's Futures Department has the ability to provide superior benefits to all its clients with a focus on lowering carbon footprint and improved safety through automation. Swick has no exposure to the coal mining industry as part of its ESG responsibility.

CHAIRMAN'S LETTER

Futures will prioritise two key projects that will significantly benefit the industry and be attractive to the vast majority of the underground mining market:

+ The development of a Gen3 E-rig - mobile underground diamond drill rig that can provide an approximate 50% energy saving on a metre for metre basis over standard rigs; and
+ The development of Remote-Controlled Drilling system which will enhance safety and productivity.

Mineral Technology

Swick's drilling business has provided the venture capital to develop the Orexplore technology and business. The potential of the technology is real and can unlock significant benefits for its customers throughout the whole mining life cycle from exploration to processing.

The business has different growth requirements to Swick's Drilling business and has developed to a point where it can pursue its growth as a separate company. We believe this will maximise the value of each business, and Swick shareholders will benefit as the owners of both.

Orexplore continued steady progress towards the commercialisation of its unique and valuable technology during the year, as Swick progressed the demerger process. Brett Giroud was appointed as Managing Director of Orexplore and will lead Orexplore through this process as we aim to complete the demerger by the end of this calendar year.

As the industry moves towards sensing and automated insights, we are confident the funds Swick has invested in Orexplore will deliver an excellent long-term return for Swick shareholders.

FY2021 Financial Results and Position

The Drilling Business delivered revenue of $154.1 million (2020: $149.4 million) and an EBITDA of $30.4 million (2020: $25.5 million), with the increase reflecting the improved performance from the Pogo contract in Alaska. Drilling Business EBIT of $15.1 million was significantly higher than FY2020 as a result.

The Mineral Technology Business reported an EBITDA loss of $4.3 million (2020: $4.5 million EBITDA loss), reflecting Orexplore's position along the commercialisation pathway as well as costs incurred as part of the demerger process.

At a Group level, Swick reported a Net Profit After Tax of $4.9 million (2020: loss of $6.0 million).

Critically in the uncertain economic environment with COVID-19, Swick continued to maintain a strong financial position in the year. As at 30 June 2021, Swick's gearing was 2.9 per cent (excluding lease liabilities defined under AASB 16), with $15.1 million cash and debt of $17.7 million (excluding AASB16 lease liabilities), with an additional $24.1 million in undrawn facilities.

The Company has used its strong position to focus on providing value for shareholders, paying a fully franked interim dividend of 0.45 cents per share on 16 April 2021. The Company's stable financial position coupled with ongoing earnings from the Drilling Business also enabled the Board to declare a fully franked final dividend of 1.0 cent per share for FY2021.

These capital management decisions were carefully considered by the Board and seen as an appropriate tool to provide ongoing value for shareholders.

Safety

Safety continues to be an integral part of the Swick brand and underpins everything we do.

Swick continues to explore and implement engineering controls to mitigate injury and improve safety, and several projects are currently underway addressing the manual handling of rods and inner tubes.

Our employees are backed by a comprehensive safety and training system and our safety culture is well recognised and appreciated by our clients.

The Future

Swick enters FY2022 in an excellent position with a refocussed business, a strong balance sheet and a robust forward order book, providing a solid foundation for our Drilling Business in FY2022.

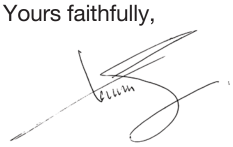
Our key focus will remain the successful and safe execution of work at secured projects, whilst completing the demerger of our two distinct businesses to enhance value to our shareholders. This all backed by solid cash flow generation to support returns to shareholders.

On behalf of the Board, I would like to thank the Managing Director, Kent Swick, the Chief Financial Officer, Jitu Bhudia, the General Manager Operations - Global, Nick Rossides and the wider management team for developing and implementing the strategies to mitigate the impacts during the challenging COVID-19 times. I would also like to thank the rest of the Board for their valuable contribution to the Company over the past 12 months.

Importantly I would like to recognise the broader Swick team – a committed group of people leading the Company forward day-in and day-out. I would also like to thank Swick's clients, partners and suppliers for the continued support towards our business.

We look forward to further developing our market-leading position, continuing to generate returns for our shareholders and delivering our innovations across the industry.

Yours faithfully,



Andrew Simpson
Chairman

DRIVING INNOVATION

At Swick we demonstrate a culture of innovative thinking in the pursuit of excellence. Driving our innovative spirit is our internal research and development team who are always striving to provide the safest, most cost-effective solutions to our clients.

MANAGING DIRECTOR'S REPORT ON OPERATIONS

2021 Financial Year Overview

Swick's Drilling Business continued to perform strongly delivering a solid FY2021 performance on the back of a growing order book, reliable operational performance, increased volume of rigs in work and revenue diversification. The Drilling Business delivered revenue of $154.1 million (2020: $149.4 million), EBITDA of $30.4 million (2020: $25.5 million) and EBIT of $15.1 million (2020: $4.2 million), and generated free cash flow of $21.3 million (2020: $4.1 million) including $6.0 million cash from operations and sale of the Surface Reverse Circulation (RC) division in FY2021.

At the Group level (including Orexplore), Swick delivered EBITDA of $26.0 million (2020: $21.0 million), EBIT of $9.2 million (2020: EBIT loss of $2.8 million) and Net Profit After Tax of $4.9 million (2020: loss of $6.0 million) for FY2021. Free cash generation was $15.7 million (2020: cash deficit of $3.0 million) and the Group ended the year with a cash balance of $15.1 million (2020: $12.7 million). Net debt (excluding liabilities related to right-of-use assets) was $2.6 million (2020: $9.8 million).

The Drilling Business, including the newly established Swick Engineering, is Swick's primary business operation going forward following the sale of its RC division earlier in February 2021, and with the decision to demerge its Mineral Technology division, Orexplore, by the end of this calendar year.

Most of the disruptions caused by COVID-19 in the prior year seemed to have passed and whilst the pandemic is still a risk to the business, the financial impact has been managed at present. The crews, however, are doing a magnificent job with many undertaking extended rosters to allow for isolation requirements and as a consequence are spending months away from home each swing. The mental health and wellbeing of those workers affected including their families are at the forefront of our minds and Swick has a strong health check program to ensure the wellbeing of everyone during these unusual times.

Furthermore, the significant drilling contract at the Pogo gold mine (currently operating ten rigs) in Alaska performed at expected margins in FY2021 that saw the contract deliver a gross profit per shift similar to that of the rest of the underground drilling business even with the site being affected temporarily with COVID-19 crew restrictions during the year.

Rig utilisation peaked in March 2021 with 3,642 rig shifts in the month equating to a full time equivalent (FTE) rig count of 59 rigs in work. Average FTE rig utilisation for FY2021 was 55 rigs. With the expected increase in rigs in work at existing contracts and work in hand, it is expected that the Company will be around 62 FTE rigs in work for the full FY2022 year.

Swick continued its strategic investment in Orexplore, which has made significant progress towards commercialising its technology, instrumentation and the associated software. Brett Giroud was appointed as Managing Director of Orexplore during the year and has focussed on developing client relationships and solutions.

The strong balance sheet position, positive Group cash flow generation and buoyant macro market conditions have supported the Board's decision to increase the final dividend to 1.0 cent per share (cps) fully franked (2020: 0.3 cps fully franked). This brings the full year FY2021 dividend to 1.45cps fully franked (2020: 0.6 cps fully franked). The Swick Board expects the Drilling Business to be able to maintain this level of strong dividend payout going forward.

I would like to thank the Board of Directors for their guidance and support over the past twelve months, as well as the Executive and Management Team, whose hard work and focus on implementing the Company's strategic targets have created a solid base for both the Drilling Business and Mineral Technology Business into FY2022.

MANAGING DIRECTOR'S REPORT ON OPERATIONS

Operating results and review of operations for the year

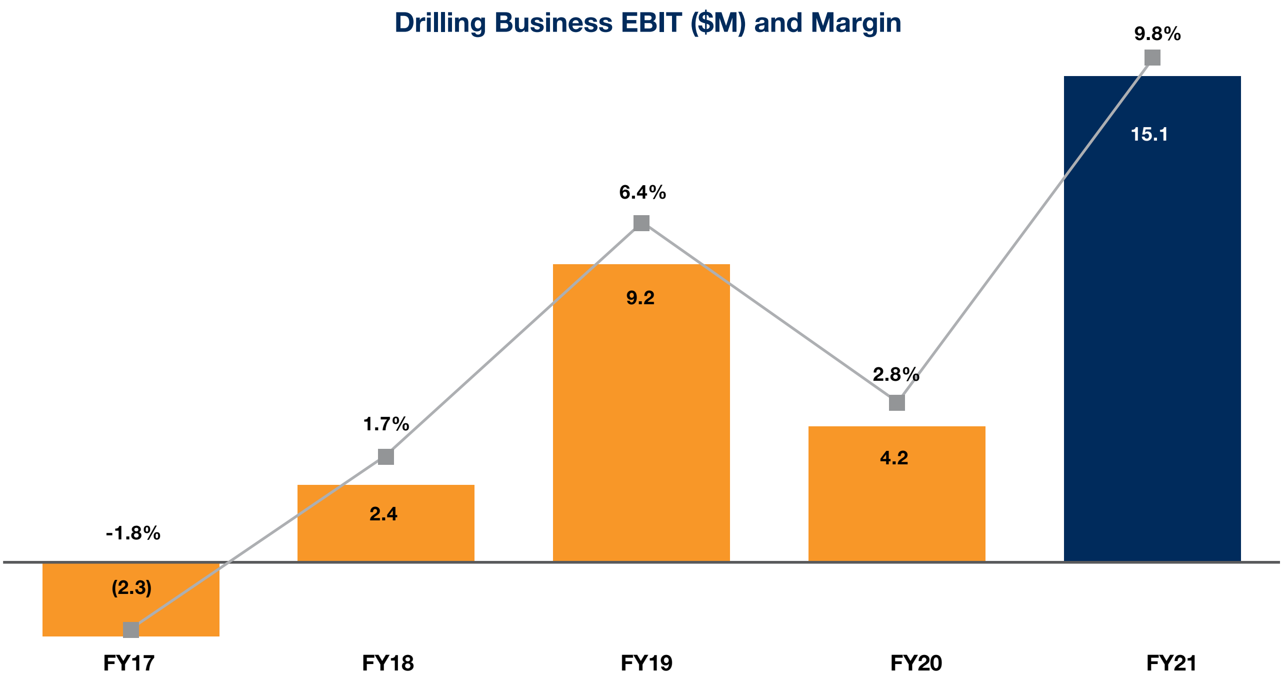
Review of result

2021 FINANCIAL RESULTS (UNAUDITED NON-IFRS)	2021	2020	Change
	$000	$000	%
Profit & Loss			
Revenue	154,152	149,643	3.0%
EBITDA (Drilling business)	30,354	25,477	19.1%
EBITDA (Mineral Technology)	(4,332)	(4,513)	(4.0%)
EBITDA (Total)	26,022	20,964	24.1%
EBIT (Drilling business)	15,063	4,188	259.7%
EBIT (Mineral Technology)	(5,881)	(6,955)	(15.4%)
EBIT (Total)	9,182	(2,767)	431.8%
NPAT (Total)	4,918	(6,027)	181.6%
Cash Flow			
Net cash from operating activities	16,531	10,405	58.9%
Net cash used in investing activities	(815)	(13,427)	(93.9%)
Free cash flow	15,716	(3,022)	620.0%
Operating cash flow before interest and taxes	18,767	12,040	55.9%
At Balance Date			
Cash	15,108	12,729	18.7%
Debt (excluding lease liabilities related to right-of-use assets)	17,698	22,542	(21.5%)
Net Debt (excluding lease liabilities related to right-of-use assets)	2,590	9,813	(73.6%)
Ratios			
EBITDA margin (Drilling Business) (%)	19.7%	17.0%	
EBITDA margin	16.9%	14.0%	
EBIT margin (Drilling Business) (%)	9.8%	2.8%	
EBIT margin	6.0%	(1.8%)	
Basic EPS (reported) – cents per share	1.68	(2.14)	
EBITDA cash conversion (%)	72.1%	57.4%	
Gearing (Net debt/equity) (%) (excluding lease liabilities related to right-of-use assets)	2.9%	10.6%	

Note: Drilling Business refers to all operating segments including discontinued operation but excluding Mineral Technology.

The Drilling Business delivered an EBIT of $15.1 million at a margin of 9.8 per cent in FY2021, a material increase from the prior year which was impacted by ramp up costs at the Pogo contract and COVID-19.

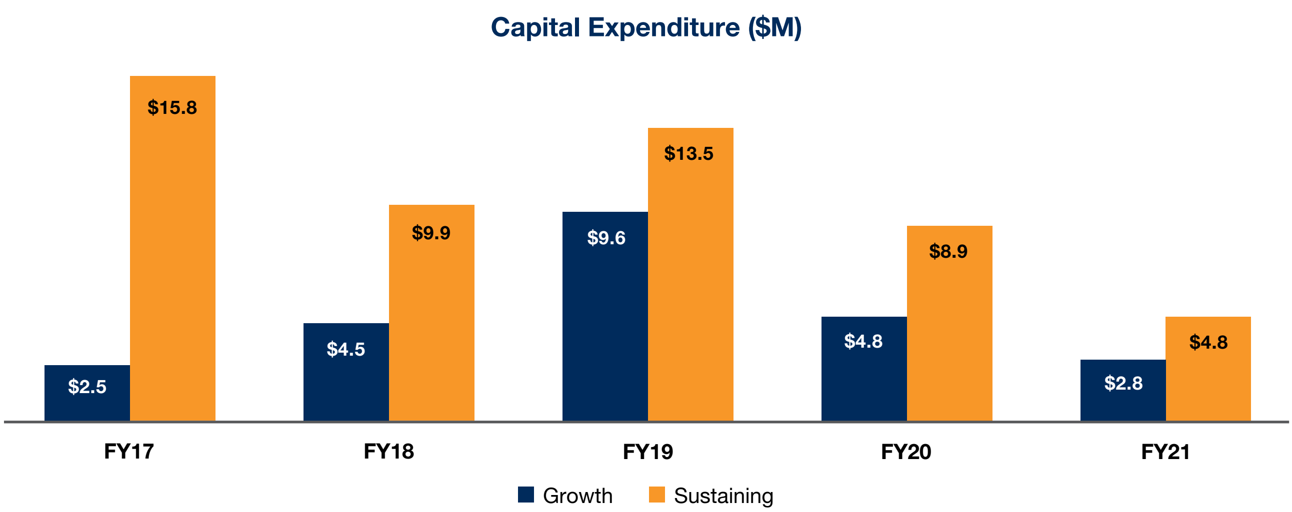
MANAGING DIRECTOR'S REPORT ON OPERATIONS



The Group's net assets decreased by $2.6 million to $89.8 million at 30 June 2021 following $5.4 million of returns to shareholders through share buybacks and dividend payments during the year. Working capital investment (trade receivables plus inventories plus prepayments less trade payables) increased by $4.9 million predominantly due to an increase in additional inventory holdings for parts for eight rigs to ensure that new rigs for Swick's Drilling Business or for Engineering sales can be assembled quickly.

Net borrowings (net debt) excluding lease liabilities related to right-of-use assets decreased by $7.2 million and capital expenditure decreased by $6.1 million. Growth capital expenditure in FY2021 included ongoing spend on three DeepEX rig builds, roll-out of other R&D initiatives such as the tube roller and kelly rod handler and $1.3 million spend on Orexplore equipment and development costs.

Spend in sustaining capital expenditure reduced in FY2020 due to the change in policy to expense rods as consumables expense instead of being accounted as assets and depreciated over two years. A further reduction in sustaining capital expenditure in FY2021 was due to rigs lasting much longer on field before requiring major rebuilds.



MANAGING DIRECTOR'S REPORT ON OPERATIONS

Excluding the operating and capital expenditure spend in the Mineral Technology Business of $5.6 million and net cash inflow from the discontinued Reverse Circulation (RC) Business of $6.0 million, the remaining core Underground and Engineering Businesses generated free cash flow of $15.3 million which is an impressive result considering the Pogo ramp up costs, the COVID-19 impacts and increase in inventory holdings.

