ENERGIO LIMITED
ACN 001 894 033
NOTICE OF ANNUAL GENERAL MEETING

TIME: 10.00am (Perth time)

DATE: 30 November 2011

PLACE: The John De Baun Room, The Melbourne Hotel, Cnr Hay and Milligan Streets, Perth, WA 6000,

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact Mr Sean Henbury, Company Secretary on (+61 8) 9486 2333.

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TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The Annual General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 10am (Perth time) on 30 November 2011 at:

The Melbourne Hotel
Cnr Hay and Milligan Streets
PERTH WA 6000

YOUR VOTE IS IMPORTANT

The business of the Annual General Meeting affects your shareholding and your vote is important.

VOTING IN PERSON

To vote in person, attend the Annual General Meeting on the date and at the place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

New sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this Annual General Meeting. Broadly, the changes mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes is set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does**:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
    - the proxy is not recorded as attending the meeting;
    - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

NOTICE OF ANNUAL GENERAL MEETING

The Explanatory Statement provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Statement and the Proxy Form are part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders of the Company at 10am (Perth time) on 29 November 2011.

Terms and abbreviations used in this Notice of Meeting are defined in the Glossary.

AGENDA

ORDINARY BUSINESS

Financial Statements and Reports

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2011 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

1. RESOLUTION 1 – APPROVAL FOR CHANGE IN NATURE AND SCALE OF ACTITIVES

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, subject to the passing of all Resolutions, for the purpose of Listing Rule 11.1 and for all other purposes, approval is given for the Company to make a significant change in the nature and scale of its activities as described in the Explanatory Statement accompanying this Notice."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if this Resolution is passed, and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

2. RESOLUTION 2 – CONSOLIDATION OF CAPITAL

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, subject to the passing of all Resolutions and pursuant to Section 254H of the Corporations Act, Listing Rule 2.1 Condition 2, Article 10.2 of the Constitution and for all other purposes, the issued capital of the Company be consolidated on the basis that:

(a) every 10 shares be consolidated into one 1 share; and

(b) every 10 options to acquire shares be consolidated into one 1 option,

and where this consolidation results in a fraction of a share or option being held by a shareholder or optionholder (as the case may be), the Directors be authorised to round that fraction up to the nearest whole *share or option, with the consolidation to occur on a date to be announced to the ASX."*

3. RESOLUTION 3 – THE ACQUISITION OF KCMH AUSTRALIA AND ACQUISITION OF RELEVANT INTEREST IN SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolutions as **ordinary resolutions**:

"That, subject to the passing of all Resolutions and pursuant to ASX Listing Rule 10.1, Section 208(1) and Item 7 of Section 611 of the Corporations Act and for all other purposes, approval is given for:

(a) the Directors to allot and issue, on a post Consolidation basis, the TGP Consideration Shares to TGP Australia Limited in consideration for the acquisition of all the ordinary fully paid shares in KCMH Australia; and

(b) the acquisition of relevant interests in the Company's shares by TGP Australia Limited in excess of the threshold set out in Section 606(1) of the Corporations Act."

Voting Exclusion: The Company will disregard any votes cast on this resolution by:

(a) the persons proposing to make the acquisition and their associates; and

(b) a party to the transaction and any associates of those persons.

However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

4. RESOLUTION 4 – ISSUE OF SHARES TO BEDFORD

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, subject to the passing of all Resolutions and pursuant to ASX Listing Rule 7.1 and for all other purposes, approval is given for the Directors to allot and issue the Bedford Consideration Shares to Bedford (or its nominees) on a post consolidation basis in consideration for the acquisition of 25% of the ordinary fully paid shares in KCM Nigeria."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who may obtain a benefit, except a benefit solely in the capacity of a security holder, if this Resolution is passed and any associates of those persons.

5. RESOLUTION 5 – PROSPECTUS ISSUE

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, subject to the passing of all Resolutions, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Directors to allot and issue a minimum of 11,250,000 and up to 22,500,000 Shares at an issue price of not less than $0.20 per Share, on a post Consolidation basis, on the terms and conditions in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who may obtain a benefit, except a benefit solely in the capacity of a security holder, if this Resolution is passed and any associates of those persons.

6. RESOLUTION 6 – ISSUE OF SECURITIES TO ATHAN LEKKAS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**

"That, subject to the passing of all Resolutions, for the purposes of Section 208 of the Corporations Act, Listing Rule 10.11 and all other purposes, shareholders approve the allotment and issue, on a post-Consolidation basis of 750,000 Shares and 750,000 Options to Athan Lekkas (or his nominee(s)) on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Athan Lekkas (or his nominee) or any of his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

(a) the proxy is either:

(i) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or

(ii) a Closely Related Party of such a member; and

(b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

(c) the proxy is the Chair of the Meeting; and

(d) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

7. RESOLUTION 7 – ISSUE OF SHARES TO IAN BURSTON

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, subject to the passing of all Resolutions, for the purposes of Section 208 of the Corporations Act, Listing Rule 10.11 and all other purposes, shareholders approve the allotment and issue, on a post-Consolidation basis of 1,500,000 Shares to Ian Burston (or his nominee(s)) on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Ian Burston or his nominee) or any of his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

(a) the proxy is either:

(i) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or

(ii) a Closely Related Party of such a member; and

(b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

(c) the proxy is the Chair of the Meeting; and

(d) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

8. RESOLUTION 8 – ISSUE OF SHARES TO KEVIN JOSEPH

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**

> *"That, subject to the passing of all Resolutions, for the purposes of Section 208 of the Corporations Act, Listing Rule 10.11 and all other purposes, shareholders approve the allotment and issue, on a post-Consolidation basis of 1,500,000 Shares to Kevin Joseph (or his nominee(s)) on the terms and conditions set out in the Explanatory Statement."*

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Kevin Joseph (or his nominee) or any of his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

(a) the proxy is either:

(i) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or

(ii) a Closely Related Party of such a member; and

(b) the proxy does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

(c) the proxy is the Chair of the Meeting; and

(d) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

9. RESOLUTION 9 – ISSUE OF OPTIONS TO A CONSULTANT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**

"That, subject to the passing of all Resolutions and pursuant to ASX Listing Rule 7.1 and for all other purposes, approval is given for the Directors to allot and issue the Consultant Options to the Consultant on a post consolidation basis in consideration for services performed."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who may obtain a benefit, except a benefit solely in the capacity of a security holder, if this Resolution is passed and any associates of those persons.

10. RESOLUTION 10 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

"That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2011."

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Prohibition Statement:

A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

(a) *a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or*

(b) *a Closely Related Party of such a member.*

However, a person described above may vote on this Resolution if:

(c) *the person does so as a proxy appointed by writing that specifies how the proxy is to vote on the Resolution; and*

(d) *the vote is not cast on behalf of a person described in sub-paragraphs (a) or (b) above.*

11. RESOLUTION 11 – DIRECTORS' REMUNERATION

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of clause 13.8 of the Constitution, ASX Listing Rule 10.17 and for all other purposes, Shareholders approve the maximum total aggregate fixed sum per annum to be paid to Directors be set at $500,000 to be paid in accordance with the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a Director and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

(a) *the proxy is either:*

(i) a member of the Key Management Personnel; or

(ii) a Closely Related Party of such a member; and

(b) *the appointment does not specify the way the proxy is to vote on this Resolution.*

However, the above prohibition does not apply if:

(c) *the proxy is the Chair of the Meeting; and*

(d) *the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.*

12. RESOLUTION 12 – RE-ELECTION OF DIRECTOR – ATHAN LEKKAS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purpose of clause 13.2 of the Constitution and for all other purposes, Athan Lekkas, a Director, retires by rotation, and being eligible, is re-elected as a Director."

13. RESOLUTION 13 – RE-ELECTION OF DIRECTOR – NATHAN TAYLOR

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purpose of clause 13.2 of the Constitution and for all other purposes, Nathan Taylor, a Director, retires by rotation, and being eligible, is re-elected as a Director."

DATED: 19 OCTOBER 2011

BY ORDER OF THE BOARD

SEAN HENBURY
COMPANY SECRETARY

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the Annual General Meeting to be held at 10am (Perth time) on 30 November 2011 at:

The Melbourne Hotel
Cnr Hay and Milligan Streets
PERTH WA 6000

The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2011 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at www.energio.net.au.

2. BACKGROUND

The Company is currently listed on the ASX as a Toy and Gaming company. At the Annual General Meeting to be held on 30 November 2011, the Company will seek approval for a change to its activities.

As announced to the market on 4 April 2011, the Company has exercised its call option with TGP to acquire 100% of the fully paid ordinary shares in KCMH Australia from TGP. KCMH Australia is the holding company of KCM Nigeria which owns of a package of iron ore licences in Kogi State, Nigeria.

The Company's appointed Nigerian lawyers (Aluko and Oyebode) have confirmed that the Licences have been validly granted in the name of KCM Nigeria.

KCMH Australia holds 75% of the shares in KCM Nigeria (having recently exercised an option to acquire a further 5% shareholding in KCM Nigeria in return for making a cash payment of $US412,000 (US$206,000 of which has already been paid)).

KCMH Australia is an Australian privately owned company which has been focussed on acquiring iron ore Licences in Nigeria since 2007. TGP holds 100% of the shares in KCMH Australia.

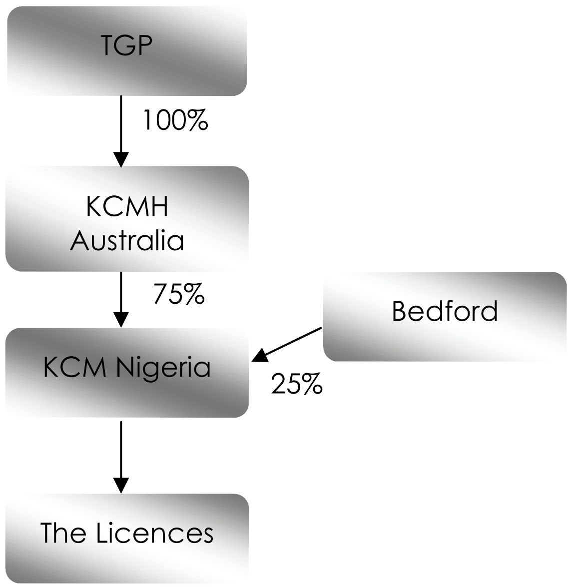
The information in this document which relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Allen Maynard, who is a Member of the Australian Institute of Geosciences ("AIG"), a Corporate Member of the Australasian Institute of Mining & Metallurgy ("AusIMM") and independent consultant to the Company. Mr Maynard is the Director and principal geologist of Al Maynard & Associates Pty Ltd and has over 30 years of exploration and mining experience in a variety of mineral deposit styles. Mr Maynard has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for reporting of Exploration Results, Exploration Targets, Mineral Resources and Ore Reserves"(JORC Code). Mr Maynard consents to inclusion in this document of the matters based on this information in the form and context in which it appears.

KCM Nigeria owns a package of recently granted exploration licences covering iron ore deposits in Kogi State, Nigeria (**Licences**). These Licences contain magnetite in BIF and iron rich oolitic deposits with an *exploration target of 2 – 3.3 billion tonnes of potential iron mineralisation grading in the range of 48% to 53% Fe and 1.6 – 2.7 billion tonnes of potential iron mineralisation grading in the range of 48% to 53% Fe for the larger and smaller areas respectively*. The potential quantity and grade is conceptual in nature at this stage as there has been insufficient exploration to define a Mineral Resource under the JORC Code. Further, it is uncertain if further exploration will define a Mineral Resources. For further information please refer to the Company's ASX Announcements of 22 March and 4 April 2011 and also risk factor 2.11(b).

Subsequent to the Put and Call Option Deed, the Company executed the Share Sale agreement with Bedford for the purchase of Bedford's shares in KCM Nigeria (being 25% of the total shares on issue).

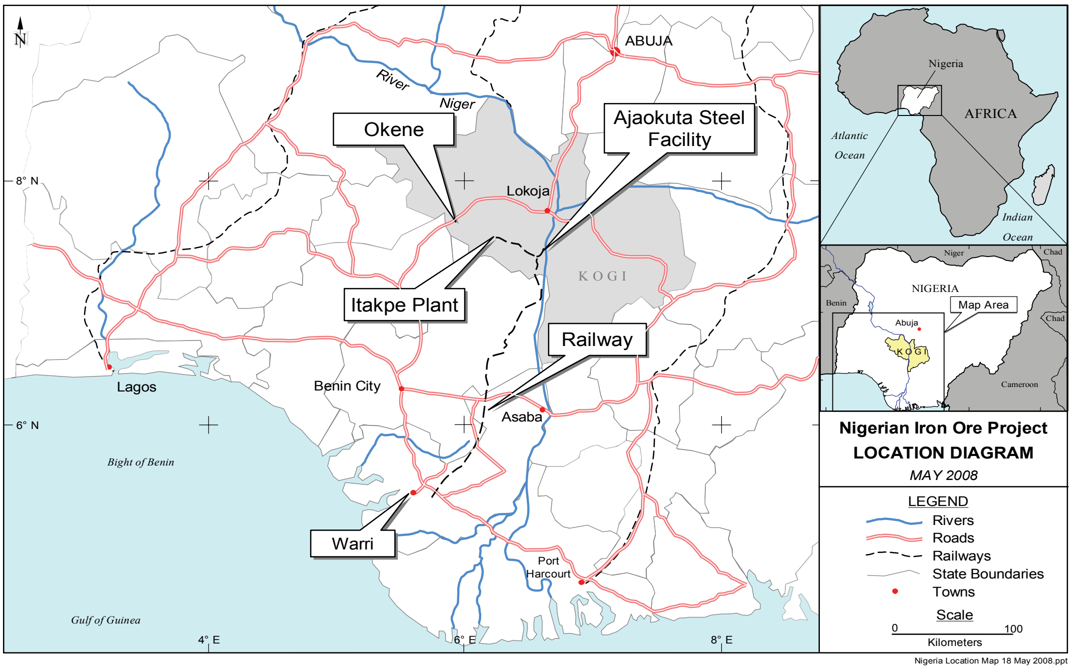
Once completion occurs under the Agreements, the Company will have an effective 100% interest in the Nigerian iron ore projects owned by KCM Nigeria.

A tree diagram illustrating the structure of the entities is set out below:



2.1 Background to the Kogi State infrastructure, including the iron and steel industry

Kogi State is situated approximately 300km south-west by road from the Nigerian capital of Abuja. The State has abundant existing reliable infrastructure in the form of sealed roads and highways, and rail links to within 35kms of the Port of Warri. It also has connections to the national power grid, a 414 megawatt gas fired power station (within 50km of the project) and abundant water from the Niger River to support major mineral exploitation. Access to existing available infrastructure will provide for an expedited project development and start up to satisfy the growing demand for these mineral commodities.



Kogi State is also home to a large proportion of Nigeria's known iron deposits. These occurrences present as Banded Iron Formations (BIF) and oolitic ironstones and have been the subject of various geological evaluations over a period spanning approximately 50 years. Data includes previous drilling, bulk sampling and metallurgical assessments which have identified significant non-JORC Code compliant fine grained hematite-magnetite mineralization in the BIF.

In the early 1970's the evident abundance of iron deposits prompted the Nigerian Government to collaborate with Soviet expertise to establish an iron and steel industry within the country. This collaboration culminated with the construction of the Ajaokuta Steel Complex on the banks of the Niger River in Kogi State in 1991. Ajaokuta is designed to produce up to 10mtpa of steel product, but since completion, it has essentially remained on care and maintenance for lack of funding and technical expertise.

In addition to the Ajaokuta steel works, Kogi State is also the location of the Itakpe iron ore processing facility near Okene. This facility was originally designed and constructed with the capacity to beneficiate up to 3.3Mtpa into concentrate for supply to Ajaokuta as 10% of its feedstock, using the existing rail facility. Similar to Ajaokuta, Itakpe is also under the direct control of the Nigerian Federal Government. This plant is currently on care and maintenance.

2.2 Geological Summary and Forward Exploration Plan

The Precambrian rocks of Nigeria may simplistically be grouped into three principal subdivisions of the ancient gneiss migmatite complex, the schist belts and the tectonically deformed plutonic series. This Precambrian terrain may have been part of an Archaean proto-shield that was later affected by Proterozoic crustal activities and subsequent evolvement of the Phanerozoic basins. Overlying these older assemblages are sedimentary sequences of Cretaceous to Tertiary ages deposited in five large basinal areas.

The BIF of Nigeria generally occurs in metamorphosed folded bands associated with Precambrian basement complex rocks, which include low grade metasediments, high grade schist, gneisses and migmatites. Included in this group are the well known Lokoja-Okene District (LOK) occurrences that form the core of the iron ore licences owned by KCMH Australia.

The initial exploration programme commenced in February 2011 with the objective of selecting drill pad locations and to prioritise drilling sequencing. This has included visits to the deposits, a review of aerial aeromagnetic survey results and ground magnetics. The Agbaja plateau was selected for the initial drilling program. A drilling contractor has been engaged and will commence the drilling program in September 2011 at the start of the dry season. Where warranted, bulk samples will also be collected for additional beneficiation test work. The objective is to lift mineralisation to JORC compliant levels of Resource or Reserves by 30 April 2012.

2.3 About Nigeria

- Africa's most populous country with approximately 160 million people.
- Democratic elections held since 1999.
- Member of OPEC since 1971 and the world's 7th largest oil producer.
- English speaking and former British protectorate.
- Liberalised exchange control regulations ensuring free capital flows.
- Minerals and Mining Act introduced in February 2007.

2.4 Overview of the mining industry in Nigeria

- Organized mining activities began in Nigeria in 1903 when the Mining Survey of the Northern Protectorate was created by the British colonial government. A year later, the Mineral Survey of the Southern Protectorate was founded. The British started tin mining operations in Nigeria in 1904 and were also mining gold by 1906. By the 1940's, Nigeria was a major producer of tin, columbite and coal.
- Historically, Nigeria's mining industry was monopolized by state owned public corporations. In recent times, far-reaching changes have been introduced by a shift in government policy. Accordingly, in line with global trends, the Government has embraced deregulation of the sector to allow for private participation in mining activities.
- The Mining and Cadastre Office under the Ministry of Mines and Steel Development is directly responsible for the regulation and issuance of mining licences in Nigeria.
- The Cadastre office is the repository of all information and data with regard to all mining activities in Nigeria. All issues relative to the scope of mining rights, assignment of mining rights and other forms of dealings with mining rights are required to be recorded or noted with the Cadastre department. The Cadastre office operates as an autonomous department under the Federal Ministry of Mines and Steel Development.

The principal legislation for the mining sector is the Mineral Act of 2007 which re – enacts, with applicable modifications, the 1946 Mineral Act. The Government is currently working on a national policy on mineral resources. The document is to be tagged the "National Mineral and Metal Policy 2008".

2.5 TGP Australia Limited

TGP is a privately owned company which has been focused on acquiring iron ore licences in Nigeria since 2007. It is an Equity Finance Development Company with the capacity to execute major and marginal projects internationally in Oil and Gas and Mining. It has extensive experience in Africa.

TGP comprises a growing number of likeminded professionals within a strong company with access to the broad technical, commercial and management resources necessary to develop resource projects effectively.

2.6 The Put and Call Option Deed

The Company had until 31 March 2011 to exercise its call option to acquire KCMH Australia under the Put and Call Option Deed. Whilst the call option has been exercised, settlement under the Put and Call Option Deed is still conditional upon:

(a) the Company obtaining all required shareholder approvals to proceed with the Transaction including, without limitation, any approval required under Listing Rule 7.1 and section 611 Item 7 of the Corporations Act, and an independent expert report reporting that the proposed transaction is either fair and reasonable or not fair but reasonable when considered in the context of the of the interests of the non-associated shareholders of the Company; and

(b) the Company re-complying with Chapters 1 and 2 of the ASX Listing Rules to the extent required by ASX.

The consideration for the acquisition of the shares in KCMH Australia is the issue of 830,000,000 fully paid ordinary shares in the Company to TGP (in the event that the Company raises at least a further $4,500,000 or more in equity funds prior to settlement) or otherwise a pro-rata allocation of 1,037,500,000 Shares based on the following formula:

$$NS = 830{,}000{,}000 + [1{,}037{,}500{,}000 - 830{,}000{,}000] \times \frac{[12{,}000{,}000 - (7{,}500{,}000 + AR)]}{12{,}000{,}000}$$

Where:

NS = the number of Shares to be issued to TGP.

AR = the amount raised under the Capital Raising.

(in each case pre Consolidation of the Company's issued capital that will be required in order to re-comply with Chapters 1 and 2 of the ASX Listing Rules (**TGP Consideration Shares**).

The maximum number of Shares that will be issued to TGP is 868,906,250 (assuming only $2,250,000 is raised by the Company under the Capital Raising).

Further terms of the Put and Call Option Deed were contained in the Company's ASX announcement of 8 November 2010.

2.7 Summary of the Share Sale Agreement

Under the Share Sale Agreement, the Company has the right to purchase Bedford's shares in KCM Nigeria. This is conditional upon:

(a) all necessary shareholder approvals; and

(b) the satisfaction of the conditions precedent in the Put and Call Option Deed.

The consideration for the purchase of these shares is the issue of 146,600,000 fully paid ordinary shares in the Company to Bedford (in the event that the Company raises at least a further $4,500,000 or more in equity funds prior to settlement or a pro-rata allocation of 215,830,000 Shares based on the following formula:

$$NS = 146{,}600{,}000 + [215{,}830{,}000 - 146{,}600{,}000] \times \frac{[12{,}000{,}000 - (7{,}500{,}000 + AR)]}{12{,}000{,}000}$$

Where:

NS = the additional Shares to be issued to Bedford (or its nominees).

AR = the amount raised under the Capital Raising.

(in each case pre any Consolidation of the Company's issued capital that will be required in order to re-comply with Chapters 1 and 2 of the ASX Listing Rules) (**Bedford Consideration Shares**).

The maximum number of Shares that will be issued to Bedford (or its nominees) is 159,580,625 (assuming only $2,250,000 is raised by the Company under the Capital Raising).

Completion under the Share Sale Agreement is dependent on the satisfaction of the conditions precedent in the Put and Call Option Deed.

2.8 Indicative timetable

The anticipated timetable for the issue of the shares and other necessary steps in the Agreements (**Transaction**) is set below. However, the dates are indicative only and may change without notice.

Event	Date
Dispatch of Notice of Meeting to approve Transaction	25 October 2011
Lodgement of Prospectus with ASIC	15 November 2011
Opening of Offer under Prospectus	15 November 2011
Suspension of EIO's securities from trading on ASX at the opening of trading	30 November 2011
Annual General Meeting of Shareholders and notification to ASX of results of Annual General Meeting	30 November 2011
Last day for trading in pre-reorganised Shares	30 November 2011
Trading in the reorganised Shares on a deferred settlement basis starts	2 December 2011

Last day to register transfers on a pre-reorganisation basis	8 December 2011
First day for Company to send notice to Shareholders of change of holdings as a result of reorganisation and to register securities on a post-reorganisation basis and for issue of holding statements	9 December 2011
Last day for securities to be entered into the holders' security holdings and for Company to send notice to each security holder*	15 December 2011
Despatch of holdings statements following Consolidation	15 December 2011
Closing date under Prospectus	15 December 2011
Anticipated date the suspension of trading is lifted and EIO's securities commence trading again on ASX	19 December 2011

** As the Company's securities will be suspended from trading, there will not be any deferred settlement trading.*

As indicated above, the Company's securities will be suspended from trading on ASX from the date of the shareholders' meeting until such time that the Company re-complies with Chapters 1 and 2 of the ASX Listing Rules.

2.9 Advantages of the Transaction

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on the proposed Resolutions:

(a) by approving the change of nature of the Company's activities, the Company can focus on mining exploration and development activities;

(b) by acquiring KCMH Australia and KCMH Nigeria and completing the Capital Raising, the Transaction being dependent on the Capital Raising, the Company will be well funded and be in possession of a project with a clearly defined development path; and

(c) the exploration for iron ore in the areas covered by the Licences will present the Company with a solid footing upon which to expand through the acquisition and development of mining operations.

2.10 Disadvantages of the Transaction

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on the proposed Resolutions:

(a) the Company will be changing the nature of its activities to become a company focused on mining exploration activities, which may not be consistent with the objectives of all Shareholders;

(b) there are risk factors associated with the change in nature of the Company's activities (these risks are set out in Section 2.11);

(c) if an economic mineral resource is identified the Company will need to raise significant further capital to develop a mine and mining operations; and

(d) if the Company is not successful in pursuing the Transaction, it will remain a listed (but potentially suspended) 'cash box' until such time as it can acquire an alternative investment.

2.11 Risk Factors

Shareholders should be aware that if the Resolutions are approved, the Company will be changing the nature of its activities to a mineral resources company which is subject to various risk factors. Based on the information available, a non-exhaustive list of risk factors are as follows:

(a) **Re-Quotation of Shares on ASX**

The Transaction constitutes a significant change in the nature and scale of the Company's activities and the Company needs to re-comply with Chapters 1 and 2 of the ASX Listing Rules as if it were seeking admission to the official list of ASX. There is a risk that the Company may not be able to meet the requirements of the ASX for re-quotation of its Shares on the ASX. Should this occur, the Shares will not be able to be traded on the ASX until such time as those requirements can be met, if at all. Whilst this is not a risk for new investors in so far as their funds will be returned should the Company not successfully re-comply, it is a risk for existing shareholders in the Company who may be prevented from trading their shares should the Company be suspended until such time as it does re-comply with the ASX Listing Rules.

