

OREXPLORE

**Combined Special Purpose Financial Report for the half year ended
30 June 2021**

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OREXPLORE
COMBINED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 30 JUNE 2021

Combined Statement of Profit or Loss and Other Comprehensive Income

| | Note | 30 Jun 2021 \$000 | 30 Jun 2020 \$000 |
|---|---------------|----------------------|----------------------|
| Revenue | 2.2 | 2 | 216 |
| Other income | 2.2 | 354 | 184 |
| Raw materials and consumables used | | (27) | (60) |
| Employee benefits expense | | (1,279) | (1,603) |
| Depreciation and amortisation expense | 3.2, 3.3, 3.4 | (679) | (973) |
| Finance costs | | (7) | (11) |
| Other expenses | 2.3 | (582) | (1,276) |
| Loss before income tax | | (2,218) | (3,523) |
| Income tax benefit | | 347 | 423 |
| Net loss after tax | | (1,871) | (3,100) |
| Other comprehensive income: | | | |
| Items that may be reclassified subsequently to profit or loss: | | | |
| Exchange differences on translating foreign operations | | (199) | 105 |
| Other comprehensive income for the year, net of tax | | (199) | 105 |
| Total comprehensive loss for the year | | (2,070) | (2,995) |

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 STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

Combined Statement of Financial Position

| | Note | 30 Jun 2021 \$000 | 31 Dec 2020 \$000 |
|--|------|----------------------|----------------------|
| Assets | | | |
| Current assets | | | |
| Cash | | 414 | 327 |
| Restricted cash | | - | 291 |
| Trade and other receivables | 3.1 | 2,489 | 2,024 |
| Inventories | | 1,313 | 1,259 |
| Prepayments | | 118 | 138 |
| Total current assets | | 4,334 | 4,039 |
| Non-current assets | | | |
| Property, plant and equipment | 3.2 | 1,901 | 2,108 |
| Intangible assets | 3.3 | 6,068 | 5,834 |
| Right-of-use assets | 3.4 | 695 | 897 |
| Deferred tax assets | | 7 | 26 |
| Total non-current assets | | 8,671 | 8,865 |
| Total assets | | 13,005 | 12,904 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 3.5 | 8,588 | 7,616 |
| Deferred income | | - | 291 |
| Lease liabilities | 3.6 | 412 | 415 |
| Provisions | | 93 | 153 |
| Total current liabilities | | 9,093 | 8,475 |
| Non-current liabilities | | | |
| Lease liabilities | 3.6 | 356 | 573 |
| Provisions | | - | 5 |
| Total non-current liabilities | | 356 | 578 |
| Total liabilities | | 9,449 | 9,053 |
| Net assets | | 3,556 | 3,851 |
| Equity | | | |
| Accumulated other comprehensive income | | (45) | 154 |
| Owners' invested capital | | 3,601 | 3,697 |
| Total equity | | 3,556 | 3,851 |

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 STATEMENT OF CHANGES IN OWNERS' INVESTED CAPITAL
FOR THE HALF YEAR ENDED 30 JUNE 2021

Combined Statement of Changes in Owners' Invested Capital

| | Accumulated Other Comprehensive Income – Foreign currency translation reserve \$000 | Owners' invested capital \$000 | Total \$000 |
|--|---|---|----------------|
| Balance at 1 January 2020 | (73) | 4,331 | 4,258 |
| Loss for the year | - | (3,100) | (3,100) |
| Other comprehensive gain for the year | 105 | - | 105 |
| Total comprehensive loss for the year | 105 | (3,100) | (2,995) |
| Capital contributions | - | 2,760 | 2,760 |
| Balance at 30 June 2020 | 32 | 3,991 | 4,023 |
| Balance at 1 January 2021 | 154 | 3,697 | 3,851 |
| Loss for the year | - | (1,871) | (1,871) |
| Other comprehensive loss for the year | (199) | - | (199) |
| Total comprehensive loss for the year | (199) | (1,871) | (2,070) |
| Capital contributions | - | 1,775 | 1,775 |
| Balance at 30 June 2021 | (45) | 3,601 | 3,556 |