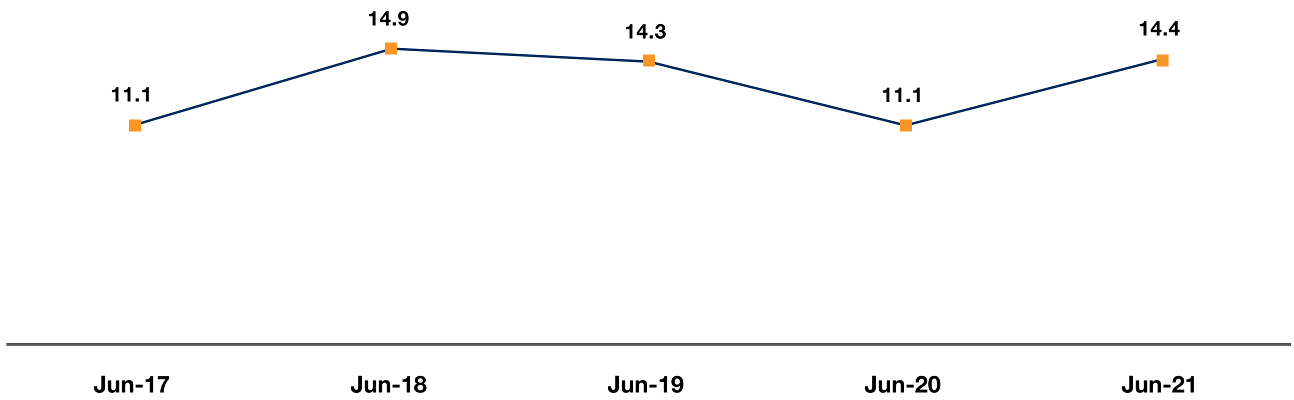
Safety and Training

Swick ended FY2021 with a Total Recordable Injury Frequency Rate (TRIFR) of 14.4. The current TRIFR consists of 19 recordable injuries, of which 13 are Restricted Duty injuries (RDI) and 6 are Medically Treated Injuries (MTI) with no Lost Time Injuries (LTI). The prevalence of hand injuries (12 of the 19 events) is a constant reminder of conducting manual work in difficult conditions that characterises our daily operations. COVID-19 continues to play a part in disrupting the care and treatment of our injured workers as the closing of borders adds a complexity to our early intervention programs which would result in fewer injuries being elevated to recordable injuries status.

Engineering controls continue to be our focus to mitigate injury to our workers. The installation of inner-tube rollers on our rigs has been a successful project to date. Since the rollout we have seen a constant decrease in our Restricted Duty Injury Frequency Rate (RDIFR), a reduction in upper limb and back injuries and TRIFR resulting in a TRIFR of 10.6 at end of July 2021. Rod manipulator concepts are still in trial phase in the field and are progressing well. Swick expects to see a drastic reduction in hand injuries once the concepts are proven and the manipulators are installed throughout the rig fleet.

Training of interstate personnel has become increasingly difficult due to COVID-19 border restrictions. Our award-winning training facility remains open to candidates from states without border restrictions, however, candidates from other states are required to receive intensive training at site by specialist trainers and supervisors.

Safety Performance (TRIFR)



COVID-19 and Mental Health

Swick continues to work well within the constant changing COVID-19 environment. Movement of personnel within Australia is closely monitored and constantly evolving. Strategies include creation of an internal mental health program "Switch On at Swick". The program delivers welfare checks, mental health and first aid courses during crews rest and recuperation periods as well as recreational activities such as better accommodation, hire cars and gym memberships which all contribute to a happy and productive workforce. Swick's COVID-19 and Mental Health management team continues to meet weekly to discuss tactics and the welfare of our personnel. In addition, Swick employed the assistance of Curtin University to conduct a survey designed to review our current employees' key behaviours and their job design to ensure our workforce and their families feel valued, are happy and remain focused during this pandemic and beyond.

MANAGING DIRECTOR'S REPORT ON OPERATIONS

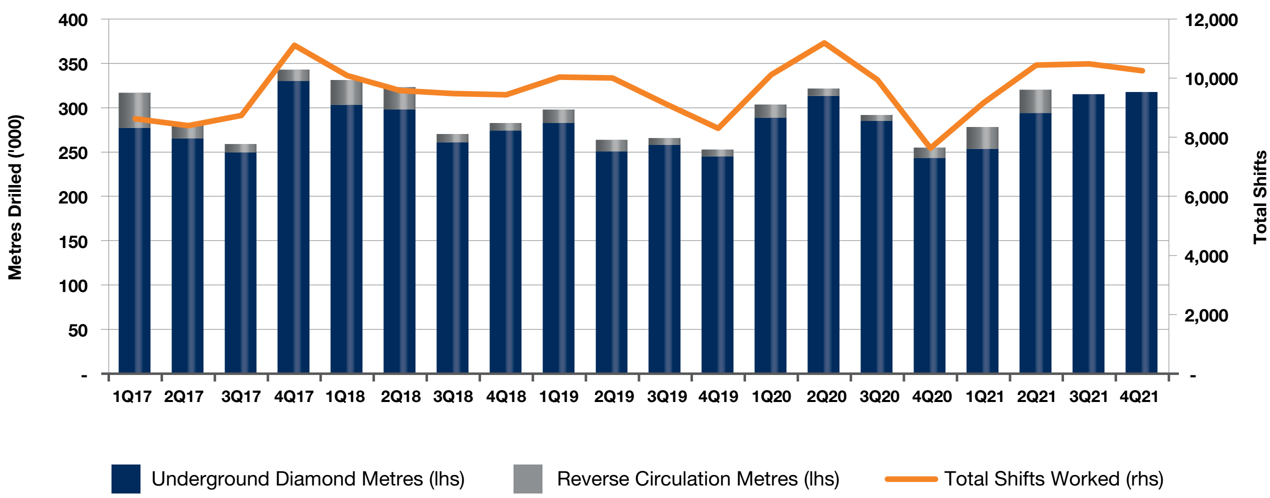
Production and Revenue

Total shifts worked quickly recovered from the lows experienced in 4Q2020 due to COVID-19 with the last three quarters of FY2021 experiencing volumes close to pre COVID-19 peaks. Shifts worked in 4Q2021 were impacted by the COVID-19 related shutdown at the Tanami mine in Northern Territory.

Metres drilled continued to increase during the year including on the back of improved productivity driven predominantly by improved drilling systems and operator productivity from increased bonuses.

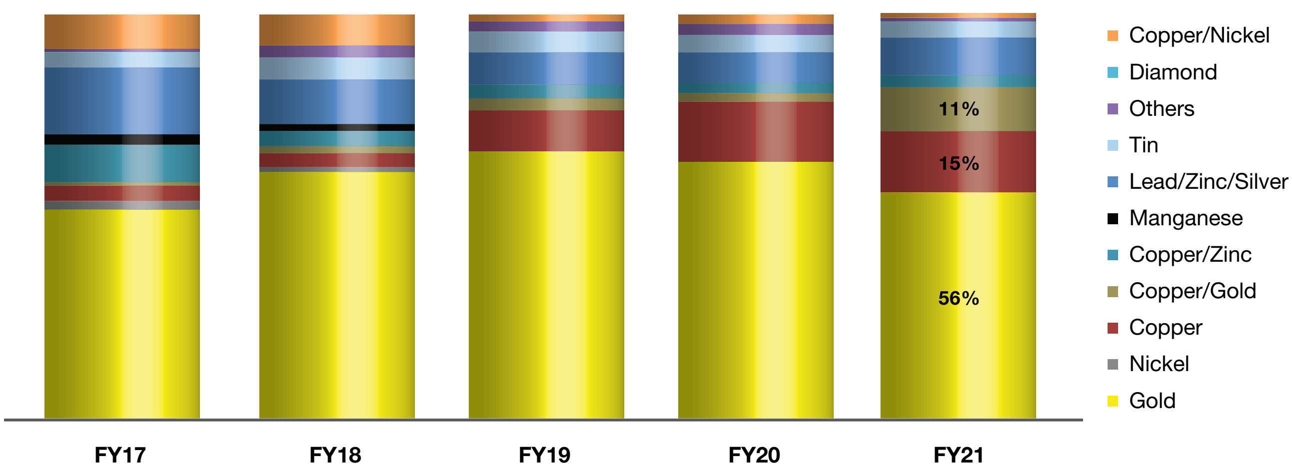
The high EBIT result for the Drilling Business in FY2021 despite the challenges of COVID-19 demonstrates Swick's success in managing these disruptions and moving to higher margin contracts over the last two years, particularly given rig utilisation is set to increase in FY2022 as more rigs are deployed at secured projects.

Metres Drilled and Total Shifts Worked by Quarter



The split of Drilling Business revenue by commodity is shown below. The material increase in FY2021 revenue from copper/gold projects reflects the full year of operation at BHP's Olympic Dam contract. Swick derived over 82% of its FY2021 revenue from gold or copper projects.

Drilling Business Revenue by Commodity



MANAGING DIRECTOR'S REPORT ON OPERATIONS

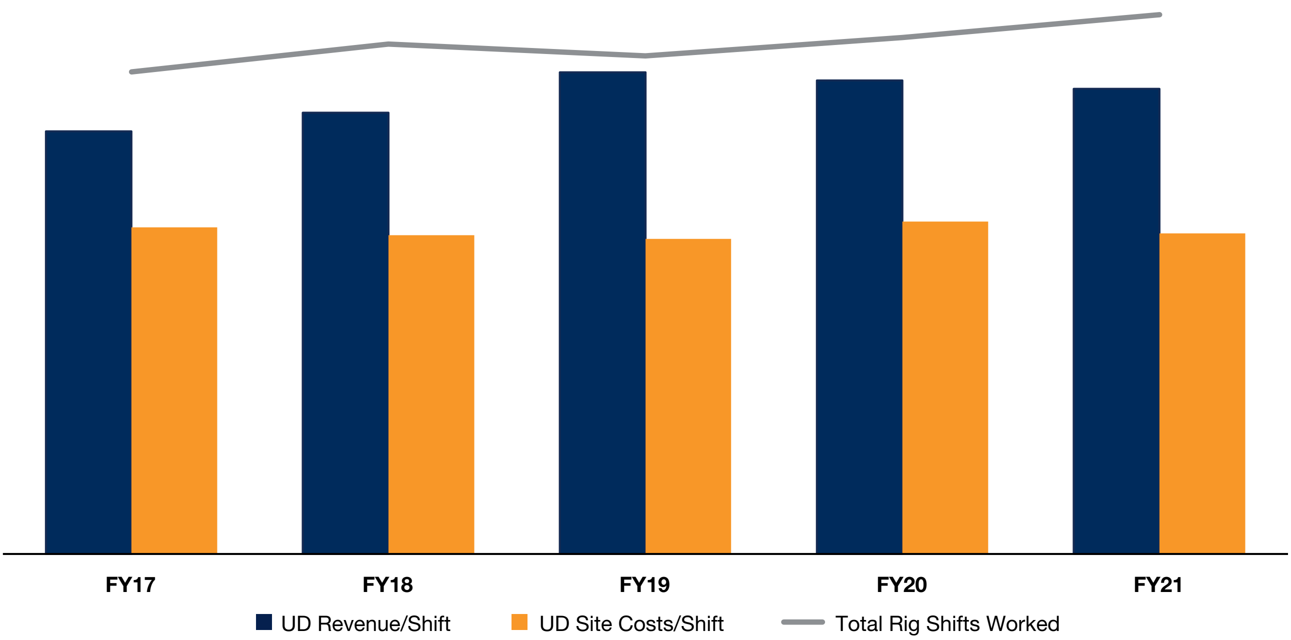
Underground Diamond (UD) Drilling (Including DeepEX)

FY2021 ended with UD drilling 1,180,615 metres for the year, a 4.4 per cent increase from the prior year. Metres drilled in Swick's APAC operations increased by 4.9 per cent to 928,858 metres while international operations increased 2.7 per cent to 251,757 metres.

Increased volume of work and productivity supported a revenue increase to $145.4 million, up 1.6 per cent on FY2020. The increase in revenue was lower than the increase in metres drilled due to increased volume at contracts with Fixed Shift Rates (FSR).

The graph below shows the history of revenue and cost per shift for the UD division. Revenue per shift in FY2021 was maintained at the high levels achieved in FY2019 and FY2020 while costs per shift were slightly below FY2020 levels resulting in an improved gross profit per shift in FY2021 compared to the prior year. This coupled with a 4.4 per cent increase in rig shifts worked in FY2021 resulted in an increase in total gross profit contribution from UD drilling of 5.9 per cent compared to the prior year.

UD Revenue and Site Costs per shift ($)



MANAGING DIRECTOR'S REPORT ON OPERATIONS

Engineering

During the year Swick transformed its inhouse engineering capability to a profit centre by creating a new Engineering division to build and sell its Swick GenII underground mobile rig to the open market and provide aftermarket parts, spares and services. In its first six months of operation, the Engineering division sold four mobile rigs and critical rig spare parts. Two rigs were sold to a customer in Canada and two to a customer in Tanzania. As a result, the Engineering division reported revenue of $4.7 million and EBITDA of $0.6 million in its first year of operation. Global underground rig demand continues to be strong and the increased inventory holding of long lead rig parts gives Swick a competitive advantage over other rig manufactures as Swick is able to build and deliver a new GenII rig in eight weeks.

Reverse Circulation (RC) Drilling

Swick sold its Surface RC drilling division in FY2021. Proceeds from sale of individual assets and the business of $6.0 million resulted in the division contributing $1.7 million in EBITDA in FY2021. The sale of the division enables Swick to focus on its core Underground Diamond (UD) Drilling business.

Mineral Technology

The Mineral Technology Business, Orexplore, has developed a fast and accurate core analysis scanning solution, the GeoCore X10, a technology with a large market opportunity.

Orexplore continued its progress towards commercialisation during the year with several clients utilising the laboratory services to generate insights into their metallurgical and geological properties of their deposits. Orexplore is progressing discussions with its clients into field deployment of instruments and expect this to occur in FY2022. Further details around the mineral technology, its applicable market and the opportunity to shareholders will be communicated in a prospectus document in 1H2022.

Outlook for the 2022 Financial Year

The Board is committed to demerge the Orexplore business by end of calendar year 2021 to unlock the value of its two distinct businesses for its shareholders. Several work streams related to the demerger process are well advanced and the Company will provide a detailed demerger timetable by end of September 2021. Post demerger, Swick shareholders will separately own:

1. shares in Swick - a world leading underground drilling services and equipment busines with strong cash generation and shareholder returns; and
2. shares in Orexplore - a disruptive core scanning technology business with a large available global market and a product and technology that fits right into the future of mining.

The strong Drilling Business order book, with 88% of FY2022 revenue contracted, provides a solid foundation for Swick entering FY2022. With the current work in hand and expected increase in rigs from existing clients, Swick expects to have an average of 62 FTE rigs in work for the full year FY2022. The Company will remain cognisant of the ongoing potential impacts from COVID-19 and will continue to work closely with clients to minimise disruption and ensure strong rig utilisation.

Swick will continue to focus on the successful and safe execution of work at secured projects in its core continuing business – Underground Drilling, whilst driving the commercialisation of Orexplore and progression of the demerger of its two distinct businesses to provide further value to shareholders.

Yours faithfully,

Kent Swick
Managing Director

OUR VISION

Our vision is built on innovation, safety and productivity reaching client targets on time every time.

