OREXPLORE

Combined Special Purpose Financial Reports for the years ended 31 December 2020 and 2019

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OREXPLORE
COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019

	Note	2020 $000	2019 $000	Unaudited 2018 $000
Revenue	2.2	241	57	25
Other income	2.2	332	523	630
Raw materials and consumables used		(64)	(23)	(8)
Employee benefits expense		(3,269)	(2,199)	(1,624)
Depreciation and amortisation expense	3.4, 3.5, 3.6	(1,631)	(1,822)	(1,100)
Finance costs		(20)	(24)	(19)
Other expenses	2.3	(2,591)	(1,583)	(1,755)
Loss before income tax		**(7,002)**	**(5,071)**	**(3,851)**
Income tax benefit	2.4	912	420	302
Net loss after tax		**(6,090)**	**(4,651)**	**(3,549)**
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations		227	(255)	94
Other comprehensive income for the year, net of tax		**227**	**(255)**	**94**
Total comprehensive loss for the year		**(5,863)**	**(4,906)**	**(3,455)**

The Combined Statement of Profit or Loss and Other Comprehensive Income comprises the combination of the entities listed at note 1 and should be read in conjunction with the accompanying notes.

OREXPLORE
COMBINED STATEMENTS OF FINANCIAL POSITION
FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019

	Note	2020 $000	2019 $000	Unaudited 2018 $000
Assets				
Current assets				
Cash	3.1	327	103	190
Restricted cash	3.1	291	262	501
Trade and other receivables	3.2	2,024	276	329
Inventories	3.3	1,259	801	1,065
Prepayments		138	112	57
Total current assets		**4,039**	**1,554**	**2,142**
Non-current assets				
Property, plant and equipment	3.4	2,108	2,159	1,094
Intangible assets	3.5	5,834	5,372	5,428
Right-of-use assets	3.6	897	1,225	1,591
Deferred tax assets	3.7	26	13	-
Total non-current assets		**8,865**	**8,769**	**8,113**
Total assets		**12,904**	**10,323**	**10,255**
Liabilities				
Current liabilities				
Trade and other payables	3.8	7,616	4,339	2,959
Deferred income	3.9	291	262	501
Lease liabilities	3.10	415	392	314
Provisions	3.11	153	111	18
Total current liabilities		**8,475**	**5,104**	**3,792**
Non-current liabilities				
Lease liabilities	3.10	573	945	1,346
Provisions	3.11	5	-	-
Other long-term liabilities		-	16	40
Deferred tax liabilities	3.7	-	-	34
Total non-current liabilities		**578**	**961**	**1,420**
Total liabilities		**9,053**	**6,065**	**5,212**
Net assets		**3,851**	**4,258**	**5,043**
Equity				
Accumulated other comprehensive income		154	(73)	182
Owners' invested capital		3,697	4,331	4,861
Total equity		**3,851**	**4,258**	**5,043**

The Combined Statement of Financial Position comprises the combination of the entities listed at note 1 and should be read in conjunction with the accompanying notes.

OREXPLORE
COMBINED STATEMENTS OF CHANGES IN OWNERS' INVESTED CAPITAL
FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019

	Accumulated Other Comprehensive Income – Foreign currency translation reserve $000	Owners' invested capital $000	Total $000
Balance at 1 January 2018	**88**	**5,137**	**5,225**
Loss for the year	-	(3,549)	(3,549)
Other comprehensive gain for the year	94	-	94
Total comprehensive loss for the year	94	(3,549)	(3,455)
Capital contributions	-	3,273	3,273
Balance at 31 December 2018 (Unaudited)	**182**	**4,861**	**5,043**
Loss for the year	-	(4,651)	(4,651)
Other comprehensive loss for the year	(255)	-	(255)
Total comprehensive loss for the year	(255)	(4,651)	(4,906)
Capital contributions	-	4,121	4,121
Balance at 31 December 2019	**(73)**	**4,331**	**4,258**
Loss for the year	-	(6,090)	(6,090)
Other comprehensive loss for the year	227	-	227
Total comprehensive loss for the year	227	(6,090)	(5,863)
Capital contributions	-	5,456	5,456
Balance at 31 December 2020	**154**	**3,697**	**3,851**

The Combined Statement of Changes in Owners' Invested Capital should be read in conjunction with the accompanying notes.

	Note	2020 $000	2019 $000	Unaudited 2018 $000
Cash flows from operating activities				
Receipts from customers		247	61	28
Receipts of government grant		56	272	255
Payments to suppliers and employees		(3,658)	(1,691)	(2,529)
Net interest paid		(20)	(24)	(19)
Net cash used in operating activities	3.1	**(3,375)**	**(1,382)**	**(2,265)**
Cash flows from investing activities				
Purchase of property, plant and equipment		(442)	(1,515)	(725)
Payments for development costs		(969)	(1,145)	(775)
Net cash used in investing activities		**(1,411)**	**(2,660)**	**(1,500)**
Cash flows from financing activities				
Capital contributions from parent		5,456	4,121	3,273
Repayment of lease liabilities	3.10	(407)	(318)	(161)
Net cash provided by financing activities		**5,049**	**3,803**	**3,112**
Net (decrease)/increase in cash and restricted cash		**263**	**(239)**	**(653)**
Cash and restricted cash at beginning of financial year		365	691	1,371
Effects of exchange rate changes on cash		(10)	(87)	(27)
Cash and restricted cash at end of financial year	3.1	**618**	**365**	**691**

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

1 General Notes

1.1 General information

Swick Mining Services Ltd ("Swick") is proposing to demerge that part of Swick's business that relates to mineral analysis technology and product solutions for listing on the Australian Securities Exchange. Orexplore's current product comprises the GeoCore X10 (a portable scanning device that uses X-Ray Tomography/Computed Tomography) technologies that are capable of quickly and non-destructively scanning through entire mineral cores and samples and Orexplore Insight software (a platform to interact with scan results obtained from the GeoCore X10).

The Combined Financial Reports for the years ended 31 December 2019 and 2020 comprise the combination of the following entities (together "the Group" or "Orexplore") that make up the mineral technology business of Swick:

Name	Country of Incorporation	Date of Incorporation	Functional currency	Financial year end
Orexplore AB	Sweden	26 July 2010	Swedish Krona	31 December
Orexplore Australia Pty Ltd	Australia	24 October 2017	Australian Dollar	30 June
Orexplore Canada Inc	Canada	23 October 2018	Canadian Dollar	31 December
Orexplore USA Inc	USA	23 October 2018	US Dollar	31 December

The ultimate parent company of the Group is Swick, a listed company on the Australian Securities Exchange ("ASX"). All entities making up Orexplore are wholly owned subsidiaries of Swick as at 31 December 2020 and for all periods presented. Orexplore has not in the past formed a separate legal group. Prior to the proposed demerger the four entities making up the Group will merge via the insertion of a new intermediate parent entity, Orexplore Technologies Limited that was incorporated on 29 October 2020. This entity is dormant as at 31 December 2020.