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

OREXPLORE
COMBINED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 30 JUNE 2021

Combined Statement of Cash Flows

| | Note | 30 Jun 2021 \$000 | 30 Jun 2020 \$000 |
|--|------|----------------------|----------------------|
| Cash flows from operating activities | | | |
| Receipts from customers | | 2 | 220 |
| Receipts of government grant | | 14 | 111 |
| Payments to suppliers and employees | | (1,114) | (1,861) |
| Net interest paid | | (7) | (11) |
| Net cash used in operating activities | | (1,105) | (1,541) |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | 3.2 | (117) | (228) |
| Payments for development costs | 3.3 | (554) | (576) |
| Net cash used in investing activities | | (671) | (804) |
| Cash flows from financing activities | | | |
| Capital contributions from parent | | 1,775 | 2,760 |
| Repayment of lease liabilities | | (202) | (203) |
| Net cash provided by financing activities | | 1,573 | 2,557 |
| Net (decrease)/increase in cash and restricted cash | | (203) | 212 |
| Cash and restricted cash at beginning of financial year | | 618 | 365 |
| Effects of exchange rate changes on cash | | (1) | (5) |
| Cash and restricted cash at end of financial year | | 414 | 572 |

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

OREXPLORE
NOTES TO THE COMBINED FINANCIAL REPORTS
FOR THE HALF YEAR ENDED 30 JUNE 2021

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 Report for the half year ended 30 June 2021 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 30 June 2021 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 still to be incorporated. Orexplore Technologies Ltd that was incorporated on 29 October 2020. This entity is dormant as at 30 June 2021.

The Combined Financial Report for the half year ended 30 June 2021 was prepared by and are the responsibility of the directors of Swick ("the Directors"), in the context of a contemplated demerger transaction. The Combined Financial Report 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 Report for the half year ended 30 June 2021 was authorised for issue by the Directors on 15 November 2021.

The Combined Financial Report for the half year ended 30 June 2021 has been prepared in accordance with the basis of preparation set out below. The Combined Financial Report is not necessarily identical to the consolidated interim 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 Report of Orexplore for the half year ended 30 June 2021 has been drawn up as a special purpose condensed financial report 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 Combined Financial Report for the half year ended 30 June 2021 does not include all of the notes of the type normally included within an annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full Combined Financial Report.

The Combined Financial Report for the half-year ended 30 June 2021 should be read in conjunction with the Combined Financial Report of Orexplore for the financial year ended 31 December 2020.

OREXPLORE
NOTES TO THE COMBINED FINANCIAL REPORTS
FOR THE HALF YEAR ENDED 30 JUNE 2021

The Combined Financial Report for the half year ended 30 June 2021 was prepared in accordance with AASB 134 *Interim Financial Reporting* adopted by the Australian Accounting Standards Board ("AASB"), except that Orexlore does not constitute a group as defined in AASB 10 *Consolidated Financial Statements*.

The Combined Financial Report for the half year ended 30 June 2021 has been prepared on the historical cost basis and has been prepared on a going concern basis.

The Combined Financial Report for the half year ended 30 June 2021 is 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 Report has 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 Orexlore. Internal transactions within the Group have been eliminated in preparing the Combined Financial Report.

As Orexlore 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 Orexlore are represented by the cumulative investment of Swick in Orexlore (shown as "owners' invested capital" and "accumulated other comprehensive income").

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

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

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

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

For the purpose of preparing the Combined Financial Report for the half year ended 30 June 2021 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 charge in the Combined Financial Report for the half year ended 30 June 2021 has been determined based on the tax charges recorded in the financial statements of the individual entities making up Orexlore. For Orexlore Australia Pty Ltd this included adjustments made for Swick tax consolidation purposes. The tax charge recorded in the Combined Financial Report has 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 Orexlore been a standalone group.