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 2021. The names and particulars of the directors of the company during or since the end of the financial year are:

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 at the date of this report	648,478 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	Symbol Mining Ltd non-executive chairman – 19 December 2017 to 5 February 2021 Vital Metals Ltd non-executive director - 23 February 2005 to 16 November 2018

Kent Swick	Managing director
Qualifications	B.Eng (Mech)
Experience	Mr Swick is a Mechanical Engineer with over 30 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 founded Swick Mining Services initially as an underground longhole drilling contractor before moving into underground diamond drilling and RC drilling. 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) and has completed the Owner/President Management program at Harvard Business School. Mr Swick was appointed as a Director of the Company on 24 October 2006.
Interest in shares and options at the date of this report	33,452,616 Fully Paid Ordinary Shares
Special responsibilities	Nil
Directorships held in other listed entities during the three years prior to the current year	Nil

DIRECTORS' REPORT

Ian McCubbing	Non-executive director
Qualifications	B.Com (Hons), MBA (Ex), CA, GAICD
Experience	Mr McCubbing is a Chartered Accountant with more than 35 years experience, principally in the areas of accounting, 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 at the date of this report	536,956 Fully Paid Ordinary Shares
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	Prominence Energy Ltd non-executive chairman – 25 October 2016 to present Rimfire Pacific Mining NL non executive chairman – 25 July 2016 to present Symbol Mining Ltd non executive director – 19 December 2017 to 28 February 2019 Avenira Ltd non-executive director - 20 December 2012 to 31 January 2019

Stuart Carmichael	Non-executive director
Qualifications	B.Com, CA
Experience	Mr Carmichael is a Chartered Accountant with over 20 years experience across various industry sectors and jurisdictions including Australia, USA, United Kingdom and the Middle East. Mr Carmichael is a principal and director of Ventnor Capital and Ventnor Securities which specialises in the provision of corporate finance and equity capital markets advice to small and mid cap ASX listed companies including initial public offerings, capital raisings, corporate restructures and mergers and acquisitions. Mr Carmichael was appointed as a Director of the Company on 1 August 2019.
Interest in shares at the date of this report	Nil
Special responsibilities	Mr Carmichael 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	Harvest Technology Group Limited non-executive director – 8 July 2021 to present Osteopore Limited non executive director – 11 December 2018 to present ClearVue Technologies Limited non-executive director - 19 January 2018 to present Schrole Group Limited non-executive chairman - 10 August 2017 to present K-TIG Limited non-executive chairman - 30 June 2017 to present De.mem Limited non-executive director - 21 November 2016 to present

Alan Bye	Non-executive director
Qualifications	BSc, BSc Hons, PhD
Experience	Dr Bye has more than 20 years' experience in senior operational and strategic roles in the resources industry working in 15 countries covering 9 commodities. Dr Bye has a mining operational background and has a PhD in mining engineering and is a fellow of the Academy of Technology Science and Engineering (FTSE). He was most recently Vice President Technology at BHP and in his global role he was accountable for execution of major innovation programs across five commodity value chains covering both digital and extractive technologies. Dr Bye was appointed as a Director of the Company on 8 November 2019.
Interest in shares at the date of this report	Nil
Special responsibilities	Dr Bye 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	Nil

Company Secretary

Frank Campagna	Company secretary
Mr Campagna held the position of company secretary during and 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 Practicing 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.

DIRECTORS' REPORT

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 and committee chairman), Stuart Carmichael (non-executive director) and Alan Bye (non-executive director).

Remuneration and Nomination Committee - Andrew Simpson (non-executive chairman and committee chairman), Stuart Carmichael (non-executive director) and Alan Bye (non-executive director).

Meetings of directors

During the financial year, 23 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	16	16	-	-	2	2
Kent Swick	16	16	-	-	-	-
Ian McCubbing	16	15	5	5	-	-
Stuart Carmichael	16	16	5	5	2	2
Alan Bye	16	15	5	-*	2	2

* Alan Bye has been granted a leave of absence from attending meetings of the Audit and Corporate Governance Committee due to his heavy involvement in Orexplore demerger process.

Principal activities and significant changes in nature of activities

The principal activity of the Group during the 2021 financial year was the provision of mineral drilling services to the mining industry in the Asia Pacific and other international regions in the areas of underground diamond drilling and sale of drilling equipment. The reverse circulation drilling business was sold during the year. The Group also carries out research and development activities in mineral analysis technologies, with early stage commercial activities. There were no other significant changes in the nature of the principal activities during the year.

Operating results and review of operations for the year

Review of operations

Refer to commentary in the Managing Director's Report on Operations.

COVID-19

Although the pandemic has not had a significant impact to our business in FY2021, the following minor impacts were felt and well managed by the Company:

- Temporary rig suspensions by clients.
- Travel restrictions on employees.
- Social distancing at sites and head office.
- Isolation practices and some impacts on the Consolidated Entity.
- Changes to rosters and transport to comply with Government restrictions.
- The closure of borders required immediate action to manage the impact on outputs, inputs, employees and communities that Swick operates in.

The scale and duration of these developments remain uncertain as at the date of this report, however they may have an impact on our earnings, cash flow and financial condition. It is not possible to estimate the impact of the near-term and longer effects of Governments' varying efforts to combat the outbreak and support businesses. This being the case, we do not consider it practical to provide a quantitative or qualitative estimate of the potential impact of this outbreak on the Group at this time. The financial statements have been prepared based upon conditions existing at 30 June 2021, including those which are evidenced by events occurring after that date.

Significant changes in state of affairs

The reverse circulation drilling business was sold during the year. The Company established the Engineering division to sell drilling equipment to the open market.

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

Interim ordinary dividend of 0.45 cents per share approved on 25 February 2021 by the Directors was paid on 14 April 2021 out of profits at 30 June 2021	$1,310,756
Final ordinary dividend of 1.0 cents per share approved on 29 August 2021 by the Directors to be paid on 22 October 2021 out of profits at 30 June 2021	$2,817,406

Events after the reporting period

Other than the final dividend declared above, the directors are not aware of any significant events since the end of the reporting period.

Future developments and operational outlook

Future developments and prospects for operations of the consolidated entity in future financial years and the expected results of those operations have been included generally within the financial reports and the Managing Director's Report on Operations.

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.

Indemnifying officers

During the financial year, the Company paid a premium of $145,000 (2020: $84,710) 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.

Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young Australia, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

Performance rights

At the date of this report, the unvested Performance Rights of Swick Mining Services Limited are as follows:

Grant date	Vesting date	Expiry date	Number under rights
2 June 2017[1]	30 June 2022	31 December 2022	343,843
19 February 2021	30 June 2022	30 June 2022	1,922,672
			2,266,515

Note 1: Performance rights issued on 2 June 2017 are to employees of Orexplore AB. The above number of performance rights are based on a valuation of the Orexplore business at grant date. Final number issued will be based on a valuation of the Orexplore business at the time of vesting and may differ from the above value.

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

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

During the year ended 30 June 2021, the following ordinary shares of Swick Mining Services Limited were purchased on market by the employee share trust for vesting of performance rights granted under the Company's Performance Rights Plan:

Executive	Number of shares purchased during 2021	Vesting condition	Grant date	Vesting date
Jitu Bhudia	561,080	Service condition	1 July 2019	30 June 2021
	561,080			

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 are outlined in Note 6.6 to the financial statements.

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 2021 has been received.

ASIC Corporations Instrument 2016/191

The company is of the kind referred to in ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the Directors' Report and the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

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 and share options 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 revenue, profits and dividends for the last five years for the Company, as well as the share price at the end of the respective financial year. Analysis of the figures show the impact of the tough operating environment that was felt in financial years 2017 and 2018. 2019 reflect an increase in activity and market sentiment for the industry, with the return to profitability in 2019 and improved margins. Financial performance in 2020 was impacted by increased ramp-up costs at the Pogo project and by COVID-19 disruptions and temporary rig suspensions. Although COVID-19 disruptions continued in 2021, the Company's performance at the Pogo project improved materially, resulting in the Company achieving acceptable margins in its Drilling Business. The investment in the Mineral Technology Business is continuing to limit share price growth. The Board is of the opinion that the tough macro-economic market conditions that impacted results in 2017 and 2018 and the COVID-19 pandemic that impacted results in 2020, were well managed by the Company as reflected in the 2021 results and that management have positioned the Company well to capitalise on the improved market conditions and hence are satisfied with the current positioning of the remuneration policy.

	2021(i)	2020(i)	2019	2018	2017
	$000	$000	$000	$000	$000
Revenue and other income	156,538	151,204	144,448	138,178	130,010
Net profit/(loss) before tax	7,981	(4,298)	3,096	(888)	(4,633)
Net profit/(loss) after tax	4,918	(6,027)	1,038	(975)	(4,559)
Share price at start of year	$0.13	$0.24	$0.22	$0.24	$0.14
Share price at end of year	$0.21	$0.13	$0.24	$0.22	$0.24
Basic earnings/(loss) per share	1.68 cps	(2.14 cps)	0.45 cps	(0.42 cps)	(2.01 cps)
Dividends declared	1.45 cps	0.6 cps	0.6 cps	-	-

(i) Represents consolidated balances and includes discontinued operation.

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 maximum aggregate fee pool for non-executive directors is $500,000, as approved at the Annual General Meeting in November 2012. 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 $80,000 per annum inclusive of statutory superannuation, with remuneration for the non-executive chairman set at $120,000 per annum inclusive of statutory 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, specific roles and responsibilities, and remuneration relative to their position within the Group and with positions in comparable companies through the use of market data and surveys. Where appropriate, a package may be adjusted to reflect the role, responsibilities and importance of that position and to keep pace with market trends and ensure continued remuneration competitiveness. In conducting a comparative analysis, the Group's expected performance for the year is considered in the context of the Group's capacity to fund remuneration budgets. From time to time, a review of the total remuneration package by an independent remuneration consultant may be undertaken to provide an independent reference point.

Fixed remuneration

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

- 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 share options and performance rights if so determined by the Remuneration and Nomination Committee and the Board.

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
Ian McCubbing	Non-executive director
Stuart Carmichael	Non-executive director
Alan Bye	Non-executive director
Executives	
Jitu Bhudia	Chief Financial Officer

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 may (subject to shareholder approval that may be required at the time of termination) 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, in addition to three months' notice of termination, or payment in lieu thereof.
- If the service agreement is terminated as a result of a change in control, Mr Swick will not be entitled to receive any payments additional to notice and statutory leave entitlements, pursuant to 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.

Executive service contracts

Remuneration and terms of employment for Executives are formalised in employment contracts.

Jitu Bhudia – Chief Financial Officer

- Appointed on 8 April 2015.
- Contract is ongoing and has no fixed term.
- The Contract can be terminated by either party with 8 weeks' notice or payment in lieu.

All contracts contain redundancy/severance benefits in accordance with the applicable legislation.

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 2021.

Share options plan

The Company has adopted a Share Options Plan (SOP) that provides the Company with a remuneration mechanism for executive directors through the granting of "premium priced" options for securities in the capital of the Company to motivate and retain executive directors.

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 or options %	Fixed salary/fees %	Total %
Non-executive directors				
Andrew Simpson	0%	0%	100%	100%
Ian McCubbing	0%	0%	100%	100%
Stuart Carmichael	0%	0%	100%	100%
Alan Bye	0%	0%	100%	100%
Executives				
Kent Swick	24%	17%	59%	100%
Jitu Bhudia	24%	17%	59%	100%

Remuneration details for the year ended 30 June 2021

The following tables of benefits and payments detail, 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 2021

	Short-term benefits			Long-term benefits	Post-employment benefits		Equity-settled share-based payments		
2021	Salary, fees and leave $	Profit share and bonuses $	Non-monetary[1] $	Long service leave $	Pension and super-annuation $	Termi-nation benefits $	Options and per-formance rights $	Total $	Perfor-mance based %
Andrew Simpson	109,589	-	-	-	10,411	-	-	120,000	0%
Ian McCubbing	73,059	-	-	-	6,941	-	-	80,000	0%
Stuart Carmichael	73,059	-	-	-	6,941	-	-	80,000	0%
Alan Bye[2]	215,525	-	-	-	20,475	-	-	236,000	0%
Total non-executive directors	**471,232**	**-**	**-**	**-**	**44,768**	**-**	**-**	**516,000**	**0%**
Kent Swick	589,723	173,262	2,928	10,935	25,000	-	365	802,213	22%
Jitu Bhudia	370,926	111,864	2,677	6,303	25,000	-	64,536	581,306	30%
Total executives	**960,649**	**285,126**	**5,605**	**17,238**	**50,000**	**-**	**64,901**	**1,383,519**	**25%**
Total payments and benefits	**1,431,881**	**285,126**	**5,605**	**17,238**	**94,768**	**-**	**64,901**	**1,899,519**	**18%**

Note 1: Non-monetary benefits include motor vehicle and travel allowances

Note 2: Included in Alan Bye's remuneration for the year ended 30 June 2021 are payments for his consulting services direct to Orexplore (wholly-owned subsidiary of Swick) of $142,466 in salary, fees and leave and $13,534 in pension and superannuation.

Table of benefits and payments for the year ended 30 June 2020[1]

	Short-term benefits			Long-term benefits	Post-employment benefits		Equity-settled share-based payments		
2020	Salary, fees and leave $	Profit share and bonuses $	Non-monetary[2] $	Long service leave $	Pension and super-annuation $	Termi-nation benefits $	Options and per-formance rights $	Total $	Perfor-mance based %
Andrew Simpson	97,682	-	-	-	9,280	-	-	106,962	0%
David Nixon[3]	53,103	-	-	-	-	-	-	53,103	0%
Phillip Lockyer[4]	26,973	-	-	-	2,563	-	-	29,536	0%
Ian McCubbing	64,634	-	-	-	6,140	-	-	70,774	0%
Stuart Carmichael[5]	58,542	-	-	-	5,459	-	-	64,001	0%
Alan Bye[6]	48,982	-	-	-	4,084	-	-	53,066	0%
Total non-executive directors	**349,916**	**-**	**-**	**-**	**27,526**	**-**	**-**	**377,442**	**0%**
Kent Swick	556,331	-	3,350	10,311	25,000	-	-	594,992	0%
Jitu Bhudia	344,453	-	2,597	3,562	25,000	-	117,833	493,445	24%
Total executives	**900,784**	**-**	**5,947**	**13,873**	**50,000**	**-**	**117,833**	**1,088,437**	**11%**
Total payments and benefits	**1,250,700**	**-**	**5,947**	**13,873**	**77,526**	**-**	**117,833**	**1,465,879**	**8%**

Note 1: Directors, Executives and senior managers took reduced fees and salaries for part of the year due to COVID-19.
Note 2: Non-monetary benefits include motor vehicle and travel allowances
Note 3: Retired 28 February 2020
Note 4: Retired 8 November 2019
Note 5: Appointed 1 August 2019
Note 6: Appointed 8 November 2019

Bonuses

The Company has a Short Term Incentive (STI) plan for executives and senior managers. The STI is payable based on performance against key corporate and individual performance indicators (KPIs) set at the beginning of the financial year and listed below:

- Improved safety performance measured as a reduction in the Total Recordable Injury Frequency Rate (weighting of 12%).
- Drilling Business profitability against budget (weighting of 48%).
- A set of personal performance metrics designed to improve overall profitability as specifically related to each managers area of responsibility (weighting of 40%). Personal targets are designed to align the individual managers performance with the company goals.

The Managing Director and Chief Financial Officer have an opportunity to earn up to 44% of their respective fixed remuneration as a bonus if all stretch targets are achieved. For managers who are participants in the plan, this figure is between 11% and 44%.

For each KPI there are defined "Threshold", "Target" and "Stretch" measures which are capable of objective assessment. Payment for individual KPIs is set out in the following table:

	Company KPIs (% of maximum)	Individual KPIs (% of maximum)
Below threshold performance	Nil	Nil
Threshold performance	90%	90%
Target performance	100%	100%
Stretch performance	110%	110%

During the year $600,000 of cash bonuses (2020: $nil) are to be paid under the 2021 short term incentive program based on the financial performance of the Company.

Performance rights

During the year the following share-based payment arrangements were in existence:

Series	Grant date	Expiry date	Grant date fair value	Exercise price	Vesting date
Issued 1 July 2019	1 July 2019	Note 1	$0.2292	-	Note 1
Issued 19 February 2021	19 February 2021	Note 2	$0.0014	-	Note 2

The terms and conditions relating to Options and Performance Rights in operation during the year for KMP are as follows:

	Grant date	Vesting conditions	Vested/paid during year	Lapsed during year	Remaining as unvested	Vesting date
Executive						
Jitu Bhudia	1 July 2019	Note 1	100%	-	-	Note 1
Kent Swick	19 February 2021	Note 2	-	-	100%	Note 2
Jitu Bhudia	19 February 2021	Note 2	-	-	100%	Note 2

Note 1: The performance rights with Swick Mining Services Limited vested 100% on 30 June 2021.
Note 2: The performance rights with Swick Mining Services Limited vest 100% on 30 June 2022.

For the long-term incentive plans granted on 19 February 2021, the performance condition is that the employee is still employed by the Company and the Swick share price is at or greater than $0.30 on the vesting date measured based on the last 60 days volume weighted average share price. The options or performance rights do not have entitlement to dividends and are not entitled to vote at a meeting of the Company.

Rights issued from 2018 were issued as units in the employee share trust and entitle the holder to one ordinary share in Swick Mining Services Limited upon vesting.

The following share-based payment compensation to KMP relate to the current financial year:

	Grant date	Number granted during the year	Number forfeited during the year	Number vested during year	Number not exercised during the year	Value on grant date $
Executive						
Jitu Bhudia	1 July 2019	-	-	(561,080)	-	128,600
Kent Swick[1]	19 February 2021	988,369	-	-	-	1,384
Jitu Bhudia	19 February 2021	638,126	-	-	-	893
		1,626,495	**-**	**(561,080)**	**-**	**130,877**

Note 1: Performance rights granted to Kent Swick on 19 February 2021 are subject to shareholder approval.