The Combined Financial Reports for the years ended 31 December 2019 and 2020 were prepared by and are the responsibility of the directors of Swick ("the Directors"), in the context of a contemplated demerger transaction. The Combined Financial Reports reflects the assets, liabilities, income and expenditure of the entities that will be demerged from Swick which have not been adjusted to reflect the final characteristics of the demerger transaction. The Combined Financial Reports for the years ended 31 December 2019 and 2020 were authorised for issue by the Directors on 15 November 2021.

The Combined Financial Reports have been prepared in accordance with the basis of preparation set out below. The Combined Financial Reports are not necessarily identical to consolidated financial statements that would have been prepared if the demerger had taken place in the past. Further, they do not consider potential consequences of the demerger transaction, such as any potential tax consequences of any future transactions including any Group restructure.

1.2 Basis of preparation

Orexplore is not a reporting entity and the Combined Financial Reports of Orexplore for the years ended 31 December 2019 and 2020 have been drawn up as special purpose financial statements for the purpose of presenting the notional consolidated financial position and performance of Orexplore's operations for the purposes of the proposed divestment from Swick.

The Combined Financial Report therefore incorporates financial information previously included in the consolidated financial statements of Swick.

The special purpose Combined Financial Reports for the years ended 31 December 2019 and 2020 have been prepared in accordance with the recognition, measurement and classification requirements of all applicable Australian Accounting Standards ("AAS") adopted by the Australian Accounting Standards Board ("AASB"), except that Orexplore does not constitute a group as defined in AASB 10 *Consolidated Financial Statements*. Except for AASB 101 *Presentation of Financial Statements*; AASB 107 *Cash Flow Statements and* AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*, the Combined Financial Reports do not include all disclosure requirements of AAS.

Orexplore has not previously prepared standalone consolidated financial statements. The Combined Financial Reports for the years ended 31 December 2019 are the first special purpose Combined Financial Report of the Group. In preparing the Combined Financial Report for the year ended 31 December 2019 the group applied the recognition, measurement and classification requirements of all applicable AAS in effect at 1 January 2019. These accounting policies were also applied at the start of the comparative period, being 1 January 2018. In this regard, AASB 16 Leases ("AASB 16") has been applied retrospectively to the start of the comparative period being 1 January 2018.

The principal accounting policies of Orexplore are provided throughout the notes to the Combined Financial Reports. Except for changes in accounting policy due to the adoption of new and amended accounting standards and Interpretations effective for financial years after 31 December 2019, the accounting policies have been applied consistently for all periods presented.

The Combined Financial Reports have been prepared on the historical cost basis and have been prepared on a going concern basis.

The Combined Financial Reports are presented in Australian dollars, which is the reporting currency of Swick. All financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

1.3 Basis of combination

The Combined Financial Reports have been prepared by aggregating the applicable financial information of the Swick subsidiaries making up the Group. Accordingly, the financial information has been derived from the underlying books and records of the five entities concerned in order to present the historical assets, liabilities, income and expenses of Orexplore. Internal transactions within the Group have been eliminated in preparing the Combined Financial Reports.

As Orexplore has not in the past formed a separate legal group, it is not possible to show share capital for the Group. The net assets of the Orexplore are represented by the cumulative investment of Swick in Orexplore (shown as "owners' invested capital" and "accumulated other comprehensive income").

The information on earnings per share for Orexplore has not been presented as the companies making up Orexplore have not formed a statutory group and the merger of all entities making up Orexplore has yet to occur. Accordingly, the Group has no historical capital structure.

All entities making up Orexplore have been included in the Combined Financial Reports from the date control was obtained by Swick or when the entity was incorporated.

Expenses incurred by Swick and attributable to Orexplore, have been determined as follows:

1. Direct costs, such as consulting and professional services fees which relate specifically to Orexplore activities have been allocated based on actual costs incurred;
2. Costs of a senior corporate executive of Swick are allocated to Orexplore based on an estimate of the time spent on Orexplore activities. The allocation is 15% for 2019 and 2020 of the executive's salary;
3. No costs have been allocated to Orexplore for overheads for central accounting, human resource, treasury, tax and finance services.

For the purpose of preparing the Combined Financial Reports no adjustments have been made to costs recharged by Swick or its subsidiaries as a result of existing arrangements within the Swick Group. Accordingly, the costs recharged by the Swick Group during the periods presented are not necessarily representative of the position that may prevail in the future.

Tax charges in the Combined Financial Reports have been determined based on the tax charges recorded in the financial statements of the individual entities making up Orexplore. For Orexplore Australia Pty Ltd this included adjustments made for Swick tax consolidation purposes. The tax charges recorded in the Combined Financial Reports have been affected by the taxation arrangements within the Swick Group and are not necessarily representative of the tax charges that would have been reported had Orexplore been a standalone group.

1.4 Foreign currency

Transactions and balances
Each entity within the Group determines its own functional currency. Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the foreign exchange rate at that date.

Foreign operations
The results and financial position of operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless that is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

1.5 New and revised accounting standards and interpretations adopted by the Group

All new and amended accounting standards and interpretations effective from 1 January 2020 have been adopted by the Group including:

AASB 2018-6	Amendments to AASB 3 *Business Combinations*: Definition of a Business
AASB 2019-3	Amendments to AASB 9 *Financial Instruments*: Interest rate Benchmark Reform
AASB 2018-7	Amendments to AASB 101 *Presentation of Financial Statements* and AASB 108 *Accounting Policies, Changes in Accounting Estimate and Errors:* Definition of Material
	Conceptual Framework for Financial Reporting
AASB 2019-1	Amendments to Australian Accounting Standards: References to the Conceptual Framework
AASB 2019-5	Amendments to AASB 1054 *Australian Additional Disclosures*: Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia

The adoption of these new and amended accounting standards and interpretations had no impact on the accounting policies of the Group or the amounts recognised in the Combined Financial Reports upon adoption.

The Group has not early adopted any new or amended accounting standards or interpretations that have been issued but are not yet effective. The Group does not expect these new standards that are not yet effective to have a material impact.