(b) **The Nigerian Mining Cadastre Office**

In addition to the above risk factors in relation to operations in Nigeria, there are also specific risks related to dealing with the relevant governmental authorities in Nigeria, the Mining Cadastre Office, Abuja (**Cadastre**). These risks are shown by the total area of the Licences, the mineralisation targets and the valuation in the Independent Expert's report being presented as a range.

The affected licences are 9797, 9792, 9794, 8886, 6350, 9791, 9793 and 9796 (**Inconsistent Licences**). KCMH has attributed these inconsistencies to a series of clerical errors as the data for the Inconsistent Licences was all entered on the same day, by assumedly the same person in the Cadastre.

Representatives of KCM Nigeria Ltd have contacted the Cadastre about the Inconsistent Licences and, whilst the Company has no reason to doubt that the Inconsistent Licences will not be corrected, there remains a risk that the Cadastre may refuse to make these corrections and that KCM Nigeria Ltd may then lose title to the affected areas of the Inconsistent Licences.

Further, the Company is awaiting documents from the Cadastre evidencing ownership by KCM Nigeria Ltd of licences EL9795 and EL12124 (**Reissued Licences**).

The Company has been informed by the Cadastre that the Reissued Licences have been corrected in the records of the Cadastre. The Company is now awaiting the updated paperwork.

(c) **Exploration Success**

The Licences are at various stages of exploration, and potential investors should understand that mineral exploration and development are high-risk undertakings.

There can be no assurance that exploration of the Licences, or any other licences or tenements that may be acquired in the future will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, native title process, changing government regulations and many other factors beyond the control of the Company.

The success of the Company will also depend upon the Company having access to sufficient development capital, being able to maintain title to its Licences and obtaining all required approvals for its activities. In the event that exploration programmes prove to be unsuccessful this could lead to a diminution in the value of the Licences, a reduction in the cash reserves of the Company and possible relinquishment of the Licences.

(d) **Operating Risks**

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits; failure to achieve predicted grades in exploration and mining; operational and technical difficulties encountered in mining; difficulties in commissioning and operating plant and equipment; mechanical failure or plant breakdown; unanticipated metallurgical problems which may affect extraction costs; adverse weather conditions; industrial and environmental accidents; industrial disputes; and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

Having its main industry experience in the toys/games sector, the Company itself does not have any operating experience, although it should be noted that the Directors have between them significant operational experience. No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of the Licences. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

(e) **Off take Risks**

The Company does not have any committed off take agreements in place. In the event that the Company starts producing iron ore from one of its projects in the future, the Company may enter into off take transactions in order to fix or underpin the price for a portion of its production or for a particular type of iron ore. There is a risk that the

Company may not be able to deliver physical production into committed off take agreements; if for example, there was a production stoppage. In that event the Company could be adversely affected if the price was to move unfavourably. In addition, there is a mark-to-market risk in respect of accounting for off take agreements that could adversely impact the Company's financial results.

(f) **Resource Estimates**

Should the Company be successful in defining a mineral resource on any of the Licences, that resource estimate will be an expression of judgment based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations.

(g) **Commodity Price Volatility and Exchange Rate Risks**

If the Company achieves success leading to mineral production, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

(h) **Risks associated with operations in Nigeria**

The Tenements are located in Nigeria and the Company will be subject to the risks associated with operating in that country, including various levels of political, economic and other risks and uncertainties. These risks and uncertainties include, but are not limited to, terrorism, hostage taking, military repression, extreme fluctuations in currency exchange rates, high rates of inflation, labour unrest, the risks of war or civil unrest, expropriation and nationalization, renegotiation or nullification of existing concessions, licences, permits and contracts, illegal mining, changes in taxation policies, restrictions on foreign exchange and repatriation and changing political conditions, currency controls and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction.

Changes, if any, in mining or investment policies or shifts in political attitude in Nigeria may adversely affect the operations or profitability of the Company. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, foreign currency remittance, income taxes, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety.

Failure to comply strictly with applicable laws, regulations and local practices relating to mineral rights applications and tenure, could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests.

Outcomes in courts in Nigeria may be less predictable than in Australia, which could affect the enforceability of contracts entered into by the Company or its subsidiaries in Nigeria.

The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the operations or profitability of the Company. The Company has made its investment and strategic decisions based on the information currently available to the Directors, however should there be any material change in the political, economic, legal and social environments in Nigeria, the Directors may reassess investment decisions and commitments to assets in Nigeria.

(i) **Economic Risks**

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

Further, share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

(i) general economic outlook;

(ii) interest rates and inflation rates;

(iii) currency fluctuations;

(iv) changes in investor sentiment toward particular market sectors;

(v) the demand for, and supply of, capital; and

(vi) terrorism or other hostilities.

(j) **Market Conditions**

The market price of the Shares can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(k) **Labour Risk**

The Company's operations may be adversely affected by labour disputes or changes in Nigerian labour laws. With the exception of employees classified as essential - members of the armed services, the police force, fire-fighters, Central Bank employees, and customs and excise staff -Nigerian workers may form or join trade or labour unions. They may also strike to obtain improved working conditions and benefits and bargain collectively for higher wages.

Strikes or industrial actions by workers tend to be frequent in Nigeria. Although plagued by leadership struggles, ideological differences, and regional ethnic conflicts, the Nigerian Labor Congress has been able to organize or threaten nationwide workers' strikes, demanding the retention of government subsidies on petroleum products, minimum wages, and improved working conditions.

(l) **Water Supply**

Water supply for the Company's projects, and any future projects, will be sourced from individual locations. The Company will be required to apply for and obtain water use licences from the relevant governmental authorities. The process for obtaining a water use licence is a lengthy one and the Company's operations may be adversely affected in the event that the relevant licences are not obtained in a timely manner. An inadequate water supply would negatively affect the Project and any future projects.

(m) **HIV/AIDS**

In Nigeria, an estimated 3.6 percent of the population are living with HIV and AIDS. Although HIV prevalence is much lower in Nigeria than in other African countries such as South Africa and Zambia, the size of Nigeria's population (which was around 149 million in 2009) meant that by the end of 2009, there were 3.3 million people living with HIV.

Approximately 220,000 people died from aids in Nigeria in 2009. With AIDS claiming so many lives, Nigeria's life expectancy has declined significantly. In 1991 the average life expectancy was 54 years for women and 53 years for men. In 2009 these figures had fallen to 48 for women and 46 for men.

The exact impact of increased mortality rates due to HIV/AIDS related deaths on the cost of doing business in Nigeria and the potential growth in the economy is unclear at this time although employee related costs in Nigeria could increase as a result of the HIV/AIDS epidemic. The Company's results may be adversely affected by the loss of productivity and increased costs arising from any effect of HIV/AIDS on the Company's workforce.

(n) **No Geographical Diversification**

The Company's projects are all located in Nigeria. Any circumstance or event which negatively impacts the ownership or development of these areas or which negatively affects Nigeria could materially affect the financial performance of the Company and more significantly than if it had a diversified asset base.

(o) **Exploration**

Mining exploration is inherently associated with risk. Notwithstanding the experience, knowledge and careful evaluation a company brings to an exploration project there is no assurance that recoverable mineral resources will be identified. Even if identified, other factors such as technical difficulties, geological conditions, adverse changes in government policy or legislation or lack of access to sufficient funding may mean that the resource is not economically recoverable or may otherwise preclude the Company from successfully exploiting the resource.

(p) **Joint Venture Parties, Agents and Contractors**

The Directors are unable to predict the risk of financial failure or default by a participant in any earn-in agreement or joint venture to which the Company may become a party or the insolvency or managerial failure by any of the contractors to be used in future by the Company in any of its activities or the insolvency or other managerial failure by any of the other service providers to be used in future by the Company for any activity.

(q) **Future Capital Needs**

Further funding may be required by the Company to support its ongoing activities and operations. There can be no assurance that such funding will be available on satisfactory terms or at all. Any inability to obtain finance will adversely affect the business and financial condition of the Company and its performance.

(r) **Dilution Risk**

The consideration for the Transaction includes the Bedford Consideration Shares and the TGP Consideration Shares. If the Transaction is completed, there will be a dilution for current Shareholders.

2.12 Conditionality of Resolutions and Directors' Recommendation

The Resolutions are all inter-conditional, meaning that in order for any Resolution to have effect, all other Resolutions must also be passed by Shareholders.

Where any of the Resolutions are not passed, none of the remaining Resolutions will be able to take effect and the Acquisition will not proceed.

The Directors recommend (other than in relation to any Resolution in which they have a personal interest as identified in this Notice), that Shareholders vote in favour of all of the Resolutions.

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3. RESOLUTION 1 – APPROVAL FOR CHANGE IN NATURE AND SCALE OF ACTIVITIES

3.1 General

Resolution 1 seeks approval from Shareholders for a change in the nature and scale of the activities of the Company.

Pursuant to the Put and Call Option Deed, the Company will acquire from TGP 100% of the issued capital of KCMH Australia, giving it an effective interest of 75% of the issued capital of KCM Nigeria.

Upon completion under the Share Sale Agreement, the Company will acquire from Bedford a further 25% of the issued capital of KCM Nigeria.

KCMH Nigeria owns 100% interest of the Nigerian iron ore projects.

These transactions will result in a change in the nature and scale of the Company's activities to an iron ore explorer and potential producer. The Company may also look to make future investments in other mineral commodities other than iron ore.

As a consequence, the Transaction requires approval pursuant to ASX Listing Rule 11.1.2.

3.2 ASX Listing Rule 11.1

ASX Listing Rule 11.1 provides that where an entity proposes to make a significant change, either directly or indirectly, to the nature or scale of its activities, it must provide full details to ASX as soon as practicable. ASX Listing Rule 11.1.2 provides that, if ASX requires, the entity must get the approval of Shareholders and must comply with any requirements of ASX in relation to the Notice of Meeting.

ASX has indicated to the Company that, given the significant change in the nature and scale of the activities of the Company upon completion of the Transaction, it requires the Company to obtain the approval of its Shareholders.

For this reason, the Company is seeking Shareholder approval for the Company to change the nature and scale of its activities under ASX Listing Rule 11.1.

4. RESOLUTION 2 – CONSOLIDATION OF CAPITAL

4.1 Background

The Directors are seeking Shareholder approval to consolidate the number of shares and Options on issue on a one 1: 10 basis. The Consolidation is the capital structure of the Company required to ensure it is appropriate to list the Company on the official list of ASX.

Section 254H of the Corporations Act provides that a company may, by a resolution passed in a general meeting of shareholders, convert all or any of its shares into a larger or smaller number of shares.

If Resolution 2 is passed, the number of Shares and Options on issue will be reduced in accordance with the table below. Further, the exercise price of the Options will be increased by a multiple of 10.

As from the effective date of this Resolution (being the date advised to the ASX), all holding statements for Shares and Options will cease to have any effect, except as evidence of entitlement to a certain number of post-Consolidation Shares and Options. After the Consolidation becomes effective, the Company will arrange for new holding statements to be issued to Shareholders and Optionholders.

The effect the Transaction and the Resolutions contained within the Notice will have on the capital structure of the Company is as follows:

Shares	***Number***
Current	1,178,320,485
Exercise of Class A Options (refer below)	30,500,000
Sub-Total	*1,208,820,485*

Post 1:10 Consolidation[1]	*120,882,049*
Public Offer[2] (Resolution 5)	11,250,000
Issue to TGP (Resolution 3)	86,890,625
Issue to Bedford (Resolution 4)	15,958,063
Issue to Athan Lekkas (Resolution 6)	750,000
Issue to Ian Burston (Resolution 7)	1,500,000
Issue to Kevin Joseph (Resolution 8)	1,500,000
Issue to consultant[3]	2,250,000
TOTAL	**240,980,737**
Options	
Class A Options (all 31,500,000 will be converted)[4]	0
Class B Options[5]	118,650,000
Out of the Money Options[6]	16,287,599
Sub-Total	*134,937,599*
Post 1:10 Consolidation[1,7]	*13,493,760*
Issue to Athan Lekkas (Resolution 6)	750,000
Issue to Consultant (Resolution 9)	6,250,000
TOTAL	**20,493,760**

Notes:

1. *These numbers are approximations and will be subject to rounding of holdings.*
2. *Assuming $2,250,000 is raised under the Capital Raising, however this may be as high as $4,500,000 if the full amount of oversubscriptions are accepted.*
3. *The Company has committed to issuing 2,250,000 Shares to a consultant in relation to future services. Shareholder approval is not being sought for this issue as it is uncertain when these Shares will be issued. It is likely that the Company will issue these Shares under its 15% placement capacity.*
4. *These Class A Options are exercisable at $0.01 (pre-Consolidation) on or before 30/11/2013. The Company has received commitments from the holders to exercise all of these Options prior to completion of the Transaction.*
5. *These Class B Options are exercisable at $0.01 (pre-Consolidation) on or before 30/11/2013. The terms of these Options provide that the exercise price will increase to $0.20 post the Consolidation (even if the exercise price would be less than $0.20). Some of these Class B Options may also be exercised prior to completion of the Transaction, in which case the numbers above would change.*

6. *These Options are all out of the money and are set out below (on a pre-Consolidation basis):*

1,100,000 Unlisted Options – 31/12/2011, $1.625 exercise price;

15,000 Unlisted Options – 14/09/2012, $1.00 exercise price; and

7. *200,000 Unlisted Options – 31/12/2012, $1.25 exercise price. This number only includes the Class B Options and the Out of the Money Options on the assumption that all of the Class A Options are exercised.*

4.2 Fractional entitlements and taxation

Not all Shareholders and Optionholders will hold that number of shares and Options which can be evenly divided by 10. Where a fractional entitlement occurs, the Directors will round that fraction up to the nearest whole Share or Option.

It is not considered that any taxation consequences will exist for Shareholders or Option holders arising from the Consolidation. However, Shareholders and Option holders are advised to seek their own tax advice on the effect of the Consolidation and neither the Company, nor the Directors (or the Company's advisers) accept any responsibility for the individual taxation consequences arising from the Consolidation.

4.3 Timetable for the Consolidation

The indicative timetable for the Consolidation is set out in paragraph 2.8 of this Notice.

5. RESOLUTION 3 – THE ACQUISITION OF KCMH AUSTRALIA AND ACQUISITION OF RELEVANT INTEREST IN SHARES

5.1 General

As outlined in Section 1 of this Explanatory Statement, the Company has exercised its call option with TGP pursuant to the Put and Call Option Deed. Should completion occur under the Put and Call Option Deed and the Share Sale Agreement, the Company will acquire an effective 100% interest in KCM Nigeria and therefore the Licences. The consideration under the Agreements will be satisfied through the issue of the Consideration Shares.

The passing of Resolution 3 will allow the Directors to issue the TGP Consideration Shares to TGP pursuant to the Put and Call Option Deed, in consideration for the transfer by TGP to the Company of 100% of the shares in KCMH Australia, during the 3 month period after the Annual General Meeting (or a longer period, if allowed by ASX), without using the Company's annual 15% placement capacity.

Approval for the issue of Shares pursuant to Bedford pursuant to the Share Sale Agreement is contained in Resolution 4.

5.2 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

(a) obtain the approval of the public company's members in the manner set out in Sections 217 to 227 of the Corporations Act; and

(b) give the benefit within 15 months following such approval, unless the giving of the financial benefit falls within an exception set out in Sections 210 to 216 of the Corporations Act.

Don Carroll, Ian Burston and Kevin Joseph are all related parties of the Company by virtue of being Directors. The issue of the TGP Consideration Shares to TGP will result in an indirect financial benefit being given to Don Carroll, Ian Burston and Kevin Joseph as they, or their controlled entities, are shareholders in TGP.

It is the view of the Directors that the exceptions set out in Sections 210 to 216 of the Corporations Act do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the issue of the TGP Consideration Shares to TGP (and the consequent indirect financial benefit to be received by each of Don Carroll, Ian Burston and Kevin Joseph).

5.3 Technical Information required by Chapter 2E of the Corporations Act

Pursuant to and in accordance with the requirements of Sections 217 to 227 of the Corporations Act, the following information is provided in relation to the proposed issue of Shares:

(a) the related parties to whom an indirect financial benefit will be given are Don Carroll, Ian Burston and Kevin Joseph (**Related Parties**) and they are related parties by virtue of being Directors of the Company;

(b) the nature of the financial benefit to be given to each of the Related Parties is an indirect benefit by virtue of the Related Parties, or their controlled entities, being shareholders in TGP. The benefit to be received by TGP is the TGP Consideration Shares;

(c) as at the date of this Notice, TGP has 111,215,167 shares on issue. The relevant interest of each of the Related Parties (or their controlled entities) in TGP is set out below:

Related Party	**Existing Shares in TGP**	**Shares to be issued in TGP[1]**
Don Carroll	533,332	3,000,000
Ian Burston[2]	2,840,000	5,000,000
Kevin Joseph[2]	13,080,935	1,500,000

Notes:

1. *The TGP board has also resolved to issue these shares but they were yet to be issued as at the date of this Notice.*
2. *In addition to the above, Ian Burston's wife (Rosemary Burston) holds 2,840,000 TGP shares, and Kevin Joseph's wife (Oluwafunmilayo Joseph) holds 400,000 TGP shares.*

(d) based on a deemed issue price of $0.20 each (post Consolidation) the total value of the TGP Consideration Shares being issued is $17,378,125 (assuming $2,250,000 is raised under the Capital Raising). As shareholders in TGP, the Related Parties will have an indirect interest in the TGP Consideration Shares;

(e) Don Carroll, Ian Burston and Kevin Joseph's relevant interests in securities of the Company (on a pre-Consolidation basis) is set out below:

Related Party	Shares	Options
Don Carroll	20,000,000	20,000,000
Ian Burston	0	0
Kevin Joseph	0	0

(f) the remuneration and emoluments from the Company to Don Carroll, Ian Burston and Kevin Joseph for both the current financial year and previous financial year are set out below:

Related Party	Current Financial Year	Previous Financial Year
Don Carroll[1]	$3,000 per month	0
Ian Burston[2]	$3,000 per month	0
Kevin Joseph[3]	$3,000 per month	0

Notes:

1. *From the date of his appointment, 1 December 2010.*
2. *From the date of his appointment, 22 December 2010.*
3. *From the date of his appointment, 22 December 2010.*

(g) other information in relation to the acquisition of KMCH (and the issue of the TGP Consideration Shares) is set out elsewhere in this Explanatory Statement and the Independent Expert's Report. Shareholders are urged to read this information carefully; and

5.4 Interests and Recommendations of Directors

(a) Nathan Taylor does not have a material interest in Resolution 3 and after consideration of the advantages and disadvantages to the Company in undertaking the Transaction recommends that Shareholders vote in favour of it for the reasons given in 5.4(c) below. He is also of the opinion that the quantum is appropriate and was arrived at after negotiations with TGP and is more favourable than providing cash consideration to TGP. Nathan Taylor is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass this Resolution;

(b) Athan Lekkas does not have a material interest in Resolution 3 and after consideration of the advantages and disadvantages to the Company in undertaking the Transaction recommends that Shareholders vote in favour of it for the reasons given in 5.4(c) below. He is also of the opinion that the quantum is appropriate and was arrived at after negotiations with TGP and is more favourable than providing cash consideration to TGP. Athan Lekkas is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass this Resolution;

(c) Both Nathan Taylor and Athan Lekkas recommend Resolution 3 based on the following reasons:

(i) by approving the change of nature, the Company can invest in mining and exploration activities and avail itself of the opportunity to raise new funds on a basis which may be beneficial to shareholders as a whole;

(ii) by approving the Transaction, the Company may be positioned to take advantage of the buoyant market conditions which are existing for iron ore producers and which are expected to continue for some time;

(iii) by further exploring the Licences, the Company may locate and develop further iron ore projects and pursue the significant opportunities on offer in exploration activities in Nigeria; and

(iv) the Independent Expert has determined the Transaction is fair and reasonable to the non-associated Shareholders of the Company;

(d) Don Carroll declines to make a recommendation in relation to Resolution 3 due to his material personal interest in the outcome of this Resolution;

(e) Ian Burston declines to make a recommendation in relation to Resolution 3 due to his material personal interest in the outcome of this Resolution; and

(f) Kevin Joseph declines to make a recommendation in relation to Resolution 3 due to his material personal interest in the outcome of this Resolution.

5.5 Item 7 of Section 611 of the Corporations Act Authorisation

Section 606 of the Corporations Act – Statutory Prohibition

Pursuant to Section 606(1) of the Corporations Act, a person must not acquire a relevant interest in issued voting shares in a listed company if the person acquiring the interest does so through a transaction in relation to securities entered into by or on behalf of the person and because of the transaction, that person's or someone else's voting power in the company increases:

(a) from 20% or below to more than 20%; or

(b) from a starting point that is above 20% and below 90%.

Voting Power

The voting power of a person in a body corporate is determined in accordance with Section 610 of the Corporations Act. The calculation of a person's voting power in a company involves determining the voting Shares in the company in which the person and the person's associates have a relevant interest.

Relevant Interests

A person has a relevant interest in securities if they:

(a) are the holder of the securities;

(b) have the power to exercise, or control the exercise of, a right to vote attached to the securities; or

(c) have the power to dispose of, or control the exercise of a power to dispose of, the securities.

It does not matter how remote the relevant interest is or how it arises. If two or more people can jointly exercise one of these powers, each of them is taken to have that power.

In addition, Section 608(3) of the Corporations Act provides that a person has a relevant interest in securities that any of the following has:

(a) a body corporate in which the person's voting power is above 20%;

(b) a body corporate that the person controls.

As shown in the table below, no shareholder in TGP holds more than a relevant interest in more than 20% of TGP's voting shares.

Item 7 of Section 611 of the Corporations Act provides an exception to the prohibition, whereby a person may acquire a relevant interest in a company's voting shares with shareholder approval.

As a result of the Transaction, TGP will acquire a relevant interest in greater than 20% of the Company's shares.

Accordingly, Shareholder approval under Item 7 of Section 611 of the Corporations Act is required for Resolution 3.

In accordance with Appendix 9B of the ASX Listing Rules, it is likely that ASX will apply escrow provisions to the TGP Consideration Shares. As at the date of this Notice of Meeting, ASX has not made a determination in this regard but expects to do so prior to any final approval for the reinstatement of the Company's securities on ASX

The following information is required to be provided to Shareholders under the Corporations Act and ASIC Policy Statement 74 in respect of obtaining approval for Item 7 of Section 611 of the Corporations Act. Shareholders are also referred to the Independent Expert's Report prepared by BDO Corporate Finance WA Pty Ltd.

The Independent Expert's Report forms part of or accompanies this Explanatory Statement.

5.6 TGP Shareholders

As at the date of this Notice, the top 20 shareholders in TGP and their holdings in TGP are contained in the table below (**TGP Shareholders**).

	TGP shareholders	**Number of TGP shares**
1.	I.D.W. Pty Ltd (account I & R Whiteley family trust)	9,809,782
2.	Kevin Joseph	9,100,000
3.	Vic Bullo Consulting Pty Ltd (account V & H Bullo family trust)	5,952,998
4.	I.D.W. Pty Ltd (account Kevin Joseph)	3,980,935
5.	Longford Pty Ltd (account Foster super fund)	3,743,360
6.	Nicholas Whiteley	3,477,929
7.	Daviston Pty Ltd	3,396,084

	TGP shareholders	Number of TGP shares
8.	Lauren Jackson	3,377,928
9.	Trans State Securities Pty Ltd	3,190,832
10.	Hollams, Robert Richard Frank (account the Jacaranda Trust)	2,845,999
11.	Burston, Ian Fred and Rosemary (account Burston Super Fund No.2 account)	2,840,000
12.	Burston, Rosemary	2,840,000
13.	Gemini Consultants Ltd	2,400,000
14.	Pacrim Investment Consultants Pty Ltd (account Pacrim Super Fund)	2,116,156
15.	Marinelli, Domenic (account Monte Acquaviva Trust)	2,038,205
16.	Vic Bullo Consulting Pty Ltd	2,020,832
17.	Whiteley Holdings Pty Ltd (account Whiteley Super Fund)	1,833,332
18.	Robyn Whiteley	1,666,666
19.	Reeves, David & Eleanor Jean (account Bodmin Super Fund)	1,426,666
20.	Sassey Pty Ltd (account Avago Super Fund)	1,340,000
	Total number of shares held by the top 20 shareholders	**69,397,704**
	Total number of shares on issue	**111,215,167**

The TGP shareholder named IDW Pty Ltd is a company in which Ian Whiteley and his wife, Robyn Whiteley, are the shareholders. Trans State Securities Pty Ltd is a company in which Ian Whiteley and Robyn Whiteley ultimately (via various interposing entities) have an interest in the majority of the voting shares in Trans State Securities Pty Ltd. Whiteley Holdings Pty Ltd is a company in which Ian and Robyn Whiteley and their children, Lauren Jackson and Nicholas Whiteley are the shareholders.

Their respective holdings in TGP are as follows:

(a) Ian Whiteley - 13.34% voting power;

(b) Robyn Whiteley – 14.84% voting power;

(c) Lauren Jackson – 4.78% voting power; and

(d) Nicholas Whiteley – 4.78% voting power.

The Company has been advised that none of the above parties are ‘associates’ for the purposes of Chapter 6 of the Corporations Act.