KMP options and rights holdings

The number of options and 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	Exercised during the year	Lapsed during the year	Balance at end of year	Exercisable	Not exercisable
Non-executive directors							
Andrew Simpson	-	-	-	-	-	-	-
David Nixon	-	-	-	-	-	-	-
Phillip Lockyer	-	-	-	-	-	-	-
Ian McCubbing	-	-	-	-	-	-	-
Stuart Carmichael	-	-	-	-	-	-	-
Alan Bye	-	-	-	-	-	-	-
Executives							
Kent Swick	-	988,369	-	-	988,369	-	988,369
Jitu Bhudia	561,080	638,126	(561,080)	-	638,126	-	638,126
	561,080	**1,626,495**	**(561,080)**	**-**	**1,626,495**	**-**	**1,626,495**

KMP 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	648,478	-	-	648,478
Ian McCubbing	536,956	-	-	536,956
Stuart Carmichael	-	-	-	-
Alan Bye	-	-	-	-
Other executives				
Kent Swick	33,452,616	-	-	33,452,616
Jitu Bhudia	1,193,962	561,080	-	1,755,042
	35,832,012	**561,080**	**-**	**36,393,092**

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: 29 August 2021

AUDITOR'S INDEPENDENCE DECLARATION

Building a better working world

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ey.com/au

Auditor's independence declaration to the Directors of Swick Mining Services Limited

As lead auditor for the audit of Swick Mining Services Limited for the financial year ended 30 June 2021, I declare to the best of my knowledge and belief, there have been:

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

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

This declaration is in respect of Swick Mining Services Limited and the entities it controlled during the financial year.

Ernst & Young

Ernst & Young

Gavin Buckingham

Gavin Buckingham
Partner
29 August 2021

GB:AJ:SWICK:047

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2021

	Note	CONSOLIDATED GROUP 2021 $000	2020 $000
Continuing operations			
Revenue	2.2	150,106	143,332
Other income	2.2	947	1,505
Raw materials and consumables used		(31,616)	(25,365)
Employee benefits expense		(79,340)	(80,942)
Depreciation of property, plant and equipment and amortisation of intangibles assets	3.4, 3.5	(14,817)	(20,621)
Depreciation of right-of-use assets	3.7	(1,507)	(1,498)
Finance costs		(901)	(1,197)
Interest on lease liabilities related to right-of-use assets		(300)	(334)
Other expenses	2.3	(15,792)	(17,587)
Profit/(loss) before income tax from continuing operations		**6,780**	**(2,707)**
Income tax expense	2.4	(2,702)	(2,207)
Net profit/(loss) after tax from continuing operations		**4,078**	**(4,914)**
Discontinued operations			
Net profit/(loss) after tax from discontinued operations	2.7	840	(1,113)
Net profit/(loss) after tax		**4,918**	**(6,027)**
Profit/(loss) for the year attributable to:			
Owners of the Company		4,918	(6,027)
		4,918	**(6,027)**
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign controlled entities		(1,973)	(183)
Items that can not be reclassified subsequently to profit or loss:			
Net fair value gain on FVOCI equity investments		-	130
Other comprehensive loss for the year, net of tax		**(1,973)**	**(53)**
Total comprehensive income/(loss) for the year		**2,945**	**(6,080)**
Comprehensive profit/(loss) for the year attributable to:			
Owners of the Company		2,945	(6,080)
		2,945	**(6,080)**
Earnings per share			
Basic earnings/(loss) per share (cents)	2.6	1.68	(2.14)
Diluted earnings/(loss) per share (cents)	2.6	1.67	(2.14)
Earnings per share – from continuing operations			
Basic earnings/(loss) per share (cents)		1.40	(1.75)
Diluted earnings/(loss) per share (cents)		1.38	(1.74)

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 2021

	Note	CONSOLIDATED GROUP 2021 $000	2020 $000
Assets			
Current assets			
Cash	3.1	15,108	12,556
Restricted cash	3.1	-	173
Trade and other receivables	3.2	23,239	16,216
Inventories	3.3	21,682	19,280
Prepayments		2,496	1,609
Total current assets		**62,525**	**49,834**
Non-current assets			
Property, plant and equipment	3.4	61,790	74,420
Intangible assets	3.5	12,609	12,151
Financial asset classified as FVOCI	3.6	1,815	1,815
Right-of-use assets	3.7	8,285	9,714
Total non-current assets		**84,499**	**98,100**
Total assets		**147,024**	**147,934**
Liabilities			
Current liabilities			
Trade and other payables		18,788	13,402
Current tax liability		1,717	280
Deferred revenue	3.8	-	173
Borrowings	3.9	2,485	2,471
Provisions	3.10	6,144	5,683
Total current liabilities		**29,134**	**22,009**
Non-current liabilities			
Borrowings	3.9	23,998	30,068
Provisions	3.10	411	413
Deferred tax liabilities	3.11	3,721	3,081
Total non-current liabilities		**28,130**	**33,562**
Total liabilities		**57,264**	**55,571**
Net assets		**89,760**	**92,363**
Equity			
Issued capital	4.1	92,166	95,415
Reserved shares	4.2	(945)	(837)
Reserves	4.3	1,319	3,275
(Accumulated losses)/retained earnings		(2,780)	(5,490)
Total equity		**89,760**	**92,363**

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 2021

	Note	Issued capital	Reserved shares	Reserves	(Accumulated losses)/ retained earnings	Total
		$000	$000	$000	$000	$000
Consolidated Group						
Balance at 1 July 2019		**79,446**	**(777)**	**3,174**	**2,840**	**84,683**
Comprehensive income						
Loss for the year		-	-	-	(6,027)	(6,027)
Other comprehensive loss for the year		-	-	(53)	-	(53)
Total comprehensive loss for the year		**-**	**-**	**(53)**	**(6,027)**	**(6,080)**
Transactions with owners, in their capacity as owners, and other transfers						
Shares issued	4.1	16,890	-	-	-	16,890
Transaction costs on share issue	4.1	(818)	-	-	-	(818)
Tax on transaction costs on shares issued	4.1	246	-	-	-	246
Shares bought back during the year	4.1	(348)	-	-	-	(348)
Transaction costs on share buy back	4.1	(1)	-	-	-	(1)
Dividends recognised for the year	2.5	-	-	-	(2,303)	(2,303)
Reserved shares purchased	4.2	-	(60)	-	-	(60)
Share-based payments	4.3	-	-	154	-	154
Total transactions with owners and other transfers		**15,969**	**(60)**	**154**	**(2,303)**	**13,760**
Balance at 30 June 2020		**95,415**	**(837)**	**3,275**	**(5,490)**	**92,363**
Comprehensive income						
Profit for the year		-	-	-	4,918	4,918
Other comprehensive loss for the year		-	-	(1,973)	-	(1,973)
Total comprehensive (loss)/income for the year		**-**	**-**	**(1,973)**	**4,918**	**2,945**
Transactions with owners, in their capacity as owners, and other transfers						
Tax on transaction costs on shares issued	4.1	(49)	-	-	-	(49)
Shares bought back during the year	4.1	(3,192)	-	-	-	(3,192)
Transaction costs on share buy back	4.1	(8)	-	-	-	(8)
Dividends recognised for the year	2.5	-	-	-	(2,208)	(2,208)
Reserved shares purchased	4.2	-	(108)	-	-	(108)
Share-based payments	4.3	-	-	17	-	17
Total transactions with owners and other transfers		**(3,249)**	**(108)**	**17**	**(2,208)**	**(5,548)**
Balance at 30 June 2021		**92,166**	**(945)**	**1,319**	**(2,780)**	**89,760**

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 2021

	Note	CONSOLIDATED GROUP 2021 $000	2020 $000
Cash flows from operating activities			
Receipts from customers		159,981	162,622
Receipts of government grant – Mineral Technology business	3.8	127	283
Receipts of government grant – Drilling business		195	73
Payments to suppliers and employees		(141,536)	(150,938)
Income tax paid		(1,035)	(104)
Interest paid		(1,201)	(1,531)
Net cash provided by operating activities	3.1	**16,531**	**10,405**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		1,293	74
Purchase of property, plant and equipment[1]		(5,994)	(11,750)
Payments for development costs		(1,564)	(1,887)
Investment income		150	136
Proceeds from sale of discontinued operations	2.7	5,300	-
Net cash used in investing activities		**(815)**	**(13,427)**
Cash flows from financing activities			
Proceeds from borrowings	3.9	-	16,000
Repayment of borrowings	3.9	(7,747)	(25,255)
Proceeds from issue capital	4.1	-	16,890
Transaction cost on share issue	4.1	-	(818)
Share buy back payment	4.1	(3,192)	(348)
Transaction cost on share buy back	4.1	(8)	(1)
Dividends paid by parent entity	2.5	(2,208)	(2,303)
Purchase of own shares	4.2	(108)	(60)
Net cash (used in)/provided by financing activities		**(13,263)**	**4,105**
Net increase in cash and restricted cash		**2,453**	**1,083**
Cash and restricted cash at beginning of financial year		12,729	11,553
Effects of exchange rate changes on cash		(74)	93
Cash and restricted cash at end of financial year	3.1	**15,108**	**12,729**

Note 1: The Group acquired plant and equipment under leases amounting to $1,647,000 (2020: $925,000) during the year which have been excluded from the consolidated statement of cash flows.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

1 General Notes

1.1 General Information

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 2021 was authorised for issue on 29 August 2021 by the directors of the Company.

The principal activity of the Group during the 2021 financial year was the provision of mineral drilling services to the mining industry in the Asia Pacific and other international regions in the areas of underground diamond drilling and sale of drilling equipment. The reverse circulation drilling business was sold during the year. The Group also carries out research and development activities in mineral analysis technologies, with early stage commercial activities. There were no other significant changes in the nature of the principal activities during the year.

1.2 Basis of Preparation

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations, and comply with other requirements of the law. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Group comply with International Financial Reporting Standards ('IFRS').

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

The consolidated financial statements have been prepared on the basis of historical cost, except for certain financial instruments that are measured at 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 Corporations (Rounding in Financials/Directors' Report) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

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

1.3 Functional currency

Each entity in the Group determines its own functional currency based on the currency of the primary economic environment in which the entity operates. For the purpose of the consolidated financial statements, the results and financial position of each entity are translated into Australian dollars, which is the functional currency of the Parent entity, and the presentation currency for the consolidated financial statements.

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 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.

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 monthly rate for Orexplore AB and at the exchange rates at the dates of the transactions for other entities in the group. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is reclassified to profit or loss.

1.4 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. There is a general presumption that the Company has control when they have majority voting rights. 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, assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of financial position and 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.

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.

A change in the ownership interest in a subsidiary, without a loss of control, is accounted for as an equity transaction.

1.5 Other accounting policies

Significant and other accounting policies that summarise the measurement basis used and are relevant in understanding of the financial statements are provided throughout the notes to the financial statements to which it relates.

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.

1.6 Changes to accounting standards and interpretations

New and revised accounting standards and interpretations adopted

The consolidated entity has adopted all new standards and amended standards issued by the Australian Accounting Standards Board ('AASB') with a date of initial application of 1 July 2020, including:

- AASB 2018-6 Amendments - Definition of a Business
- AASB 2019-1 Amendments - References to the Conceptual Framework
- AASB 2018-7 Amendments - Definition of Material
- AASB 2019-5 Amendments – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia

The application of the new standards and these amendments did not have any material impact on the amounts recognised in the financial statements nor resulted in any additional disclosures upon adoption.

New standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2021 reporting periods and have not been early adopted by the Group. The standards and interpretations that were issued but not yet effective are set out below. The Group has not considered the impact of the new standards.

		Application date for Group
AASB 2021-5	Amendments - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 July 2023
AASB 17	Insurance Contracts	1 July 2023
AASB 2020-3	Amendments to AASB 3 - Reference to the Conceptual Framework	1 July 2022
AASB 2020-1	Amendments – Classification of Liabilities as Current or Non-current	1 July 2023
AASB 2021-2	Amendments to AASB 108 – Definition of Accounting Estimates	1 July 2023

1.7 Critical accounting estimates and judgements

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. 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. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Significant judgments, estimates and assumptions made by management in the preparation of these financial statements are outlined below:

- Net realisable value of inventories (Note 3.3)
- Impairment of assets (Note 3.4)
- Useful lives of property, plant & equipment (Note 3.4)
- Recoverability of internally generated intangible assets (Note 3.5)
- Recoverability of recognised tax losses (Note 3.11)

2 Financial performance

2.1 Operating segments

General information

Identification of reportable segments

For management purposes, the Group is organised into business units based on type of activities and regions. The Group's chief operating decision maker for the purpose of resource allocation and assessment of performance of segments is specifically focused on four reportable segments, as follows:

- Drilling Services - Asia Pacific, which provides mineral drilling services to the mining industry in the Asia Pacific region.
- Drilling Services - International, which provides mineral drilling services to the mining industry in the International region.
- Mineral Technology, which carries out research and development activities and provides mineral analysis services.
- Swick Engineering, which sells rigs and parts.

For the year ended 30 June 2021, Reverse Circulation (RC) drilling business is classified as a discontinued operation. RC drilling business represented part of the Group's Drilling Services – Asia Pacific operating segment. With RC drilling business being classified as a discontinued operation, the business is no longer presented in the segment note.

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.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

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

Year ended 30 June 2021 $000	Drilling services – Asia Pacific	Drilling services – International	Mineral Technology	Engineering[(i)]	Other[(ii)]	Elimination	Total
Revenue	111,429	33,926	27	4,724	-	-	150,106
Other income	247	28	524	-	150	(2)	947
Inter-segment revenue	1,801	-	-		-	(1,801)	-
Total revenue and other income	**113,477**	**33,954**	**551**	**4,724**	**150**	**(1,803)**	**151,053**
EBITDA	**23,312**	**5,008**	**(4,332)**	**561**	**(244)**	**-**	**24,305**
Depreciation of property, plant and equipment and amortisation of intangibles assets	(10,449)	(3,228)	(1,140)	-	-	-	(14,817)
Depreciation of right-of-use assets	(980)	(118)	(409)	-	-	-	(1,507)
Segment result - EBIT	**11,883**	**1,662**	**(5,881)**	**561**	**(244)**	**-**	**7,981**
Finance costs							(901)
Interest on lease liabilities related to right-of-use assets							(300)
Profit before tax							**6,780**
Total assets	99,225	41,433	16,961	766	3,183	(14,544)	147,024
Total liabilities	(63,780)	(5,947)	(1,497)	(367)	(217)	14,544	(57,264)
Total net assets	**35,445**	**35,486**	**15,464**	**399**	**2,966**	**-**	**89,760**
Additions to property, plant and equipment	7,095	234	308	4	-	-	7,641
Additions to intangible assets	828	-	947	-	-	-	1,775
Total additions to non-current assets	**7,923**	**234**	**1,255**	**4**	**-**	**-**	**9,416**

(i) Engineering segment started during the financial year ended 30 June 2021. Comparative is not applicable.

(ii) Other segment represents interest in Property Trust and foreign exchange gain/loss.

Year ended 30 June 2020 $000	Drilling services – Asia Pacific	Drilling services – International	Mineral Technology	Other[ii]	Elimination	Total
Revenue	98,621	44,445	266	-	-	143,332
Other income	153	3	432	938	(21)	1,505
Inter-segment revenue	3,520	-	-	-	(3,520)	-
Total revenue and other income	**102,294**	**44,448**	**698**	**938**	**(3,541)**	**144,837**
EBITDA	**22,889**	**1,684**	**(4,513)**	**883**	**-**	**20,943**
Depreciation of property, plant and equipment and amortisation of intangibles assets	(12,641)	(5,941)	(2,039)	-	-	(20,621)
Depreciation of right-of-use assets	(980)	(115)	(403)	-	-	(1,498)
Segment result - EBIT	**9,268**	**(4,372)**	**(6,955)**	**883**	**-**	**(1,176)**
Finance costs						(1,197)
Interest on lease liabilities related to right-of-use assets						(334)
Loss before tax						**(2,707)**
Total assets[i]	99,495	40,460	12,231	3,427	(7,679)	147,934
Total liabilities[i]	(54,377)	(4,695)	(4,006)	(172)	7,679	(55,571)
Total net assets	**45,118**	**35,765**	**8,225**	**3,255**	**-**	**92,363**
Additions to property, plant and equipment	9,564	2,478	633	-	-	12,675
Additions to intangible assets	724	-	1,163	-	-	1,887
Total additions to non-current assets	**10,288**	**2,478**	**1,796**	**-**	**-**	**14,562**

(i) Total assets for Drilling services – Asia Pacific and total liabilities for Drilling services – International have decreased due to the conversion of some intercompany loans to equity during the period.