		Application date
AASB 2014-19	Amendments to AASB 10 *Consolidated Financial statements* and AASB 128 *Investments in Associates and Joint Ventures*: Sale or Contribution of Assets between an Investor and its Associates or Joint Ventures	1 January 2022
AASB 2020-4	Amendments to AASB 16 *Leases*: Covid-19 Related Rent Concessions	1 June 2020
AASB 2021-5	Amendments to AASB 112 *Income Taxes*: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
AASB 17	Insurance Contracts	1 January 2023
AASB 2020-3	Amendments to AASB 9: Fees in the "10 per cent' Test for Derecognition of Financial Liabilities	1 January 2022
	Amendments to AASB 116 *Property Plant and Equipment*: Proceeds before Intended Use	
	Amendments to AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*: Costs of Fulfilling a Contract	
AASB 2020-1	Amendments to AASB 101: Classification of Liabilities as Current or Non-current	1 January 2023
AASB 2021-2	Amendments to AASB 108 – Definition of Accounting Estimates	1 January 2023

1.6 Critical accounting estimates and judgements

In the application of the Group's accounting policies, judgments, estimates and assumptions are required about carrying values of assets and liabilities that are not readily apparent from other sources. The Directors evaluate estimates and judgments incorporated into the Combined Financial Report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the 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 in the preparation of these Combined Financial Report 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)
- Useful lives of internally generated intangible assets (Note 3.5)
- Recoverability of internally generated intangible assets (Note 3.5)
- Recoverability of recognised tax losses (Note 3.7)
- Measuring leases and right-of-use assets (Note 3.10 and 3.6 respectively)

1.7 Going Concern

As at 31 December 2020, despite Orexplore having a working capital deficit of $4.4 million, the Combined Financial Report for the years ended 31 December 2019 and 2020 has been prepared on a going concern basis as the Directors have reviewed the financial performance of Orexplore and have determined that it will have access to sufficient funding to meet the expenditure requirements for a period of at least 12 months from the date of this financial report.

As at 31 December 2020, Orexplore had a net loan payable to Swick and its controlled entities totalling $5.4 million. Swick have undertaken to convert these loans to equity prior to the Orexplore demerger from Swick. Additionally, as part of the demerger, Swick have committed to providing an additional $12.0 million in seed capital to Orexplore to enable it to fund its marketing and promotional activities in its effort to continue to commercialise its mineral analysis technology. Should the demerger not progress, Swick have undertaken to support Orexplore for a 12-month period from the date of this report.

The financial reports have been prepared on a going concern basis, which assumes continuity of normal business activities and the settlement of liabilities in the ordinary course of business.

1.8 COVID-19

During the period, the COVID-19 outbreak was declared a pandemic by the World Health Organisation (March 2020). Although the pandemic has not had a significant impact to our business to date, the following minor impacts were felt and well managed by the Company:

- Travel restrictions on employees.
- Social distancing at office.
- Isolation practices.

The scale and duration of these developments remain uncertain as at the date of this report, however they may have an impact on 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. The financial reports have been prepared based upon conditions existing at 31 December 2020, including those which are evidenced by events occurring after that date.

2 Financial performance

2.1 Operating segments

Identification of reportable segments
For management reporting 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 two reportable segments, as follows:

- Orexplore AB, located in Stockholm, Sweden which is the Group's Research and Development hub as well as the manufacturing centre of the Group's core scanning instruments.
- Orexplore Australia Pty Ltd, located in Perth, Australia which is the Group's Australian business development and operational hub.

Unless stated otherwise, all amounts reported to the 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 Combined Financial Reports of the Group.

Transfer prices between operating segments are determined based on cost + a 10% mark up.

The Group's revenue from continuing operations and information about its assets and liabilities by reportable segments are detailed below (Orexplore Canada Inc and Orexplore USA Inc were incorporated on 23 October 2018. These entities are dormant as at 31 December 2020.):

Year ended 31 December 2020 $000	**Orexplore AB – Sweden**	**Orexplore Australia Pty Ltd – Australia**	**Elimination**	**Total**
Revenue	179	62	-	241
Inter-segment revenue	174	-	(174)	-
Segment revenue	**353**	**62**	**(174)**	**241**
Other income	**332**	**-**	**-**	**332**
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	**(2,713)**	**(2,638)**	**-**	**(5,351)**
Depreciation and amortisation	(1,205)	(426)	-	(1,631)
Segment result ("EBIT")	**(3,918)**	**(3,064)**	**-**	**(6,982)**
Finance costs				(20)
Loss before tax				**(7,002)**
Segment assets	10,030	2,874	-	12,904
Segment liabilities	(1,602)	(7,451)	-	(9,053)
Segment net assets	**8,428**	**(4,577)**	**-**	**3,851**
Additions to property, plant and equipment	313	129	-	442
Additions to intangible assets	969	-	-	969
Total additions to non-current assets	**1,282**	**129**	**-**	**1,411**

Year ended 31 December 2019 $000	**Orexplore AB – Sweden**	**Orexplore Australia Pty Ltd – Australia**	**Elimination**	**Total**
Revenue	15	42	-	57
Inter-segment revenue	896	-	(896)	-
Segment revenue	**911**	**42**	**(896)**	**57**
Other income	**523**	**-**	**-**	**523**
EBITDA	**(2,210)**	**(1,015)**	**-**	**(3,225)**
Depreciation and amortisation	(1,410)	(412)	-	(1,822)
EBIT	**(3,620)**	**(1,427)**	**-**	**(5,047)**
Finance costs				(24)
Loss before tax				**(5,071)**
Segment assets	8,624	1,699	-	10,323
Segment liabilities	(1,949)	(4,116)	-	(6,065)
Segment net assets	**6,675**	**(2,417)**	**-**	**4,258**
Additions to property, plant and equipment	1,370	145	-	1,515
Additions to intangible assets	1,145	-	-	1,145
Total additions to non-current assets	**2,515**	**145**	**-**	**2,660**

Year ended 31 December 2018 (Unaudited) $000	**Orexplore AB – Sweden**	**Orexplore Australia Pty Ltd – Australia**	**Elimination**	**Total**
Revenue	-	25	-	25
Inter-segment revenue	223	-	(223)	-
Segment revenue	**223**	**25**	**(223)**	**25**
Other income	**625**	**5**	**-**	**630**
EBITDA	**(1,986)**	**(746)**	**-**	**(2,732)**
Depreciation and amortisation	(817)	(283)	-	(1,100)
EBIT	**(2,803)**	**(1,029)**	**-**	**(3,832)**
Finance costs				(19)
Loss before tax				**(3,851)**
Segment assets	9,149	1,106	-	10,255
Segment liabilities	(2,705)	(2,507)	-	(5,212)
Segment net assets	**6,444**	**(1,401)**	**-**	**5,043**
Additions to property, plant and equipment	173	552	-	725
Additions to intangible assets	775	-	-	775
Total additions to non-current assets	**948**	**552**	**-**	**1,500**

(a) The main items in eliminations is intercompany sales and charges.