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

The accounting policies and methods of computation were the same as those disclosed in the Combined Financial Report for the year ended 31 December 2020 save for impact of adopting the new standards and interpretations as of 1 January 2021. The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year.

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NOTES TO THE COMBINED FINANCIAL REPORTS
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The adoption of the new and revised accounting standards and interpretations did not have a material impact to the combined financial report of the Group.

The Group has not early adopted any new or amended accounting standards or interpretations that have been issued but are not yet effective.

1.5 Going Concern

As at 30 June 2021, despite Orexlore having a working capital deficit of \$4.8 million, the Combined Financial Report for the half year ended 30 June 2021 has been prepared on a going concern basis as the Directors have reviewed the financial performance of Orexlore 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 30 June 2021, Orexlore had a net loan payable to Swick and its controlled entities totalling \$6.0 million. Swick have undertaken to convert these loans to equity prior to the Orexlore demerger from Swick. Additionally, as part of the demerger, Swick have committed to providing an additional \$12.0 million in seed capital to Orexlore 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 Orexlore for a 12-month period from the date of this report.

The Combined Financial Report for the half year ended 30 June 2021 has 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.

1.6 COVID-19

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 report has been prepared based upon conditions existing at 30 June 2021, 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:

- Orexlore 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.
- Orexlore 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 Report of the Group.

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

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The Group's revenue from continuing operations by reportable segments are detailed below (Orexlore Canada Inc and Orexplore USA Inc were incorporated on 23 October 2018. These entities are dormant as at 30 June 2021.):

| Half year ended 30 June 2021 | Orexlore AB – | Orexlore | | |
|--|----------------------|----------------------|--------------------|----------------|
| \$000 | Sweden | Australia Pty | Elimination | Total |
| Revenue | 2 | - | - | 2 |
| Inter-segment revenue | 63 | - | (63) | - |
| Segment revenue | 65 | - | (63) | 2 |
| Other income | 354 | - | - | 354 |
| Earnings before interest, tax, depreciation and amortisation ("EBITDA") | (647) | (885) | - | (1,532) |
| Depreciation and amortisation | (471) | (208) | - | (679) |
| Segment result ("EBIT") | (1,118) | (1,093) | - | (2,211) |
| Finance costs | | | | (7) |
| Loss before tax | | | | (2,218) |
| Additions to property, plant and equipment | 69 | 48 | - | 117 |
| Additions to intangible assets | 554 | - | - | 554 |
| Total additions to non-current assets | 623 | 48 | - | 671 |

| Half year ended 30 June 2020 | Orexlore AB – | Orexlore | | |
|--|----------------------|----------------------|--------------------|----------------|
| \$000 | Sweden | Australia Pty | Elimination | Total |
| Revenue | 177 | 39 | - | 216 |
| Inter-segment revenue | 130 | - | (130) | - |
| Segment revenue | 307 | 39 | (130) | 216 |
| Other income | 184 | - | - | 184 |
| EBITDA | (1,333) | (1,206) | - | (2,539) |
| Depreciation and amortisation | (763) | (210) | - | (973) |
| EBIT | (2,096) | (1,416) | - | (3,512) |
| Finance costs | | | | (11) |
| Loss before tax | | | | (3,523) |
| Additions to property, plant and equipment | 148 | 80 | - | 228 |
| Additions to intangible assets | 576 | - | - | 576 |
| Total additions to non-current assets | 724 | 80 | - | 804 |