(ii) Other segment represents interest in Property Trust and foreign exchange gain/loss.

(a) Segment result represents the profit or loss incurred by each segment after allocation of central administration costs and directors' salaries, share of profits of associates, gain recognised on disposal of interest in former associate, investment income, and gains and losses. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

(b) The main items in eliminations is inter-segment loans and charges.

(c) Included in the revenue arising from provision of services of $150,106,000 (2020: $143,332,000) are revenues of $78,169,000 (2020: $69,646,000) which arose from sales to the Group's two (2020: two) largest customers. No other single customer contributed 10% or more to the Group's revenue for 2021. These customers provided $16,660,000 and $61,509,000 (2020: $17,444,000 and $52,202,000) respectively, and operate across the Drilling services – Asia Pacific and Drilling services – International segments.

Geographical information

The geographical information below analyses the Group's revenue and non-current assets by location of the operations.

	CONSOLIDATED GROUP			
	Revenue from external customers		Non-current assets	
	2021 $000	2020 $000	2021 $000	2020 $000
Australia	116,180	98,694	59,459	67,823
North America	24,736	37,818	14,116	18,763
Europe	9,190	6,820	10,924	11,514
Total	**150,106**	**143,332**	**84,499**	**98,100**

2.2 Revenue and other income

	CONSOLIDATED GROUP	
	2021 $000	2020 $000
Revenue from contracts with customers		
Sales revenue		
- Provision of drilling and drilling related services	145,355	143,066
- Provision of mineral analysis services	27	266
- Sales of rigs and rig parts	4,724	-
Total sales revenue from contracts with customers	**150,106**	**143,332**
Other income		
- Gain on disposal of property, plant and equipment	2	55
- Government grants – Mineral Technology business	503	412
- Government grants – Drilling business	195	73
- Investment income	150	136
- Foreign exchange gains	-	785
- Other income	97	44
Total other income	**947**	**1,505**

Revenue from provision of services and sale of products

Revenue is recognised upon the satisfaction of performance obligations, which occurs when control of the service transfers to the customer when services are rendered, or ownership of products are transferred to the buyer.

Services/products	Nature, timing of satisfaction of performance obligations and significant payment terms
Drilling and related services	The Group recognises revenue when drilling and related services, whether chargeable by metre or by shift, are provided. It is billed on periods no longer than one month.
Mineral analysis	The Group recognises revenue when mineral analysis services, chargeable by metre, are provided. It is billed on periods no longer than one month.
Rigs and parts	The group recognises revenue when rigs have been fully commissioned and parts have been despatched, at a point in time.

Drilling segments

Customer contracts typically comprise two performance obligations because the promises to provide drilling and grouting services are capable of being distinct and are separately identifiable. The transaction price for each service, based on standalone selling prices for each hour, shift, metre or unit is set out in the customer contract. Where the Group has a right to consideration from a customer, in an amount that corresponds directly with the value to the customer of the Group's performance completed to date, the Group recognises revenue in the amount the Group has the right to invoice.

Mineral Technology segment

The Mineral Technology segment of the Group generates revenue from providing mineral analysis services to the mining industry. Revenue is earned by metre of core scanned.

Engineering segment

The Engineering segment of the Group generates revenue from selling rigs and parts.

Grants and contributions

Grants and contributions are benefits received in respect of specific qualifying expenditure in respect of qualifying activities. The grant is recognised only when there is reasonable assurance that the entity will comply with any conditions attached to the grant and the grant will be received. The grants are recognised as deferred revenue and are released to the Income Statement over the period necessary to match them with the related cost, for which they are intended to compensate, on a systematic basis.

Investment income

Investment income is accrued when the right to receive is established.

Disaggregation of revenue

In the following table, revenue is disaggregated by primary geographical market, major services and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's strategic divisions, which are its reportable segments (see note 2.1).

For the year ended 30 June 2021 $000	Drilling services – Asia Pacific	Drilling services – International	Mineral Technology	Engineering(i)	Total
Primary geographical markets based on location of customers					
Australia	111,429	-	24	-	111,453
North America	-	24,736	-	2,224	26,960
Europe	-	9,190	3	-	9,193
Africa	-	-	-	2,500	2,500
Total revenue	**111,429**	**33,926**	**27**	**4,724**	**150,106**
Major services/products					
Underground diamond drilling	111,429	33,926	-	-	145,355
Mineral analysis	-	-	27	-	27
Sales of rigs and rig parts	-	-	-	4,724	4,724
Total revenue	**111,429**	**33,926**	**27**	**4,724**	**150,106**
Timing of revenue recognition					
Services transferred over time	111,429	33,926	27	-	145,382
Goods transferred at a point in time	-	-	-	4,724	4,724
Total revenue	**111,429**	**33,926**	**27**	**4,724**	**150,106**

(i) Engineering segment started during the financial year ended 30 June 2021. Comparative is not applicable.

For the year ended 30 June 2020 $000	Drilling services – Asia Pacific	Drilling services – International	Mineral Technology	Total
Primary geographical markets based on location of customers				
Australia	98,621	-	73	98,694
North America	-	37,818	-	37,818
Europe	-	6,627	193	6,820
Total revenue	**98,621**	**44,445**	**266**	**143,332**
Major services				
Underground diamond drilling	98,621	44,445	-	143,066
Mineral analysis	-	-	266	266
Total revenue	**98,621**	**44,445**	**266**	**143,332**
Timing of revenue recognition				
Services transferred over time	**98,621**	**44,445**	**266**	**143,332**

2.3 Other expenses

	CONSOLIDATED GROUP 2021 $000	CONSOLIDATED GROUP 2020 $000
Other expenses		
Accommodation and travel	3,616	4,613
Repairs and maintenance	5,118	5,971
Administration costs	3,398	4,075
Foreign exchange loss	394	-
Insurance	2,498	2,023
Recruitment and training	373	457
Rental expense	395	448
Total other expenses	**15,792**	**17,587**

2.4 Income tax expense

	CONSOLIDATED GROUP 2021 $000	CONSOLIDATED GROUP 2020 $000
(a) Income tax recognised in profit or loss:		
Current tax		
Current year tax expense	(2,357)	(651)
Prior year over/(under) provision	246	-
	(2,111)	**(651)**
Deferred tax		
Relating to origination and reversal of temporary differences	(591)	(589)
Prior year over/(under) provision	-	(10)
De-recognition of overseas losses	-	(957)
	(591)	**(1,556)**
Net income tax expense reported in profit or loss	**(2,702)**	**(2,207)**
(b) The expense for the year can be reconciled to accounting profit/(loss) as follows:		
Accounting profit/(loss) before tax from continuing operations	6,780	(2,707)
Profit/(loss) before tax from discontinued operation	1,201	(1,591)
Accounting profit/(loss) before income tax	**7,981**	**(4,298)**
Prima facie tax (expense)/benefit on profit/(loss) from ordinary activities before income tax at 30%	(2,394)	1,289
- Non-deductible expenses	(167)	(188)
- Share-based payments benefit/(expense)	49	(10)
- Effect of foreign tax rate	(185)	(47)
- Net deferred tax assets not recognised	(612)	(1,685)
- Prior year over/(under) provision	246	(10)
- Prior year carried forward gains/(losses) derecognised	-	(1,078)
Income tax expense attributable to entity	**(3,063)**	**(1,729)**
Income tax expense reported in the statement of profit or loss	(2,702)	(2,207)
Income tax (expense)/benefit attributable to discontinued operation	(361)	478
	(3,063)	**(1,729)**

(i) The tax rate used for the reconciliations above is the corporate tax rate of 30% (2020: 30%) payable by Australian corporate entities on taxable profits under Australian tax law.

(ii) The increase in the weighted average effective consolidated tax rate for 2021 of 38% (2020: -40%) is a result of non-recognition (2020: non-recognition) of overseas losses.

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.

See note 3.11 for deferred tax balances.

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.

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.

2.5 Dividends

		CONSOLIDATED GROUP	
	Cents per Share	2021 $000	2020 $000
Distributions paid/payable			
2020 interim fully franked ordinary dividend franked at the tax rate of 30%	0.30	-	914
2020 final fully franked ordinary dividend franked at the tax rate of 30%	0.30	-	897
2021 interim fully franked ordinary dividend franked at the tax rate of 30%	0.45	1,311	-
2021 final fully franked ordinary dividend franked at the tax rate of 30%	1.00	2,817	-
Total dividends		**4,128**	**1,811**
(a) Franking account balance:			
Closing balance		**234**	**332**
Subsequent to year end, the franking account would be reduced by the proposed dividend as follows		(1,207)	(384)
Adjusted franking account balance [i]		**(973)**	**(52)**

(i) It is anticipated that income tax instalments will be paid prior to 30 June 2022 which will eliminate the franking credit deficit at that time.

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

2.6 Earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	CONSOLIDATED GROUP	
	2021 $000	2020 $000
Earnings used to calculate basic earnings per share		
Profit/(loss) after income tax expense attributable to owners of the Company	4,918	(6,027)
Profit/(loss) used to determine diluted earnings per share	**4,918**	**(6,027)**

	CONSOLIDATED GROUP	
	2021 No.	2020 No.
Weighted average number of ordinary shares outstanding during the year	293,874,890	282,564,525
Adjustments for:		
- Shares held by Employee Share Trust	(1,729,859)	(1,393,944)
Weighted average number of ordinary shares outstanding during the year used in calculating basic earnings per share	**292,145,031**	**281,170,581**
Adjustments for:		
- Shares held by Employee Share Trust	1,729,859	1,393,962
- Employee Share Options Scheme (i)	-	-
- Mineral Technology Warrants (i)	636,029	-
- Performance rights (i)	-	-
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive earnings per share	**294,510,919**	**282,564,543**
Basic earnings/(loss) per share (cents)	**1.68**	**(2.14)**
Diluted earnings/(loss) per share (cents)	**1.67**	**(2.14)**

(i) The weighted average number of options, warrants and performance rights not included in diluted earnings per share calculation for 2020 was 6,452,114 and 1,345,394 respectively as the impact would be anti-dilutive.

Basic 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

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.

2.7 Discontinued operations

The company entered into an Asset Sale agreement with K-Drill Pty Ltd and their related entities on 21 December 2020 to transfer equipment, contracts, inventories and employees related to Reverse Circulation (RC) drilling business. The sale was completed on 5 February 2021 for $5,300,000 resulting in pre-tax gain of $772,000. The performance of the business has been classified as Discontinued Operations for the year ended 30 June 2021 and 30 June 2020.

The result of the RC drilling business for the period* is presented below:

	2021 $000	2020 $000
Discontinued operations		
Revenue	4,046	6,311
Gain on disposal of property, plant and equipment	488	-
Other income	179	56
Raw materials and consumables used	(1,134)	(1,716)
Employee benefits expense	(1,871)	(3,252)
Depreciation of property, plant and equipment	(516)	(1,612)
Other expenses	(763)	(1,378)
Profit/(loss) before income tax from discontinued operations	**429**	**(1,591)**
Income tax (expense)/benefit	(129)	478
Profit/(loss) after tax from discontinued operations	**300**	**(1,113)**
Gain on sale of discontinued operations	772	-
Attributable tax expense	(232)	-
Gain after tax on sale of discontinued operations	**540**	**-**
Net profit/(loss) after tax from discontinued operations	**840**	**(1,113)**

The net cash flows generated from the sale of RC drilling business are as follows:

	2021 $000
Cash received from sale of discontinued operations	5,300
Net cash inflow on date of disposal	**5,300**

The net cash flows generated/(incurred) by the RC drilling business are as follows:

	2021 $000	2020 $000
Net cash provided by operating activities	300	249
Net cash provided by/(used in) investing activities	5,971	(1,059)
Net cash used in financing activities	(233)	(52)
Net cash provided by/(used in) from discontinued operations	**6,038**	**(862)**
Earnings/(loss) per share from discontinued operations		
Basic earnings/(loss) per share (cent)	0.29	(0.40)
Diluted earnings/(loss) per share (cent)	0.29	(0.39)

* Represents eight months of activity prior to the sale on 5 February 2021.

As RC drilling business was sold prior to 30 June 2021, the assets and liabilities classified as held for sale are no longer included in the statement of financial position.

Recognition and measurement

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit and loss.

3 Assets and Liabilities

3.1 Cash and restricted cash

	CONSOLIDATED GROUP	
	2021 $000	2020 $000
Cash at bank and in hand	15,108	12,556
Restricted cash	-	173
	15,108	**12,729**

The cash balance primarily consists of cash. For the purpose of the cashflow, Cash at bank and in hand and Restricted cash balances at the end of the financial year are presented together.

The restricted cash relates to a government grant received for a certain project within the Mineral Technology division.

	CONSOLIDATED GROUP	
	2021 $000	2020 $000
With credit ratings (Moody's):		
- Aa2	395	525
- Aa3	12,644	9,193
- A2	1,298	1,492
- Baa3	718	1,394
- B2	53	123
Without external credit ratings	-	2
	15,108	**12,729**

	CONSOLIDATED GROUP	
	2021 $000	2020 $000
Reconciliation of cash flow from operations with profit/(loss) after income tax		
Profit/(loss) after income tax	4,918	(6,027)
Non-cash flows in profit and loss		
Depreciation of property, plant and equipment and amortisation of intangibles assets	15,333	22,233
Depreciation of right-of-use assets	1,507	1,498
Net foreign exchange gain	-	(785)
Net gain on disposal of property, plant and equipment	(490)	(55)
Share options/performance rights expensed	17	154
Government grant recognised through deferred revenue	(503)	(412)
Net gain on disposal of discontinued operations	(772)	-
Change in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
(Increase)/decrease in trade and other receivables	(6,655)	1,650
Increase in inventories	(3,374)	(5,021)
Increase in prepayments	(887)	(135)
(Increase)/decrease in current tax asset	(49)	373
Increase/(decrease) in trade payables	4,992	(4,571)
Increase in current tax liabilities	1,437	124
Decrease in deferred tax assets	-	194
Increase in deferred tax liabilities	640	934
(Decrease)/increase in deferred revenue	(42)	283
Increase/(decrease) in provisions	459	(32)
Cash flow from operations	**16,531**	**10,405**

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

3.2 Trade and other receivables

	CONSOLIDATED GROUP	
	2021 $000	2020 $000
CURRENT		
Trade receivables	21,998	15,117
Other receivables	1,241	1,099
Total current trade and other receivables	**23,239**	**16,216**

Trade and other receivables are classified as financial assets at initial recognition, and subsequently measured at amortised cost determined under AASB 9. Included in other receivables for the year ended 30 June 2020 is an amount receivable from the Managing Director totalling $321,000 for insurance premiums inadvertently paid on his behalf as disclosed in Note 6.4.

Fair values and credit risk

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

As at 30 June, the ageing analysis of trade and other receivables is as follows:

	CONSOLIDATED GROUP	
	2021 $000	2020 $000
Current	23,239	16,216
Past due 0 to 30 days	-	-
Past due 31+ days	-	-
	23,239	**16,216**

Trade debtors are non-interest bearing and generally on 30-60 day terms.

Amounts are considered as 'past due' when the debt has not been settled with the terms and 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 outstanding balance relate to customers with a good credit standing and as those balances remain in the initial trade terms are considered to be of high credit quality. Management has considered the impact of COVID-19 in their expected credit loss model and have concluded no impact to the assessment.

Based on review at the date of reporting, expected credit loss rate is 0% (2020: 0%) and no impairment allowance is required as at 30 June 2021 (2020: nil).

3.3 Inventories

	CONSOLIDATED GROUP	
	2021 $000	2020 $000
CURRENT		
Raw materials and consumables	23,331	21,376
Allowance for obsolescence	(1,649)	(2,096)
	21,682	**19,280**

The Group maintains an inventory of drilling consumables and parts and spares for use in the rendering of rig production as well as drilling and mineral analysis services. Inventory is measured at the lower of cost and net realisable value. Costs incurred in bringing inventory to its present location and condition are accounted for as purchase cost on a first-in/first-out basis. 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.

Significant accounting estimates and assumptions

Net realisable value of inventories

The Group reviews the net realisable value of inventory at the end of each reporting period. During the year, decrease of $285,000 (2020: $nil) in relation to stock which was disposed and had previously been provided against, and a decrease of $162,000 (2020: increase of $252,000) in allowance for obsolescence was recognised as consumables expense in the statement of profit or loss.