5.7 Specific Information Required by Section 611 Item 7 of the Corporations Act and ASIC Policy Statement 74

Reasons for the proposed issue of shares

The reason for the proposed issue of the TGP Consideration Shares is to provide consideration to TGP for the sale by TGP to the Company of 100% of the shares in KCMH Australia.

Relevant Interests and Voting Power

As a result of the Shares to be issued to TGP under the Put and Call Option Deed, TGP will acquire a relevant interest in 86,890,625 Shares (on a post Consolidation basis).

Assuming that:

(a) the Resolutions in this Notice are passed and implemented;

(b) the minimum number of Shares are subscribed for pursuant to the Prospectus (including over-subscriptions) meaning that TGP receives 86,980,625 Shares and Bedford receives 15,958,063 Shares (on a post Consolidation basis);

(c) the Transaction is completed (including the issue of the Bedford Consideration Shares);

(d) no Shares are issued other than the Shares issued pursuant to the Resolutions and the 2,250,000 Shares to the consultant; and

(e) TGP does not subscribe for any Shares pursuant to the Prospectus,

then this relevant interest will represent 36.06% of the issued ordinary Shares of the Company

As at the date of this Notice, neither TGP nor any of its associates have a relevant interest in any Shares in the Company.

The relevant interests of TGP and the voting power of TGP immediately before and after the issues of Shares as contemplated by this Notice of Meeting are set out in the tables below:

<u>Relevant Interests:</u>

Party	As at the date of this Notice of Meeting	After issue of all Shares under this Notice
TGP	Nil Shares	86,890,625 Shares

<u>Voting Power:</u>

Voting Power of TGP	As at the date of this Notice of Meeting	After issue of all Shares under this Notice
Assuming the minimum is raised under the Prospectus, leaving the Company with 240,980,737	0%	36.06%

Shares		

TGP has advised the Company that TGP does not have any "associates" for the purposes of Chapter 6 of the Corporations Act.

It should be noted that there are no existing or proposed arrangements for the TGP Shareholders to act collectively or to vote as a block.

Further details on the voting power of TGP is set out in the Independent Expert's Report.

Intentions of TGP in relation to the Company

Other than as disclosed elsewhere in this Explanatory Statement, the Company understands that TGP does not:

(a) have any current intention of making any significant changes to the business of the Company or to change the employment of any employees of the Company;

(b) intend to redeploy any fixed assets of the Company;

(c) have any present intention to inject further capital into the Company;

(d) have a current intention to change the Company's existing policies in relation to financial matters or dividends; or

(e) have any intention to submit a proposal whereby any property will be transferred between the Company and TGP or any of their associates.

Further details of the Transaction are set out throughout this Explanatory Statement.

Capital Structure

The proposed capital structure of the Company following completion of all the transactions the subject of this Notice is set out in Section 4.1 of this Explanatory Statement.

The interests of all of the Company's directors as at the date of this Notice are:

Company Director	Company Shares	Company Options	TGP Shares	TGP Options	TGP director?
Nathan Taylor	31,000,000	20,000,000	0	0	No.
Athan Lekkas	51,500,000	0	0	0	No.
Don Carroll	20,000,000	20,000,000	533,332	0	Yes.
Ian Burston[1, 2]	0	0	2,840,000	0	Yes.
Kevin Joseph[1, 2]	0	0	13,080,935	0	Yes.

Notes:

1. *The TGP board has also resolved to issue further shares, as set out in the table contained in 5.3.*

2. *In addition to the above, Ian Burston's wife (Rosemary Burston) holds 2,840,000 TGP shares, and Kevin Joseph's wife (Oluwafunmilayo Joseph) holds 400,000 TGP shares.*

Independent Expert's Report

The Independent Expert's Report is to assess whether the Transaction is fair and reasonable to the non-associated Shareholders of the Company. The advantages and disadvantages of the Transaction are outlined in sections 13.4 and 13.5 of the Independent Expert's Report and are provided to enable non-associated Shareholders of the Company to determine whether they are better off if the Transaction proceeds than if it does not.

The Independent Expert's Report concludes that the Transaction is fair and reasonable to the non-associated Shareholders of the Company.

Shareholders are urged to carefully read the Independent Expert's Report to understand the scope of the report, the methodology of the valuation and the sources of information and assumptions made.

Pro-forma consolidated statement of financial position

A pro-forma statement of financial position of the Company post Consolidation (and all other Resolutions is this Notice) is set out in Appendix A of the Explanatory Statement.

5.8 Listing Rule 10.1

ASX Listing Rule 10.1 provides that an entity (or any of its subsidiaries) must not acquire a "substantial asset" from, or dispose of a substantial asset to, a substantial holder (if the person and the person's associates have a "relevant interest", or had a relevant interest at any time in the 6 months before the transaction, in at least 10% of the total votes attached to the voting securities).

An asset is substantial if its value or the value of the consideration for it is, or in ASX's opinion is, 5% or more of the equity interests of the company as set out in the latest accounts given to ASX under the ASX Listing Rules. For the purposes of ASX Listing Rule 10.1.1, Don Carroll, Ian Burston and Kevin Joseph are related parties by virtue of being directors of the Company and TGP and therefore the Transaction requires shareholder approval for the purpose of ASX Listing Rule 10.1.

ASX Listing Rule 10.1 provides that shareholder approval sought for the purpose of ASX Listing Rule 10.1 must include a report on the proposed acquisition from an independent expert.

The Independent Expert's Report sets out a detailed examination of the Transaction to enable Shareholders to assess its merits. The Independent Expert's Report concludes that the Transaction is fair and reasonable to the non-associated Shareholders of the Company.

5.9 Listing Rule 7.1 and 7.2

For the purposes of Listing Rules 7.1 and 7.2, the passing of resolution 3 will allow the Directors to issue the Shares pursuant to the Put and Call Option Deed without using the Company's annual 15% placement capacity. An issue of shares approved for the purposes of Item 7 of Section 611 of the Corporations Act is an exception to the restriction in Listing Rule 7.1.

6. RESOLUTION 4 – ISSUE OF SHARES TO BEDFORD

Resolution 4 seeks Shareholder approval for the allotment and issue of the Bedford Consideration Shares in consideration for the acquisition of a 25% interest in KCM Nigeria pursuant to the terms of the Share Sale Agreement.

The passing of Resolution 4 will allow the Directors to issue the Bedford Consideration Shares pursuant to the Share Sale Agreement during the 3 month period after the Annual General Meeting without using the Company's annual 15% placement capacity.

6.1 Technical Information Required by Listing Rule 7.3

The following information is provided in relation to the issue of the Bedford Consideration Shares pursuant to and in accordance with Listing Rule 7.3:

(a) the maximum number of Shares to be issued is 15,958,063 post-Consolidation Shares;

(b) the Shares will be issued, after the Consolidation, at a deemed issue price of $0.20 each;

(c) the Shares will be issued no later than three (3) months after the date of the Annual General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;

(d) the Directors will issue the Shares to Bedford, who is not a related party of the Company;

(e) the Shares are fully paid ordinary shares in the capital of the Company and will rank equally with the Company's current issued Shares. In accordance with Appendix 9B of the ASX Listing Rules, it is likely that ASX will apply escrow provisions to some of the Shares issued under this Resolution. As at the date of this Notice of Meeting, ASX has not made a determination in this regard but expects to do so prior to any final approval for the reinstatement of the Company's securities on ASX; and

(f) the Shares will be issued for nil cash consideration as they are being issued in consideration for the acquisition of the Bedford Consideration Shares therefore no funds will be raised.

7. RESOLUTION 5 - PROSPECTUS ISSUE

7.1 General

Resolution 5 seeks Shareholder approval for the allotment and issue of up to 22,500,000 Shares pursuant to the Prospectus to be issued for the purposes of compliance with Chapters 1 and 2 of the ASX Listing Rules and to raise up to $4,500,000 (**Capital Raising**).

The effect of Resolution 5 will be to allow the Directors to issue the Shares pursuant to the Capital Raising during the period of 3 months after the Annual General Meeting (or a longer period, if allowed by ASX), without using the Company's annual 15% placement capacity.

7.2 Technical Information Required by Listing Rule 7.3

The following information is provided in relation to the Capital Raising pursuant to and in accordance with Listing Rule 7.3:

(a) the maximum number of Shares to be issued is 22,500,000;

(b) the Shares will be issued, after the Consolidation, at $0.20 each;

(c) the Shares will rank equally with the Company's current issued Shares;

(d) the Shares will be issued no later than three (3) months after the date of the Annual General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;

(e) the Directors will issue the Shares to subscribers pursuant to the Prospectus but who will not be related parties of the Company;

(f) the Shares are fully paid ordinary shares in the capital of the Company and will rank equally with the Company's current issued Shares; and

(g) the Company intends to use the amount raised from the Capital Raising to explore the Licences, with a view to defining a JORC resource, pay for the costs of re-complying with Chapters 1 and 2 of the ASX Listing Rules and for general working capital.

8. RESOLUTIONS 6 – 8 – ISSUE OF SECURITIES TO DIRECTORS

8.1 General

Resolutions 6 - 8 seek shareholder approval, in accordance with section 208 of the Corporations Act and ASX Listing Rule 10.11, for the allotment and issue to:

(a) Athan Lekkas (or his nominee) of 750,000 Shares and 750,000 Options (on a post Consolidation basis) (**Resolution 6**);

(b) Ian Burston (or his nominee) of 1,500,000 Shares (on a post Consolidation basis) (**Resolution 7**):

(c) Kevin Joseph (or his nominee) of 1,500,000 Shares (on a post Consolidation basis) (**Resolution 8**),

on the terms and conditions set out in this Explanatory Statement.

8.2 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

(a) obtain the approval of the public company's members in the manner set out in Sections 217 to 227 of the Corporations Act; and

(b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in Sections 210 to 216 of the Corporations Act.

The issue of the Shares and Options to Athan Lekkas, Ian Burston and Kevin Joseph (or their nominees) constitutes giving a financial benefit, and, as Directors, they are related parties of the Company.

It is the view of the Directors that the exceptions set out in Sections 210 to 216 of the Corporations Act do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the issue of the Shares and Options to Athan Lekkas, Ian Burston and Kevin Joseph (or their nominees).

8.3 ASX Listing Rule 10.11

ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply.

The issue of the Shares and Options to Athan Lekkas, Ian Burston and Kevin Joseph (or their nominees) involves the issue of securities to a related party of the Company and accordingly, approval is sought from Shareholders for the purposes of ASX Listing Rule 10.11.

8.4 Technical Information required by Chapter 2E of the Corporations Act and ASX Listing Rule 10.13

Pursuant to and in accordance with the requirements of Sections 217 to 227 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to the proposed issue of Shares and Options:

(a) the related parties to whom the Shares and Options will be issued are Athan Lekkas, Ian Burston and Kevin Joseph (or their nominees) and they is are related parties by virtue of being directors of the Company;

(b) the maximum number of securities (being the nature of the financial benefit being provided) to be issued to:

   (i) Athan Lekkas (or his nominee(s)) is 750,000 Shares and 750,000 Options;

   (ii) Ian Burston (or his nominee(s)) is 1,500,000 Shares; and

   (iii) Kevin Joseph (or his nominee(s)) is 1,500,000 Shares;

(c) the Shares and Options will be issued to Athan Lekkas, Ian Burston and Kevin Joseph (or their nominees) no later than 1 month after the date of the Annual General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Shares and Options will be issued on one date;

(d) the Shares and Options will be issued to Athan Lekkas, Ian Burston and Kevin Joseph (or their nominees) for nil cash consideration, accordingly no funds will be raised. In accordance with Appendix 9B of the ASX Listing Rules, it is likely that ASX will apply escrow provisions to some of the Shares issued under this Resolution. As at the date of this Notice of Meeting, ASX has not made a determination in this regard but expects to do so prior to any final approval for the reinstatement of the Company's securities on ASX;

(e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;

(f) based on a deemed issue price of $0.20 (post Consolidation) the total value of the Shares being issued is $750,000 ($150,000 to Athan Lekkas, $300,000 to Ian Burston and $300,000 to Kevin Joseph);

(g) the terms and conditions of the Options are set out in Schedule 1;

(h) the value of the Options and the pricing methodology is set out in Schedule 2;

(i) Athan Lekkas, Ian Burston and Kevin Joseph's relevant interests in the securities of the Company as at the date of this Notice is set out below:

Related Party	**Shares**	**Options**
Athan Lekkas	51,500,000	0
Ian Burston	0	0
Kevin Joseph	0	0

(j) the remuneration and emoluments from the Company to Athan Lekkas, Ian Burston and Kevin Joseph for both the current financial year and previous financial year is set out below:

Related Party	**Current Financial Year**	**Previous Financial Year**
Athan Lekkas[1]	$3,000 per month	$10,500
Ian Burston[2]	$3,000 per month	0
Kevin Joseph[3]	$3,000 per month	0

Notes:

1. *From 1 July 2010*
2. *From the date of his appointment, 22 December 2010.*
3. *From the date of his appointment, 22 December 2010.*

(k) the issue of the Shares and Options to Athan Lekkas, Ian Burston and Kevin Joseph (or their nominees) will have a dilutionary effect on Shareholders. The number of Shares on issue after completion of the Transaction, including the issue of the 2,250,000 Shares to the consultant and assuming $2,250,000 is raised (but before the issue of any Shares or Options to Athan Lekkas, Ian Burston or Kevin Joseph) will be 237,230,737 Shares. Upon the issue of the maximum number of Shares to Athan Lekkas, Ian Burston and Kevin Joseph (or their nominees) (assuming that Mr Lekkas' Options are exercised but no other Shares are issued or Options exercised) the Company will have a total of 241,730,737 Shares on issue resulting in a combined dilutionary effect on Shareholders of 1.89%. This dilution is further represented in the table below:

Holder	**After issue of maximum Shares to be issued under Resolutions 6 to 8**	**Percentage Holding**

Athan Lekkas	1,500,000 (after Options are exercised)	0.63%
Ian Burston	1,500,000	0.63%
Kevin Joseph	1,500,000	0.63%
Other Shareholders	237,230,737	98.11%[1,2]
TOTAL	**241,730,737**	**100%**

Notes:

1. *This distinguishes between the 1,500,000 new Shares (assuming the 750,000 Options are exercised) issued to Mr Lekkas and the 51,500,000 Shares he held prior to the Transaction.*
2. *The figures are approximate only.*

(l) the market price for Shares during the term of the Options would normally determine whether or not the Options are exercised. If, at any time any of the Options are exercised and the Shares are trading on ASX at a price that is higher than the exercise price of the Options, there may be a perceived cost to the Company. The highest, lowest and most recent market price for the Company's shares as traded on ASX in the last 12 months is set out in the table below:

Benchmark	**Price**	**Date**
Highest	\$0.073	9 March 2011
Lowest	\$0.009	16 December 2010
Most recent	\$0.017	18 October 2011

(m) the primary purpose for the issue of the Options and Shares to Athan Lekkas is to provide a market linked incentive package in his capacity as Director and to assist in the reward, retention and motivation of Athan Lekkas in that capacity whilst maintaining the Company's cash reserves. The Board (other than Athan Lekkas) considered the extensive experience and reputation of Athan Lekkas, the current market price of Shares and current market practices when determining the number of Options and Shares to be issued to Athan Lekkas. The Board considers the issue of the Options and Shares to Athan Lekkas to be reasonable upon the terms proposed;

(n) the primary purpose for the issue of the Shares to Ian Burston is to provide a market linked incentive package in his capacity as Director and to assist in the reward, retention and motivation of Ian Burston in that capacity whilst maintaining the Company's cash reserves. The Board (other than Ian Burston) considered the extensive experience and reputation of Ian Burston, the current market price of Shares and current market practices when determining the number of Shares to be issued to Ian Burston. The Board considers the issue of the Shares to Ian Burston to be reasonable upon the terms proposed; and

(o) the primary purpose for the issue of the Shares to Kevin Joseph is to provide a market linked incentive package in his capacity as Director and to assist in the reward, retention and motivation of Kevin Joseph in that capacity whilst maintaining the Company's cash reserves. The Board (other than Kevin Joseph) considered the extensive experience and reputation of Kevin Joseph, the current market price of Shares and current market practices when determining the number of Shares to be issued to Kevin Joseph. The Board considers the issue of the Shares to Kevin Joseph to be reasonable upon the terms proposed.

8.5 Directors' Recommendations

(a) Don Carroll recommends that Shareholders vote in favour of Resolutions 6 - 8. He has considered the advantages and disadvantages to the Company when determining the number of Shares and Options to be issued and is of the opinion that their issue will not result in any material disadvantage to the Company. Their issue is advantageous as they provide a market linked incentive package in Messrs Lekkas, Joseph and Burston's capacity as Directors and for the future performance by them in their role. He is also of the opinion that the quantum is appropriate and is more favourable than providing cash consideration to Messrs Lekkas, Joseph and Burston. Don Carroll is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass this Resolution.

(b) Nathan Taylor recommends that Shareholders vote in favour of Resolutions 6 - 8. He has considered the advantages and disadvantages to the Company when determining the number of Shares and Options to be issued and is of the opinion that their issue will not result in any material disadvantage to the Company. Their issue is advantageous as they provide a market linked incentive package in Messrs Lekkas, Joseph and Burston's capacity as Directors and for the future performance by them in their role. He is also of the opinion that the quantum is appropriate and is more favourable than providing cash consideration to Messrs Lekkas, Joseph and Burston. Nathan Taylor is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass this Resolution.

(c) Athan Lekkas recommends that Shareholders vote in favour of Resolutions 7 and 8. He has considered the advantages and disadvantages to the Company when determining the number of Shares to be issued and is of the opinion that their issue will not result in any material disadvantage to the Company. Their issue is advantageous as they provide a market linked incentive package in Messrs Burston and Joseph's capacity as Directors and for the future performance by them in their role. He is also of the opinion that the quantum is appropriate and is more favourable than providing cash consideration to Messrs Burston and Joseph. Athan Lekkas is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass this Resolution. Athan Lekkas declines to make a recommendation in relation to Resolution 6 due to his material personal interest in the outcome of this Resolution.

(d) Ian Burston recommends that Shareholders vote in favour of Resolutions 6 and 8. He has considered the advantages and disadvantages to the Company when determining the number of Shares and Options to be issued and is of the opinion that their issue will not result in any material disadvantage to the Company. Their issue is advantageous as they provide a market linked incentive package in Messrs Lekkas and Joseph's capacity as Directors and for the future performance by them in their role. Ian Burston is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass this Resolution. Ian Burston declines to make a recommendation in relation to Resolution 7 due to his material personal interest in the outcome of the Resolution.

(e) Kevin Joseph recommends that Shareholders vote in favour of Resolutions 6 and 7. He has considered the advantages and disadvantages to the Company when determining the number of Shares and Options to be issued and is of the opinion that their issue will not result in any material disadvantage to the Company. Their issue is advantageous as they provide a market linked incentive package in Messrs Lekkas and Burston's capacity as Directors and for the future performance by them in their role. Kevin Joseph is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass this Resolution. Kevin Joseph declines to make a recommendation in relation to Resolution 8 due to his material personal interest in the outcome of the Resolution.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Shares and Options to Athan Lekkas, Ian Burston and Kevin Joseph as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of the Shares and Options to Athan Lekkas will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

9. RESOLUTION 9 – ISSUE OF OPTIONS TO CONSULTANT

9.1 General

Resolution 9 seeks Shareholder approval for the allotment and issue of 6,250,000 Options to the Consultant (**Consultant Options**).

The passing of Resolution 9 will allow the Directors to issue the Consultant Options during the period of 3 months after the Annual General Meeting (or a longer period, if allowed by ASX), without using the Company's annual 15% placement capacity. In accordance with Appendix 9B of the ASX Listing Rules, it is likely that ASX will apply escrow provisions to some of the Shares issued under this Resolution. As at the date of this Notice of Meeting, ASX has not made a determination in this regard but expects to do so prior to any final approval for the reinstatement of the Company's securities on ASX.

9.2 Technical Information Required by Listing Rule 7.3

The following information is provided in relation to the General Offer pursuant to and in accordance with Listing Rule 7.3:

(a) the maximum number of Options to be issued is 6,250,000;

(b) the Options will be issued to the Consultant (who is not a related party of the Company) in consideration for past services provided to the

Company (i.e. nil cash consideration) and therefore no funds will be raised;

(c) the Options will be issued no later than three (3) months after the date of the Annual General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules and it is intended that allotment will occur on the same date; and

(d) the terms of the Options are as set out in Schedule 1.

10. RESOLUTION 10 – ADOPTION OF REMUNERATION REPORT

10.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the Directors or the Company.

Under recent changes to the Corporations Act which came into effect on 1 July 2011, if at least 25% of the votes cast on Resolution 10 are voted against adoption of the Remuneration Report at the Annual General Meeting, and then again at the Company's 2012 annual general meeting, the Company will be required to put to Shareholders a resolution proposing the calling of an extraordinary general meeting to consider the appointment of directors of the Company (**Spill Resolution**).

If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must convene the extraordinary general meeting (**Spill Meeting**) within 90 days of the Company's 2012 annual general meeting. All of the Directors who were in office when the Company's 2012 Directors' report was approved, other than the managing director of the Company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting. Following the Spill Meeting those persons whose election or re-election as Directors is approved will be the Directors of the Company.

The remuneration report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The remuneration report is part of the Directors' report contained in the annual financial report of the Company for the financial year ending 30 June 2011.

A reasonable opportunity will be provided for discussion of the remuneration report at the Annual General Meeting.

10.2 Proxy Restrictions

Pursuant to the Corporations Act, if you elect to appoint the Chair, or another member of Key Management Personnel whose remuneration details are included in the Remuneration Report or any Closely Related Party of that member as your proxy to vote on this Resolution 10, *you must direct the proxy how they are to vote*. Where you do not direct the Chair, or another member of Key Management Personnel whose remuneration details are included in the Remuneration Report or Closely Related Party of that member on how to vote on this Resolution 10, the proxy is prevented by the Corporations Act from exercising your vote and your vote will not be counted in relation to this Resolution 10.

11. RESOLUTION 11 – DIRECTORS' REMUNERATION

Clause 13.7 of the Constitution requires that the total aggregate fixed sum per annum to be paid to the Directors (excluding salaries of executive Directors) from time to time will not exceed the sum determined by the Shareholders in general meeting and the total aggregate fixed sum will be divided between the Directors as the Directors shall determine and, in default of agreement between them, then in equal shares.

Resolution 11 seeks Shareholder approval to increase the total aggregate fixed sum per annum to be paid to the Directors by $250,000 to $500,000.

The total aggregate fixed sum per annum has been determined after reviewing similar companies listed on ASX and the Directors believe that this level of remuneration is in line with corporate remuneration of similar companies.

12. RESOLUTIONS 12 AND 13 – RE-ELECTION OF DIRECTORS ATHAN LEKKAS AND NATHAN TAYLOR

Clause 13.2 of the Constitution requires that at the Company's annual general meeting in every year, one-third of the Directors for the time being, or, if their number is not a multiple of 3, then the number nearest one-third (rounded upwards in case of doubt), shall retire from office, provided always that no Director (except a Managing Director) shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election.

The Directors to retire at an annual general meeting are those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots.

A Director who retires by rotation under clause 13.2 of the Constitution is eligible for re-election.

The Company currently has 5 Directors and accordingly 2 must retire.

Athan Lekkas and Nathan Taylor are the Directors that have been the longest in office since their last election, and they both retire by rotation and seek re-election.

13. ENQUIRIES

Shareholders are requested to contact Mr Sean Henbury on (+ 61 8) 9486 2333 if they have any queries in respect of the matters set out in these documents.

GLOSSARY

$ means Australian dollars.

Agreements means the Put and Call Option Deed and the Share Sale Agreement.

ASX means ASX Limited.

ASX Listing Rules means the Listing Rules of ASX.

Bedford means Bedford CP Nominees Pty Ltd.

Bedford Consideration Shares has the meaning given to that term in Section 2.7 of the Explanatory Statement.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Cadastre means as defined in paragraph 2.11(b) of this Notice.

Capital Raising means the funds to be raised under the Prospectus.

Closely Related Party of a member of the Key Management Personnel means:

(a) a spouse or child of the member;

(b) a child of the member's spouse;

(c) a dependent of the member or the member's spouse;

(d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;

(e) a company the member controls; or

(f) a person prescribed by the *Corporations Regulations 2001 (Cth*).

Company means Energio Limited (ACN 001 894 033).

Consideration Shares means the Bedford Consideration Shares and the TGP Consideration Shares, as the context requires.

Consolidation means the consolidation of the issued securities of the Company on a 1 for 10 basis (rounded up to the nearest whole number that will be required to re-comply with Chapters 1 and 2 of the ASX Listing Rules).

Constitution means the Company's constitution.

Consultant means Noble Investments Superannuation Fund Pty Ltd.

Consultant Options means 6,250,000 Options to be issued pursuant to Resolution 9.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the current directors of the Company.

EIO means the Company.

Explanatory Statement means the explanatory statement accompanying the Notice of Meeting.

Annual General Meeting or **Meeting** means the meeting convened by the Notice.

Inconsistent Licences means as defined in paragraph 2.11(b) of this Notice.

Independent Expert means BDO Corporate Finance (WA) Pty Ltd.

Independent Expert's Report means the report undertaken by the Independent Expert advising Shareholders as to the fairness and reasonableness of the Transaction.

Key Management Personnel has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

KCMH Australia means KCM Mining Holdings Pty Ltd.

KCM Nigeria means KCM Mining Ltd (Incorporated in Nigeria).