(b) Included in other income is grant income received by Orexplore AB.

(c) Included in the revenue of $241,000 (2019: $57,000; 2018: $25,000) are revenues of $194,000 (2019: $48,000; 2018: $21,000) which arose from sales to the Group's two (2019: four; 2018: five) largest customers. No other single customer contributed 10% or more to the Group's revenue for 2020, 2019 or 2018. These customers provided $156,000 and $38,000 (2019: $10,000, $11,000, $13,000 and $14,000; 2018: $3,000, $8,000, $3,000, $4,000 and $3,000) respectively.

Geographical information
The geographical information below analyses the Group's revenue by location of the operations.

	2020 $000	2019 $000	Unaudited 2018 $000
Europe	179	15	-
Australia	62	42	25
Total	**241**	**57**	**25**

2.2 Revenue and other income

	2020 $000	2019 $000	Unaudited 2018 $000
Revenue from contracts with customers			
Sales revenue	241	57	25
Total sales revenue from contracts with customers	**241**	**57**	**25**
Other income			
- Government grants	332	523	625
- Foreign exchange gains	-	-	5
Total other income	**332**	**523**	**630**

Recognition and measurement
Revenue from contracts with customers
Orexplore generates revenue from providing mineral analysis services to the mining industry. The Group's main revenue stream was as follows:

Laboratory based scanning revenue
Revenue is chargeable by metre of core scanned.

Revenue is recognised upon the satisfaction of performance obligations, which occurs when the results of the scans are completed, at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services. Revenue is recognised at point in time. Payment terms are usually within 30 days.

Government Grants
Government grants 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 Group will comply with any conditions attached to the grant and the grant will be received. The grant is recognised as deferred income and are released to the Combined Statement of Profit or Loss and Other Comprehensive Income over the period necessary to match them with the related cost, for which they are intended to compensate, on a systematic basis.

Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers 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 reportable segments (see note 2.1).

For the year ended 31 December 2020 $'000	**Orexplore AB – Sweden**	**Orexplore Australia Pty Ltd – Australia**	**Total**
Primary geographical markets based on location of customers			
Australia	-	62	62
Europe	179	-	179
Total revenue	179	62	241
Major services			
Mineral analysis	179	62	241
Timing of revenue recognition			
Revenue recognised at point in time	179	62	241

For the year ended 31 December 2019 $'000	**Orexplore AB – Sweden**	**Orexplore Australia Pty Ltd – Australia**	**Total**
Primary geographical markets based on location of customers			
Australia	-	42	42
Europe	15	-	15
Total revenue	15	42	57
Major services			
Mineral analysis	15	42	57
Timing of revenue recognition			
Revenue recognised at point in time	15	42	57

For the year ended 31 December 2018 (Unaudited) $'000	Orexplore AB – Sweden	Orexplore Australia Pty Ltd – Australia	Total
Primary geographical markets based on location of customers			
Australia	-	25	25
Europe	-	-	-
Total revenue	-	25	25
Major services			
Mineral analysis	-	25	25
Timing of revenue recognition			
Revenue recognised at point in time	-	25	25

2.3 Other expenses

	2020 $000	2019 $000	Unaudited 2018 $000
Other expenses			
Accommodation and travel	25	56	45
Repairs and maintenance	36	3	7
Administration costs	973	428	687
Consultancy	916	602	581
Marketing	409	310	260
Insurance	13	6	3
Recruitment and training	109	78	7
Lease related expenses (note 3.6)	110	100	165
Total other expenses	**2,591**	**1,583**	**1,755**

2.4 Income tax

		2020 $000	2019 $000	Unaudited 2018 $000
a)	**Income tax recognised in profit or loss:**			
	Current tax			
	Current year tax benefit	899	373	336
		899	**373**	**336**
	Deferred tax			
	Relating to origination and reversal of temporary differences	13	47	(34)
		13	**47**	**(34)**
	Net income tax (expense)/benefit reported in profit or loss	**912**	**420**	**302**
b)	**The expense for the year can be reconciled to accounting profit as follows:**			
	Accounting loss before income tax	**(7,002)**	**(5,071)**	**(3,851)**
	Prima facie tax benefit on loss from ordinary activities before income tax at 30%	2,100	1,521	1,155
	- Other permanent differences	(9)	(10)	(10)
	- Effect of foreign tax rate	(338)	(313)	(242)
	- Deductible temporary differences not recognised	(841)	(778)	(601)
	Income tax (expense)/benefit	**912**	**420**	**302**

(i) The tax rate used for the reconciliations above is the corporate tax rate of 30% (2019: 30%; 2018: 30%) payable by Australian corporate entities on taxable profits under Australian tax law.

See note 3.7 for deferred tax balances.

Recognition and measurement:

Income tax

Tax effect accounting by members of the Swick tax consolidated group

Orexplore Australia Pty Ltd is part of Swick tax consolidated group with effect from their incorporation. Swick Mining Services Limited is the head entity of the tax consolidated group. Members of the group have entered into a tax sharing agreement, which provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At the balance date, the possibility of default is considered remote.

Current tax, deferred tax liabilities and deferred tax assets arising from temporary differences are allocated to members of the tax consolidated group using the "separate tax payer within a Group" approach. In this regard temporary differences are measured with reference to the carrying amount of assets and liabilities in the separate financial statements of each entity in the tax consolidated group and the tax values within the tax consolidated group. Any current tax liabilities or assets and unused tax losses of the member entity are assumed by the head entity of the tax consolidated group. Assets or liabilities arising under tax funding agreement with the head entity are recognised as amounts payable to / (receivable from) the head entity in accordance with the tax funding arrangement in place. Any difference in these amounts is recognised by the member entity as an equity contribution from or distribution to the head entity. There were no net tax consolidation adjustments recognised for the years ended 31 December 2020, 2019 and 2018.

Tax effect accounting by entities outside the tax consolidated group

Orexplore AB, Orexplore Canada Inc and Orexplore USA Inc are outside the Swick tax consolidated Group.
Income tax expense comprises current and deferred tax. Current and deferred tax are recognised in the Combined Statement of Profit and Loss and Other Comprehensive Income except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax recoverable from or payable to the taxation authorities based on the current period's taxable income, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences:

- the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- differences relating to investments in subsidiaries and associates and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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.