3.4 Property, plant and equipment

	CONSOLIDATED GROUP	
	2021 $000	2020 $000
Plant and equipment		
Gross carrying value – at cost	181,343	202,430
Accumulated depreciation and impairment	(125,398)	(135,214)
Net carrying value - plant and equipment	**55,945**	**67,216**
Leasehold improvements		
Gross carrying value – at cost	3,603	3,609
Accumulated amortisation	(3,390)	(3,261)
Net carrying value - leasehold improvements	**213**	**348**
Office furniture and equipment		
Gross carrying value – at cost	4,021	3,922
Accumulated depreciation	(3,188)	(2,811)
Net carrying value - office furniture and equipment	**833**	**1,111**
Motor vehicles		
Gross carrying value – at cost	15,351	21,458
Accumulated depreciation	(10,552)	(15,713)
Net carrying value - motor vehicles	**4,799**	**5,745**
Net carrying value - total property, plant and equipment	**61,790**	**74,420**

	Plant and equipment $000	Leasehold improvements $000	Office furniture and equipment $000	Motor vehicles $000	Total $000
Consolidated group					
Balance at 1 July 2019	**74,967**	**474**	**811**	**5,338**	**81,590**
Additions	9,587	109	711	2,268	12,675
Disposals	(9)	-	-	(10)	(19)
Exchange rate revaluation	340	1	3	43	387
Depreciation expense	(17,669)	(236)	(414)	(1,894)	(20,213)
Balance at 30 June 2020	**67,216**	**348**	**1,111**	**5,745**	**74,420**
Additions	4,991	-	158	2,492	7,641
Disposals	(2,797)	(40)	(1)	(1,521)	(4,359)
Exchange rate revaluation	(1,558)	(1)	(5)	(100)	(1,664)
Depreciation expense	(11,907)	(94)	(430)	(1,817)	(14,248)
Balance at 30 June 2021	**55,945**	**213**	**833**	**4,799**	**61,790**

Items of plant and equipment are measured at cost less accumulated depreciation and impairment. 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, which enhances the functionality of the asset, 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 profit or loss and other comprehensive income as an expense.

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/accumulated losses.

Depreciation

Depreciation is recognised in profit and loss on a straight-line or usage basis over the estimated useful life of each part of an item of property, plant and equipment. The depreciation method reflects the pattern in which the future economic benefit is expected to be consumed for each asset giving consideration to the estimated working life of each asset. The estimated working life and idle time for each asset is assessed annually. Those items of property, plant and equipment undertaking construction are not depreciated.

The following are the estimated useful lives for each class of property, plant and equipment:

Class of fixed asset	Useful life
Plant and equipment	1.5 - 20 years
Leasehold improvements	2 - 15 years
Office furniture & equipment	5 – 10 years
Motor vehicles	3 – 10 years

During 2020, management re-assessed the estimated life of its drill rods and determined that these assets have a useful life of less than a year and is more akin to consumables. For 2021, drill rods expense was recognised in “raw materials and consumables used” in the statement of profit or loss.

Significant accounting estimates and assumptions

Useful lives and residual values

The Group reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. No changes to useful lives have been made for the financial year ending 30 June 2021.

Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial 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.

The carrying value of intangible assets not yet available for use are tested for impairment annually or more frequently when an indication of impairment arises during the reporting period.

Recoverable amount is the higher of fair value less costs of disposal 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 the cash generating unit (or group of cash generating units) is less than the carrying amount of the cash generating unit (or groups of cash generating units), the impairment loss is allocated to the assets of the cash generating units pro-rata on the basis of the carrying amount of each asset in the cash generating unit (or groups of cash generating units).

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent 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 (cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

In assessing any potential impairment of assets, management have identified two (2020: three) separate functional divisions as being the cash generating units (CGUs) within the Group:

- Underground Diamond (UD) drilling;
- Mineral Technology.

Reverse Circulation (RC) drilling was a CGU until the sale of RC business in February 2021.

For impairment purposes, intangible assets have been allocated to either the Underground Diamond drilling or the Mineral Technology CGUs.

According to AASB 136 Impairment of Assets, impairment testing is required when there is an indication of possible impairment and annually for indefinite life intangibles. The Group has considered all indications of possible impairment including the relationship between its market capitalisation and the carrying value of its net assets, and has determined this to be one of the main impairment indicators noted for the year ended 30 June 2021 and 30 June 2020.

Significant accounting estimates and assumptions

Fair value less costs of disposal

Determining whether the assets of the Group are impaired under this method requires an estimation of the market value of each asset individually or CGU and adjusting this value by expected costs required to dispose of the asset or CGU. Where the calculated value is less than the book value, an impairment loss may arise. In supporting the fair value less costs of disposal, the management has performed an assessment to estimate the value of the appropriate assets.

Impairment assumptions

Underground Diamond (UD) drilling

The impairment assessment of the UD CGU has been performed by management. The valuation has been determined via a capitalisation of future maintainable earnings methodology, with historically achieved EBITDA (earnings before interest, tax, depreciation and amortisation expenses) used to estimate future earnings and the earnings multiple derived from trading multiples of listed companies with comparable operations to the UD CGU. A cost of disposal was then applied to the value.

Key assumptions used in the valuation were annual revenue of $152 million to $164 million (2020: $145 million to $150 million), future maintainable earnings (EBITDA) margin of 20% (2020: 18% to 19%), earnings multiple (on a control basis) of 3.6 times to 4.1 times (2020: 4.0 times to 4.3 times) and a cost of disposal of 2% (2020: 2%).

Based on the valuation, no impairment expense has been recognised in the UD CGU (2020: nil) with headroom over the carrying value of the net assets applicable to the CGU in the range of $16 million through to $40 million arising based on the above assumptions.

Mineral Technology

The impairment assessment for the Mineral Technology CGU has been performed using the fair value less cost of disposal method and was undertaken by management with the assistance of an independent third party. The discounted cash flows calculation is based on the earnings potential of the CGU using a discount rate of 25%.

Based on the impairment assessment, no impairment has been recognised for the Mineral Technology CGU (2020: nil).

3.5 Intangible assets

	CONSOLIDATED GROUP	
	2021 $000	2020 $000
Development costs		
Drilling Services: amortising		
Gross carrying value – at cost	9,972	9,647
Accumulated amortisation	(6,803)	(6,281)
Net carrying value – drilling services: amortising	**3,169**	**3,366**
Drilling Services: non-amortising(i)	**2,092**	**1,800**
Mineral Technology: amortising		
Gross carrying value – at cost	7,653	7,747
Accumulated amortisation	(3,806)	(3,221)
Net carrying value – mineral technology: amortising	**3,847**	**4,526**
Mineral Technology: non-amortising(i)	**3,501**	**2,459**
Total intangible assets	**12,609**	**12,151**

(i) Non-amortising relates to intangibles in the development phase.

	Drilling Services		Mineral Technology		Total
	Development amortising $000	Development non-amortising $000	Development amortising $000	Development non-amortising $000	$000
Consolidated group					
Balance at 30 June 2019	**3,768**	**1,172**	**5,841**	**1,415**	**12,196**
Internal development	-	723	57	1,107	1,887
Transfers within intangibles	95	(95)	-	-	-
Exchange revaluation	-	-	151	(63)	88
Amortisation expense	(497)	-	(1,523)	-	(2,020)
Balance at 30 June 2020	**3,366**	**1,800**	**4,526**	**2,459**	**12,151**
Internal development	-	828	66	881	1,775
Transfers within intangibles	325	(325)	-	-	-
Write off	-	(211)	-	-	(211)
Exchange revaluation	-	-	(182)	161	(21)
Amortisation expense	(522)	-	(563)	-	(1,085)
Balance at 30 June 2021	**3,169**	**2,092**	**3,847**	**3,501**	**12,609**

Intangible assets in the Drilling Services business relate to development work being carried out on various projects that have the capability to improve drill rig efficiency, productivity, safety and reliability. Intangible assets in the Mineral Technology business relate to development undertaken to develop the Company's mineral scanning technology and machines.

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.

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

Useful life

Development costs - Drilling Services

Finite
Amortisation method used
Amortised over the period of between 5 and 15 years on a straight-line basis.

Development costs - Mineral Technology

Finite
Amortisation method used
The Group re-assessed its useful life of finite life development costs. On 1 July 2020, the Group extended the useful life of this technology from 5 years to 10 years. This change has been applied prospectively. Development costs are now amortised over the period of 10 years on a straight line basis (2020: Amortised over the period of 5 years on a straight-line basis). Impact of the change in useful life on amortisation in the current year is to reduce the amortisation expense by $967,000.

Significant accounting estimates and assumptions

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. The amortisation method is reviewed at each financial year-end.

Recoverability of internally generated intangible assets

Drilling Services

During the year, the directors considered the recoverability of the Group's capitalised development costs included in the consolidated statement of financial position at 30 June 2021 of $5,261,000 (2020: $5,166,000). This is considered the same CGU for impairment purposes as the Underground Diamond (UD) drilling section disclosed in Note 3.4 Property, Plant and Equipment.

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.

Management has conducted a review of the current development projects (amortising and non-amortising) which have been capitalised to determine the expected future cash flows to be generated from future use under impairment testing for property, plant and equipment. The modelling undertaken showed the book value of these assets will be recovered through future use and therefore no impairment is required (2020: nil).

Mineral Technology

During the year, the directors considered the recoverability of the Group's capitalised development costs included in the consolidated statement of financial position at 30 June 2021 of $7,348,000 (2020: $6,985,000). This is considered the same CGU for impairment purposes as the Mineral Technology section disclosed in Note 3.4 Property, Plant and Equipment.

Development projects continue to progress in accordance with the Group's project management plans. During the year the company continued to progress the commercial phase of the project. A management assessment has been undertaken which concluded that company can expect to recover the carrying value of the assets in full.

Management has conducted a review of the current development projects (amortising and non-amortising) which have been capitalised to determine the expected future cash flows to be generated from future use under impairment testing for property, plant and equipment. The review undertaken showed the book value of these assets will be recovered through future use and therefore no impairment is required (2020: nil).

3.6 Financial asset classified as FVOCI

	CONSOLIDATED GROUP	
	2021 $000	2020 $000
Financial asset classified as FVOCI		
Units in unlisted property trust	**1,815**	**1,815**

The Group has an investment in an unlisted unit trust that is not traded in an active market but is classified as a Fair Value through Other Comprehensive Income (FVOCI) equity investments. Fair value movements continue to be recognised in equity through other comprehensive income and are not eligible for recycling through profit or loss upon realisation of the asset.

Dividends on Fair Value through Other Comprehensive Income (FVOCI) equity investments are recognised in profit or loss when the Group's right to receive the dividends is established.

Fair value

Fair value is the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions. The fair values of financial assets and financial liabilities are determined as follows:

- the fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- the fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

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.

Description of significant unobservable inputs to valuation

The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy, together with a qualitative sensitivity analysis as at 30 June 2021 and 2020 are as shown below:

	Fair value as at				
Financial asset	30/06/21 $000	30/06/20 $000	Valuation technique	Significant unobservable input(s)	Sensitivity of the input to fair value
Investment in unlisted property trust (i)(ii)	1,815	1,815	Capitalisation Method per external valuation	Sales of sites within similar areas taking into account the location, size and condition of improvements to determine a rate per square metre of $535 (2020: $535).	A $25 per square metre increase in price would increase the value by $120,000 (2020: $120,000), and vice versa.

(i) A gain after tax of $nil (2020: $130,000) resulting from the revaluation of the underlying property in the unit trust is recognised in other comprehensive income and accumulated in the fair value reserve.

(ii) Investment income of $150,000 (2020: $136,000) received during the financial year from the investment in the unlisted property trust has been included in other income.

3.7 Right-of-use assets

	Land and buildings $000	Motor vehicles $000	Plant & equipment $000	Total $000
Consolidated group				
Balance at 1 July 2019	-	-	-	-
Initial recognition	11,104	30	-	11,134
Additions	-	-	28	28
Cost adjustments	22	-	-	22
Exchange rate revaluation	27	1	-	28
Depreciation expense	(1,469)	(14)	(15)	(1,498)
Balance at 30 June 2020	**9,684**	**17**	**13**	**9,714**
Additions	-	73	-	73
Cost adjustments	2	14	-	16
Exchange rate revaluation	(10)	(2)	1	(11)
Depreciation expense	(1,467)	(26)	(14)	(1,507)
Balance at 30 June 2021	**8,209**	**76**	**-**	**8,285**

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. If ownership of the leased asset transfers to the group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to note 3.4 “Impairment of non-financial assets”.

Variable lease payments are the portion of payments made by a lessee to a lessor for the right to use an underlying asset during the lease term that varies because of a change in factors or circumstances occurring after the commencement date, other than the passage of time, e.g. payments based on usage. Such payments are recognised in profit or loss in the period during which the event or condition that triggers those payments occurs. Variable payments are based on usage and cannot be reliably forecasted.

Short-term leases with lease terms of less than 12 months are not recognised as right-of-use assets and lease liabilities, as permitted by AASB 16.

3.8 Deferred revenue

	CONSOLIDATED GROUP	
	2021 $000	2020 $000
Balance at 1 July	**173**	**296**
Government grant received during the year	127	283
Government grant paid to grant partners during the year	(169)	-
Government grant released to the statement of profit or loss	(135)	(412)
Foreign exchange movement	4	6
Balance at 30 June	**-**	**173**
Current	-	173
Non-current	-	-
	-	**173**

Government grants have been received for specific projects within the Mineral Technology business.

3.9 Borrowings

	CONSOLIDATED GROUP	
	2021 $000	2020 $000
CURRENT		
Secured liabilities		
Lease liabilities related to hire purchase (i)	1,195	1,187
Lease liabilities related to right-of-use assets (ii)	1,290	1,284
Bank loans (iii)	-	-
Total current borrowings	**2,485**	**2,471**
NON-CURRENT		
Secured liabilities		
Lease liabilities related to hire purchase (i)	1,503	1,355
Lease liabilities related to right-of-use assets (ii)	7,495	8,713
Bank loans (iii)	15,000	20,000
Total non-current borrowings	**23,998**	**30,068**
Total borrowings	**26,483**	**32,539**

(i) Lease liabilities related to hire purchase 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% (2020: 5.2%). Lease liabilities related to hire purchase are secured by the asset for which the agreement relates.

(ii) Lease liabilities related to right-of-use assets generally have a term of between 1 and 10 years with the lessor retaining the underlying assets. The average interest rate is 3.2% (2020: 3.2%). Lease liabilities related to right-of-use assets are secured by the related right-of-use assets.

(iii) Bank loans are secured by fixed and floating charges over the Group’s assets. During the 2021 year, the Company renegotiated its bank facilities to a total facility value of $38,000,000. The $25,000,000 facility is a variable bank bills facility that expires on 31 October 2022, of which $15,000,000 has been drawn down. The remaining $13,000,000 facility expires on 31 October 2021, of which none has been drawn down. Details of the Group’s exposure to interest rate changes on interest bearing liabilities are set out in Note 5.

Loans and borrowings are initially recognised at fair value, net of transaction costs. After the initial recognition, loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

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.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Changes in liabilities arising from financing activities

Consolidated group	2020 $000	Drawdowns $000	Repayments $000	Non-cash changes: New leases $000	Non-cash changes: Adjustment $000	Non-cash changes: Foreign exchange movement $000	2021 $000
Lease liabilities related to hire purchase	2,542	-	(1,458)	1,647	-	(33)	2,698
Lease liabilities related to right-of-use assets	9,997	-	(1,289)	72	16	(11)	8,785
Bank loans	20,000	-	(5,000)	-	-	-	15,000
Total liabilities from financing activities	**32,539**	**-**	**(7,747)**	**1,719**	**16**	**(44)**	**26,483**

Consolidated group	2019 $000	Drawdowns $000	Repayments $000	Non-cash changes: New leases $000	Non-cash changes: Adjustment $000	Non-cash changes: Foreign exchange movement $000	2020 $000
Lease liabilities related to hire purchase	2,644	-	(1,041)	925	-	14	2,542
Lease liabilities related to right-of-use assets	-	-	(1,214)	11,162	22	27	9,997
Bank loans	27,000	16,000	(23,000)	-	-	-	20,000
Total liabilities from financing activities	**29,644**	**16,000**	**(25,255)**	**12,087**	**22**	**41**	**32,539**

Available borrowing facilities

Consolidated Group	Bank loan 2021 $000	Bank loan 2020 $000	Revolving credit 2021 $000	Revolving credit 2020 $000	Multi-option facility 2021 $000	Multi-option facility 2020 $000	Total 2021 $000	Total 2020 $000
Available facilities	35,000	35,000	4,239	3,496	3,000	3,000	42,239	41,496
Used at balance date	(15,000)	(20,000)	(2,698)	(2,542)	(490)	(469)	(18,188)	(23,011)
Unused at balance date	**20,000**	**15,000**	**1,541**	**954**	**2,510**	**2,531**	**24,051**	**18,485**

Nature of bank loan
Bank loans are secured by fixed and floating charges over the Group's assets.