Licences means the package of exploration licences in Kogi State, Nigeria as set out in schedule 3 to this Notice.

Notice or **Notice of Meeting** or **Notice of Annual General Meeting** means this notice of Annual General Meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a share in the capital of the Company.

Optionholders means a holder of an Option.

Prospectus means the Prospectus to be issued by the Company for the purposes of compliance with Chapters 1 and 2 of the ASX Listing Rules and to raise up to $4,500,000.

Proxy Form means the proxy form accompanying the Notice.

Put and Call Option Deed means the Put and Call Option Deed entered into between KCMH Australia, the Company and TGP on or about 8 November 2010 (as varied).

Reissued Licences means as defined in paragraph 2.11(b) of this Notice.

Relevant Interest has the meaning given to that term in the Corporations Act.

Remuneration Report means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2010.

Resolutions means the resolutions set out in the Notice of Meeting or any one of them, as the context requires.

Settlement Date means the date of completion of the transaction by the Company.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

Share Sale Agreement means the Share Sale Agreement between the Company and Bedford for the acquisition by the Company of all of Bedford's shares in KCM Nigeria.

TGP means TGP Australia Limited.

TGP Shareholders means shareholders in TGP.

TGP Consideration Shares has the meaning given to that term in Section 2.6 of the Explanatory Statement.

Transaction means the acquisition of TGP pursuant to the Put and Call Option Deed.

Voting Power has the meaning given to that term in the Corporations Act.

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE 1 – TERMS AND CONDITIONS OF OPTIONS

The terms and conditions attaching to the Options are set out below:

(a) Each option (**Option**) entitles the holder to subscribe for one fully paid ordinary share in the capital of the Company (**Share**) at an exercise price of $0.20 (**Exercise Price**).

(b) The Options are exercisable at any time on or before 5.00pm Western Standard Time on 30 November 2013 (**Expiry Date**). Options may only be exercised in multiples of 1,000. Any Options not exercised by the Expiry Date shall lapse.

(c) Options may not be exercised if the effect of such exercise and subsequent allotment of the Shares would be to create a holding of less than a marketable parcel of Shares unless the allottee is already a shareholder of The Company at the time of exercise.

(d) Exercise of the Option is effected by completing a notice of exercise of option and delivering it to the registered office of the Company together with payment of 20 cents per Option exercised.

(e) The Options are freely transferable, subject to any offer for sale of the Options complying with section 707 of the Corporations Act (if applicable).

(f) All Shares issued upon exercise of the Options and payment of the Exercise Price will rank equally in all respects with The Company's then existing Shares. The Company will apply for Official Quotation by ASX of all Shares issued upon exercise of the Options within three days of the issue of the Shares.

(g) A certificate will not be issued for the Options and an uncertificated holding statement will be provided.

(h) There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new entitlement issues of capital offered to shareholders during the currency of the Options. However, The Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 6 business days after the Issue is announced. This will give the holders of Options the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.

(i) In the event of any reconstruction, including a consolidation, subdivision, reduction or return of the issued capital of the Company prior to the Expiry Date, the number of Options which each holder is entitled or the Exercise Price of the Options or both will be reconstructed as appropriate in a manner which is in accordance with the ASX Listing Rules and will not result in any benefits being conferred on Optionholders which are not conferred on shareholders, subject to such provision with respect to the rounding of entitlements as may be sanctioned by the meeting of shareholders approving the reconstruction of capital, but in all other respects the terms of exercise of the Options will remain unchanged. The rights of an Optionholder may be changed to comply with the Listing rules applying to a reorganisation of capital at the time of the reconstruction.

(j) Shares allotted and issued pursuant to the exercise of an Option will be allotted and issued not more than 14 days after the receipt of a proper notice and payment of the exercise price in respect of the Options exercised.

SCHEDULE 2 – VALUATION OF OPTIONS

The Options to be issued to Athan Lekkas pursuant to Resolution 6 have been valued by internal management.

Using the theoretical Black & Scholes option model and based on the assumptions set out below, the Options were ascribed a value range, as follows:

Valuation date	27 July 2011		
Market price of Shares	20 cents*		
Exercise price	20 cents		
Expiry date	30 November 2013		
Risk free interest rate	5.00%		
Volatility	60%	90%	120%
Indicative value per Option (cents)	**7.67**	**10.54**	**13.02**
Total value of Options	**$57,514**	**$79,068**	**$97,661**

* Based on the post Consolidation issue price of Shares to be undertaken by the Company.

Note: The valuation ranges noted above are not necessarily the market prices that the Options could be traded at and they are not automatically the market prices for taxation purposes.

SCHEDULE 3 – LICENCES VALIDLY GRANTED IN THE NAME OF KCM NIGERIA

S/N	Code No	Holders	Payment**	Mineral	Status
1	6350EL	KCM Nigeria	Paid	Iron Ore	Granted & Issued
2	6351EL	KCM Nigeria	Paid	Iron Ore	Granted & Issued
3	6352EL	KCM Nigeria	Paid	Iron Ore	Granted & Issued
4	7060EL	KCM Nigeria	Paid	Iron Ore	Granted & Issued
5	7061EL	KCM Nigeria	Paid	Iron Ore	Granted & Issued
6	8583EL*	KCM Nigeria	Paid	Iron Ore	Granted & Issued
7	8886EL	KCM Nigeria	Paid	Iron Ore	Granted & Issued
8	9791EL	KCM Nigeria	Yes	Iron Ore	Licence application granted and awaiting issuance of physical licence
9	9792EL	KCM Nigeria	Paid	Iron Ore	Granted & Issued
10	9793EL	KCM Nigeria	Yes	Iron Ore	Licence application granted and awaiting issuance of physical licence
11	9794EL	KCM Nigeria	Paid	Iron Ore	Granted & Issued
12	9795EL***	KCM Nigeria	Paid	Iron Ore	Pending
13	9796EL	KCM Nigeria	Paid	Iron Ore	Licence application granted and awaiting issuance of physical licence
14	9797EL	KCM Nigeria	Paid	Iron Ore	Granted & Issued
15	10586EL	KCM Nigeria	Paid	Iron Ore	Granted & Issued

*KCM Nigeria has also applied for an additional licence which is pending (EL12124), but will cover an area of land already covered by this licence.

** Payment of the annual service fee as at 12 July 2010.

*** In addition to EL12124 mentioned above, KCMH Australia also has a claim to EL9795 however this is not yet recorded on the records of the Mining Cadastre Office in Nigeria. The Company understands that this licence has been granted, however it is yet to receive formal documentation and is currently investigating this with the Mining Cadastre Office in Nigeria. The Company will release an announcement in this regard once they view the supporting documentation from the Mining Cadastre Office in Nigeria.

KCMH Australia has an effective 75% interest in the Nigerian iron ore projects owned by KCM Nigeria through holding 75% of the shares in KCM Nigeria.

Company Balance Sheet and Pro Forma Balance Sheet as at 31 August 2011 (unaudited)

	31/08/2011 Actual $	31/08/2011 Pro-forma $
CURRENT ASSETS		
Cash and cash equivalents	2,945,975	5,060,975
Trade and other receivables	40,875	40,875
Total Current Assets	2,986,850	5,101,850
NON-CURRENT ASSETS		
Investment in subsidiary		20,569,738
Total Non-Current Assets	0	20,569,738
TOTAL ASSETS	2,986,850	25,671,588
CURRENT LIABILITIES		
Trade and other payables	127,824	127,824
Total Current Liabilities	127,824	127,824
NON-CURRENT LIABILITIES		
Total Non-Current Liabilities	0	0
TOTAL LIABILITIES	127,824	127,824
NET ASSETS	2,859,026	25,543,764
EQUITY		
Contributed equity	29,321,502	52,756,240
Reserves	1,440,987	2,178,959
Accumulated losses	(27,903,463)	(29,391,435)
TOTAL EQUITY	2,859,026	25,543,764

INDEPENDENT EXPERT'S REPORT
Energio Limited

19 October 2011

Financial Services Guide

19 October 2011

BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 ("BDO" or "we" or "us" or "ours" as appropriate) has been engaged by Energio Limited ("Energio") to provide an independent expert's report on the issue of shares to acquire KCM Mining Holding Pty Ltd (KCM Australia"), pursuant to the Put and Call Option Deed ("Option Deed") entered into with KMC Australia and TGP Australia Limited ("TGP"). You will be provided with a copy of our report as a retail client because you are a shareholder of Energio.

Financial Services Guide

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide ("FSG"). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- Who we are and how we can be contacted;
- The services we are authorised to provide under our Australian Financial Services Licence, Licence No. 316158;
- Remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- Any relevant associations or relationships we have; and
- Our internal and external complaints handling procedures and how you may access them.

Information about us

BDO Corporate Finance (WA) Pty Ltd is a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The financial product advice in our report is provided by BDO Corporate Finance (WA) Pty Ltd and not by BDO or its related entities. BDO and its related entities provide services primarily in the areas of audit, tax, consulting and financial advisory services.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, you should note that we and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business.

Financial services we are licensed to provide

We hold an Australian Financial Services Licence that authorises us to provide general financial product advice for securities to retail and wholesale clients.

When we provide the authorised financial services we are engaged to provide expert reports in connection with the financial product of another person. Our reports indicate who has engaged us and the nature of the report we have been engaged to provide. When we provide the authorised services we are not acting for you.

General Financial Product Advice

We only provide general financial product advice, not personal financial product advice. Our report does not take into account your personal objectives, financial situation or needs.
You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice.

Fees, Commissions and Other Benefits that we may receive

We charge fees for providing reports, including this report. These fees are negotiated and agreed with the person who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. The fee for this engagement is approximately $30,000.

Except for the fees referred to above, neither BDO, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

Other Assignments

BDO Audit and Assurance (WA) Pty Ltd is the appointed Auditor of Energio. We do not consider that this impacts on our independence in accordance with the requirements of Regulatory Guide 112 'Independence of Experts'. We have completed a conflict search of BDO affiliated organisations within Australia. This conflict search incorporates all Partners, Directors and Managers of BDO affiliated organisations. We are not aware of any circumstances that, in our view, would constitute a conflict of interest or would impair our ability to provide objective assistance in this matter.

Remuneration or other benefits received by our employees

All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report.
We have received a fee for our professional services in providing this report. That fee is not linked in any way with our opinion as expressed in this report.

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Complaints resolution

Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing addressed to The Complaints Officer, BDO Corporate Finance (WA) Pty Ltd, PO Box 700 Subiaco WA 6872.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service ("FOS"). FOS is an independent organisation that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial service industry. FOS will be able to advise you as to whether or not they can be of assistance in this matter. Our FOS Membership Number is 12561.
Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly via the details set out below.

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001
Toll free: 1300 78 08 08
Facsimile: (03) 9613 6399
Email: info@fos.org.au

Contact details

You may contact us using the details set out at the top of our letterhead on page 1 of this FSG.

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38 Station Street
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PO Box 700 West Perth WA 6872
Australia

19 October 2011

Energio Limited
21 Teddington Road
BURSWOOD WA 6100

Dear Sirs,

Independent Expert's Report

1. Introduction

On 4 April 2011, Energio Limited ("**Energio**" or "**the Company**") announced that it had exercised its call option to acquire 100% of the shares in the capital of KCM Mining Holdings Pty Ltd ("**KCM Australia**"), pursuant to the Put and Call Option Deed ("**Option Deed**") entered into with KCM Australia and TGP Australia Limited ("**TGP**"). The consideration for the acquisition of the shares in KCM Australia is the issue of 830,000,000 fully paid ordinary shares in the Company to TGP (in the event that the Company raises at least a further $4.5 million or more in equity funds prior to settlement) or otherwise a pro-rata allocation of 1,037,500,000 fully paid ordinary shares in the Company ("**the Proposal**"). The pro-rata allocation is based on the following formula:

$$NS = 830{,}000{,}000 + [1{,}037{,}500{,}000 - 830{,}000{,}000] \times \left[\frac{12{,}000{,}000 - (7{,}500{,}000 + AR)}{12{,}000{,}000}\right]$$

Where:
NS = the number of Shares to be issued to TGP; and
AR = the amount raised under the Capital Raising.

Assuming that only $2.25 million is raised by the Company, the maximum number of Shares that will be issued to TGP is 868,906,625.

We note that under Resolution 2 of the Notice of Meeting, the issued capital of the Company will be consolidated on the basis that:

(a) every 10 shares be consolidated into one share; and

(b) every 10 options to acquire shares are consolidated into one option ("**Consolidation of capital**").

As such, post-Consolidation, the consideration for the acquisition of the shares in KCM Australia is the issue of 83,000,000 fully paid ordinary shares in the Company to TGP (in the event that the Company raises at least a further $4.5 million or more in equity funds prior to settlement) or otherwise 86,890,625 fully paid ordinary shares in the Company if only $2.25 million in equity funds is raised prior to settlement.

For the purposes of this report all Energio shareholdings referred to are pre-Consolidation unless otherwise noted.

We instructed Al Maynard & Associates Pty Ltd ("**Al Maynard**") to provide us with an independent specialist report (refer Appendix 3) on the value of the mineral assets subject to the Proposal. The valuation noted that a complication to the title of the mineralisation areas exists in that the Nigerian Tenement Authority has formally issued title to areas that are less than that which KCM Australia understands it actually has proper rights and title to. Therefore, Al Maynard has provided two valuations, by exactly the same method for both areas in which the lesser area has a size of 122.4 km^2 ("**Lesser Area**") and the larger area has a size of 151.7 km^2 ("**Larger Area**"). Our report takes into account scenarios for both the Lesser Area and the Larger Area.

2. Summary and Opinion

2.1 Purpose of the report

The directors of Energio have requested that BDO Corporate Finance (WA) Pty Ltd ("**BDO**") prepare an independent expert's report ("**our Report**") to express an opinion as to whether or not the acquisition of 100% of the shares in the capital of KCM Australia is fair and reasonable to the non associated shareholders of Energio ("**Shareholders**").

Our Report is prepared pursuant to ASX listing rule 10.1 and section 611 of the Corporations Act and is to be included in the Notice of Meeting for Energio in order to assist the Shareholders in their decision whether to approve the Proposal.

2.2 Approach

Our Report has been prepared having regard to Australian Securities and Investments Commission ("**ASIC**") Regulatory Guide 111 ("**RG 111**"), 'Content of Expert Reports' and Regulatory Guide 112 ("**RG 112**") 'Independence of Experts'.

In arriving at our opinion, we have assessed the terms of the Proposal as outlined in the body of this report. We have considered:

- How the value of an Energio share prior to the implementation of the Proposal compares to the value of an Energio share following the implementation of the Proposal;
- Other factors which we consider to be relevant to the Shareholder in their assessment of the Proposal; and
- The position of Shareholders should the Proposal not proceed.

2.3 Opinion

We have considered the terms of the Proposal as outlined in the body of this report and have concluded that the Proposal is fair and reasonable to Shareholders.

2.4 Fairness

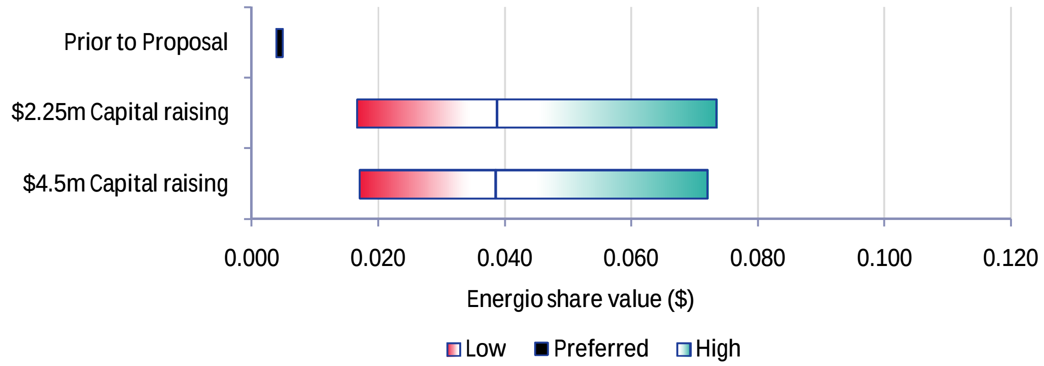
In Section 12 we determined that the value of an Energio share following implementation of the Proposal compares to the value of an Energio share prior to the implementation of the Proposal, as detailed hereunder on both a pre-Consolidation basis and a post-Consolidation basis.

Pre-Consolidation of Capital		Low $	Preferred $	High $
	Value of Energio prior to the Proposal	0.0038	0.0038	0.0038
Lesser Area	Value of Energio post the Proposal with $2.25m Raising	0.0166	0.0387	0.0734
	Value of Energio post the Proposal with $4.5m Raising	0.0170	0.0385	0.0720
Larger Area	Value of Energio post the Proposal with $2.25m Raising	0.0192	0.0459	0.0868
	Value of Energio post the Proposal with $4.5m Raising	0.0196	0.0454	0.0850

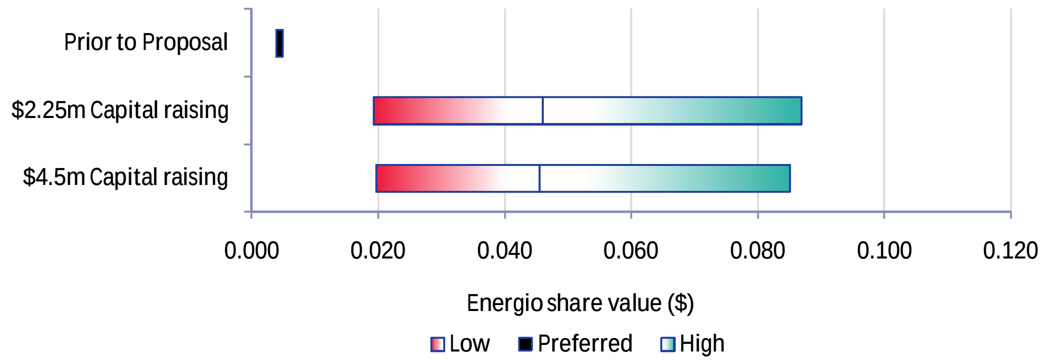
Post-Consolidation of Capital		Low $	Preferred $	High $
	Value of Energio prior to the Proposal	0.0381	0.0381	0.0381
Lesser Area	Value of Energio post the Proposal with $2.25m Raising	0.1656	0.3873	0.7338
	Value of Energio post the Proposal with $4.5m Raising	0.1702	0.3846	0.7199
Larger Area	Value of Energio post the Proposal with $2.25m Raising	0.1925	0.4588	0.8680
	Value of Energio post the Proposal with $4.5m Raising	0.1961	0.4538	0.8497

The above pre-Consolidation valuation ranges are graphically presented below for the both the Lesser Area and the Larger Area scenarios:

Lesser Area:



Larger Area:



The above pricing indicates that the Proposal is fair for Shareholders in both scenarios.

2.5 Reasonableness

We have considered the analysis in Sections 12 and 13 of this report, in terms of both

- advantages and disadvantages of the Proposal; and
- alternatives, including the position of Shareholders if the Proposal does not proceed.

In our opinion, the position of Shareholders if the Proposal is approved is more advantageous than the position if the Proposal is not approved. Accordingly, in the absence of any other relevant information and/or a superior proposal we believe that the Proposal is reasonable for Shareholders.

The respective advantages and disadvantages considered are summarised below:

ADVANTAGES AND DISADVANTAGES			
Section	Advantages	Section	Disadvantages
12	The Proposal is fair	4.2	Dilution of existing shareholders
6.1	Exposure to iron ore assets	13.5	Additional funds required
4	No upfront payment required	13.5	Change of nature
4	Potential to own 100% of KCM Nigeria		

Other key matters we have considered include:

Section	Description
13.1	Lack of an alternative Proposal
13.2	The practical level of control
13.3	Consequences of not approving the Proposal

3. Scope of the Report

2.1 Purpose of the Report

ASX Listing Rule 10.1 requires that a listed entity must obtain shareholders' approval before it acquires or disposes of a substantial asset, when the consideration to be paid for the asset or the value of the asset being disposed constitutes more than 5% of the equity interest of that entity at the date of the last audited accounts. The value of KCM Australia is more than 5% of the equity interest of Energio as at 30 June 2011.

Listing Rule 10.1 applies where the vendor or acquirer of the relevant assets is a related party of the listed entity. Dr Ian Burston, Non-Executive Director of Energio, Mr Don Carroll, Non-Executive Director of Energio and Mr Kevin Joseph, Executive Director of Energio are all TGP shareholders and therefore TGP is a related party of Energio. Their current holdings in TGP are:

Related party	Shares in TGP	%
Mr Don Carroll	533,332	0.48%
Dr Ian Burston*	2,840,000	2.55%
Mr Kevin Joseph*	13,080,935	11.76%

*In addition to the above, Ian Burston's wife holds 2,840,000 TGP shares, and Kevin Joseph's wife holds 400,000 TGP shares

Listing Rule 10.10.2 requires the Notice of Meeting for shareholders' approval to be accompanied by a report by an independent expert expressing their opinion as to whether the transaction is fair and reasonable to the shareholders whose votes are not to be disregarded in respect of the transaction. Accordingly, an independent experts' report is required for the Proposal. The report should provide an opinion by the expert stating whether or not the terms and conditions in relation thereto are fair and reasonable to non-associated shareholders of Energio.

Section 606 of the Corporations Act Regulations ("**the Act**") expressly prohibits the acquisition of shares by a party if that acquisition will result in that person (or someone else) holding an interest in 20% or more of the issued shares of a public company, unless a full takeover offer is made to all shareholders.

Section 611 permits such an acquisition if the shareholders of that entity have agreed to the issue of such shares. This agreement must be by resolution passed at a general meeting at which no votes are cast in favour of the resolution by any party who is associated with the party acquiring the shares, or by the party acquiring the shares. Section 611 states that shareholders of the company must be given all information that is material to the decision on how to vote at the meeting.

As a result of the Proposal, TGP will acquire a relevant interest in greater than 20% of the Company's shares as shown in the table below.

			Post Proposal			
Energio capital structure	Current shareholding		With $4.5m capital raising		With $2.25m capital raising	
Pre-Consolidation	Number	%	Number	%	Number	%
Energio shareholders	1,178,320,485	97.48%	1,178,320,485	52.05%	1,178,320,485	53.80%
TGP shareholders	-	0.00%	830,000,000	36.66%	868,906,625	39.67%
Issued via capital raising	-	0.00%	225,000,000	9.94%	112,500,000	5.14%
Class A Options exercised*	30,500,000	2.52%	30,500,000	1.35%	30,500,000	1.39%
	1,208,820,485	100.00%	2,263,820,485	100.00%	2,190,227,110	100.00%

*The Company has received commitments from the holders to exercise these Options

Note: This table assumes only the Resolutions to approve the Proposal and to approve the Capital Raising are passed.

Regulatory Guide 74 issued by ASIC deals with "Acquisitions Agreed to by Shareholders". It states that the obligation to supply shareholders with all information that is material can be satisfied by the non-associated directors of Energio, by either:

- undertaking a detailed examination of the Proposal themselves, if they consider that they have sufficient expertise; or
- by commissioning an Independent Expert's Report.

The directors of Energio have commissioned this Independent Expert's Report to satisfy this obligation.

2.2 Regulatory guidance

Neither the Listing Rules nor the Corporations Act defines the meaning of "fair and reasonable". In determining whether the Proposal is fair and reasonable, we have had regard to the views expressed by ASIC in RG 111. This regulatory guide provides guidance as to what matters an independent expert should consider to assist security holders to make informed decisions about transactions.

RG 111 provides guidance on how a control transaction should be considered. We consider the Proposal to be a control transaction. As such, we have used RG 111 as a guide for our analysis and have considered the Proposal as if it were a control transaction.

2.3 Adopted basis of evaluation

RG 111 states that a transaction is fair if the value of the offer price or consideration is greater than the value of the securities subject of the offer. RG 111 states that when considering the value of the securities subject of the offer in a control transaction the expert should consider this value inclusive of a control premium. RG 111 states that when consideration is in the form of scrip then the expert should consider this value on a minority interest basis.

RG 111 also states that where the proposed transaction consists of an asset acquisition by the entity, it is 'fair' if the value of the financial benefit being offered by the entity to the related party is equal to or less than the value of the assets being acquired. Where the financial benefit given by the entity is securities in the entity and the consideration is securities in another entity held by a related party, the value of the entity's securities should be compared to the value of the securities it is purchasing.

In valuing the financial benefit given and the consideration received by the entity, an expert should take into account all material terms of the proposed transactions.

Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite being 'not fair' the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid.

Having regard to the above, BDO has completed this comparison in two parts:

- A comparison between value of an Energio share prior to the Proposal and the value of an Energio share following the implementation of the Proposal (fairness – see Section 12 "Is the Proposal Fair?"); and
- An investigation into other significant factors to which Shareholders might give consideration, prior to approving the resolution, after reference to the value derived above (reasonableness – see Section 13 "Is the Proposal Reasonable?").

This assignment is a Valuation Engagement as defined by APES 225 Valuation Services. A Valuation Engagement means an engagement or assignment to perform a valuation and provide a valuation report where we determine an estimate of value of the Company by performing appropriate valuation procedures and where we apply the valuation approaches and methods that we consider to be appropriate in the circumstances.

4. Outline of the Proposal

On 4 April 2011 the Board of Directors of Energio announced that they had exercised a call option to acquire 100% of the shares in the capital of KCM Australia, pursuant to the Option Deed entered into with KCM Australia and TGP. KCM Australia is 100% owned by TGP and holds a 75% interest in KCM Mining Ltd ("**KCM Nigeria**").