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

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

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The Group's assets and liabilities from continuing operations by reportable segments are detailed below (Orexpl ore Canada Inc and Orexplore USA Inc were incorporated on 23 October 2018. These entities are dormant as at 30 June 2021.):

| As at 30 June 2021 | Orexpl ore | | | |
|---------------------------|------------------------|------------------------|--------------------|--------------|
| \$000 | Orexpl ore AB – | Australia Pty | | |
| | Sweden | Ltd – Australia | Elimination | Total |
| Segment assets | 9,885 | 3,120 | - | 13,005 |
| Segment liabilities | (1,004) | (8,445) | - | (9,449) |
| Segment net assets | 8,881 | (5,325) | - | 3,556 |

| As at 31 December 2020 | Orexpl ore | | | |
|-------------------------------|------------------------|------------------------|--------------------|--------------|
| \$000 | Orexpl ore AB – | Australia Pty | | |
| | Sweden | Ltd – Australia | Elimination | Total |
| 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 |

Geographical information

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

| | 30 Jun 2021 | 30 Jun 2020 |
|--------------|--------------------|--------------------|
| | \$000 | \$000 |
| Europe | 2 | 177 |
| Australia | - | 39 |
| Total | 2 | 216 |

2.2 Revenue and other income

| | 30 Jun 2021 | 30 Jun 2020 |
|--|--------------------|--------------------|
| | \$000 | \$000 |
| Revenue from contracts with customers | | |
| Sales revenue | 2 | 216 |
| Total sales revenue from contracts with customers | 2 | 216 |
| Other income | | |
| - Government grants | 354 | 184 |
| Total other income | 354 | 184 |

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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 half year ended 30 June 2021 \$'000 | Orexplor AB – Sweden | Orexplor Australia Pty Ltd – Australia | Total |
|--|---------------------------------|---|--------------|
| Primary geographical markets based on location of customers | | | |
| Australia | - | - | - |
| Europe | 2 | - | 2 |
| Total revenue | 2 | - | 2 |
| Major services | | | |
| Mineral analysis | 2 | - | 2 |
| Timing of revenue recognition | | | |
| Revenue recognised at point in time | 2 | - | 2 |

| For the half year ended 30 June 2020 \$'000 | Orexplor AB – Sweden | Orexplor Australia Pty Ltd – Australia | Total |
|--|---------------------------------|---|--------------|
| Primary geographical markets based on location of customers | | | |
| Australia | - | 39 | 39 |
| Europe | 177 | - | 177 |
| Total revenue | 177 | 39 | 216 |
| Major services | | | |
| Mineral analysis | 177 | 39 | 216 |
| Timing of revenue recognition | | | |
| Revenue recognised at point in time | 177 | 39 | 216 |

2.3 Other expenses

| | 30 Jun 2021 \$000 | 30 Jun 2020 \$000 |
|-----------------------------|------------------------------|------------------------------|
| Other expenses | | |
| Accommodation and travel | - | 17 |
| Repairs and maintenance | 3 | 3 |
| Administration costs | 218 | 528 |
| Consultancy | 256 | 406 |
| Marketing | 23 | 230 |
| Insurance | 8 | 5 |
| Recruitment and training | 24 | 31 |
| Lease related expenses | 50 | 56 |
| Total other expenses | 582 | 1,276 |

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3 Assets and Liabilities

3.1 Trade and other receivables

| | 30 Jun 2021 \$000 | 31 Dec 2020 \$000 |
|---|----------------------|----------------------|
| CURRENT | | |
| Trade receivables at amortised cost | - | 4 |
| Other receivables – GST/VAT receivables | 483 | 441 |
| Receivables from Swick Mining Services Limited ¹ | 2,006 | 1,579 |
| Total current trade and other receivables | 2,489 | 2,024 |

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.

Fair values and credit risk

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

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 30 June 2021 (30 June 2020: nil).