Nature of revolving credit
The revolving credit relates to equipment hire purchase and leasing facilities.

Nature of multi-option facility
Multi-option facility consists of bank guarantee facility, documentary letter of credit and standby letter of credit. Bank guarantees on issue relate to rental lease commitments.

Banking covenants
The Company complied with and continues to comply with all banking covenants specified in the finance agreement with its financier.

Fair values
Due to the variable interest rate and no substantial change in own credit risk for the majority of these borrowings their carrying value is assumed to approximate their fair values.

3.10 Provisions

	CONSOLIDATED GROUP 2021 $000	CONSOLIDATED GROUP 2020 $000
CURRENT		
Short-term employee benefits	6,081	5,589
Other provision	63	94
Total current provisions	**6,144**	**5,683**
NON-CURRENT		
Long-term employee benefits	411	413
Total non-current provisions	**411**	**413**

Provisions for employee benefits comprises of annual leave and long service leave provisions.

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.

Liabilities recognised in respect of long-term employee benefits are measured using the projected unit credit valuation method in respect of services provided by employees up to the reporting date.

3.11 Deferred tax liabilities

	CONSOLIDATED GROUP CONSOLIDATED STATEMENT OF FINANCIAL POSITION		CONSOLIDATED GROUP CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	
Deferred tax assets and liabilities are attributable to the following:	2021 $000	2020 $000	2021 $000	2020 $000
Recognised deferred tax assets				
Provisions and accrued expenses	2,147	2,348	(201)	(294)
Tax deductibility for capital raising	409	366	43	301
Research and development credit	-	1,237	(1,237)	(1,232)
Tax losses	-	-	-	(986)
Deferred tax assets	**2,556**	**3,951**		
Set off of deferred tax liability	(2,556)	(3,951)		
Net deferred tax assets	**-**	**-**		
Recognised deferred tax liabilities				
Consumables	(509)	(2,116)	1,607	(455)
Prepayments	(7)	(116)	109	(41)
Property, plant and equipment	(5,445)	(4,484)	(961)	1,589
Tax on fair value reserve	(316)	(316)	-	(65)
Deferred tax liabilities	**(6,277)**	**(7,032)**		
Set off to deferred tax asset	2,556	3,951		
Net deferred tax liabilities	**(3,721)**	**(3,081)**	**(640)**	**(1,183)**
Movements:				
Opening balance 1 July	(3,081)	(1,898)		
Credit to the income statement	(591)	(1,383)		
Credit to equity	(49)	200		
Exchange rate revaluation	-	-		
Closing balance at 30 June	**(3,721)**	**(3,081)**		

As at 30 June 2021 the Company had an unrecognised tax benefit of $4,044,000 (2020: $3,543,000) in connection to unrecognised tax losses. These tax losses arose from three separate tax jurisdictions and can be carried forward for a maximum period of 5 years, 20 years or indefinitely from the year of the loss.

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. 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.

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.

Significant accounting estimates and assumptions

Recoverability of tax losses

The Group is subject to income taxes in Australia and foreign jurisdictions, significant estimates are required in determining the recoverability of deferred tax assets in these locations. The assumptions regarding future realisation, and therefore the recognition of deferred tax assets, may change due to future operating performance and other factors.

The directors have considered the recoverability of international tax losses as included in net deferred tax asset balances at 30 June 2021 of nil (2020: $nil). Tax losses will be recognised where they are available to be recovered over a period of not more than 10 years and it is probable that the Company will generate future profits to use the tax losses.

4 Capital Structure

Capital 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 3.9, cash and equity attributable to equity holders of the Parent, comprising issued capital as disclosed in Note 4.1, reserved shares in Note 4.2, reserves as disclosed in Note 4.3, other equity and retained earnings/accumulated losses.

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 at year end are as follows:

		CONSOLIDATED GROUP	
	Note	**2021 $000**	**2020 $000**
Lease liabilities related to hire purchase		2,698	2,542
Lease liabilities related to right-of-use assets		8,785	9,997
Bank loans		15,000	20,000
Total borrowings	3.9	26,483	32,539
Less cash and restricted cash	3.1	(15,108)	(12,729)
Net debt		**11,375**	**19,810**
Total equity		89,760	92,363
Total capital		**101,135**	**112,173**
Gross gearing ratio (gross debt/equity)		29.5%	35.2%
Net gearing ratio (net debt/equity)		12.7%	21.4%
Net gearing ratio (net debt/equity) excluding lease liabilities related to right-of-use assets		2.9%	10.6%

4.1 Issued capital

	CONSOLIDATED GROUP	
Movement in ordinary shares on issue	**No.**	**$000**
Balance at 1 July 2019	**231,450,825**	**79,446**
Issue of shares through share placement	73,434,879	16,890
Transaction cost on share issue	-	(818)
Tax on transaction cost on share issue	-	246
Shares bought back during the year	(2,672,002)	(348)
Transaction cost on share buy back	-	(1)
Balance at 30 June 2020	**302,213,702**	**95,415**
Tax on transaction cost on share issue	-	(49)
Shares bought back during the year	(20,473,080)	(3,192)
Transaction cost on share buy back	-	(8)
Balance at 30 June 2021	**281,740,622**	**92,166**

Fully paid ordinary shares carry one vote per share and carry the right to dividends. The Company does not have a limited amount of authorised capital and issued shares do not have a par value.

Where the Group issues new equity instruments, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of the Company.

Where any group company purchases the Company's equity instruments, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of the Company as treasury shares until the shares are cancelled or reissued.

Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of the Company.

4.2 Reserved Shares

	CONSOLIDATED GROUP	
Movement in reserved shares	**No.**	**$000**
Balance at 1 July 2019	**18**	**(777)**
Shares bought back during the year	474,529	(60)
Shares allocated to exercised performance rights	(474,547)	-
Balance at 30 June 2020	**-**	**(837)**
Shares bought back during the year	561,080	(108)
Shares allocated to exercised performance rights	(561,080)	-
Balance at 30 June 2021	**-**	**(945)**

Reserve for own shares

The reserve for the Company's own shares comprises the cost (net of tax) of the Company's shares held by the trustee of the consolidated entity's equity compensation plans which were purchased on-market in anticipation of vesting of share-based payment awards under the equity compensation plans. During the year 561,080 shares (2020: 474,529) were purchased by the employee share trust for a total cost of $108,000 (2020: $60,000) at an average price of $0.192 (2020: $0.126) per share. As at 30 June 2021, there are no (2020: nil) unallocated Swick shares held in trust.

4.3 Reserves

	Foreign currency translation reserve $000	Fair value reserve $000	Share-based payments reserve $000	Transactions with non controlling interest reserve $000	Total $000
Consolidated Group					
Balance at 1 July 2018	**1,026**	**441**	**2,712**	**(1,005)**	**3,174**
Other comprehensive income/(loss) for the year	(183)	130	-	-	(53)
Share-based payments	-	-	154	-	154
Balance at 30 June 2020	**843**	**571**	**2,866**	**(1,005)**	**3,275**
Other comprehensive loss for the year	(1,973)	-	-	-	(1,973)
Share-based payments	-	-	17	-	17
Balance at 30 June 2021	**(1,130)**	**571**	**2,883**	**(1,005)**	**1,319**

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

Fair value reserve
The fair value reserve represents the cumulative gains and losses arising on the revaluation of a Fair Value through Other Comprehensive Income (FVOCI) equity investments. Fair value movements continue to be recognised in equity through other comprehensive income and are not eligible for recycling through profit or loss upon realisation of the asset.

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 below.

Transactions with non-controlling interest (NCI) reserve
This reserve is used to record the differences between the amount of the adjustment to non-controlling interests and any consideration paid as a result of transactions with non-controlling interests that do not result in a loss of control.

Share-based payments

Share options

Each share option converts into one ordinary share of Swick Mining Services Limited on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of expiry.

The weighted average fair value of the share options granted during the financial year is $nil (2020: $nil). Options are priced using a binomial option pricing model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions (including the probability of meeting market conditions attached to the option), and behavioural considerations. Expected volatility is based on the historical share price volatility over the past 3 years. To allow for the effects of early exercise, it was assumed that executives and senior employees would exercise the options immediately after the vesting date.

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

	CONSOLIDATED GROUP			
	2021		2020	
	No.	Weighted average exercise price	No.	Weighted average exercise price
Balance at the beginning of the year	**-**	**-**	**6,452,114**	**$0.37**
Granted	-	-	-	-
Lapsed	-	-	(6,452,114)	$0.37
Balance at year end	**-**	**-**	**-**	**-**
Exercisable at year end	**-**	**-**	**-**	**-**

Performance rights plan

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 achieving the required performance and service condition. Performance rights granted are issued as units in the employee share trust.

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

	CONSOLIDATED GROUP	
	2021 No.	2020 No.
Balance at the beginning of the year	**561,080**	**474,547**
Granted	1,922,672	561,080
Vested and exercised	(561,080)	(474,547)
Forfeited	-	-
Expired	-	-
Balance at year end	**1,922,672**	**561,080**
Exercisable at year end	**-**	**-**

Performance rights vested on meeting the continuing service vesting condition. Further 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.

Mineral Technology warrants

The unlisted warrants were offered under Orexplore shadow equity plan with nil issue price and nil exercise price and an ultimate expiry date of 31 December 2022.

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

	CONSOLIDATED GROUP	
	2021 No.	2020 No.
Balance at the beginning of the year	**759,216**	**784,314**
Granted	-	-
Vested and exercised	-	-
Forfeited	(415,373)	(25,098)
Expired	-	-
Balance at year end	**343,843**	**759,216**
Exercisable at year end	**-**	**-**

Each warrant is exercisable based on certain milestones being achieved regarding the commercialisation of Orexplore. Figures shown above represent the number of Swick shares that would have been exercised at grant date.

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, the company uses the price of the shares of the Company. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (‘vesting date’). The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects:

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

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

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

MD LTI plan
Under the MD LTI plan, awards are made to Managing Director, which are delivered in the form of options over shares which vest over a period of three years subject to continuous employment with the Group. The fair value of share options granted is estimated at the date of grant using a Black-Scholes simulation model, taking into account the terms and conditions upon which the share options were granted.

The exercise price of the share options equal to 143% of the 20 days volume weighted average share price of a share up to and including the date of the 2016 annual general meeting.

Executive LTI plan
Under the Executive LTI plan, awards are made to executives and other key talent who have an impact on the Group's performance. LTI awards are delivered in the form of performance rights, which vest two years from the start of the year in which they are granted and the employee continues to be employed by the Group at the vesting date. The fair value of the performance rights is measured at the grant date of the performance rights and amortised over the vesting period.

The following table list the inputs to the models used for the plans for the year ended 2017, 2019, 2020 and 2021. There were no issues in 2018.

	MD LTI plan	Executive LTI plan	Executive LTI plan	Executive LTI plan
	Options	Performance rights	Performance rights	Performance rights
Weighted average fair value ($)	0.0358	0.22	0.2292	0.0014
Share price ($)	0.265	0.225	0.240	0.165
Grant date	11/11/2016	01/07/2018	01/07/2019	19/02/2021
Vesting date	30/06/2019	30/06/2020	30/06/2021	30/06/2022
Expiry date	30/06/2020	30/06/2020	30/06/2021	30/06/2022
Share price volatility	32.90%	35.79%	30.61%	32.94%
Interest rate	1.93%	1.89%	0.709%	0.150%
Dividend yield	1.33%	0.0%	2.31%	4.83%
Model used	Black-Scholes	Black-Scholes	Black-Scholes	Black-Scholes

Mineral Technology warrants
Following the purchase of non-controlling interest shares in Orexplore AB (Orexplore) in June 2017, employees of the company were offered warrants entitling them to Swick shares based on changes in the value of Orexplore over a period of up to five years. On 12 February 2018, 24 unlisted warrants (estimated to be 784,314 shares to be received at the end of vesting period) were issued to 8 Orexplore employees with nil issue price and nil exercise price and an ultimate expiry date of 31 December 2022. The valuation has been made using a Monte Carlo simulation approach where monthly time series for the share development has been simulated assuming a Brownian Motion development of the underlying share. Each warrant is exercisable based on certain milestones being achieved regarding the commercialisation of Orexplore and will entitle the holder to a number of Swick shares in accordance with a formula relating to the externally determined equity value of the Orexplore business unit, at the time of each milestone date in the future (i.e. the Valuation Date), multiplied by a relevant percentage (being 12.5% in aggregate for all of the Orexplore employees granted warrants), divided by the volume weighted average price of Swick shares for the 20 trading days prior to the relevant Valuation Date. Forfeited warrants in 2021 and 2020 relate to employees resignation.

5 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 and fair value interest rate risk), credit risk, liquidity risk and cash flow interest rate risk. The Group seeks to minimise the effects of these risks, where deemed appropriate.

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 and foreign currency 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 credit worthy 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. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

As disclosed in Note 2.1, the Group has two customers which individually 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.

Swick monitors all receivables and placements with financial institutions on a monthly basis to determine whether credit risk has increased significantly. An amount is deemed to be in default when payment is not received by the due date, as per the credit period stated in the contract, or when the credit rating of the financial institution deteriorates significantly. When assessing expected credit losses, receivables and cash balances are reviewed on a customer or financial institution basis. We have considered forward looking assumptions including the impact of COVID-19. Based on the expected credit risk assessment, there has been no expected credit loss and therefore no impairment provided for.

(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 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 3.9 is a listing of undrawn facilities that the Group has at its disposal to further reduce liquidity risk.

The following table sets out the maturity analysis for financial liabilities based on contractual cash flows:

	WITHIN 1 YEAR		1 TO 5 YEARS		OVER 5 YEARS		TOTAL	
Consolidated Group	2021 $000	2020 $000	2021 $000	2020 $000	2021 $000	2020 $000	2021 $000	2020 $000
Financial liabilities:								
Trade and other payables	18,788	13,402	-	-	-	-	18,788	13,402
Bank and other loans including payable interest	618	593	15,144	20,141	-	-	15,762	20,734
Lease liabilities related to hire purchase including future finance charges	1,285	1,283	1,574	1,412	-	-	2,859	2,695
Lease liabilities related to right-of-use assets including future finance charges	1,555	1,582	5,041	5,309	3,300	4,512	9,896	11,403
Total	**22,246**	**16,860**	**21,759**	**26,862**	**3,300**	**4,512**	**47,305**	**48,234**

(c) Market risk

The Group's activities expose it primarily to the financial risks of changes in interest rates. The Group does not consider it is exposed to significant interest rate risk and hence no formal policy on managing interest rate risk exists. The Groups foreign currency exchange rate risk is outlined in note 5(e). The Group does not hedge foreign currency exchange risk.

(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 2021 43.4% (2020: 38.5%) of the Group debt is fixed. Fixed rate debt includes lease liabilities related to right-of-use assets.

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

	CONSOLIDATED GROUP			
	Effective average fixed interest rate payable		Notional principal	
	2021 %	2020 %	2021 $000	2020 $000
Fixed rate instruments				
Less than 1 year	3.81	3.94	2,485	2,471
1 to 2 years	3.56	3.77	1,993	2,146
3 to 5 years	3.62	3.43	3,843	3,673
More than 5 years	3.41	3.41	3,162	4,249
			11,483	**12,539**

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 variable interest rate payable		Notional principal	
	2021 %	2020 %	2021 $000	2020 $000
Floating rate instruments				
Bank loans	1.48	1.55	15,000	20,000

A one percentage point increase/decrease in interest rates would result in a net profit after tax decrease/increase of approximately $105,000 (2020: $140,000).

The Group cash and restricted cash balance at 30 June 2021 was $15,108,000 (2020: $12,729,000). These funds do not attract interest (2020: 0% per annum).

(e) Foreign exchange risk

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

The table below details the Group's net financial assets/liabilities that have exposure to foreign currency.