The consideration for the acquisition of the shares in KCM Australia is the issue of 830,000,000 fully paid ordinary shares in the Company to TGP (in the event that the Company raises at least a further $4.5 million or more in equity funds prior to settlement) or otherwise a pro-rata allocation of 1,037,500,000 fully paid ordinary shares in the Company ("**TGP Consideration Shares**"). The pro-rata allocation is based on the following formula:

$$NS = 830,000,000 + [1,037,500,000 - 830,000,000] \times \left[\frac{12,000,000 - (7,500,000 + AR)}{12,000,000}\right]$$

Where:
NS = the number of Shares to be issued to TGP; and
AR = the amount raised under the Capital Raising.

Assuming that only $2.25 million is raised by the Company, the maximum number of Shares that will be issued to TGP is 868,906,625.

We note that under Resolution 2 of the Notice of Meeting, the issued capital of the Company will be consolidated on the basis that:

(a) every 10 shares be consolidated into one share; and

(b) every 10 options to acquire shares are consolidated into one option.

As such, post-Consolidation, the consideration for the acquisition of the shares in KCM Australia is the issue of 83,000,000 fully paid ordinary shares in the Company to TGP (in the event that the Company raises at least a further $4.5 million or more in equity funds prior to settlement) or otherwise 86,890,625 fully paid ordinary shares in the Company if only $2.25 million in equity funds is raised prior to settlement.

For the purposes of this report all Energio shareholdings referred to are pre-Consolidation unless otherwise noted.

The remaining 25% of KCM Nigeria is held by Bedford CP Nominees Pty Ltd ("**Bedford**"). Energio has entered into a Share Sale Agreement with Bedford which gives the Company the right to purchase Bedford's shares in KCM Nigeria, and if Resolution 4 of the Notice of Meeting is passed this will occur.

Therefore if the Proposal is approved Energio has the potential to own 100% of the issued share capital of KCM Nigeria.

4.1 Conditions

The Company had until 31 March 2011 to exercise its call option to acquire KCM Australia under the Option Deed. Whilst the call option has been exercised, settlement is still conditional upon:

- The Company obtaining all required shareholder approvals to proceed with the Proposal including, without limitation, any approval required under ASX listing rule 7.1 and section 611 item 7 of the Corporations Act, and an independent expert report reporting that the proposed transaction is either fair and reasonable or not fair but reasonable when considered in the context of the interests of the non-associated shareholders of the Company; and

- The Company re-complying with Chapters 1 and 2 of the ASX Listing Rules to the extent required by the ASX.

4.2 Capital Structure

Energio will issue either 830,000,000 or 868,906,625 fully paid ordinary shares to TGP as consideration, dependent on whether the company raises $4.5 million or $2.25 million in equity funds prior to settlement.

Under Resolution 5 of the Notice of Meeting the Company will issue a minimum of 11,250,000 shares at an issue price of $0.20 per share on a post-Consolidation basis. For comparative purposes, the number of shares that would be issued pre-Consolidation is 112,500,000 shares.

We are also advised that the Company has received commitments from the holders of 60,000,000 Options exercisable at $0.01 on or before 30 November 2013 to exercise all these Options prior to the completion of the Proposal. As at the date of this report 30,500,000 Options are still to be converted. These are shown as converted in the table below.

Following the proposed issue of Energio shares, the number of shares on issue will total 2,263,820,485 or 2,190,227,110 of which the TGP shareholders will hold either 36.66% or 39.67%.

			Post Proposal			
Energio capital structure	Current shareholding		With $4.5m capital raising		With $2.25m capital raising	
Pre-Consolidation	Number	%	Number	%	Number	%
Energio shareholders	1,178,320,485	97.48%	1,178,320,485	52.05%	1,178,320,485	53.80%
TGP shareholders	-	0.00%	830,000,000	36.66%	868,906,625	39.67%
Issued via capital raising	-	0.00%	225,000,000	9.94%	112,500,000	5.14%
Class A Options exercised*	30,500,000	2.52%	30,500,000	1.35%	30,500,000	1.39%
	1,208,820,485	100.00%	2,263,820,485	100.00%	2,190,227,110	100.00%

*The Company has received commitments from the holders to exercise these Options

Note: This table assumes only the Resolutions to approve the Proposal and to approve the Capital Raising are passed.

We also note that, in addition to the above shares, the following shares are proposed to be issued under the Notice of Meeting:

- Under Resolution 4 the Company will issue a maximum of 159,580,630 pre-Consolidation fully paid ordinary shares in the Company to Bedford to acquire the remaining 25% of KCM Nigeria;
- Under Resolutions 6 to 8 the Company will issue to:

  (a) Athan Lekkas (or his nominee) 750,000 Shares and 750,000 Options on a post-Consolidation basis. For comparative purposes, the number of shares and options that would be issued pre-Consolidation is 7,500,000 Shares and 7,500,000 Options; and

  (b) Ian Burston (or his nominee) and Kevin Joseph (or his nominee) 1,500,000 Shares each on a post-Consolidation basis. For comparative purposes, the number of shares that would be issued pre-Consolidation is 15,000,000 shares each.

If all resolutions in the Notice of Meeting are passed then Energio's share capital will be as follows:

Energio capital structure	Current shareholding		Post Notice of Meeting If all Resolutions passed	
Pre-Consolidation	Number	%	Number	%
Energio shareholders	1,178,320,485	97.48%	1,178,320,485	48.90%
TGP shareholders	-	-	868,906,625	36.06%
Issued via capital raising*	-	-	112,500,000	4.67%
Class A Options exercised	30,500,000	2.52%	30,500,000	1.27%
Issued to Bedford	-	-	159,580,630	6.62%
Issued to Athan Lekkas, Kevin Joseph & Ian Burston	-	-	37,500,000	1.56%
Issued to Consultant**	-	-	22,500,000	0.93%
Total pre-Consolidation	1,208,820,485	100.00%	2,409,807,740	100.00%
Post 10:1 Consolidation				
Total post-Consolidation	120,882,049		240,980,737	

*Assumes $2.25 million is raised under the capital raising

**The Company has committed to issuing these Shares to a Consultant for future services

We note that if all shares are issued in the Notice of Meeting then TGP's shareholding in Energio will be diluted to a minimum of 36.06%.

5. Profile of Energio

5.1 History

The Company is currently listed on the Australia Securities Exchange ("ASX") as a Toy and Gaming development company. It has been listed on the ASX since January 1987 and was previously known as Brainytoys Limited until March 2010 when its name was changed to Energio. Its principal activities were the development of a distribution and marketing network for the Company's toy and gaming products.

Energio went into administration in December 2009. After a reconstruction of the Company's capital and the appointment of a new Board it came out of administration in April 2010 with the intention of re-entering the toy market and developing significant business opportunities for Energio.

On 8 November 2010 the Directors of Energio announced to the market that they had entered into a conditional Put and Call Option Deed with TGP, to acquire 100% of the share capital of KCM Australia from TGP. Through a 75% holding in KCM Nigeria, KCM Australia owns a package of recently granted exploration licences covering iron ore deposits in Kogi State, Nigeria. The licences contain magnetite in Banded Iron Formation ("BIF") and iron rich oolitic deposits.

The Directors of Energio invited Dr Ian Burston, Mr Don Carroll and Mr Kevin Joseph, current Directors of TGP, to join the Energio Board.

We note that Resolution 1 of this Notice of Meeting requests approval for a change in the nature and scale of activities of Energio under ASX Listing Rule 11.1. This is as a result of the Option Deed entered into above which will change the nature and scale of the Company's activities to an iron ore explorer. The Company may also look to make future investments in other mineral commodities other than iron ore.

5.2 Historical Balance Sheet

Energio Balance Sheet	Audited as at 30-Jun-11 $	Reviewed as at 31-Dec-10 $	Audited as at 30-Jun-10 $
CURRENT ASSETS			
Cash and cash equivalents	4,728,195	1,897,783	2,015,128
Trade and other receivables	63,504	27,049	24,982
TOTAL CURRENT ASSETS	4,791,699	1,924,832	2,040,110
TOTAL ASSETS	4,791,699	1,924,832	2,040,110
CURRENT LIABILITIES			
Trade and other payables	180,261	113,713	216,045
TOTAL CURRENT LIABILITIES	180,261	113,713	216,045
TOTAL LIABILITIES	180,261	113,713	216,045
NET ASSETS	4,611,438	1,811,119	1,824,065
EQUITY			
Contributed equity	29,386,502	20,906,575	19,854,615
Reserves	2,685,922	1,440,987	1,061,867
Accumulated losses	(27,460,986)	(20,536,443)	(19,092,417)
TOTAL EQUITY	4,611,438	1,811,119	1,824,065

Source: Audited financial statements for the years ended 30 June 2011 and 30 June 2010 and reviewed financial statements for the half year ended 31 December 2010.

5.3 Historical Income Statements

Energio Income Statement	Audited for the year ended 30-Jun-11 $	Audited for the year ended 30-Jun-10 $
Other income	44,870	1,623,219
Accounting and audit fees	(222,524)	(58,312)
Consultancy fees	(136,235)	(53,605)
Travel and accommodation	(8,045)	(2,318)
Finance costs	-	(135,890)
Corporate expenses	(86,569)	-
Directors fees	(1,775,055)	(350,000)
Legal fees	(209,063)	(39,490)
Impairment expense	(5,967,908)	-
Other expenses	(8,040)	(57,133)
Profit/(Loss) before income tax expense	(8,368,569)	926,471
Income tax expense	-	-
Profit/(Loss) for continuing operation after income tax	(8,368,569)	926,471
Profit from discontinued operations after income tax	-	767,838
Total comprehensive income/(loss) for the year	(8,368,569)	1,694,309

Source: Audited financial statements for the years ended 30 June 2011 and 30 June 2010.

We have not undertaken a review of Energio's audited accounts in accordance with Australian Auditing and Assurance Standard 2405 "Review of Historical Financial Information" and do not express an opinion on this financial information. However nothing has come to our attention as a result of our procedures that would suggest the financial information within the accounts has not been prepared on a reasonable basis.

The Balance Sheet indicates that cash has increased from $1.90 million as at 31 December 2010 to $4.73 million as at 30 June 2011. This increase resulted from an issue 208,007,776 fully paid ordinary shares to raise approximately $7.80 million during March 2011. This issue of shares has also lead to the increase in contributed equity from 20,906,575 as at 31 December 2010 to 29,386,502 as at 30 June 2011.

Revenue for the year ended 30 June 2010 of $1.62 million related to a gain on administration while revenue for the year ended 30 June 2011 related solely to bank interest received. The impairment expense of approximately $5.97 million for the year ended 30 June 2011 related to the impairment of a loan to KCM Mining Holdings Pty Ltd that was not considered to be recoverable at year end.

Directors' fees increased from $350,000 for the year ended 30 June 2010 to approximately $1.78 million for the year ended 30 June 2011 as a result of share based payments made to Directors during the year.

5.4 Capital Structure

The share structure of Energio as at 19 October 2011 is outlined below:

	Number
Total ordinary shares on issue	1,178,320,485
Top 20 shareholders	393,488,169
Top 20 shareholders - % of shares on issue	33.39%

Source: Management of Energio

The range of shares held in Energio as at 19 October 2011 is as follows:

Range of Shares Held	Number of Ordinary Shareholders	Number of Ordinary Shares	Percentage of Issued Shares (%)
1 - 1,000	84	33,838	0.00%
1,001 - 5,000	294	773,856	0.07%
5,001 - 10,000	95	776,753	0.07%
10,001 - 100,000	618	32,635,264	2.77%
100,001 - and over	983	1,144,100,774	97.10%
TOTAL	2,074	1,178,320,485	100.00%

Source: Management of Energio

The ordinary shares held by the most significant shareholders as at 19 October 2011 are detailed below:

Name	Number of Ordinary Shares Held	Percentage of Issued Shares (%)
Mr Athanasios Lekkas	42,500,000	3.61%
Nathan David Taylor	30,000,000	2.55%
ABN AMRO Clearing Sydney Nominees Pty Ltd	28,624,157	2.43%
Wobbly Investments Pty Ltd	25,885,217	2.20%
Subtotal	127,009,374	10.78%
Others	1,051,311,111	89.22%
Total ordinary shares on Issue	1,178,320,485	100.00%

Source: Management of Energio

Energio also has the following options on issue as at 19 October 2011:

Details	Number
Listed Options expiring 31/3/2013 @ $1.00	14,972,599
Unlisted Options expiring 31/12/2011, $1.625 exercise price	1,100,000
Unlisted Options expiring 14/09/2012, $1.00 exercise price	15,000
Unlisted Options expiring 31/12/2012, $1.25 exercise price	200,000
Unlisted Options expiring 30/11/2013, $0.01 exercise price*	149,150,000

*30,500,000 of these Options will be converted to shares prior to settlement of Proposal

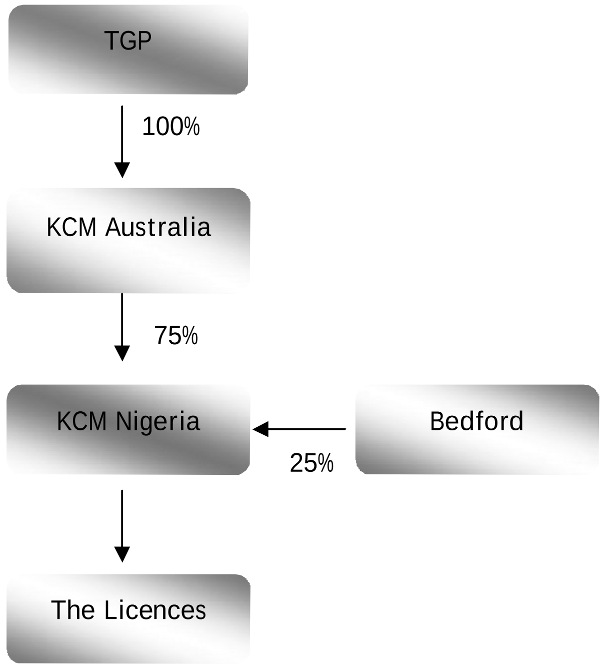
Source: Management of Energio

6. Profile of TGP

6.1 History

TGP is a privately owned company which has been focussed on acquiring iron ore licences in Nigeria since 2007. It is an Equity Finance Development Company with the capacity to execute major and marginal projects internationally in Oil and Gas and Mining. It has experience in Africa and focuses on minerals, oil and gas opportunities.

The diagram below illustrates the structure of the entities under TGP:



As shown above KCM Australia, a 100% owned subsidiary of TGP, holds a 75% interest in KCM Nigeria. KCM Nigeria owns a package of recently granted exploration licences covering iron ore deposits in Kogi State, Nigeria ("**the Licences**").

The Kogi State covers approximately 29,833 square kilometres and is located in north central Nigeria. It is approximately 300km south-west by road from the Nigerian capital city of Abuja. The State has existing infrastructure in the form of sealed roads and highways, and rail links to within 35kms of the Port of Warri. It also has connections to the national power grid and water from the Niger River to support major mineral exploitation.

6.2 Capital Structure

The share structure of TGP as at 19 October 2011 is outlined below:

	Number
Total ordinary shares on issue	111,215,167
Top 20 shareholders	69,397,704
Top 20 shareholders - % of shares on issue	62.40%

Source: TGP Australia Ltd top 20 members as at 19 October 2011

The ordinary shares held by the most significant shareholders as at 19 October 2011 are detailed below:

Name	Number of Ordinary Shares Held	Percentage of Issued Shares (%)
I.D.W Pty Ltd (A/C I&R Whiteley Family Trust)	9,809,782	8.82%
Kevin Joseph	9,100,000	8.18%
Vic Bullo Consulting Pty Ltd (A/C V&H Bullo Family Trust)	5,952,998	5.35%
I.D.W Pty Ltd (A/C Kevin Joseph)	3,980,935	3.58%
Subtotal	28,843,715	25.94%
Others	82,371,452	74.06%
Total ordinary shares on Issue	111,215,167	100.00%

Source: TGP Australia Ltd top 20 members as at 19 October 2011

7. Economic analysis

Conditions in global financial markets have been very unsettled over recent weeks, as participants have confronted uncertainty about both the resolution of sovereign debt problems and the prospects for economic growth in Europe and the United States. As a result, the outlook for the global economy is less clear than it was earlier in the year. Some temporary impediments that had contributed to a slowing in growth in some countries over recent months, such as the supply-chain disruptions from the Japanese earthquake and the dampening effects of rising commodity prices, are lessening. But the uncertainty and financial volatility is reducing confidence and may result in more cautious behaviour by firms and households in major countries. A number of forecasters have scaled back their global growth estimates over the past couple of months.

At this stage, little evidence is available to gauge any effects of the European and US problems on other regions. Prices for key Australian commodities have remained very high thus far, with growth in China continuing to look solid. As a result, Australia's terms of trade are now at very high levels and national income has been growing strongly. Investment in the resources sector is picking up very strongly and some related service sectors are enjoying better than average conditions. In other sectors, cautious behaviour by households and the high level of the exchange rate are having a noticeable dampening effect. The impetus from earlier Australian Government spending programs is now also abating, as had been intended. Overall, the near-term growth outlook continues to look somewhat weaker than was expected a few months ago. Beyond the near term, growth is still likely to be at trend or higher, unless the world economic outlook continues to deteriorate.

Growth in employment has been moderate this year and the unemployment rate has been little changed, near 5 per cent, for some time now. Reports of skills shortages remain confined to the resources and related sectors. After the significant decline in 2009, growth in wages has returned to rates seen prior to the downturn, though productivity growth has been weak.

Year-ended CPI inflation should start to decline towards the end of the year, as temporary weather-related effects reverse. But measures of underlying inflation have been increasing this year, after declining for the previous two years. While they have, to date, remained consistent with the 2–3 per cent target on a year-ended basis, the Board remains concerned about the medium-term outlook for inflation. A key question will be the extent to which softer global and domestic growth will work, in due course, to contain inflation.

Most financial indicators suggest that monetary policy has been exerting a degree of restraint. Credit growth has declined over recent months and is very subdued by historical standards, even with evidence of greater willingness to lend. Most asset prices, including housing prices, have also softened. The exchange rate is high. Each of these variables is affected by other factors as well, but together they point to financial conditions being tighter than normal.

Source: www.rba.gov.au Statement by Glenn Stevens, Governor: Monetary Policy Decision 6 September 2011.

8. Industry analysis

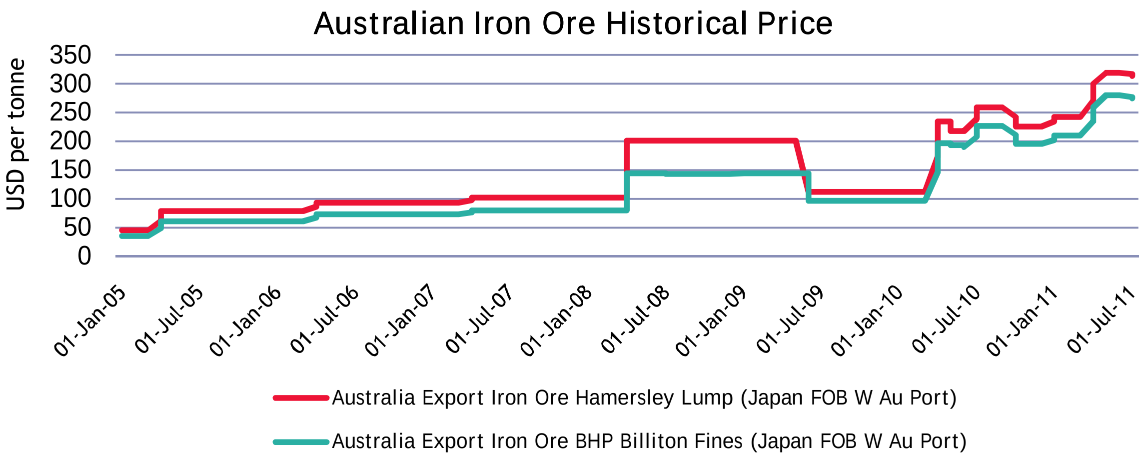
Iron ores are rocks from which metallic iron can be economically extracted. Iron is the world's most used metal with approximately 98% of world iron ore production being used to make steel. It is primarily used in structural engineering, automobiles and other general industrial applications. Commercial development of iron ore deposits are largely constrained by the position of the iron ore relative to its market and the cost of establishing proper transportation infrastructure such as ports and railways.

While the majority of metal commodities trade on exchanges in the form of spot or future prices, iron ore usually does not. Historically, iron ore has mostly traded in world markets under long-term contracts. Contracts are negotiated between miners and steelmakers and can be used as a benchmark by other industry players. Prices are set during annual contract negotiations and are usually introduced at the start of the Japanese fiscal year in April. However, there is a small spot market for iron ore which has recently experienced significant growth.

The main issue when there are two different iron ore pricing mechanisms running concurrently is when spot prices are higher than the benchmark. In this situation miners lose the extra revenue they would have otherwise earned by selling ore on the spot market. When spot prices are lower than the benchmark, steel mills purchase their ore from the spot market.

Because of this, many miners are pushing for a spot market to be the primary basis for iron ore pricing. Meanwhile, short term contracts have become more prevalent. In April 2010, all major iron ore miners announced a partial movement to quarterly iron ore prices.

The following graph shows historical iron ore prices since 2005:



Source: Bloomberg and BDO Analysis

The sharp increase in iron ore price movements over the period from March 2008 to March 2009 was marked by a surge in Chinese, Japanese and Korean steel mill demand. During that period, annual iron ore price contracts increased by 65% to 97% compared to the previous year. Iron ore prices subsequently fell during the global financial crisis with a reduction in world market sentiment and hence demand for iron ore. April 2010 saw an increase in price as miners moved to quarterly in pricing and global economies began to recover. Additionally, iron ore experienced a sharp rise in price in mid 2010 when Indian state Karnataka banned all iron ore exports. India is currently the world's third largest iron ore supplier with approximately a quarter of its 100+ million tonnes of exports originating from Karnataka.

9. Valuation Approach Adopted

There are a number of methodologies which can be used to value a business or the shares in a company. The principal methodologies which can be used are as follows:

- Capitalisation of future maintainable earnings (“FME”)
- Discounted Cash Flow (“DCF”)
- Quoted Market Price Basis (“QMP”)
- Net Asset Value (“NAV”)
- Market Based Assessment
- Multiple of Exploration Expenditure (“MEE”)

A summary of each of these methodologies is outlined in Appendix 2.

Different methodologies are appropriate in valuing particular companies, based on the individual circumstances of that company and available information. We have considered the value of an Energio share prior to the Proposal as well as following the Proposal.

In our assessment of the value of an Energio share prior to the Proposal we have chosen to employ the following methodologies:

- Net Asset Value as our primary method; and
- Quoted market price as our secondary method.

We have chosen these methodologies for the following reasons:

- With the intention of becoming an exploration company, the core value of Energio will be the assets it holds in the balance sheet;
- Energio’s shares are listed on the ASX and this provides an indication of the market value where an observable market for the securities exists;
- Energio does not generate regular trading income. Therefore there are no historic profits that could be used to represent future earnings. This means that the FME valuation is not appropriate; and
- Energio has no foreseeable future net cash inflows and therefore the application of DCF is not possible.

In our assessment of the value of an Energio share following the Proposal we have chosen to employ the following methodology:

- Net Asset Value as our primary method.

We have chosen this methodology for the following reasons:

- The core value of Energio following the Proposal will be its 75% holding in KCM Nigeria which holds the licences in Nigeria. We have instructed Al Maynard to provide us with an independent specialist report (refer Appendix 3) on the value of these assets and have considered these in the context of KCM Australia’s other assets and liabilities;
- Energio does not generate regular trading income. Therefore there are no historic profits that could be used to represent future earnings. This means that the FME valuation is not appropriate; and
- Energio has no foreseeable future net cash inflows and therefore the application of DCF is not possible.

10. Valuation of Energio prior to the Proposal

10.1 Net Asset Valuation of Energio

The value of Energio's assets on a going concern basis is reflected in our valuation below:

Energio Pro-forma Balance Sheet ($)	Pre-Proposal 30-Jun-11
CURRENT ASSETS	
Cash and cash equivalents	4,728,195
Trade and other receivables	63,504
TOTAL CURRENT ASSETS	4,791,699
TOTAL ASSETS	4,791,699
CURRENT LIABILITIES	
Trade and other payables	180,261
TOTAL CURRENT LIABILITIES	180,261
TOTAL LIABILITIES	180,261
NET ASSETS	4,611,438
Shares on issue (number)	1,208,820,485
Value per share ($)	$0.0038

We have been advised that there has not been a significant change in the net assets of Energio since 30 June 2011. We have increased the shares on issue by 30,500,000 to 1,208,820,485 as a result of the Options that have been agreed to be converted by the holders prior to the Proposal. The table above indicates the net asset value of an Energio share is $0.0038. We note that at this value none of the current Options are in the money and as such we have valued on an undiluted basis.

10.2 Quoted Market Prices for Energio Securities

To provide a comparison to the valuation of Energio in Section 10.1, we have also assessed the quoted market price for an Energio share.

The quoted market value of a company's shares is reflective of a minority interest. A minority interest is an interest in a company that is not significant enough for the holder to have an individual influence in the operations and value of that company.