3 Assets and Liabilities

3.1 Cash and restricted cash

	2020 $000	2019 $000	Unaudited 2018 $000
Cash at bank and on hand	327	103	190
Restricted cash	291	262	501
	618	**365**	**691**

The restricted cash represents restriction on the use of the government grant monies received for the X-Mine Euro Project. Cash can only be spent on eligible expenses such as direct personnel costs, direct costs of subcontracting and other direct costs incurred for the X-Mine Project.

Recognition and measurement

Cash and cash equivalents comprise cash balances and deposits with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

Gross carrying amount by credit risk rating:	**2020**	**2019**	**Unaudited 2018**
	$000	**$000**	**$000**
With credit ratings (Moody's):			
- Aa2	595	281	671
- Aa3	23	84	20
	618	**365**	**691**

	2020	**2019**	**Unaudited 2018**
	$000	**$000**	**$000**
Reconciliation of cash flow from operations with loss after income tax			
Loss after income tax	(6,090)	(4,651)	(3,549)
Non-cash flows in profit and loss:			
Depreciation and amortisation	1,631	1,822	1,100
Government grant recognised through deferred income	(35)	(489)	(622)
Change in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:			
(Increase)/decrease in trade and other receivables	(1,748)	53	(252)
(Increase)/decrease in inventories	(458)	264	(1,065)
Increase in prepayments	(26)	(55)	(32)
Increase in deferred tax assets	(13)	(13)	-
Increase in trade payables	3,277	1,380	1,866
Increase in deferred income	56	272	252
Decrease in other long term liability	(16)	(24)	-
Increase in provisions	47	93	3
(Decrease)/increase in deferred tax liabilities	-	(34)	34
Cash flow from operations	**(3,375)**	**(1,382)**	**(2,265)**

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

	2020	**2019**	**Unaudited 2018**
	$000	**$000**	**$000**
CURRENT			
Trade receivables at amortised cost	4	28	10
Other receivables – GST/VAT receivables	441	189	197
Receivables from Swick Mining Services Limited[1]	1,579	59	122
Total current trade and other receivables	**2,024**	**276**	**329**

Note 1: Loan to related parties are interest free and repayable on demand. The expected credit loss has been assessed as immaterial as this loan is an on demand receivable and any loss given default was assessed as being insignificant.

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

Recognition and measurement
Receivables are classified, at initial recognition, and subsequently measured at amortised cost or fair value through profit or loss.

The classification of receivables at initial recognition depends on the receivable's contractual cash flow characteristics and the Group's business model for managing them. Except for trade receivables that do not contain a significant financing component, the Group initially measures a receivable at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component, are measured at the transaction price determined under the revenue accounting policy.

In order for a receivable to be classified and measured at amortised cost, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its receivables in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the receivable, or both.

Receivables at amortised cost
The Group measures receivables at amortised cost if both of the following conditions are met: -
- the receivable is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the receivable give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Receivables at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's receivables at amortised cost include trade receivables and GST/VAT receivables.

Impairment of receivables
The Group recognises an allowance for expected credit losses ("ECL's") for all receivables not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original EIR.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For receivables due in less than 12 months, the Group does not track changes in credit risk, but instead, recognises a loss allowance based on the financial asset's lifetime ECL at each reporting date. The expected credit loss is based on its historical credit loss experience, current financial difficulties of the debtor and is adjusted for forward-looking factors specific to the debtor and the economic environment.

The allowance for impairment of receivables is calculated by comparing the carrying amount of the receivable to the present value of estimated future cash flows, discounted at the original effective interest rate. Where the Group recognises an impairment loss this is recognised in profit and loss. The Group does not hold any collateral in relation to receivables.

The Group considers a receivable in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full. A receivable is written off when there is no reasonable expectation of recovering the contractual cash flows.

Fair values and credit risk
Due to the short-term nature of these receivables their carrying approximates fair values.

As at 31 December, the ageing analysis of trade and other receivables is as follows:

	2020 $000	2019 $000	Unaudited 2018 $000
Current	2,024	276	329
Past due 0 to 30 days	-	-	-
Past due 31+ days	-	-	-
	2,024	**276**	**329**

The balances relating to trade receivables that remain within initial trade terms are considered to be of high credit quality.

For current receivables the expected credit loss rate is insignificant and no impairment allowance was required as at 31 December 2020 (2019: nil; 2018: nil).

3.3 Inventories

	2020 $000	2019 $000	Unaudited 2018 $000
CURRENT			
Stores and consumables at cost	1,259	801	1,065
Allowance for obsolescence	-	-	-
	1,259	**801**	**1,065**

Recognition and measurement
The Group maintains an inventory of parts and spares for use in the rendering of 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 part of the 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 judgements
Net realisable value of inventories
The Group reviews the net realisable value of inventory at the end of each reporting period. These inventories represent stores and critical parts used in the construction of the mineral analysis machines. On the basis that these items are consumed within 12 months, costs reflect net realisable value at balance date.

3.4 Property, plant and equipment

	2020 $000	2019 $000	Unaudited 2018 $000
Plant and equipment			
Gross carrying value – at cost	2,613	2,215	821
Accumulated depreciation	(754)	(351)	(113)
Net carrying value – plant and equipment	**1,859**	**1,864**	**708**
Leasehold improvements			
Gross carrying value – at cost	259	230	191
Accumulated amortisation	(207)	(193)	(89)
Net carrying value – leasehold improvements	**52**	**37**	**102**
Office furniture and equipment			
Gross carrying value – at cost	507	444	379
Accumulated depreciation	(310)	(186)	(95)
Net carrying value – office furniture and equipment	**197**	**258**	**284**
Net carrying value – total property, plant and equipment	**2,108**	**2,159**	**1,094**

	Plant and equipment $000	Leasehold improvements $000	Office furniture and equipment $000	Total $000
Consolidated group				
Balance at 1 January 2018	**611**	**-**	**-**	**611**
Additions	203	191	331	725
Foreign exchange rate difference	6	-	5	11
Depreciation expense	(112)	(89)	(52)	(253)
Balance at 31 December 2018 (Unaudited)	**708**	**102**	**284**	**1,094**
Additions	1,405	38	72	1,515
Foreign exchange rate difference	(10)	1	(5)	(14)
Depreciation expense	(239)	(104)	(93)	(436)
Balance at 31 December 2019	**1,864**	**37**	**258**	**2,159**
Additions	362	28	52	442
Foreign exchange rate difference	30	1	7	38
Depreciation expense	(397)	(14)	(120)	(531)
Balance at 31 December 2020	**1,859**	**52**	**197**	**2,108**

Recognition and measurement
Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment. Cost includes acquisition costs, 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.