	CONSOLIDATED GROUP	
	2021 $000	2020 $000
Canadian dollar	(3,611)	(3,611)
US dollar	(1,809)	(1,261)
Euro	(9,431)	(11,024)
Total	**(14,851)**	**(15,896)**

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 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	
	Post tax profit higher/(lower)	
	2021 $000	2020 $000
Australian Dollar increases 10%		
Canadian dollar	(246)	(246)
US dollar	(130)	(91)
Euro	(677)	(792)
Australian Dollar decreases 10%		
Canadian dollar	301	301
US dollar	159	111
Euro	828	968

(f) Equity price risk

The Group's unlisted units are susceptible to market price risk arising from uncertainties about future values of the investment securities. At the reporting date, the exposure to unlisted equity securities at fair value was $1,815,000. Sensitivity analysis of this investment has been provided in Note 3.6.

6 Other Notes

6.1 Contingent liabilities

	CONSOLIDATED GROUP	
	2021 $000	2020 $000
Bank guarantees	490	469

6.2 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.

	PARENT	
	2021 $000	2020 $000
Statement of financial position		
Assets		
Current assets	21	1,393
Non-current assets	72,252	79,402
Total assets	**72,273**	**80,795**
Liabilities		
Current liabilities	1,648	496
Non-current liabilities	-	1,127
Total liabilities	**1,648**	**1,623**
Equity		
Issued capital	105,714	108,964
Accumulated losses	(37,972)	(32,658)
Reserves	2,883	2,866
Total equity	**70,625**	**79,172**
Statement of comprehensive loss		
Total loss	(5,314)	(2,407)
Total comprehensive loss	**(5,314)**	**(2,407)**
Guarantees entered into by the parent entity in relation to the debts of its subsidiaries		
Guarantee provided under the deed of cross guarantee	63,780	54,377

On 28 June 2016, Swick Mining Services Limited entered into a deed of cross guarantee with a number of its subsidiaries listed in Note 6.3.

There are no commitments or contingent liabilities in the Parent Entity at 30 June 2021 (2020: nil).

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.

Subsequent to initial recognition, investments in subsidiaries are measured at cost in the Company financial statements.

For intercompany loan receivable, the Parent Entity has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The parent entity has established a provision matrix that is based on the parent entity's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

6.3 Controlled entities

(a) Controlled entities consolidated

	Country of incorporation	PERCENTAGE OWNED (%)	
		2021	2020
Parent entity:			
Swick Mining Services Ltd	Australia	100	100
Incorporated subsidiaries:			
Subsidiaries who are parties to a deed of cross guarantee:			
SMS Operations Pty Ltd	Australia	100	100
SMS Asset Holdings Pty Ltd	Australia	100	100
Swick Engineering Pty Ltd	Australia	100	100
Other Subsidiaries of Swick Mining Services Ltd:			
Swick Mining Services (Indonesia) 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
Orexplore AB	Sweden	100	100
Orexplore Australia Pty Ltd	Australia	100	100
Orexplore Canada Inc	Canada	100	100
Orexplore USA Inc	USA	100	100
Interest in trusts:			
Swick Mining Services Ltd Employee Share Trust	Australia	100	100

(b) Deed of cross guarantee

On 28 June 2016, the Company and a number of its wholly owned Australian subsidiaries entered into a deed of cross guarantee. Pursuant to ASIC Instrument 2016/785, the wholly-owned subsidiaries listed above as parties to a deed of cross guarantee are relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of Financial Reports and Directors' Reports.

The effect of the deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the *Corporations Act 2001*. If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up. Swick Mining Services Limited acts as the trustee for the closed group who are parties to the Class Order.

The Consolidated Statement of Profit or Loss and Other Comprehensive Income and Consolidated Statement of Financial Position of the Company and controlled entities party to the deed of cross guarantee are:

Statement of Profit or Loss and Other Comprehensive Income	2021 $000	2020 $000
Continuing operations		
Revenue	116,153	98,621
Other income	2,198	3,809
Raw materials and consumables used	(24,598)	(15,588)
Employee benefits expense	(59,812)	(54,670)
Depreciation of property, plant and equipment and amortisation of intangibles assets	(10,449)	(12,641)
Depreciation of right-of-use assets	(980)	(980)
Impairment of intercompany receivables	(7,993)	(8,670)
Finance costs	(889)	(1,150)
Interest on lease liabilities related to right-of-use assets	(282)	(306)
Other expenses	(9,918)	(9,147)
Profit/(loss) before income tax from continuing operations	**3,430**	**(722)**
Income tax expense	(3,420)	(2,426)
Net profit/(loss) from continuing operations after tax	**10**	**(3,148)**
Discontinued operations		
Net profit/(loss) before income tax from continuing operations	840	(1,113)
Net profit/(loss) after tax	**850**	**(4,261)**
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Net fair value gain on FVOCI equity investments	-	130
Other comprehensive income for the year, net of tax	**-**	**130**
Total comprehensive income/(loss) for the year	**850**	**(4,131)**

Summary of movements in accumulated losses	2021 $000	2020 $000
Accumulated losses at the beginning of the year	(6,933)	(369)
Profit/(loss) for the year	850	(4,261)
Dividends recognised for the year	(2,208)	(2,303)
Accumulated losses at the end of the year	**(8,291)**	**(6,933)**

Statement of Financial Position	2021 $000	2020 $000
Assets		
Current assets		
Cash	7,902	6,537
Trade and other receivables	18,211	14,061
Inventories	16,721	14,268
Prepayments	2,282	1,365
Total current assets	**45,116**	**36,231**
Non-current assets		
Property, plant and equipment	42,179	49,570
Intangible assets	5,261	5,166
Financial asset classified as FVOCI	1,815	1,815
Investment in subsidiaries	48,477	44,007
Right-of-use assets	7,433	8,413
Total non-current assets	**105,165**	**108,971**
Total assets	**150,281**	**145,202**
Liabilities		
Current liabilities		
Trade and other payables	15,543	10,729
Current tax liabilities	1,205	-
Borrowings	1,834	1,818
Provisions	5,859	5,263
Total current liabilities	**24,441**	**17,810**
Non-current liabilities		
Intercompany payables	11,025	3,422
Borrowings	23,247	29,033
Provisions	411	410
Net deferred tax liabilities	3,752	2,531
Total non-current liabilities	**38,435**	**35,396**
Total liabilities	**62,876**	**53,206**
Net assets	**87,405**	**91,996**
Equity		
Issued capital	92,209	95,459
Reserves	3,487	3,470
Accumulated losses	(8,291)	(6,933)
Total equity	**87,405**	**91,996**

6.4 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.

Managing Director

As reported in the Company's 2020 Annual Report, an amount of $321,000 in insurance premium payments dating back to before the ASX listing of Swick were identified to be for the benefit of the Managing Director (Kent Swick) and his immediate family. Subsequently, following further investigation of these payments with the insurance company during the year, it was identified that only $137,000 of the total amount was to the benefit of the Managing Director and his spouse and the Managing Director has since repaid this amount to the Company. The balance relates to other unrelated parties, and the Board, having considered the legal costs and likely recoverability, have made a determination to write-off this balance.

6.5 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 2021.

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

	CONSOLIDATED GROUP	
	2021 $	2020 $
Short-term employee benefits	1,722,612	1,256,647
Long-term employee benefits	17,238	13,873
Post-employment benefits	94,768	77,526
Share-based payments	64,901	117,833
Total KMP compensation	**1,899,519**	**1,465,879**

Post-employment benefits consist of superannuation payment made to KMPs.

6.6 Auditor's remuneration

	CONSOLIDATED GROUP	
	2021 $	**2020 $**
Fees to Ernst & Young (Australia)		
- Fees for auditing the statutory financial report of the parent covering the group and auditing the statutory financial reports of any controlled entities	152,600	130,000
- Fees for other assurance and agreed-upon-procedures services under other legislation or contractual arrangements	-	38,000
- Fees for other services		
+ Tax compliance	-	45,000
+ Tax advice	19,441	43,500
Total fees to Ernst & Young (Australia)	**172,041**	**256,500**
Fees to other overseas member firms of Ernst & Young (Australia)		
- Fees for auditing the financial report of any controlled entities	25,520	19,869
- Fees for other assurance and agreed-upon-procedures services under other legislation or contractual arrangements	-	26,429
- Fees for other services		
+ Tax compliance	-	-
+ Tax advice	10,181	-
Total fees to overseas member firms of Ernst & Young (Australia)	**35,701**	**46,298**
Total auditor's remuneration	**207,742**	**302,798**

The auditor of Swick Mining Services Limited is Ernst & Young.

6.7 Events after the reporting period

A fully-franked final dividend of 1.0 cents per share resulting in a dividend payment of $2,187,406 was determined with a payment date of 22 October 2021. The dividend has not been provided for in the 30 June 2021 full-year financial statements.

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

DIRECTORS' DECLARATION

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

1. In the opinion of the directors:

   (a) the financial statements and notes of Swick Mining Services Limited for the financial year ended 30 June 2021 are 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 2021 and of its performance for the year ended on that date; and

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

   (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1.2; and

   (c) 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. This declaration has been made after receiving the declarations required to be made to the directors by the chief executive officer and chief financial officer in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2021.

3. In the directors' opinion, there are reasonable grounds to believe that the Company and the companies who are party to the deed of cross guarantee as identified in Note 6.3, will be able to meet existing or future obligations or liabilities to which they are, or may become subject to by virtue of the Deed of Cross Guarantee.

On behalf of the Directors

Kent Swick
Managing Director

Dated this 29th day of August 2021

INDEPENDENT AUDITOR'S REPORT

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Independent auditor's report to the members of Swick Mining Services Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Swick Mining Services Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2021 and of its consolidated financial performance for the year ended on that date; and

b. Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants including Independence Standards (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

GB:AJ:SWICK:048

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We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Impairment assessment of the Underground Diamond Drilling cash generating unit

Why significant	How our audit addressed the key audit matter
As at 30 June 2021 the Group had non-current assets totaling $65,148,000 comprising property, plant and equipment, and drilling rig development intangible assets relating to the Underground Diamond Drilling cash generating unit (CGU). Refer to Notes 3.4 and 3.5 to the financial report for further details. At the end of each reporting period, the directors exercise judgment in determining whether there are any indicators of impairment present. If any such indication exists, the entity estimates the recoverable amount of the assets applicable to the CGU. An Impairment indicator was identified by the Group and an impairment test was performed for the CGU at 30 June 2021. No impairment was recognised by the Group for the CGU as a result of this assessment. Refer to Notes 3.4 and 3.5 to the financial report for further details relating to the Group's impairment assessment. This was considered a key audit matter because of the significant judgment and estimates involved in the determination of the recoverable amount of the CGU.	Our audit procedures included the following: ► We evaluated the assumptions and methodologies used by the Group to prepare the Underground Diamond Drilling CGU impairment assessment, in particular, those relating to forecast revenues, EBITDA and EBITDA multiples. This included assessing, with involvement from our valuation specialists where appropriate, the earnings multiples with reference to market research and market practice. ► We tested the mathematical accuracy of the Group's impairment assessment model and agreed relevant data to supporting documentation and the Board approved budget. ► We performed sensitivity analyses to ascertain the extent to which changes in assumptions could lead to alternative conclusions. ► We assessed the adequacy of the disclosure in Notes 3.4 and 3.5 of the financial report.

INDEPENDENT AUDITOR'S REPORT

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Recognition and recoverability of the Orexplore mineral analysis and measurement technology assets

Why significant	How our audit addressed the key audit matter
As at 30 June 2021 the Group has non- current technology assets totaling $9,242,000 comprising property plant and equipment and intangible assets relating to the development of the Orexplore mineral analysis technology CGU. Refer to Notes 3.4 and 3.5 to the financial report for further details. The analysis of the recognition and recoverability of internally developed intangible and tangible assets was significant to our audit because it is judgmental and is based on assumptions and estimates that are affected by expected future performance and market conditions. The costs of development are capitalised as intangible or tangible assets where the investment they represent has demonstrable value and the technical and commercial feasibility is probable. The Group exercises judgment in determining which costs meet the Australian Accounting Standards' criteria for capitalisation and when considering the recoverability of these assets. The Group performed an impairment assessment on the capitalised costs relating to the Group's Orexplore technology assets and concluded based on this assessment that no impairment was required at 30 June 2021. Refer to notes 3.4 and 3.5 to the financial report for further details.	We assessed the eligibility and allocation of the development costs capitalised as an asset by selecting a sample of expenditure and determining whether it was capitalised in accordance with the requirements of Australian Accounting Standards. We assessed the appropriateness of the impairment assessment and methodology for the Orexplore mineral analysis technology assets determined by the Group. This included the following: ► We examined the evidence considered by the Group to assess whether the carrying value of the Orexplore technology assets were impaired. ► We evaluated the appropriateness of the assumptions and methodologies used by the Group to test the impairment of the Orexplore technology assets. This included assessing, with involvement of our valuation specialists, where appropriate, the reasonableness of revenue and cost assumptions and the discount rate used in the valuation model. ► We tested the mathematical accuracy of the Group's impairment assessment model and agreed relevant data to supporting documentation and the Board approved budget. ► We performed sensitivity analyses to ascertain the extent to which changes in assumptions could lead to alternative conclusions. ► We reviewed the Board of Directors minutes, Orexplore Managing Director's reports and Orexplore strategic plan in order to understand the future plans for the Orexplore technology assets and whether there was any potential contradictory information contained within these reports. ► We assessed the adequacy of the related disclosures in Notes 3.4 and 3.5 of the financial report.

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Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2021 Annual Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors 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 preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

INDEPENDENT AUDITOR'S REPORT

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As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the audit of the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in the Directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Swick Mining Services Limited for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

Ernst & Young

Ernst & Young

Gavin Buckingham

Gavin Buckingham
Partner
Perth
29 August 2021

ASX ADDITIONAL INFORMATION

The additional information set out below is current as at 23 August 2021 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	%
Perennial Value Management Limited	39,292,639	13.95
Kent Jason Swick	33,452,616	11.87
Castle Point Funds Management Ltd	25,917,249	9.20
Circle 5 Management Pty Ltd	23,336,171	8.28

2. Distribution schedule of equity security holders

	Number of holders	
	Fully paid shares	Unlisted warrants
1 – 1,000	333	5
1,001 – 5,000	469	-
5,001 – 10,000	220	-
10,001 – 100,000	594	-
100,001 and over	206	-
Total number of holders	**1,822**	**5**

3. Holders of unmarketable parcels

There are 531 shareholders holding less than a marketable parcel of ordinary shares (based on a market price of $0.22 per share).

4. Classes of shares and voting rights

At meetings of members or classes of members, each member entitled to vote may vote in person or by proxy or attorney or representative. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote, and on a poll, every person present in person or by proxy has one vote for each ordinary share held.

5. Register of securities

The register of securities is kept at the office of the Company's share registry, Automic Pty Ltd at Level 2, 267 St Georges Terrace, Perth, 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

There is currently an on-market share buy-back being undertaken by the Company.

8. Corporate governance statement

The Company's 2021 corporate governance statement can be viewed at https://swickmining.com/our-company/corporate-governance/.

9. Twenty largest holders of fully paid shares

	Shareholder	Shares	%
1.	National Nominees Limited	62,336,767	22.13
2.	Circle 5 Management Pty Ltd	23,336,171	8.28
3.	Kent Jason Swick	13,182,410	4.68
4.	Tanya Michelle Swick	13,182,410	4.68
5.	Bond Street Custodians Limited	12,000,000	4.26
6.	Zero Nominees Pty Ltd	12,000,000	4.26
7.	JP Morgan Nominees Australia Pty Ltd	7,890,505	2.80
8.	Rosanne Thelma Swick	6,974,524	2.48
9.	Kent Swick & Tanya Swick	5,879,132	2.09
10.	UBS Nominees Pty Ltd	5,652,174	2.01
11.	HSBC Custody Nominees (Australia) Limited	4,325,366	1.54
12.	BNP Paribas Nominees Pty Ltd	3,878,196	1.38
13.	Justin O'Neil Malouf	3,250,000	1.15
14.	Kathryn Helen Zaccaria	3,155,936	1.12
15.	Citicorp Nominees Pty Ltd	3,080,413	1.09
16.	Kenneth Joseph Hall	2,293,794	0.81
17.	Jared Lawrence & Kathryn Zaccaria	2,156,412	0.77
18.	Westferry Operations Pty Ltd	2,104,002	0.75
19.	Bond Street Custodians Limited	2,000,000	0.71
20.	BNP Paribas Noms (NZ) Limited	1,777,713	0.63
		190,455,925	67.62

10. Unquoted securities

The following classes of unquoted securities are on issue:

Security	Number on issue	Holders of greater than 20% of each class of security		
		Name of holder	Number	%
Warrants over fully paid shares:				
- maturity date of 31.12.22	15	-	-	-

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