RG 111.24 suggests that when considering the value of a company's shares for the purposes of approval under Item 7 of s611 the expert should consider a premium for control. An acquirer could be expected to pay a premium for control due to the advantages they will receive should they obtain 100% control of another company. These advantages include the following:

- control over decision making and strategic direction

- access to underlying cash flows;
- control over dividend policies; and
- access to potential tax losses.

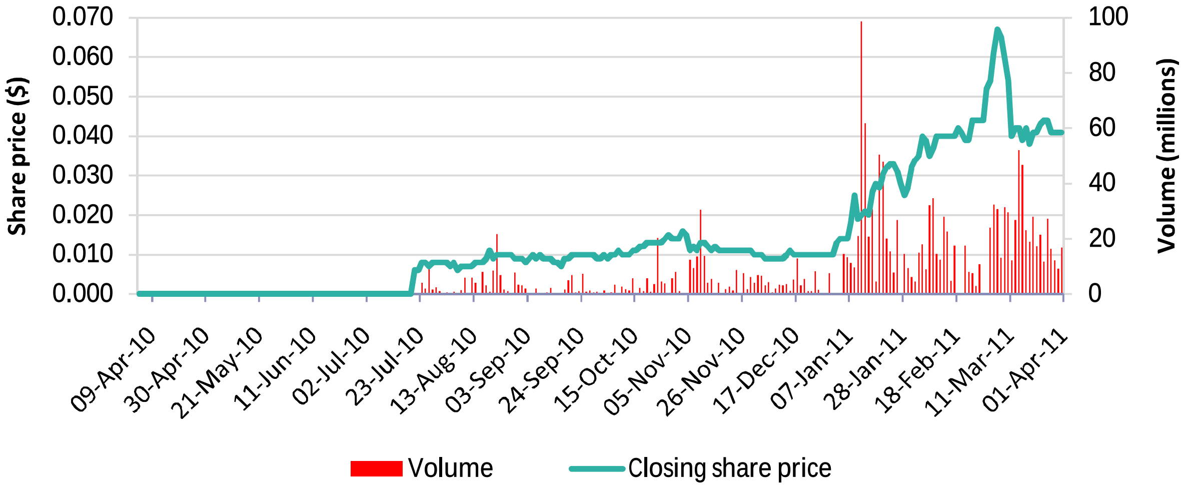
Whilst TGP will not be obtaining 100% of Energio, RG 111 states that the expert should calculate the value of a target's shares as if 100% control were being obtained. RG 111.13 states that the expert can then consider an acquirer's practical level of control when considering reasonableness. Reasonableness has been considered in Section 13.

Therefore, our calculation of the quoted market price of an Energio share including a premium for control has been prepared in two parts. The first part is to calculate the quoted market price on a minority interest basis. The second part is to add a premium for control to the minority interest value to arrive at a quoted market price value that includes a premium for control.

Minority interest value

Our analysis of the quoted market price of an Energio share is based on the pricing prior to the announcement of the Proposal. This is because the value of an Energio share after the announcement may include the affects of any change in value as a result of the Proposal. However, we have considered the value of an Energio share following the announcement when we have considered reasonableness in Section 13.

Information on the Proposal was announced to the market on 4 April 2011. Therefore, the following chart provides a summary of the share price movement over the year to 1 April 2011 which was the last trading day prior to the announcement.



Source: Bloomberg

We note that the securtities of Energio were reinstated to official quotation at the commencement of trading on 22 July 2010, hence the nil share price prior to this date. The following analysis has been performed from 22 July 2010 until 1 April 2011.

The daily price of Energio shares from 22 July 2010 to 1 April 2011 has ranged from a high of $0.073 on 9 March 2011 to a low of $0.006 on 22 July 2010.

During this period a number of announcements were made to the market. The key announcements are set out below:

Date	Announcement	Closing Share Price Following Announcement $ (movement)	Closing Share Price Three Days After Announcement $ (movement)
30 March 2011	Trading halt	0.041 (◄ 0%)	0.041 (◄ 0%)
18 March 2011	Exploration underway at KCMH iron ore licences	0.042 (▲ 8%)	0.041 (▼ 2%)
2 March 2011	Option over outstanding 25% interest in KCM Mining Ltd	0.044 (◄ 0%)	0.061 (▲ 38%)
1 March 2011	Half yearly reports and accounts	0.044 (◄ 0%)	0.054 (▲ 22%)
28 February 2011	Trading halt	0.044 (◄ 0%)	0.052 (▲ 19%)
21 February 2011	Placement to raise $7.5 million	0.042 (▲ 5%)	0.039 (▼ 7%)
17 February 2011	Trading halt	0.040 (◄ 0%)	0.041 (▲ 3%)
31 January 2011	Appendix 4C - quarterly	0.025 (▼ 11%)	0.034 (▲ 36%)
27 January 2011	Satisfaction of legal due diligence	0.031 (▼ 6%)	0.027 (▼ 13%)
10 January 2011	Response to ASX query	0.018 (▲ 29%)	0.020 (▲ 11%)
22 December 2010	Disclosure document	0.010 (◄ 0%)	0.010 (◄ 0%)
8 November 2011	Option over iron ore licences – clearer copy	0.011 (▼ 27%)	0.013 (▲ 18%)
8 November 2010	Option over iron ore licences in Nigeria	0.011 (▼ 27%)	0.013 (▲ 18%)
29 October 2010	Appendix 4C – quarterly	0.015 (▲ 7%)	0.014 (▼ 7%)
31 August 2010	Preliminary final report	0.009 (▼ 10%)	0.008 (▼ 11%)
2 August 2010	Appendix 4C – quarterly	0.008 (◄ 0%)	0.007 (▼ 13%)
22 July 2010	Prospectus	0.006 (N/A)	0.008 (▲ 13%)

To provide further analysis of the market prices for an Energio share, we have also considered the weighted average market price for 10, 30, 60 and 90 day periods to 1 April 2011.

	1 April 2011	10 Days	30 Days	60 Days	90 Days
Closing Price	$0.0410				
Weighted Average		$0.0417	$0.0471	$0.0373	$0.0346

The above weighted average prices are prior to the date of the announcement of the Proposal, to avoid the influence of any increase in price of Energio shares that has occurred since the Proposal was announced.

An analysis of the volume of trading in Energio shares for the six months to 1 April 2011 is set out below:

	Share price low	Share price high	Cumulative Volume traded	As a % of Issued capital
1 day	$0.041	$0.041	-	0.00%
10 days	$0.038	$0.047	132,880,810	12.00%
30 days	$0.036	$0.073	549,236,907	49.59%
60 days	$0.013	$0.073	1,199,883,721	108.34%
90 days	$0.009	$0.073	1,341,771,978	121.16%
180 days	$0.006	$0.073	1,671,585,987	150.94%

This table indicates that Energio's shares display a high level of liquidity, with 150.94% of the Company's current issued capital being traded in a six month period. For the quoted market price methodology to be reliable there needs to be a 'deep' market in the shares. RG 111.53 indicates that a 'deep' market should reflect a liquid and active market. We consider the following characteristics to be representative of a deep market:

- Regular trading in a company's securities;
- Approximately 1% of a company's securities are traded on a weekly basis;
- The spread of a company's shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company; and
- There are no significant but unexplained movements in share price.

A company's shares should meet all of the above criteria to be considered 'deep', however, failure of a company's securities to exhibit all of the above characteristics does not necessarily mean that the value of its shares cannot be considered relevant.

In our assessment of the market pricing of Energio shares we noted that a number of announcements had been made to the market regarding the existence of the Option Deed prior to the announcement that the

Option Deed had been exercised on 4 April 2011. It is therefore likely that the quoted market price of an Energio share has been influenced by these announcements prior to 4 April 2011.

As such, our assessment is that a range of values for Energio shares based on market pricing, after disregarding post announcement pricing, is between $0.010 and $0.040 with a preferred value of $0.025.

Control Premium

The concept of a premium for control reflects the additional value that attaches to a controlling interest. In determining whether including a control premium is appropraite in this instance we believe there are two key considerations to contemplate. Firstly, we believe it is appropriate to consider the level of control currently held by TGP and what additonal level of control/ability to influence the Company TGP would gain if the Proposal is approved and whether a premium for control is appropriate given the current position of the company.

We have reviewed the announced control premiums paid by acquirers for target iron ore companies listed on the ASX. A summary of the control premiums is noted in the table below:

Announce Date	Target Name	Acquirer Name	Deal Value (A$ million)	Shareholding Interest Post Transaction	Announced Premium	Implied Premium
Effective Control Acquisitions						
23/05/2011	Territory Resources Ltd	Exxaro Resources Ltd	122.06	100.0%	75.4%	N/A
21/12/2010	Giralia Resources NL	Atlas Iron Ltd	983.83	100.0%	52.5%	30.0%
10/03/2010	Aurox Resources Ltd	Atlas Iron Ltd	131.49	100.0%	128.6%	26.5%
16/10/2009	United Minerals Corp NL	BHP Billiton Ltd	191.82	100.0%	38.6%	N/A
7/09/2009	Warwick Resources Ltd	Atlas Iron Ltd	48.59	100.0%	60.1%	26.5%
20/08/2009	Polaris Metals NL	Mineral Resources Ltd	138.63	100.0%	109.2%	20.0%
14/03/2008	Midwest Corp Ltd	Sinosteel Corp	1,068.62	100.0%	36.0%	N/A
10/01/2008	Cliffs Asia Pacific Iron Ore Holdings Pty Ltd	Cliffs Natural Resources Inc	559.42	100.0%	16.8%	N/A
24/07/2006	Aztec Resources Ltd/Australia	Mount Gibson Iron Ltd	207.24	100.0%	36.5%	N/A
11/01/2005	Cliffs Asia Pacific Iron Ore Holdings Pty Ltd	Cliffs Natural Resources Inc	508.28	80.4%	36.5%	N/A
				Average	63.7%	25.8%
				Median	52.5%	26.5%

Source: Bloomberg and BDO Analysis

In arriving at an appropriate control premium to apply we note that observed control premiums can vary due to the:

- Nature and magnitude of non-operating assets;
- Nature and magnitude of discretionary expenses;
- Perceived quality of existing management;
- Nature and magnitude of business opportunities not currently being exploited;
- Ability to integrate the acquiree into the acquirer's business;
- Level of pre-announcement speculation of the transaction; and
- Level of liquidity in the trade of the acquiree's securities.

Based on the table above, we observe that a significant control premium on the companies' share price is paid immediately prior to the offer for Australian iron ore companies. These significant premiums, in part reflect the strategic value of the target to the acquirer above the conventional level of control premium paid. A review of the control premium paid for Australian mining companies over the same period range indicate an average premium of 24.13%

This is observed in the table below:

Transaction Period	Number of Transactions	Deal Value (US$m)	Average Control Premium
2011	14	861.24	18.50%
2010	77	25,528.35	31.70%
2009	92	25,429.69	22.95%
2008	63	191,783.19	13.70%
2007	59	30,959.20	21.77%
2006	51	6,574.12	36.18%
		Average	24.13%
		Median	22.36%

Source: Bloomberg and BDO Analysis

TGP currently hold no interest in the Company. If the Proposal is approved, TGP could hold a maximum interest in Energio of 39.67%, which represents a significant influence but not necessarily an effective control over the Company. However, we note in section 3.1 that the Energio Board consists of five members, three being shareholders in TGP. This could indicate that TGP may have control over the operations of Energio if the Proposal is approved.

In our opinion, TGP could potentially have effective control over the Company, and as such should be expected to pay a premium for control. Taking the factors above into consideration and also noting that there has been a lack of activity in Energio since the Company recently came out of administration, when applying a control premium to Energio's quoted market share price we believe an appropriate range to be 20% - 25%.

Quoted market price including control premium

Applying the control premium to Energio's quoted market price results in the following quoted market price value including a premium for control.

	Low $	Preferred $	High $
Quoted market price	0.010	0.025	0.040
Control premium	20%	22.5%	25%
Quoted Market Price valuation including a premium for control	0.012	0.031	0.050

Therefore, our valuation of an Energio share based on the quoted market price method and including a premium for control is between $0.012 and $0.050, with a preferred value of $0.031.

10.3 Assessment of Energio Value

The results of the valuations performed are summarised in the table below:

	Low	Preferred	High
	$	$	$
Net tangible assets (Section 10.1)	0.0038	0.0038	0.0038
Quoted market price (Section 10.2)	0.0120	0.0310	0.0500

Due to the fact that the only material asset in Energio's balance sheet as at 30 June 2011 is cash, there appears to be a market expectation that at some point an asset will be acquired by Energio. This expectation has led to a variance between the net tangible asset value per share and the quoted market price of an Energio share as shown in the table above.

We believe that the quoted market price shown above does not accurately reflect the value of an Energio share prior to the Proposal as announcements had been made to the market regarding the existence of the Option Deed dating back to November 2010. Therefore, although Energio had not decided at that point to exercise its call option, the market was still aware this was a potential option and this is likely to be reflected in the quoted market price above. We consider that the net tangible asset per share more accurately reflects the value of an Energio share prior to the Proposal and therefore consider the value of an Energio share to be $0.0038.

11. Valuation of Energio following the Proposal

11.1 Net asset valuation of Energio

The value of Energio's assets on a going concern basis following the Proposal is reflected in our valuation below:

Energio Pro-forma Balance Sheet ($)		Pre-Proposal 30-Jun-11	Lesser Area $2.25m Capital Raising	Lesser Area $4.5m Capital Raising	Larger Area $2.25m Capital Raising	Larger Area $4.5m Capital Raising
Assets:						
Cash and cash equivalents		4,728,195	6,978,195	9,228,195	6,978,195	9,228,195
Trade and other receivables		63,504	63,504	63,504	63,504	63,504
Total assets excluding KCM assets		4,791,699	7,041,699	9,291,699	7,041,699	9,291,699
Current liabilities		180,261	180,261	180,261	180,261	180,261
Net assets excluding KCM assets		**4,611,438**	**6,861,438**	**9,111,438**	**6,861,438**	**9,111,438**
Independent valuation of KCM Australia assets	Low	-	29,410,000	29,410,000	35,290,000	35,290,000
	Preferred	-	77,960,000	77,960,000	93,630,000	93,630,000
	High	-	153,860,000	153,860,000	183,250,000	183,250,000
Net assets	Low	4,611,438	36,271,438	38,521,438	42,151,438	44,401,438
	Preferred	4,611,438	84,821,438	87,071,438	100,491,438	102,741,438
	High	4,611,438	160,721,438	162,971,438	190,111,438	192,361,438
Shares on issue (pre-consolidation)		1,208,820,485	2,190,227,110	2,263,820,485	2,190,227,110	2,263,820,485
Value per share	Low	0.0038	0.0166	0.0170	0.0192	0.0196
	Preferred	0.0038	0.0387	0.0385	0.0459	0.0454
	High	0.0038	0.0734	0.0720	0.0868	0.0850
If Options are exercised (no impact on net assets):						
Shares on issue (pre-consolidation)		1,208,820,485	2,308,877,110	2,382,470,485	2,308,877,110	2,382,470,485
Value per share	Low	0.0038	0.0157	0.0162	0.0183	0.0186
	Preferred	0.0038	0.0367	0.0365	0.0435	0.0431
	High	0.0038	0.0696	0.0684	0.0823	0.0807

We have been advised that there has not been a significant change in the net assets of Energio since 30 June 2011.

In regard to the Lesser Area, the table above indicates a net asset value of an Energio share post Proposal with a $2.25 million capital raising of between $0.0166 and $0.0734 with a preferred value of $0.0387 per share and the value post Proposal with a $4.5 million capital raising to be between $0.0170 and $0.0720 with a preferred value of 0.0385.

In regard to the Larger Area, the table above indicates a net asset value of an Energio share post Proposal with a $2.25 million capital raising of between $0.0192 and $0.0868 with a preferred value of $0.0459 per share and the value post Proposal with a $4.5 million capital raising to be between $0.0196 and $0.0850 with a preferred value of $0.0454.

The following adjustments were made to the net assets of Energio as at 30 June 2011 in arriving at our valuation:

$2.25 million Capital Raising

i) We have increased the cash balance by $2.25 million being the minimum subscription of the capital raising per Resolution 5 of the Notice of Meeting;

ii) The value of KCM Australia's assets has been valued based on a low, preferred and high valuations provided by Al Maynard for both the Lesser Area and the Larger Area as shown in section 11.2; and

iii) The number of shares on issue has increased by 868,906,625, being the TGP Consideration Shares, in the event the Company raises $2.25 million in equity funds prior to settlement and also increased by 112,500,000, being the number of shares issued pre-Consolidation as part of the capital raising.

$4.5 million Capital Raising

i) We have increased the cash balance by $4.5 million being the maximum subscription of the capital raising per Resolution 5 of the Notice of Meeting. If this is successfully raised then Energio would have satisfied the condition of raising a further $4.5 million in equity funds prior to settlement;

ii) The value of KCM Australia's assets has been valued based on a low, preferred and high valuations provided by Al Maynard for both the Lesser Area and the Larger Area as shown in section 11.2; and

iii) The number of shares on issue has increased by 830,000,000, being the TGP Consideration Shares, in the event the Company raises at least a further $4.5 million in equity funds prior to settlement and also increased by 225,000,000, being the number of shares issued pre-Consolidation as part of the capital raising.

Options Exercised

We have assumed that if the current unlisted options exercisable at $0.01 are exercised the number of shares on issue will increase by 118,650,000 following the implementation of the Proposal. We note that 30,500,000 of the total 149,150,000 options noted in section 5.4 have already been converted prior to this.

Post-Consolidation of Capital

As noted in Resolution 2 of the Notice of Meeting, Energio's share capital is to be consolidated on the basis that every 10 shares be consolidated into one share. Therefore the value of Energio's assets on a going concern basis following the Proposal and post-Consolidation of share capital is reflected in our valuation below:

Energio value Post-Consolidation		Pre-Proposal 30-Jun-11	Lesser Area $2.25m Capital Raising	Lesser Area $4.5m Capital Raising	Larger Area $2.25m Capital Raising	Larger Area $4.5m Capital Raising
Number of share pre-Consolidation		1,208,820,485	2,190,227,110	2,263,820,485	2,190,227,110	2,263,820,485
Number of share post-Consolidation		120,882,049	219,022,711	226,382,049	219,022,711	226,382,049
Value per share post-Consolidation	Low	0.0381	0.1656	0.1702	0.1925	0.1961
	Preferred	0.0381	0.3873	0.3846	0.4588	0.4538
	High	0.0381	0.7338	0.7199	0.8680	0.8497

11.2 Valuation of KCM Australia's assets

We instructed Al Maynard to provide an independent market valuation of the exploration assets held by KCM Australia (refer Appendix 3). The valuation noted that a complication to the title of the mineralisation areas exists in that the Nigerian Tenement Authority has formally issued title to areas that are less than that which KCM Australia understands it actually has proper rights and title to. Therefore, Al Maynard has provided two valuations, by exactly the same method for both areas in which the lesser area has a size of 122.4 km^2 ("**Lesser Area**") and the larger area has a size of 151.7 km^2 ("**Larger Area**").

Al Maynard considered a number of different valuation methods to arrive at a total value for each area. An adjustment was then made to allow for KCM Australia's 75% holding in these assets.

A summary of the valuation for each area is shown in the below tables.

Lesser Area - 122.4 km Iron Style	Low value $m	Preferred value $m	High value $m
Oolite	32.21	85.89	161.04
BIF	7.00	18.05	44.10
Total valuation	39.21	103.94	205.14
KCM Australia holding	75%	75%	75%
KCM Australia valuation	29.41	77.96	153.86

Larger Area - 151.7 km Iron Style	Low value $m	Preferred value $m	High value $m
Oolite	40.05	106.79	200.23
BIF	7.00	18.05	44.10
Total valuation	47.05	124.84	244.33
KCM Australia holding	75%	75%	75%
KCM Australia valuation	35.29	93.63	183.25

12. Is the Proposal fair?

The following tables summarise our assessment of the current value of an Energio share compared to the value of an Energio share post the Proposal with both a $2.25 million capital raising and a $4.5 million capital raising, on a pre-Consolidation basis and a post-Consolidation basis:

Pre-Consolidation of Capital		Low $	Preferred $	High $
	Value of Energio prior to the Proposal	0.0038	0.0038	0.0038
Lesser Area	Value of Energio post the Proposal with $2.25m Raising	0.0166	0.0387	0.0734
	Value of Energio post the Proposal with $4.5m Raising	0.0170	0.0385	0.0720
Larger Area	Value of Energio post the Proposal with $2.25m Raising	0.0192	0.0459	0.0868
	Value of Energio post the Proposal with $4.5m Raising	0.0196	0.0454	0.0850

Post-Consolidation of Capital		Low $	Preferred $	High $
	Value of Energio prior to the Proposal	0.0381	0.0381	0.0381
Lesser Area	Value of Energio post the Proposal with $2.25m Raising	0.1656	0.3873	0.7338
	Value of Energio post the Proposal with $4.5m Raising	0.1702	0.3846	0.7199
Larger Area	Value of Energio post the Proposal with $2.25m Raising	0.1925	0.4588	0.8680
	Value of Energio post the Proposal with $4.5m Raising	0.1961	0.4538	0.8497

We note from the tables above that the value of an Energio share if the Proposal is approved is greater than the value of an Energio share prior to the Proposal in all scenarios. Therefore, we consider that the Proposal is fair.

13. Is the Proposal reasonable?

13.1 Alternative Proposal

We are unaware of any alternative proposal that might offer the Shareholders of Energio a premium over the value ascribed to that resulting from the Proposal.

13.2 Practical Level of Control

If the Proposal is approved then TGP will hold a maximum interest of approximately 39.67% in Energio.

When shareholders are required to approve an issue that relates to a company there are two types of approval levels. These are general resolutions and special resolutions. A general resolution requires 50% of shares to be voted in favour to approve a matter and a special resolution required 75% of shares on issue to be voted in favour to approve a matter. If the Proposal is approved then TGP will not be able to pass general and special resolutions.

Ordinary resolutions include, but are not limited to:

- Election/re-election of directors;
- Appointment of an auditor;
- Acceptance of reports at the annual general meeting;
- The ability to make strategic or commercial decisions; and
- The ability to increase or decrease the number of directors in the Company.

Special resolutions include but are not limited to;

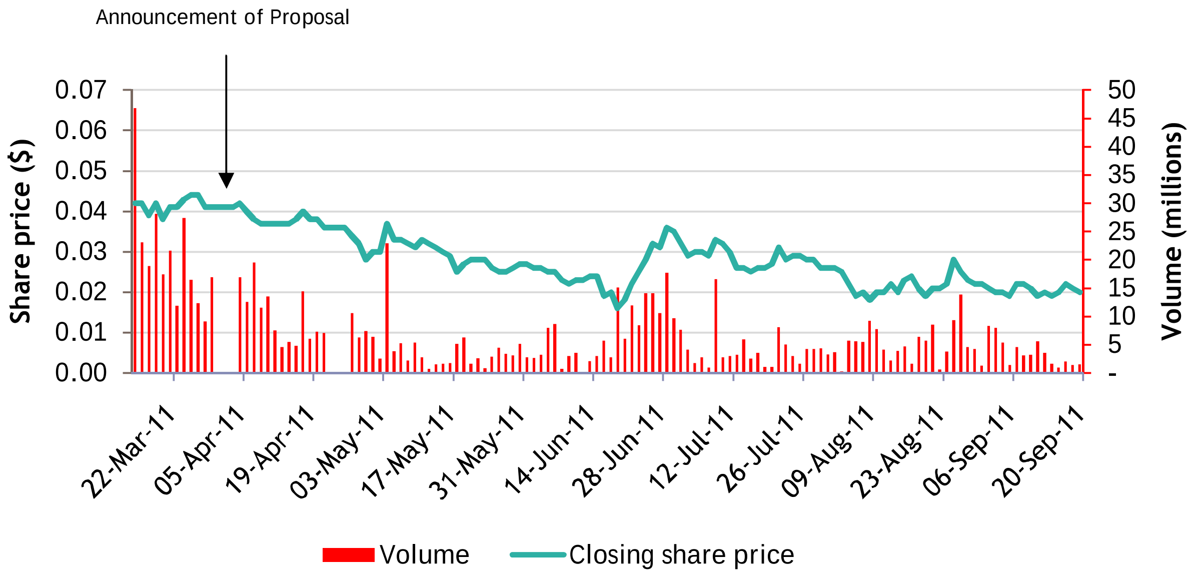
- Giving different dividend rights or shares in the same asset class; and
- Selective reduction of share capital.

TGP's control of Energio following the Proposal will be significant when compared to all other shareholders. TGP will hold a maximum of 39.67%, assuming no other shares are issued or options are exercised. Therefore, in our opinion, while TGP will be able to significantly influence the activities of Energio, it will not be able to exercise a similar level of control as if it held 100% of Energio. As such, TGP should not be expected to pay a similar premium for control as if it were acquiring 100% of Energio.

13.3 Consequences of not Approving the Proposal

Potential decline in share price

We have analysed movements in Energio's share price since the Proposal was announced. A graph of Energio's share price since the announcement is set out below.



Source: Bloomberg

On 5 April 2011, the day after the announcement of the Proposal, Energio's share price increased from an average of $0.036 over the previous 3 months to $0.042 (16.7% increase). The volume of shares traded on 5 April 2011 totalled 16,969,420. The share price opened at $0.043 and closed at $0.042.

Given the above analysis it is possible that if the Proposal is not approved then Energio's share price may decline.

13.4 Advantages of Approving the Proposal

We have considered the following advantages when assessing whether the Proposal is reasonable.