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	5 - 20 years
Leasehold improvements	2 - 5 years
Office furniture & equipment	5 – 10 years

Significant accounting estimates and judgments

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 years ended 31 December 2020, 2019 and 2018.

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 intangible assets, management have identified one cash generating unit ("CGU") being the Group as a whole (the 'Orexplore CGU').

The 31 December 2018, 2019 and 2020 impairment assessments for the Orexplore CGU were performed using estimated fair value less cost of disposal ("FVLCD") and were undertaken by management with the assistance of independent third parties. Based on the impairment assessment performed, no impairment was recognised for the year ended 31 December 2020 (2019: nil; 2018: nil).

Orexplore CGU – 31 December 2020
The recoverable amount of Orexplore CGU was determined using a discounted cash flow model based on the earnings potential of the CGU using a discount rate of 25%. The fair value measurement was categorised as level 3 in the fair value hierarchy. The cash flow projection undertaken by management, with the assistance of an independent third party, was based on the estimated Orexplore market share and global drilling market between 2020 and 2030, including segmentation by project stage, commodities and drilling size (non-core, core and NQ core).

3.5 Intangible assets

	2020 $000	2019 $000	Unaudited 2018 $000
Development amortising			
Gross carrying value – at cost	5,242	5,014	5,146
Accumulated amortisation	(2,482)	(1,685)	(686)
Net carrying value – Development amortising	**2,760**	**3,329**	**4,460**
Net carrying value – Development non-amortising[1]	**3,074**	**2,043**	**968**
Total intangible assets	**5,834**	**5,372**	**5,428**

Note 1: Non-amortising relates to intangibles in the development phase. Costs capitalised relates mainly to GeoCore X10+, a machine that enables gold scanning and mineral analysis. Refer to recognition and measurement section below for accounting policy of Intangibles.

	Development amortising $000	Development non-amortising $000	Total $000
Consolidated group			
Balance at 1 January 2018	**26**	**5,131**	**5,157**
Internal development	30	745	775
Transfers within intangibles[2]	4,937	(4,937)	-
Foreign exchange rate difference	87	29	116
Amortisation expense	(620)	-	(620)
Balance at 31 December 2018 (Unaudited)	**4,460**	**968**	**5,428**
Internal development	46	1,099	1,145
Foreign exchange rate difference	(153)	(24)	(177)
Amortisation expense	(1,024)	-	(1,024)
Balance at 31 December 2019	**3,329**	**2,043**	**5,372**
Internal development	28	941	969
Foreign exchange rate difference	123	90	213
Amortisation expense	(720)	-	(720)
Balance at 31 December 2020	**2,760**	**3,074**	**5,834**

Note 2: Transfers within intangibles represents transfers of intangibles from development phase, which is non-amortising, to completed and ready for use phase, which is amortising. Costs in development amortising relate to GeoCore X10, an efficient assay lab-in-a-box. GeoCore X10 provides on-site structural 3D imaging and geochemical drill core sample analysis. These assets are amortised over 10 years on a straight line basis (2019: amortised over 5 years on straight line basis).

Intangible assets relate to development undertaken to develop the Company's mineral scanning technology and machines.

Recognition and measurement

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. Once complete, 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 – development amortising in use is as follows:

Useful life
Finite
Amortisation method used
The Group re-assessed its useful life of finite life development costs. On 1 July 2020, the Group reassessed 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 (2019: Amortised over the period of 5 years on a straight-line basis). The impact of the change in useful life on amortisation in the current year is to reduce the amortisation expense by $304,000.

Significant accounting estimates and judgments
Impairment
The carrying value of intangible assets in development and not yet available for use are tested for impairment annually or more frequently when an indication of impairment arises during the reporting period. Intangible assets that are still in development and not yet available for use are tested for impairment as part of the Orexplore CGU. The recoverable amount of the CGU was determined based on FVLCD calculations which require the use of assumptions. Refer to note 3.4.

Intangible assets in use are tested for impairment when an indication of impairment exists at the end of the reporting period. The amortisation method is reviewed at each financial year-end.

The carrying value of intangibles assets in use are included in the Orexplore CGU (see note 3.4).

3.6 Right-of-use assets

	Land and buildings $000
Consolidated group	
Balance at 1 January 2018	**477**
Additions	1,317
Cost adjustments	5
Foreign exchange rate difference	19
Depreciation expense	(227)
Balance at 31 December 2018 (Unaudited)	**1,591**
Cost adjustments	40
Foreign exchange rate difference	(44)
Depreciation expense	(362)
Balance at 31 December 2019	**1,225**
Cost adjustments	17
Foreign exchange rate difference	35
Depreciation expense	(380)
Balance at 31 December 2020	**897**

Recognition and measurement
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".

3.7 Net deferred tax assets/(liabilities)

	Combined Statement of Financial Position			**Combined Statement of Profit or Loss and Other Comprehensive Income**		
			Unaudited			**Unaudited**
	2020 $000	**2019 $000**	**2018 $000**	**2020 $000**	**2019 $000**	**2018 $000**
Deferred tax assets and liabilities are attributable to the following:						
Recognised deferred tax assets						
Provisions and accrued expenses	21	20	-	1	20	-
Black hole expenditure	66	25	-	41	25	-
Deferred tax assets	**87**	**45**	**-**			
Set off of deferred tax liability	(61)	(32)	-			
Net deferred tax assets	**26**	**13**	**-**			
Recognised deferred tax liabilities						
Property, plant and equipment	(61)	(32)	(34)	(29)	2	(34)
Deferred tax liabilities	**(61)**	**(32)**	**(34)**			
Set off of deferred tax asset	61	32	-			
Net deferred tax liabilities	**-**	**-**	**(34)**	**13**	**47**	**(34)**
Movements:						
Opening balance 1 January	13	(34)	-			
Credit to the income statement	13	47	(34)			
Closing balance at 31 December	**26**	**13**	**(34)**			

As at 31 December 2020 the Group had $3,133,000 (2019: $2,245,000; 2018; $1,609,000) in unrecognised tax losses from Orexplore AB.

Tax losses arose from Orexplore AB under Swedish tax jurisdiction can be carried forward indefinitely from the year of the loss.

Tax losses from Orexplore Australia under Australian tax jurisdiction were assumed by Swick Mining Services Limited as the head entity under the tax consolidation regime.

Significant accounting estimates and judgments

Recoverability of deferred tax assets
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.