3.2 Property, plant and equipment

| | 30 Jun 2021 \$000 | 31 Dec 2020 \$000 |
|---|----------------------|----------------------|
| Plant and equipment | | |
| Gross varying value – at cost | 2,693 | 2,613 |
| Accumulated depreciation | (987) | (754) |
| Net carrying value – plant and equipment | 1,706 | 1,859 |
| Leasehold improvements | | |
| Gross varying value – at cost | 258 | 259 |
| Accumulated depreciation | (215) | (207) |
| Net carrying value – leasehold improvements | 43 | 52 |
| Office furniture and equipment | | |
| Gross varying value – at cost | 510 | 507 |
| Accumulated depreciation | (358) | (310) |
| Net carrying value – office furniture and equipment | 152 | 197 |
| Net carrying value – total property, plant and equipment | 1,901 | 2,108 |

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| | Plant and equipment \$000 | Leasehold improvements \$000 | Office furniture and equipment \$000 | Total \$000 |
|------------------------------------|---------------------------------|------------------------------------|--|----------------|
| Consolidated group | | | | |
| Balance at 1 January 2020 | 1,864 | 37 | 258 | 2,159 |
| Additions | 165 | 28 | 35 | 228 |
| Foreign exchange rate difference | 14 | 1 | 3 | 18 |
| Depreciation expense | (194) | (7) | (58) | (259) |
| Balance at 30 June 2020 | 1,849 | 59 | 238 | 2,146 |
| Additions | 197 | - | 17 | 214 |
| Foreign exchange rate difference | 16 | - | 4 | 20 |
| Depreciation expense | (203) | (7) | (62) | (272) |
| Balance at 31 December 2020 | 1,859 | 52 | 197 | 2,108 |
| Additions | 107 | - | 10 | 117 |
| Foreign exchange rate difference | (20) | (1) | (4) | (25) |
| Depreciation expense | (240) | (8) | (51) | (299) |
| Balance at 30 June 2021 | 1,706 | 43 | 152 | 1,901 |

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 'Orexplere CGU').

The impairment assessment for the Orexplore CGU was performed using estimated fair value less cost of disposal ("FVLCD") and was undertaken by management with the assistance of an independent third party. Based on the impairment assessment performed, no impairment was recognised for the half year ended 30 June 2021 (31 December 2020: nil).

Orexplere CGU – 30 June 2021

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).

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3.3 Intangible assets

| | 30 Jun 2021 \$000 | 31 Dec 2020 \$000 |
|--|----------------------|----------------------|
| Development amortising | | |
| Gross varying value – at cost | 5,183 | 5,242 |
| Accumulated amortisation | (2,617) | (2,482) |
| Net carrying value – Development amortising | 2,566 | 2,760 |
| Net carrying value – Development non-amortising¹ | 3,502 | 3,074 |
| Total intangible assets | 6,068 | 5,834 |

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 2020 | 3,329 | 2,043 | 5,372 |
| Internal development | 22 | 554 | 576 |
| Foreign exchange rate difference | 67 | 36 | 103 |
| Amortisation expense | (526) | - | (526) |
| Balance at 30 June 2020 | 2,892 | 2,633 | 5,525 |
| Internal development | 6 | 387 | 393 |
| Foreign exchange rate difference | 56 | 54 | 110 |
| Amortisation expense | (194) | - | (194) |
| Balance at 31 December 2020 | 2,760 | 3,074 | 5,834 |
| Internal development | 60 | 494 | 554 |
| Foreign exchange rate difference | (62) | (66) | (128) |
| Amortisation expense | (192) | - | (192) |
| Balance at 30 June 2021 | 2,566 | 3,502 | 6,068 |

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

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 Orexplre CGU. The recoverable amount of the CGU was determined based on FVLCD calculations which require the use of assumptions. Refer to note 3.2.

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 Orexplre CGU (see note 3.2).

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3.4 Right-of-use assets

| | Land and buildings \$000 |
|------------------------------------|---|
| Consolidated group | |
| Balance at 1 January 2020 | 1,225 |
| Cost adjustments | 17 |
| Foreign exchange rate difference | 18 |
| Depreciation expense | (188) |
| Balance at 30 June 2020 | 1,072 |
| Foreign exchange rate difference | 17 |
| Depreciation expense | (192) |
| Balance at 31 December 2020 | 897 |
| Cost adjustments | 3 |
| Foreign exchange rate difference | (17) |
| Depreciation expense | (188) |
| Balance at 30 June 2021 | 695 |

3.5 Trade and other payables

| | 30 Jun 2021 \$000 | 31 Dec 2020 \$000 |
|---|------------------------------|------------------------------|
| CURRENT | | |
| Secured liabilities | | |
| Trade payables | 594 | 643 |
| Payables to SMS Operations Pty Ltd ¹ | 7,994 | 6,973 |
| | 8,588 | 7,616 |

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.