Advantage	Description
The Proposal is fair	As set out in Section 12 the Proposal is fair. RG 111 states that an offer is reasonable if it is fair.
Exposure to iron ore assets	If the Proposal is successful Energio shareholders will be exposed to portfolio of iron ore licences in Nigeria.
No upfront payment	The consideration is only in the form of Shares and does not include any cash payments. Energio can therefore utilise cash for exploration of the assets acquired from KCM Australia.
Potential to own 100% of KCM Nigeria	Energio has an option which will enable it to hold a further 25% of the share capital of KCM Nigeria. Therefore if the Proposal is approved it has the ability to hold 100% of the share capital of KCM Nigeria.

13.5 Disadvantages of Approving the Proposal

If the Proposal is approved, in our opinion, the potential disadvantages to Shareholders include those listed in the table below:

Disadvantage	Description
Dilution of existing shareholders	Prior to the Proposal Energio shareholders owned 100% of the issued share capital of Energio. If the Proposal is approved this will decrease to a minimum of 60.33%.
Additional funds required	It is likely, if the Proposal is approved, that Energio will require additional funds in the future to develop mining operations if an economic mineral resources is identified.
Change of nature	There are inherent risks involved with the Company's change in nature of activities, and a change in nature of the business may not be consistent with the investment objectives of Shareholders.

14. Conclusion

We have considered the terms of the Proposal as outlined in the body of this report and have concluded that the Proposal is fair and reasonable to the Shareholders of Energio.

15. Sources of information

This report has been based on the following information:

- Draft Notice of General Meeting and Explanatory Statement on or about the date of this report;
- Audited financial statements of Energio for the years ended 30 June 2011 and 30 June 2010;
- Reviewed financial statements of Energio for the half year ended 31 December 2010;
- Independent Appraisal & Valuation of Nigerian Mineral Exploration Assets held by KCM Mining Holdings Pty Ltd – prepared by Al Maynard & Associates Pty Ltd as at 28 September 2011;
- Put and Call Option Deed between KCM Mining Pty Ltd and TGP Australia Ltd and Energio Ltd;
- Letter of Variation – Put and call Option Deed dated 21 December 2010;
- Share registry information for both Energio and TGP;
- Information in the public domain; and
- Discussions with Directors and Management of Energio.

16. Independence

BDO Corporate Finance (WA) Pty Ltd is entitled to receive a fee of $30,000 (excluding GST and reimbursement of out of pocket expenses). Except for this fee, BDO Corporate Finance (WA) Pty Ltd has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.

BDO Corporate Finance (WA) Pty Ltd has been indemnified by Energio in respect of any claim arising from BDO Corporate Finance (WA) Pty Ltd's reliance on information provided by Energio, including the non provision of material information, in relation to the preparation of this report.

Prior to accepting this engagement BDO Corporate Finance (WA) Pty Ltd has considered its independence with respect to Energio and TGP and any of their respective associates with reference to ASIC Regulatory Guide 112 "Independence of Experts". In BDO Corporate Finance (WA) Pty Ltd's opinion it is independent of Energio and TGP and their respective associates.

Neither the two signatories to this report nor BDO Corporate Finance (WA) Pty Ltd have had within the past two years any professional relationship with Energio, or their associates, other than in connection with the preparation of this report.

BDO Audit and Assurance (WA) Pty Ltd is the appointed auditor of Energio. The provision of our services is not considered a threat to our independence as auditors under Professional Statement APES 110 – Professional Independence. The services provided have no material impact on the financial report of Energio.

A draft of this report was provided to Energio and its advisors for confirmation of the factual accuracy of its contents. No significant changes were made to this report as a result of this review.

BDO is the brand name for the BDO International network and for each of the BDO Member firms.

BDO (Australia) Ltd, an Australian company limited by guarantee, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of Independent Member Firms. BDO in Australia, is a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International).

17. Qualifications

BDO Corporate Finance (WA) Pty Ltd has extensive experience in the provision of corporate finance advice, particularly in respect of takeovers, mergers and acquisitions.

BDO Corporate Finance (WA) Pty Ltd holds an Australian Financial Services Licence issued by the Australian Securities and Investment Commission for giving expert reports pursuant to the Listing rules of the ASX and the Corporations Act.

The persons specifically involved in preparing and reviewing this report were Sherif Andrawes and Adam Myers of BDO Corporate Finance (WA) Pty Ltd. They have significant experience in the preparation of independent expert reports, valuations and mergers and acquisitions advice across a wide range of industries in Australia and were supported by other BDO staff.

Sherif Andrawes is a Fellow of the Institute of Chartered Accountants in England & Wales and a Member of the Institute of Chartered Accountants in Australia. He has over twenty years experience working in the audit and corporate finance fields with BDO and its predecessor firms in London and Perth. He has been responsible for over 150 public company independent expert's reports under the Corporations Act or ASX

Listing Rules. These experts' reports cover a wide range of industries in Australia. Sherif Andrawes is the Chairman of BDO in Western Australia.

Adam Myers is a member of the Australian Institute of Chartered Accountants. Adam's career spans 13 years in the Audit and Assurance and Corporate Finance areas. Adam has considerable experience in the preparation of independent expert reports and valuations in general for companies in a wide number of industry sectors.

18. Disclaimers and consents

This report has been prepared at the request of Energio for inclusion in the Notice of Meeting which will be sent to all Energio Shareholders. Energio engaged BDO Corporate Finance (WA) Pty Ltd to prepare an independent expert's report to consider whether the proposal to acquire 100% of the shares in the capital of KCM Mining Holdings Pty Ltd, pursuant to the Put and Call Option Deed is fair and reasonable to the non-associated shareholders.

BDO Corporate Finance (WA) Pty Ltd hereby consents to this report accompanying the above Notice of Meeting. Apart from such use, neither the whole nor any part of this report, nor any reference thereto may be included in or with, or attached to any document, circular resolution, statement or letter without the prior written consent of BDO Corporate Finance (WA) Pty Ltd.

BDO Corporate Finance (WA) Pty Ltd takes no responsibility for the contents of the Notice of Meeting other than this report.

BDO Corporate Finance (WA) Pty Ltd has not independently verified the information and explanations supplied to us, nor has it conducted anything in the nature of an audit or review of Energio or TGP in accordance with standards issued by the Auditing and Assurance Standards Board. However, we have no reason to believe that any of the information or explanations so supplied are false or that material information has been withheld. It is not the role of BDO Corporate Finance (WA) Pty Ltd acting as an independent expert to perform any due diligence procedures on behalf of the Company. The Directors of the Company are responsible for conducting appropriate due diligence in relation to TGP. BDO Corporate Finance (WA) Pty Ltd provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process.

The opinion of BDO Corporate Finance (WA) Pty Ltd is based on the market, economic and other conditions prevailing at the date of this report. Such conditions can change significantly over short periods of time.

With respect to taxation implications it is recommended that individual Shareholders obtain their own taxation advice, in respect of the Proposal, tailored to their own particular circumstances. Furthermore, the advice provided in this report does not constitute legal or taxation advice to the Shareholders of Energio, or any other party.

BDO Corporate Finance (WA) Pty Ltd has also considered and relied upon independent property valuations for properties held by TGP.

The valuer engaged for the specialist valuation, Al Maynard & Associates Pty Ltd, possess the appropriate qualifications and experience in the property industry to make such assessments. The approaches adopted and assumptions made in arriving at their valuation are appropriate for this report. We have received consents from the valuer for the use of their valuation report in the preparation of this report and to append a copy of their report to this report.

The statements and opinions included in this report are given in good faith and in the belief that they are not false, misleading or incomplete.

The terms of this engagement are such that BDO Corporate Finance (WA) Pty Ltd has no obligation to update this report for events occurring subsequent to the date of this report.

Yours faithfully

BDO CORPORATE FINANCE (WA) PTY LTD

Sherif Andrawes	Adam Myers
Director	Director

Appendix 1 – Glossary of Terms

Reference	Definition
The Act	The Corporations Act
Al Maynard	Al Maynard & Associates Pty Ltd
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
BDO	BDO Corporate Finance (WA) Pty Ltd
Bedford	Bedford CP Nominees Pty Ltd
BIF	Banded Iron Formation
The Company	Energio Limited
Consolidation of capital	The issued capital of the Company will be consolidated on the basis that every 10 shares are consolidated into 1 share and every 10 options to acquire shares be consolidated into 1 option.
DCF	Discounted Future Cash Flows
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
Energio	Energio Limited
FME	Future Maintainable Earnings
KCM Australia	KCM Mining Holdings Pty Limited
KCM Nigeria	KCM Mining Limited
Larger Area	Assumes the total tenement area to be acquired as part of the Proposal is 151.7 km^2
Lesser Area	Assumes the total tenement area to be acquired as part of the Proposal is 122.4 km^2
The licences	All mining licences held by KCM Nigeria
NAV	Net Asset Value

The Proposal	For Energio to exercised its call option to acquire 100% of the shares in the capital of KCM Mining Holdings Pty Ltd
Option Deed	Put and Call Option Deed between KCM Australia and TGP and Energio
Our Report	This Independent Expert's Report prepared by BDO
RG111	Content of Expert Reports (March 2011)
RG112	Independence of Experts (March 2011)
Shareholders	Shareholders of Energio not associated with TGP
TGP	TGP Australia Limited
TGP Consideration Shares	830,000,000 fully paid ordinary shares in Energio (in the event that the Company raises at least a further $4,500,000 or more in equity funds prior to settlement) or otherwise a pro-rata allocation of 1,037,500,000 fully paid ordinary shares in the Company (both are pre-Consolidation of share capital)
VWAP	Volume Weighted Average Price

Appendix 2 – Valuation Methodologies

Methodologies commonly used for valuing assets and businesses are as follows:

1 *Net asset value ("NAV")*

Asset based methods estimate the market value of an entity's securities based on the realisable value of its identifiable net assets. Asset based methods include:

- Orderly realisation of assets method
- Liquidation of assets method
- Net assets on a going concern method

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to entity holders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the entity is wound up in an orderly manner.

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not be appropriate. The net assets on a going concern method estimates the market values of the net assets of an entity but does not take into account any realisation costs.

Net assets on a going concern basis are usually appropriate where the majority of assets consist of cash, passive investments or projects with a limited life. All assets and liabilities of the entity are valued at market value under this alternative and this combined market value forms the basis for the entity's valuation.

Often the FME and DCF methodologies are used in valuing assets forming part of the overall Net assets on a going concern basis. This is particularly so for exploration and mining companies where investments are in finite life producing assets or prospective exploration areas.

These asset based methods ignore the possibility that the entity's value could exceed the realisable value of its assets as they do not recognise the value of intangible assets such as management, intellectual property and goodwill. Asset based methods are appropriate when an entity is not making an adequate return on its assets, a significant proportion of the entity's assets are liquid or for asset holding companies.

2 *Quoted Market Price Basis ("QMP")*

A valuation approach that can be used in conjunction with (or as a replacement for) other valuation methods is the quoted market price of listed securities. Where there is a ready market for securities such as the ASX, through which shares are traded, recent prices at which shares are bought and sold can be taken as the market value per share. Such market value includes all factors and influences that impact upon the ASX. The use of ASX pricing is more relevant where a security displays regular high volume trading, creating a "deep" market in that security.

3 *Capitalisation of future maintainable earnings ("FME")*

This method places a value on the business by estimating the likely FME, capitalised at an appropriate rate which reflects business outlook, business risk, investor expectations, future growth prospects and other entity specific factors. This approach relies on the availability and analysis of comparable market data.

The FME approach is the most commonly applied valuation technique and is particularly applicable to profitable businesses with relatively steady growth histories and forecasts, regular capital expenditure requirements and non-finite lives.

The FME used in the valuation can be based on net profit after tax or alternatives to this such as earnings before interest and tax ("EBIT") or earnings before interest, tax, depreciation and amortisation ("EBITDA"). The capitalisation rate or "earnings multiple" is adjusted to reflect which base is being used for FME.

4 *Discounted future cash flows ("DCF")*

The DCF methodology is based on the generally accepted theory that the value of an asset or business depends on its future net cash flows, discounted to their present value at an appropriate discount rate (often called the weighted average cost of capital). This discount rate represents an opportunity cost of capital reflecting the expected rate of return which investors can obtain from investments having equivalent risks.

Considerable judgement is required to estimate the future cash flows which must be able to be reliably estimated for a sufficiently long period to make this valuation methodology appropriate.

A terminal value for the asset or business is calculated at the end of the future cash flow period and this is also discounted to its present value using the appropriate discount rate.

DCF valuations are particularly applicable to businesses with limited lives, experiencing growth, that are in a start up phase, or experience irregular cash flows.

5 *Market Based Assessment*

The market based approach seeks to arrive at a value for a business by reference to comparable transactions involving the sale of similar businesses. This is based on the premise that companies with similar characteristics, such as operating in similar industries, command similar values. In performing this analysis it is important to acknowledge the differences between the comparable companies being analysed and the company that is being valued and then to reflect these differences in the valuation.

6 *Multiple of Exploration Expenditure ("MEE")*

The Past Expenditure method is a method of valuing exploration assets in the resources industry. It is applicable for areas which are at too early a stage of prospectivity to justify the use of alternative valuation methods such as DCF. The Past Expenditure method is often referred to as the Multiple of Exploration Expenditure method.

Past expenditure, or the amount spent on exploration of a tenement, is commonly used as a guide in determining value. The assumption is that well directed exploration adds value to a property. This is not always the case and exploration can also downgrade a property. The Prospectivity Enhancement Multiplier ("PEM") which is applied to the effective expenditure therefore commonly ranges from 0.5 to 3.0. The PEM generally falls within the following ranges:

- 0.5 to 1.0 where work to date or historic data justifies the next stage of exploration;
- to 2.0 where strong indications of potential for economic mineralisation have been identified; and
- to 3.0 where ore grade intersections or exposures indicative of economic resources are present.

Appendix 3 – Independent Specialist Report

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Australian & International Exploration & Evaluation of Mineral Properties

INDEPENDENT APPRAISAL

AND

VALUATION

OF

NIGERIAN MINERAL EXPLORATION ASSETS

HELD BY

KCM MINING HOLDINGS PTY LTD

PREPARED FOR

BDO CORPORATE SERVICES

SEPTEMBER, 2011.

Author: Allen J Maynard BAppSc(Geol), MAIG, MAusIMM
Company: Al Maynard & Associates Pty Ltd
Date: 28th September, 2011

EXECUTIVE SUMMARY

This report has been prepared by Al Maynard & Associates ("AM&A") and commissioned by Energio Limited with authorisation from KCM Mining Holdings Pty Ltd ('KCMH'), for use by BDO Corporate, to prepare a Valuation (using the guidelines of the Valmin Code) of the exploration assets held by KCMH's 100% owned Nigerian subsidiary KCM Mining Limited ("KCM") of tenements that are located in Kogi State, Nigeria as listed below in Table 1.

KCM has a portfolio of 16 Exploration Licences ("ELs") covering between 392.24km^2 and 421.75km^2 acquired on the basis of prospectivity for iron mineralisation in Kogi State, Nigeria. 14 of these are formally granted and the Company understands that the remaining two will be granted in due course.

The beneficial interests held in the ELs are KCM – 75%; Energio Limited (ASX:EIO) - 25% (subject to a sale and purchase agreement with an unrelated third party).

KCMH is a mineral exploration and resource development company. Its portfolio (through KCM) secures numerous known occurrences of iron mineralisation.

The primary focus is on the plateau oolitic iron mineralisation licence areas north, south and east of Lokoja known as Agbaja, Koton Karfi and Bassa respectively and secondarily on the magnetite quartzite ("BIF") iron prospects.

In many of the areas residual cuirasse obscures key portions of outcrop over many prospects. Mineralisation potential estimates are based on the aeromagnetic survey data interpretation coupled with some detailed ground mapping augmented by historical drillhole data.

There exists a complication to the title of the known mineralised areas in that the Nigerian 'Tenement Authority" called the 'Cadastre' has formally issued title to areas that are LESS than that which KCM understands it actually has proper rights and title for this same ground. The lesser area is 122.4km^2 whereas the larger area is 151.7km^2.

So, to cater for both contingencies we have provided two valuations, by exactly the same method for both possible areas. Please refer to Appendices 1 & 2 for complete details.

For the Lesser Area of ***122.4km^2*** the entire tenement package is valued at \$104 million from within a range of \$39 million to \$205 million using an empirical method as described below in Section 5.0. The KCM share of the tenements for a 75% interest is ascribed at \$78M from within the ranges of \$29.4M to \$154M.

For the Larger Area of ***151.7km^2*** the entire tenement package is valued at \$125 million from within a range of \$47 million to \$244 million using an empirical method as described below in Section 5.0. The KCM share of the tenements for a 75% interest is ascribed at \$94M from within the ranges of \$35M to \$183M.

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The Directors, 28th September, 2011
BDO Corporate Pty Ltd
38 Station Street,
Subiaco, WA 6008
Dear Sirs,

1.0 Introduction

This report has been prepared by AM&A at the request of Energio to provide an independent appraisal, for use by BDO, of the current cash value of the exploration assets held by KCM Mining Ltd ("KCM"), KCM has a portfolio of 16 Exploration Licences ("ELs") covering between 392.24km^2 and 421.75km^2 acquired on the basis of prospectivity for iron mineralisation in Kogi State, Nigeria Table 1). 14 of these are formally granted. KCM fully anticipates the other two will be granted in due course.

There exists two opinions on the Company's access to granted title covering the mineralised zones of interest. One has it that there is 122km^2 of available ground and the other is that there is 151.7km^2 available. Instead of writing two separate reports to cover both 'Options' we have combined them both into this one report. Details are below.

The beneficial interests held in the ELs are KCM – 75%; Energio Limited (ASX:EIO) - 25% (subject to a sale and purchase agreement).

1.1 Scope and Limitations

This valuation has been prepared in accordance with the guidelines of the Valmin code (1999, 2005) and the JORC Code as adopted by the Australian Institute of Geoscientists ('AIG') and the Australasian Institute of Mining and Metallurgy ('AusIMM').

This valuation is valid as of 28th September, 2011 and refers to the writer's opinion of the value of the KCM exploration assets at this date. Site visits have been made by the author to the project area earlier this year (17th -27th February, 2011).

This valuation can be expected to change over time having regard to political, economic, market and legal factors. The valuation can also vary due to the success or otherwise of any mineral exploration that is conducted either on the properties concerned or by other explorers on prospects in the near environs. The valuation could also be affected by the consideration of other exploration data, not in the public domain, affecting the properties which have not been made available to the author.

In order to form an opinion as to the value of any property, it is necessary to make assumptions as to certain future events, which might include economic and political factors and the likely exploration success. The writer has taken all reasonable care in formulating these assumptions to ensure that they are appropriate to the case. These assumptions are based on the writer's technical training and experience in the mining and exploration industry. The opinions expressed represent the writer's fair professional opinion at the time of this report. These opinions are not however, forecasts as it is never possible to predict accurately the many variable factors that need to be considered in forming an opinion as to the value of any mineral property.

The valuation methodology of mineral properties is exceptionally subjective. If an economic reserve or resource is subsequently identified then this valuation will be dramatically low relative to any later valuations, or alternatively if further exploration is unsuccessful it is likely to decrease the value of the tenements.

The values obtained are estimates of the amount of money, or cash equivalent, which would be likely to change hands between a willing buyer and a willing seller in an arm's length transaction, wherein each party had acted knowledgeably, prudently and without compulsion. This is the required basis for the estimation to be in accordance with the guidelines of the Valmin Code.

There are a number of generally accepted procedures for establishing the value of mineral properties with the method employed depending upon the circumstances of the property. When relevant, AM&A uses the appropriate methods to enable a balanced analysis. Values are presented as a range and the preferred value is identified.

The readers should therefore form their own opinion as to the reasonableness of the assumptions made and the consequent likelihood of the values being achieved.

The information presented in this report is based on publicly available information provided by KCMH & KCM supplemented by our own inquiries. At the request of AM&A, copies of all relevant technical reports and agreements were made available.

Energio will be invoiced and expected to pay a fee for the preparation of this report. This fee comprises a normal, commercial daily rate plus expenses. Payment is not contingent of the results of this report or the success of any subsequent public fundraising. Except for these fees, the writer has no interest in the properties reported upon nor in Energio; KCMH nor KCM. The companies have confirmed that all technical data known to the public domain is available to the writer.

The valuation presented in this document is restricted to a statement of the fair value of the tenement package. The Valmin Code defines fair value as "The estimated amount of money, or the cash equivalent of some other consideration, for which, in the opinion of the Expert reached in accordance with the provisions of the Valmin Code, the mineral asset or security shall change hands on the Valuation date between a willing buyer and a willing seller in an arm's length transaction, wherein each party had acted knowledgeably, prudently and without compulsion".

It should be noted that in all cases, the fair valuation of the mineral exploration properties presented is analogous with the concept of "valuation in use" commonly applied to other commercial valuations. This concept holds that the properties have a particular value only in the context of the usual business of the company as a going concern. This value will invariably be significantly higher than the disposal value, where, there is not a willing seller. Disposal values for mineral or exploration assets may be a small fraction of going concern values.

In accordance with the Valmin Code, we have prepared the "Range of Values" as shown in Table 3, Section 5. Regarding the project areas it is considered that sufficient geotechnical data has been provided from the reports covering the previous exploration of them to enable an understanding of the geology. This, coupled with general knowledge of the areas provides sufficient information to form an opinion as to the current value of the exploration assets.

1.2 Statement of Competence

This report has been prepared by Allen J. Maynard BAppSc(Geol) MAusIMM and Member of AIG, a geologist with more than 30 continuous years in the industry and over 25 years in mineral asset valuation. The writer holds the appropriate qualifications, experience and independence to qualify as an independent "Expert" under the definitions of the Valmin Code.

2.0 Valuation of the Exploration Assets – Methods and Guides

Without proven ore reserves it is difficult to place a 'singular dollar value' on any mining tenement. However, with due regard to the guidelines for assessment and valuation of mineral exploration assets and mineral securities as adopted by the AusIMM Mineral Valuation Committee on 17 February 1995 – the Valmin Code (updated 1999 & 2005) – we have derived the estimates listed below using the appropriate method for the current technical value of the mineral exploration properties as described.

The following ASIC publications have also been duly referred to and considered in relation to the valuation procedure: 'Regulatory Guidelines' RG111 & RG112 issued in March 2011.

The subjective nature of the valuation task is kept as objective as possible by the application of the guideline criteria of a "fair value". This is a value that an informed, willing, but not anxious, arms length purchaser will pay for a mining (or other) property in a transaction devoid of "forced sale" circumstances. Tenement applications are treated as though granted for valuation purposes with the clear understanding that if not granted then their value falls to zero.

2.1 General Valuation Methods

The Valmin Code identified various methods of valuing mineral and exploration assets, including:-

- Discounted cash flow,
- Capitalisation of earnings,
- Joint Venture and farm-in terms for arms length transactions,
- Precedents from similar asset sales/valuations,
- Multiples of exploration expenditure,
- Ratings systems related to perceived prospectivity,
- Real estate value and,
- Empirical or yardstick approach.

2.2 Discounted Cash Flow/Net Present Value

This method provides an indication of the value of a property with identified reserves. It utilises an economic model based upon known resources, capital and operating costs, commodity prices and a discount for risk estimated to be inherent in the project. Alternatively a value can be assigned on a royalty basis commensurate with the in situ contained metal value.

Net present value ('NPV') is determined from discounted cash flow ('DCF') analysis where reasonable mining and processing parameters can be applied to an identified ore reserve. It is a process that allows perceived capital costs, operating costs, royalties, taxes and project financing requirements to be analysed in conjunction with a discount rate to reflect the perceived technical and financial risks and the depleting value of the mineral asset over time. The NPV method relies on reasonable estimates of capital requirements, mining and processing costs.

2.3 Joint Venture Terms

The terms of a proposed joint venture agreement may be used to provide a market value based upon the amount an incoming partner is prepared to spend to earn an interest in part or all of the property. This pre-supposes some form of subjectivity on the part of the incoming party when grass roots properties are involved.

2.4 Similar Transactions

When commercial transactions concerning properties in similar circumstances have recently occurred, the market value precedent may be applied in part or in full to the property under consideration.

2.5 Multiple of Exploration Expenditure

The multiple of exploration expenditure method ('MEE') is used whereby a subjective factor (also called the prospectivity enhancement multiplier or 'PEM') is based on previous expenditure on a tenement with or without future committed exploration expenditure and is used to establish a base value from which the effectiveness of exploration can be assessed. Where exploration has produced documented positive results a MEE multiplier can be selected that takes into account the valuer's judgment of the prospectivity of the tenement and the value of the database. MEE factors can typically range between 0 to 3.0 and occasionally up to 5.0 applied to previous exploration expenditure to derive a dollar value.

2.6 Ratings System of Prospectivity (Kilburn)

The most readily accepted method of this type is the modified Kilburn Geological Engineering/Geoscience Method and is a rating method based on the basic acquisition cost ('BAC') of the tenement that applies incremental, fractional or integer ratings to a BAC cost with respect to various prospectivity factors to derive a value. Under the Kilburn method the valuer is required to systematically assess four key technical factors which enhance, downgrade or have no impact on the value of the property. The factors are then applied serially to the BAC of each tenement in order to derive a value for the property. The factors used are; off-property attributes on-property attributes, anomalies and geology. A fifth factor that may be applied is the current state of the market.