Tax losses are 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. No deferred tax assets have been recognised for international tax losses as at 31 December 2020 and 31 December 2019 (2018: nil).

3.8 Trade and other payables

	2020 $000	2019 $000	Unaudited 2018 $000
CURRENT			
Trade payables	643	612	895
Payables to SMS Operations Pty Ltd[1]	6,973	3,727	2,064
	7,616	**4,339**	**2,959**

Note 1: Loan from related parties are interest free and repayable on demand. SMS Operations Pty Ltd is a wholly owned subsidiary of Swick Mining Services Limited.

Recognition and measurement
Trade 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.

3.9 Deferred income

	2020 $000	2019 $000	Unaudited 2018 $000
Balance at 1 January	262	501	867
Government grant received during the year	56	272	252
Government grant released to profit or loss	(35)	(489)	(622)
Foreign exchange rate difference	8	(22)	4
Balance at 31 December	**291**	**262**	**501**
Current	291	262	501
Non-current	-	-	-
	291	**262**	**501**

Deferred income balance in 2018 relates to X-mine project and other smaller grants. X-mine project however for 2019 and 2020 financial year was in receivable balance and have been classified as other receivable. Deferred income balance in 2019 and 2020 therefore only relates to other smaller grants.

European Commission granted Orexplore SEK 10,380,676 (A$1,603,005) for Orexplore's participation and contributions to the European Commission Horizon 2020 Research Project X-Mine. Funding of SEK 9,034,539 (A$1,395.973) was received in July 2017 and SEK 1,346,137 (A$207,032) was received in June 2019. The X-Mine project, Real-Time Mineral X-Ray Analysis for Efficient and Sustainable Mining, supports better resource characterisation and estimation and more efficient ore extraction in existing mine operations, without generating adverse environmental impact. Costs incurred in this project have been expensed in the profit and loss as incurred. Grant income received in advance during 2017 and 2019 are released to the statement of profit or loss to offset eligible expenses incurred during the year. Eligible expenses per the grant agreement are direct personnel costs, direct costs of subcontracting and other direct costs incurred for the X-Mine Project. The project ran for 51 months from 1 June 2017 to 31 August 2021. Final funding of SEK 2,333,954 (A$372,137) will be received by Orexplore in 2022, or late 2021, upon acceptance of the final reports by the European Commission.

3.10 Lease liabilities

	2020 $000	2019 $000	Unaudited 2018 $000
CURRENT			
Lease liabilities related to right-of-use assets [i]	415	392	314
Total current lease liabilities	**415**	**392**	**314**
NON-CURRENT			
Lease liabilities related to right-of-use assets [i]	573	945	1,346
Total non-current lease liabilities	**573**	**945**	**1,346**
Total lease liabilities	**988**	**1,337**	**1,660**

Lease liabilities related to right-of-use assets generally have a term of between 3 to 5 years with the lessor retaining the underlying assets. The average interest rate is 1.6% (2019: 1.6%; 2018: 1.6%). Lease liabilities related to right-of-use assets are secured by the related right-of-use assets.

The Group had total cash outflows for leases of $535,000 in 2020 (2019: $441,000 and 2018: $345,000). Orexplore also had nil non-cash additions to Right-of-use assets and lease liabilities in 2020 (2019: $nil and 2018: $1,317,000).

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. During the year payments totalling $110,000 relating to variable lease payments and short-term leases were recognised as expenses in the profit and loss (2019: $100,000; 2018: $165,000).

Significant accounting estimates and judgments

Measurement of lease liabilities

The Group cannot readily determine the interest rate implicit in the lease, therefore it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

Changes in liabilities arising from financing activities

			Non-cash changes			
	2019 $000	Repayments $000	New leases $000	Adjustment $000	Foreign exchange movement $000	2020 $000
Lease liabilities related to right-of-use assets	1,337	(407)	-	17	41	988

			Non-cash changes			
	2018 $000	Repayments $000	New leases $000	Adjustment $000	Foreign exchange movement $000	2019 $000
Lease liabilities related to right-of-use assets	1,660	(318)	-	40	(45)	1,337

			Non-cash changes			
	2017 $000	Repayments $000	New leases $000	Adjustment $000	Foreign exchange movement $000	Unaudited 2018 $000
Lease liabilities related to right-of-use assets	478	(161)	1,317	5	21	1,660

Leases – Group as Lessee
The leases relate to business premises with terms of between 3 to 5 years. All lease contracts contain clauses for yearly rental review in line with the Consumer Price Index (CPI). The Group does not have an option to purchase the leased premises at the expiry of the lease period.

The extension option for Orexplore Australia Pty Ltd lease has been exercised and included in the lease calculation, while the extension option for the Orexplore AB lease has not been included in the lease calculation.

Recognition and measurement
At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

Cash payments relating to the principal portion of the lease liability are presented within the Combined Statement of Cash Flows as cash flows from financing activities and cash payments relating to the interest portion of the lease liability are presented within cash flows from operating activities. Total lease payments were previously recognised in cash flows from operating activities.

3.11 Provisions

	2020 $000	2019 $000	Unaudited 2018 $000
CURRENT			
Short-term employee benefits	153	111	18
Total current provisions	**153**	**111**	**18**
NON-CURRENT			
Long-term employee benefits	5	-	-
Total non-current provisions	**5**	**-**	**-**

Recognition and measurement:
Employee benefits
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.

4 Other Notes

4.1 Contingent liabilities

	2020 $000	2019 $000	Unaudited 2018 $000
Bank guarantees	**39**	**39**	**39**

4.2 Share based payments

The unlisted Swick warrants were offered under the 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 movement of all unlisted warrants on issue is as follows:

	2020 No.	2019 No.	Unaudited 2018 No.
Balance at the beginning of the year	**24**	**24**	**-**
Granted	-	-	24
Vested and exercised	-	-	-
Forfeited	(3)	-	-
Expired	-	-	-
Balance at year end	**21**	**24**	**24**
Exercisable at year end	**-**	**-**	**-**

Following the purchase of non-controlling interest shares in Orexplore AB in June 2017, employees of the company were offered warrants entitling them to Swick shares based on changes in the value of Orexplore AB over a period of up to five years. On 12 February 2018, 24 unlisted warrants (initially estimated to be 784,314 Swick ordinary 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 was made using a Monte Carlo simulation approach. Each warrant is exercisable based on certain milestones being achieved regarding the commercialisation of Orexplore AB 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 AB 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 AB 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 2020 relate to employee resignations.

Recognition and measurement
Swick 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 in Swick (‘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.

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.

4.3 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.