3.6 Lease liabilities

| | 30 Jun 2021 \$000 | 31 Dec 2020 \$000 |
|--|------------------------------|------------------------------|
| CURRENT | | |
| Lease liabilities related to right-of-use assets | 412 | 415 |
| Total current lease liabilities | 412 | 415 |
| NON-CURRENT | | |
| Lease liabilities related to right-of-use assets | 356 | 573 |
| Total non-current lease liabilities | 356 | 573 |
| Total lease liabilities | 768 | 988 |

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4 Other Notes

4.1 Contingent liabilities

| | 30 Jun 2021 | 31 Dec 2020 |
|------------------------|--------------------|--------------------|
| | \$000 | \$000 |
| Bank guarantees | 39 | 39 |

4.2 Events after the reporting period

On 1 July 2021 Orexpl ore appointed Mr Brett Giroud as the Managing Director of Orexpl ore 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 Orexpl ore's demerger from Swick.

On 11 November 2021 Orexpl ore and Swick executed a Demerger Implementation Agreement to effect the demerger of Orexpl ore from Swick. Under the agreement Swick will provide \$12 million in seed capital to Orexpl ore and convert the net loans receivable from Orexpl ore 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 Orexpl ore as it has done in the past.

On 11 November 2021 Orexpl ore and Swick executed a Transitional Services Agreement. Under the agreement Swick will provide Orexpl ore 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.

**OREXPLORE
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) Orexlore is not a reporting entity as defined in the Australian Accounting Standards;
- (b) the Combined Financial Report for the half year ended 30 June 2021 is prepared in accordance with the basis of preparation as described in Note 1; and
- (c) there are reasonable grounds to believe that the Orexlore 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

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

Conclusion

We have reviewed the accompanying half-year combined financial report of Orexplora Group, which comprises the condensed combined statement of financial position as at 30 June 2021, the condensed combined statement of profit or loss and other comprehensive income, condensed combined statement of changes in owners' invested capital and condensed combined statement of cash flows for the half-year ended on that date, notes comprising a statement and other explanatory information, and the directors' declaration. The Orexplora Group comprises the following companies: Orexplora Australia Pty Ltd with its wholly owned subsidiaries Orexplora USA Inc and Orexplora Canada Inc; and Orexplora AB (collectively "the Group" or "Orexplora").

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the accompanying half-year combined financial report does not present fairly, in all material respects, the Group's financial position as at 30 June 2021 and its financial performance and its cash flows for the half-year ended on that date, in accordance with AASB 134 *Interim Financial Reporting*, except that Orexplora does not constitute a group as defined in AASB 10 *Consolidated Financial Statements*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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 conclusion is not modified in respect of this matter.

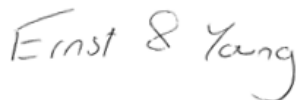
Directors' responsibilities for the half-year combined financial report

The directors of the Group are responsible for the preparation and fair presentation of half year combined financial report in accordance with AASB 134 *Interim Financial Reporting* and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the half-year combined financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the half-year combined financial report

Our responsibility is to express a conclusion on the half-year combined financial report based on our review. ASRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the half-year combined financial report does not present fairly, in all material respects, the Group's financial position as at 30 June 2021 and its financial performance and its cash flows for the half-year ended on that date, in accordance with AASB 134 *Interim Financial Reporting*.

A review of a half-year combined financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Ernst & Young
Perth
15 November 2021