Key management personnel compensation
The total remuneration paid to key management personnel (KMP) of the Group during the year is as follows:

	2020 $000	2019 $000	Unaudited 2018 $000
Short-term employee benefits	749	564	392
Long-term employee benefits	-	-	-
Post-employment benefits	99	115	86
Total KMP compensation	**848**	**679**	**478**

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

Transactions with Swick
Orexplore AB receives funding from Swick in the form of capital contributions. Swick waived its rights to receive repayment of these capital contributions.

Orexplore Australia Pty Limited receives funding from Swick in the form of an intercompany loan. Swick Mining Services have confirmed, they will undertake to convert net loan payable to Swick to equity prior to the Orexplore demerger from Swick. For intercompany loan receivable/payable balance refer to Note 3.2 and 3.8 respectively.
Tax losses from Orexplore Australia were assumed by Swick Mining Services Limited as the head entity under the tax consolidation regime. Amounts receivable from Swick have been recognised in accordance with the tax funding arrangement in place for all tax losses assumed by Swick.

	2020 $	2019 $	Unaudited 2018 $
Capital contribution from Swick to Orexplore AB	5,456	4,121	3,273
Tax funding – tax losses assumed by Swick via Loan Receivable	912	420	302
KMP compensation charged by Swick to Orexplore Australia Pty Ltd	116	145	131
Expenses recharged by Swick to Orexplore Australia Pty Ltd	698	1,161	870

4.4 Financial instruments risk management objectives and policies

The Group's principal financial liabilities comprise a related party loan and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade receivables and cash at bank.

Orexplore is exposed to market risk (foreign exchange), credit risk and liquidity risk. The Group seeks to minimise the effects of these risks, where deemed appropriate.

a) Foreign exchange risk
Orexplore is exposed to currency fluctuation through its operation carried on in Sweden. The impact of foreign exchange risk is immaterial.

b) 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. Orexplore 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 small 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 (2019: four; 2018: five) customers which individually contribute more than 10% of the revenue. Other than these two (2019: four; 2018: five) 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 Orexplore's maximum exposure to credit risk.

Orexplore 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.

c) Liquidity risk and capital management

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

The following tables set out the maturity analysis for financial liabilities based on contractual cash flows:

2020	**Within 1 year $000**	**1 to 5 years $000**	**Over 5 years $000**	**Total $000**
Financial liabilities				
Trade and other payables	7,616	-	-	7,616
Lease liabilities related to right-of use assets including future finance charges	427	578	-	1,005
Total	**8,043**	**578**	**-**	**8,621**

2019	**Within 1 year $000**	**1 to 5 years $000**	**Over 5 years $000**	**Total $000**
Financial liabilities				
Trade and other payables	4,339	-	-	4,339
Lease liabilities related to right-of use assets including future finance charges	410	962	-	1,372
Total	**4,749**	**962**	**-**	**5,711**

2018 (Unaudited)	**Within 1 year $000**	**1 to 5 years $000**	**Over 5 years $000**	**Total $000**
Financial liabilities				
Trade and other payables	2,959	-	-	2,959
Lease liabilities related to right-of use assets including future finance charges	337	1,381	-	1,718
Total	**3,296**	**1,381**	**-**	**4,677**

4.5 Events after the reporting period

On 1 July 2021 Orexplore appointed Mr Brett Giroud as the Managing Director of Orexplore Technologies Ltd.

On 30 September 2021 all current Warrant holders executed a Warrant Termination Deed to terminate their respective unlisted Swick Warrants. Termination will be effective once certain waivers have been granted by the Australian Stock Exchange and these waivers are expected to be granted before Orexplore's demerger from Swick.

On 11 November 2021 Orexplore and Swick executed a Demerger Implementation Agreement to effect the demerger of Orexplore from Swick. Under the agreement Swick will provide $12 million in seed capital to Orexplore and convert the net loans receivable from Orexplore to equity at demerger completion date. The demerger is conditional on Swick shareholders voting in favour of the demerger. In the unlikely event the shareholders do not vote in favour of the demerger, Swick will continue to operate and support Orexplore as it has done in the past.

On 11 November 2021 Orexplore and Swick executed a Transitional Services Agreement. Under the agreement Swick will provide Orexplore with accounting, human resources, supply and information technology services for a period of 12 months from demerger for an agreed fee.

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:

In the opinion of the directors:

(a) Orexplore is not a reporting entity as defined in the Australian Accounting Standards;

(b) the Combined Financial Reports for the years ended 31 December 2020 and 2019 are prepared in accordance with the basis of preparation as described in Note 1; and

(c) there are reasonable grounds to believe that the Orexplore will be able to pay its debts as and when they become due and payable.

On behalf of the Directors

Kent Swick
Managing Director

Dated this 15th day of November 2021

Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
ey.com/au

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

Opinion

We have audited the financial report, being a special purpose combined financial report, of Orexplore Group, which comprises the combined statement of financial position as at 31 December 2020 and 2019, the combined statement of comprehensive income, combined statement of changes in owners' invested capital and consolidated statement of cash flows for the years then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration. The Orexplore Group comprises the following companies: Orexplore Australia Pty Ltd with its wholly owned subsidiaries Orexplore USA Inc and Orexplore Canada Inc; and Orexplore AB (collectively "the Group").

In our opinion, the accompanying financial report presents fairly, in all material respects, the combined financial position of the Group as at 31 December 2020 and 2019 and its combined financial performance and its combined cash flows for the year then ended in accordance with the recognition and measurement principles of Australian Accounting Standards including Australian Accounting Interpretations (which are consistent with International Financial Reporting Standards) and interpretations issued by the International Accounting Standards Board relevant for income statements, statements of financial position and statement of cash flows with the exception of AASB 10 Consolidated Financial Statements.

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 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.

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Emphasis of matter – basis of accounting and restriction on distribution

We draw attention to Note 1 to the financial statements which describes the basis of accounting. The financial report is prepared for the purpose of presenting the combined financial position, performance and cash flows of the Group for its proposed demerger from Swick Mining Services Limited. As a result the financial report may not be suitable for another purpose. Our report is intended solely for the Group (the Recipient) and should not be distributed to parties other than the Recipient. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises 31 December 2018 comparatives accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

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 Swick Mining Services Limited are responsible for the preparation and fair presentation of the financial report and have determined that the basis of preparation described in Note 1 to the financial statements is appropriate for the purpose of presenting the combined financial position, performance and cash flows of the Group for its proposed demerger from Swick Mining Services Limited and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation and fair presentation of the financial report that 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.

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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.

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.

Ernst & Young

Ernst & Young
Perth
15 November 2021