2.7 Empirical Methods (Yardstick – Real Estate)

The market value determinations may be made according to the independent expert's knowledge of the particular property. This can include a discount applied to values arrived at by considering conceptual target models for the area. The market value may also be rated in terms of a dollar value per unit area or dollar value per unit of resource in the ground.

This includes the range of values that can be estimated for an exploration property based on current market prices for equivalent properties, existing or previous joint venture and sale agreements, the geological potential of the properties, regarding possible potential resources, and the probability of present value being derived from individual recognised areas of mineralisation. This method is termed a "Yardstick" or a "Real Estate" approach. Both methods are inherently subjective according to technical considerations and the informed opinion of the valuer.

2.8 General Comments

The aims of the various methods are to provide an independent opinion of a "fair value" for the property under consideration and to provide as much detail as possible of the manner in which the value is reached. It is necessarily subjective according to the degree of risk perceived by the property valuer in addition to all other commercial

considerations.
Efforts to construct a transparent valuation using sophisticated financial models are still hindered by the nature of the original assumptions where a known resource exists and are not applicable to properties without an identified resource.

The values derived for this report have been concluded after taking into account:-

- The general geological environment and setting of the property under consideration is taken into account to determine the exploration potential;

- The exploration potential is used as a measure of worth;

2.9 Environmental implications

Information to date indicates that the project areas do not contain fauna or flora species regarded as being rare, threatened or endangered. This requires validation by relevant parties and is not in the scope of this report.

2.10 'Native Title Type' Claims

An interest of 5% of the tenement package is held by a related party in trust for the traditional landowners. AM&A is not aware of any sacred sites or areas of local significance within the tenements.

2.11 Commodities-Metal prices

Where appropriate, current metal prices are used sourced from the usual metal market publications and Trade Journals and internet searches. Fines and Lump iron prices are currently around $150 to $180 per tonne for 62% Fe material.

2.12 Resource/Reserve Summary

No JORC compliant resources have been identified.

2.13 Previous Valuations

The writer prepared a valuation of this same ground in May, 2011.

2.14 Encumbrances/Royalty

There may be statutory Government royalties due on any future production. There are none known to be in place at this report date.

3.0 Background Information

3.1 Introduction

Energio has acquired interests in certain exploration tenements within the highly prospective Kogi State in Nigeria that has a favourable geological setting for the discovery of world-class iron deposits.

Energio and KCMH through KCM has interests in a number of exploration projects that have potential for the discovery of commercial deposits of iron in two different geological settings: They are as oolitic ironstone mineralisation in Cretaceous Sediments that have been modified by lateritisation processes and as magnetite quartzites ("MQ") or Banded Iron Formation ("BIF") in Proterozoic basement rocks.

The areas under review comprise 14 exploration licences and two pending EL applications that have the potential to host iron resources (Table 1).

AM&A's full geological report is available as a separate stand-alone report.

3.2 Specific Valuation Methods

There are several methods available for the valuation of a mineral prospect ranging from the most favoured DCF analysis of identified Reserves/Resources to the more subjective rule-of-thumb assessment when no Reserves have yet been calculated but Resources may exist. These are discussed in Section 2.0.

For the Energio/KCM tenements an empirical approach is adopted as specific exploration expenditure for each tenement is not available which precludes using the MEE method.

4.0 Nigerian Iron Mineralisation Projects

4.1 Introduction

Energio is a JV partner (25%) with KCMH that itself is a mineral exploration and resource development company that controls through KCM between 392.24km^2 and 421.75km^2 of exploration tenements comprising 14 Exploration Licences ("ELs") and two pending ELs in Kogi State, Nigeria (Table 1). 14 of these are formally granted.

The portfolio secures numerous known occurrences of iron mineralisation in Kogi State, Nigeria.

The primary focus is on the plateau oolitic iron mineralisation licence areas north, south and east of Lokoja known as Agbaja, Koton Karfi and Bassa respectively and secondly on the magnetite quartzite ("BIF") iron prospects.

In many of the areas residual cuirasse obscures key portions of outcrop over many prospects. Mineralisation potential estimates are based on the aeromagnetic survey data interpretation coupled with some detailed ground mapping augmented by historical drillhole data.

The primary focus is on the plateau oolitic iron mineralisation licence areas north, south and east of Lokoja known as Agbaja, Koton Karfi and Bassa respectively and secondly on the magnetite quartzite ("BIF") iron prospects. In many of the areas residual cuirasse obscures key portions of the outcrop over many prospects.

Mineralisation potential estimates are based on the aeromagnetic survey data interpretation coupled with close spaced ground mapping augmented by drillhole data.

The Okene Magnetite Quartzite Deposits occur in the Okene district that is in the northwest portion of Kogi State to the northeast of Lagos. Access in all areas is good on bitumen highways with final ground access via local tracks and footpaths.

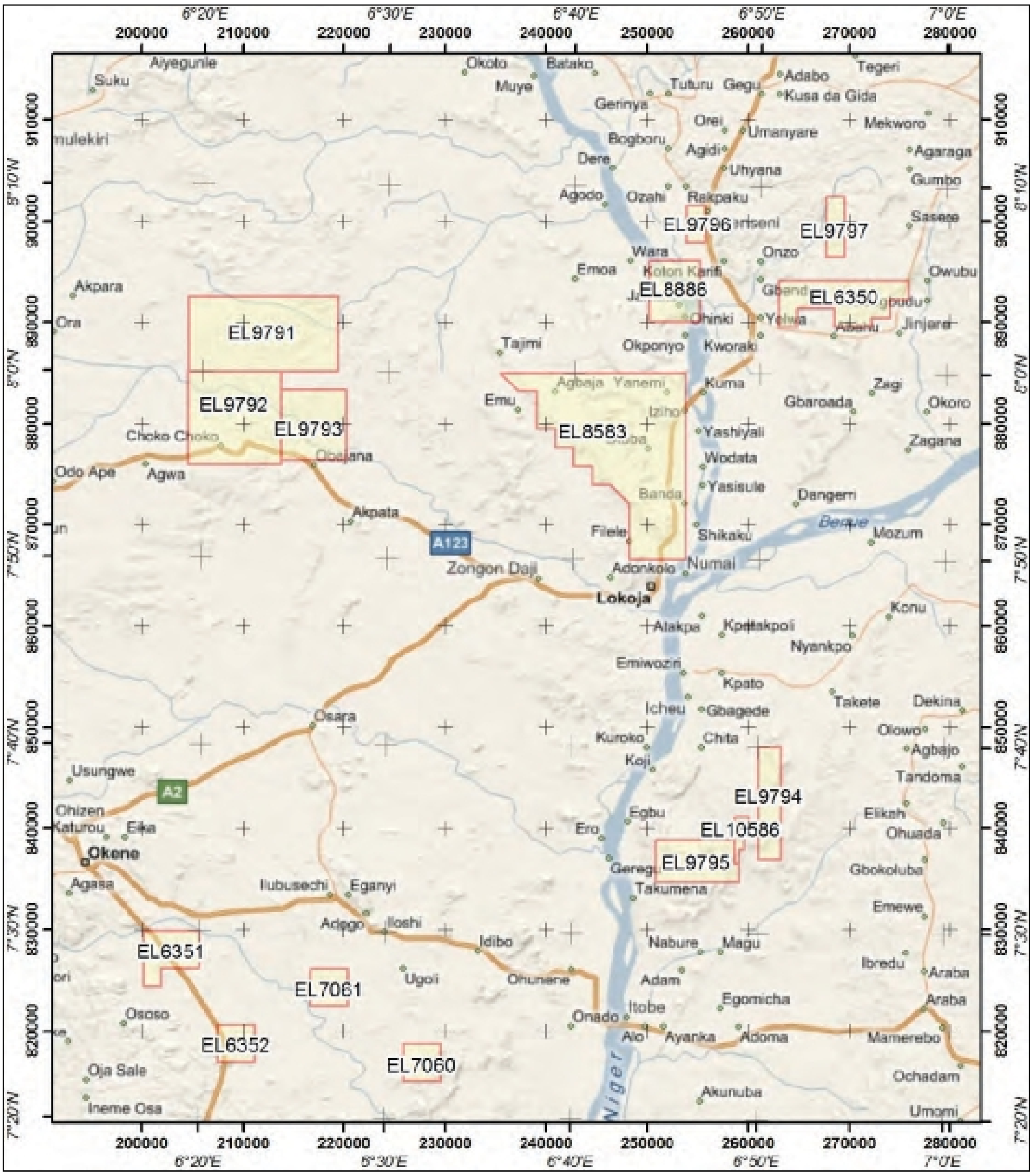

Figure 1: Location Map of the KCM Exploration Licences.

A network of all-season bitumen roads connects the main towns and most parts of the area are fairly accessible except for forest reserves. The River Niger now has two bridges in the area and since there are no falls or rapids the river is navigable around the shifting sandbars to above Lokoja.

The project area is centred on the regional centre of Lokoja, some 250km SSW of Abuja the capital of Nigeria; travel time is about 3hr by vehicle. Access to all licences is primarily via bitumen highway from Lokoja north, south, south westwards or east and then where necessary by either small local tracks or footpaths. There is good accommodation at local hotels located in Lokoja where there is also an administration office with all modern communication means.

The nearest railhead is at the Itakpe processing facility and terminates to the south at Warri Terminus only some 30km from the coast.

The general elevation of the area ranges from about 30-43m along the alluvial plains of the Niger and Benue valleys and about 640m around Okene and Ososo and in the area north of Kabba.

4.2 Tenure

KCM holds 16 ELs (14 granted) covering between 392.24km^2 and 421.75km^2. The maximum area is listed below in Table 1.

All tenements have access to infrastructure which includes, in some cases, roads, rail, power and water.

No	Licence	Name	Mineral	Holder	Area km^2	Granted	Expires
1	EL6350	Koton Karifi	Iron Ore	KCM	22.4	4 May 2010	4 May 2013
2	EL6351	Okene	Iron Ore	KCM	22.4	4 May 2010	4 May 2013
3	EL6352	Okene	Iron Ore	KCM	12.8	13 Apr 2010	13 Apr 2013
4	EL7060	Ajaokuta	Iron Ore	KCM	12.8	4 May 2010	4 May 2013
5	EL7061	Ajaokuta	Iron Ore	KCM	12.8	4 May 2010	4 May 2013
6	EL 8583*	Agbaja	Iron Ore	KCM	169.2	4 May 2010	4 May 2013
7	EL 8886	Agbaja	Iron Ore	KCM	12.9	4 May 2010	4 May 2013
8	EL 9791	Lokoja	Iron Ore	KCM	34.6	23 Aug 2010	23 Aug 2013
9	EL 9792	Lokoja	Iron Ore	KCM	38.6	3 Sep 2010	3 Sep 2013
10	EL 9793	Lokoja	Iron Ore	KCM	10.4	23 Aug 2010	23 Aug 2013
11	EL 9794	Bassa Nge	Iron Ore	KCM	7.0	3 Sep 2010	3 Sep 2013
12	EL 9795	Bassa Nge	Iron Ore	KCM	34.35	23 Aug 2010	23 Aug 2013
13	EL 9796	Bassa Nge	Iron Ore	KCM	3.0	23 Aug 2010	23 Aug 2013
14	EL 9797	Bassa Nge	Iron Ore	KCM	6.4	3 Sep 2010	3 Sep 2013
15	EL10586	Bassa Nge	Iron Ore	KCM	3.4	25 Jan 2011	25 Jan 2014
16	EL12124*	Agbaja	Iron Ore	KCM	18.7	*	*
				Totals	421.75		

- *Part of EL 8583 being re-granted as EL 12124.with final official documentation in transit.*

Table 1: KCM Exploration Licence Details.

4.3 Regional Geology

4.3.1 General

The Precambrian rocks of Nigeria may simplistically be grouped into three principal subdivisions of the ancient gneiss migmatite complex, the schist belts and the tectonically deformed plutonic series plus affiliated minor rock units that bear imprints of the 2.7Ga Liberian, the 2.0Ga Eburnean, and the 650Ma Pan African tectonic events with the latter being the most widespread. Older ages 3.0Ga have more recently been indicated from some of the Archaean terrain.

The Precambrian terrains may have been part of an Archaean proto-shield that was later affected by Proterozoic crustal activities and subsequent evolvement of the Phanerozoic basins.
Overlying these older assemblages are Cretaceous to Tertiary sedimentary sequences deposited in five large basinal areas notably the mid-Niger, the Benue Trough and the Anambra Basin of Cretaceous ages, the Tertiary Sokoto (Illumeden Basin) and the Chad and the Niger Delta Basin of Tertiary to Recent age respectively.

The Cretaceous sedimentary oolitic iron mineralisation occurs prominently in the Agbaja district in the North Central and the Nsudde district in the South Eastern zones of the country.

Two main styles of iron ore mineralisation occur in Nigeria. Magnetite Quartzites (“MQ”) and BIF occurs mostly in folded bands and lenses associated with the Precambrian meta-sedimentary schist belts prominently outcropping in the north western and central half of the country.

In Kogi State there are also minor limestone and marble deposits and in the south of the state are some poorly developed Coal Measures.

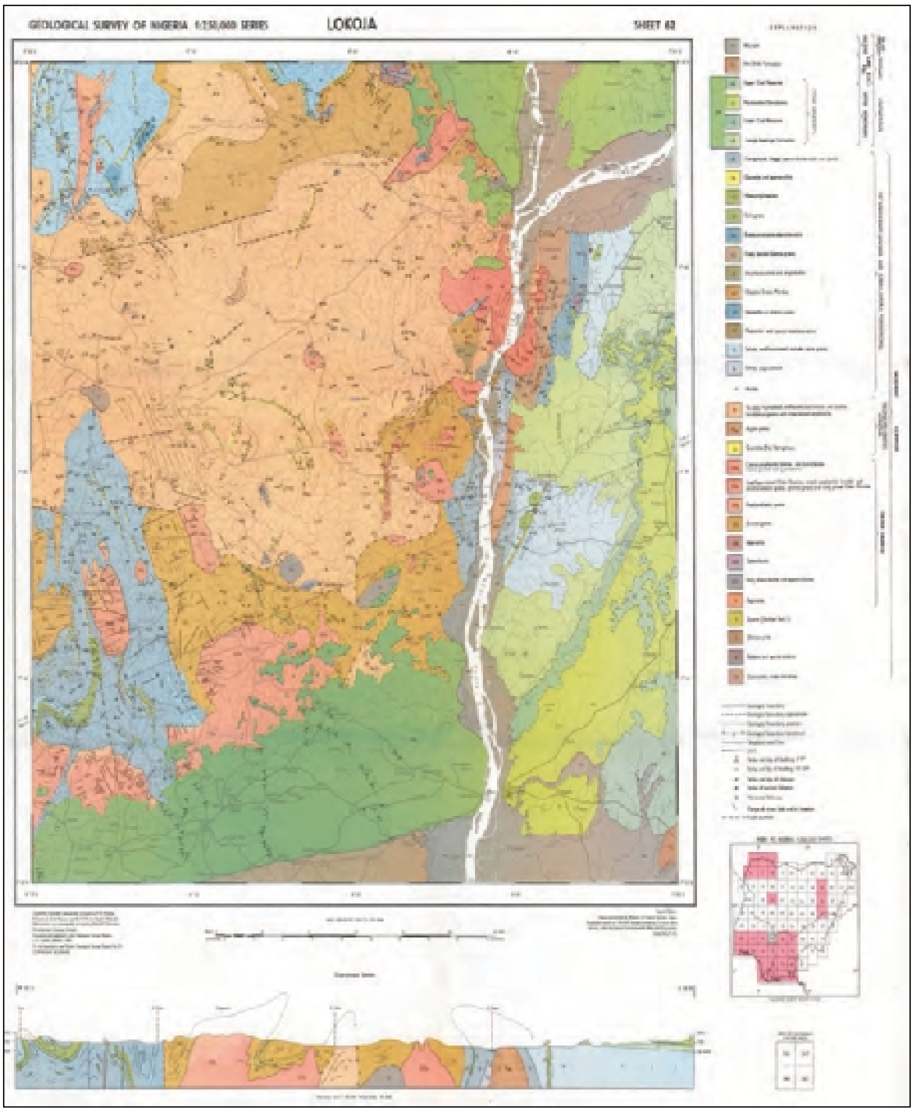

Figure 2: Lokoja District Regional Geological Map.

Dolerite dykes that are demonstrably younger than the older granites have been intruded on a small scale along east-northeast trending fractures. It is tentatively assumed that they are pre-Cretaceous as they have nowhere been seen to cut through Cretaceous or younger sediments.

The Cretaceous Coal measures overlie the Basement Complex with a marked unconformity. They consist mainly of sandstones, shales and clays with a few coals, indicating deposition in a shallow water lagoonal environment, Beds of the Imo Shale Formation are thought to conformably overlie the Cretaceous to the south and southeast of the area. Tentative correlations between the Coal Measures and the Oolitic horizons have been suggested as merely depositional facies changes.

4.4 Economic Geology

4.4.1 Iron Prospects

The BIF of Nigeria generally occurs in metamorphosed folded bands, associated with Precambrian basement complex rocks which include low-grade metasediments, high-grade schist, gneisses and migmatites. Included in this group are the well known Lokoja-Okene District ("LOK") occurrences that form the western portion of the project area. Early Geological bulletins and reports list over 500Mt of potential in the LOK area and the company has access to some of these prospects.

The BIF layers vary in thickness from about 3cm to 5m and are commonly found in groups intercalated within surrounding country rocks or as isolated thin units. The bands have variable strike extent with some stretching, though discontinuously, over several kilometres.

The Cretaceous sedimentary oolite iron formations are described as sedimentary but are in fact partly lateritic and fluid flow altered in character. Two prospects in the Lokoja Plateau area have been investigated in detail and they include both oolitic iron stones and rubble iron stone at Enugu. Similar iron stones have been found as caps of varying dimensions on some Cretaceous successions of the Illumeden and Niger embayments notably around Koton Karfi and Bida Basin.

4.5 Oolite Ironstone Deposits

4.5.1 Introduction

The Cretaceous sedimentary oolitic iron mineralisation occurs prominently in the Lokoja District in the North Central and the Nsudde District in the south eastern zones of the country.

The Lokoja area has several known occurrences of oolitic iron mineralisation as depicted in the geological map of the area (Fig 3). The oolite horizon is generally preserved a few metres below the upstanding mesa plateau surface that is itself preserved by a cuirasse lateritic cap. The oolite horizon is described as being about 10m thick with generally 45-53% Fe determined from an earlier drilling campaign at Agbaja that suffered from very poor core recoveries.
The main project areas are known as Agbaja north of Lokoja Town and to the west of the Niger River, Koton Karfi in the northeast and Bassa to the south-southeast.

It is currently estimated that an exploration oolitic Target Mineralisation range from 1.6 – 2.7Bt with 48-53% Fe exists over the full extent of the 122.4km^2 (or 151.7km^2) plateau area within the KCM leases. Note that this conceptual target may or may not be outlined in whole or in part with future work. This estimate is based on previous drilling results and the geometry and structural setting and geology of the plateau. This needs to be confirmed by drilling. Similar targets can be envisaged on other similar plateau remnants. The distribution of the plateau mesa top zones is depicted in stippled white on the map.

However, this potential quantity and grade is conceptual in nature and there has been insufficient exploration to define a JORC Code compliant mineral resource and it is uncertain if further exploration will result in the determination of a JORC Code compliant mineral resource.

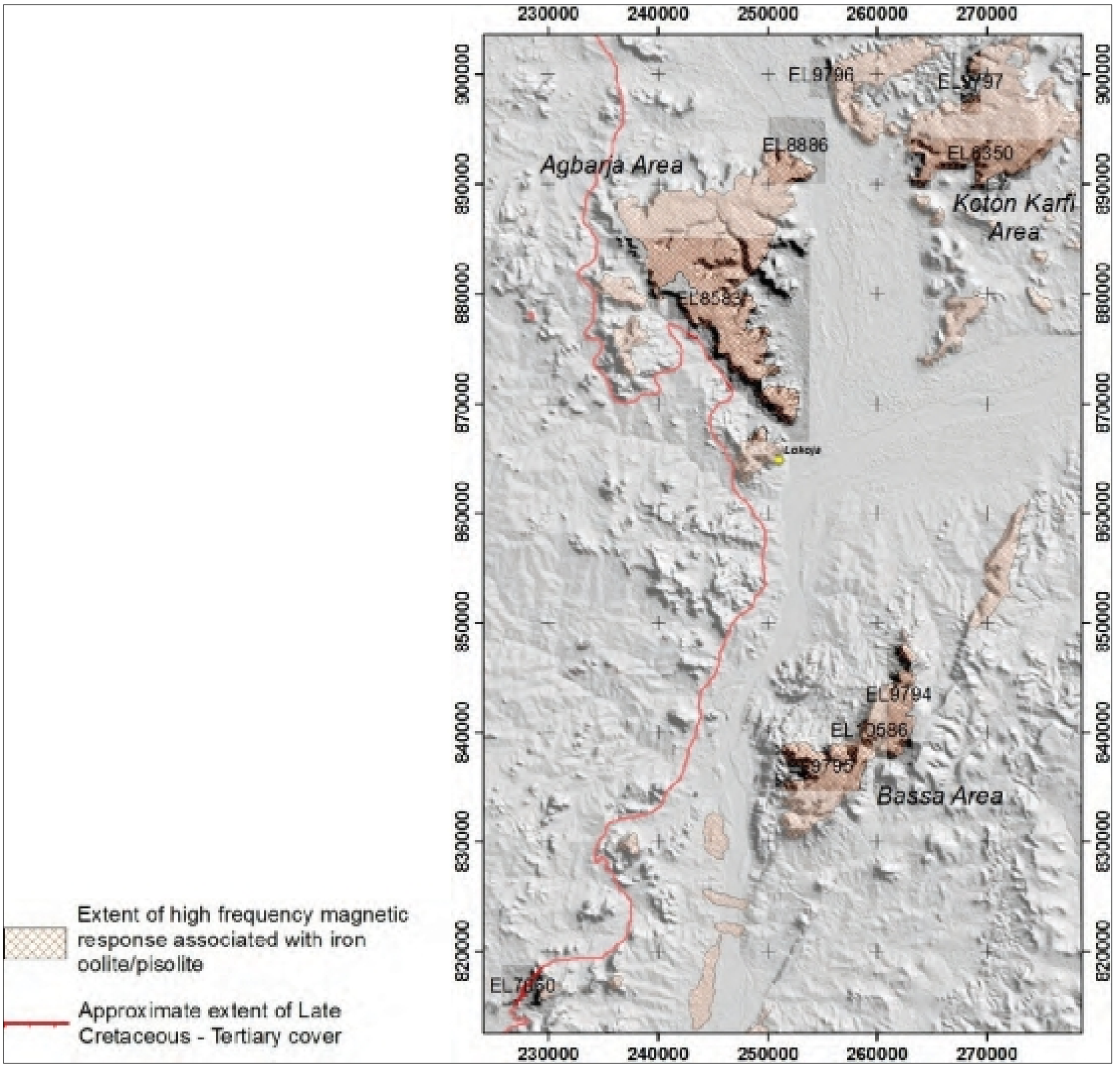

Figure 3: Lokoja District extent of the iron oolite/pisolite deposits and the KCM tenement holdings. (From Crowe, 2011)

The plateaux around Lokoja have a combined area of over 260km^2 and all are capped by oolite, cuirasse and laterite. In natural exposures the oolite is up to 16.5m thick and it is more than 12m thick over large areas.

The upper and lower limits are not always well defined, but taking the top at the first appearance of oolite in the laterite and the base at the lowest level with oolitic texture, the average thickness in the area investigated by drilling is 14m. The minimum and maximum thicknesses are respectively 7.0 and 16.7m.

The thickness of material above the oolite is variable with11.9m recorded near Koton Karfi, but the average is generally less, and over part of the Agbaja plateau the oolite occasionally outcrops at the surface.

Figure 4: Cretaceous Oolitic Sediments, including dark Goethitic Ironstone – Road Access Western Edge of Agbaja Plateau.

Specific gravity (SG) determinations averaged 2.17 for the major oolite types while goethite bands recorded up to 3.6 SG.

Goethite is by far the most common mineral in the ironstone. X-ray diffraction showed that little of the red and brown material usually referred to as "limonite" is truly amorphous, and that most of it gives the goethite pattern. Goethite is crystalline and anisotropic, with optical properties which agree with those published for the mineral. Only very small amounts are present and most is clearly of secondary origin as the mineral lines cavities or forms small veins in the rock. In hand specimen, "a-Goethite" is black, with a sub-metallic lustre and it forms most of the ooliths in the weathered zone. In thin section it is translucent, brown, yellow-brown or red-brown, and completely isotropic. In plane polarized and oblique reflected light it cannot be distinguished from goethite unless the latter is exceptionally well crystallized.

"b-Goethite" is dull-brown to nearly black in hand specimen and often forms the matrix in which the ooliths of lustrous "a-goethite" are set. It has a yellow streak and resembles typical limonite. In thin section, it is dull-brown to opaque and the translucent areas show faint birefringence. In oblique reflected light it is yellow-brown or dark- brown and is readily distinguished from goethite and "a-goethite", both of which appear grey-brown. Areas of magnetite in the opaque "b-goethite" can similarly be easily detected in oblique reflected light.

Magnetite is a common constituent of the ironstones and may be abundant even in the highly oxidized surface rocks. It occurs as minute round granules which rarely exceed 0.005mm in diameter and average about 0.003mm. The granules may be evenly distributed through the ooliths or groundmass, but more often they are concentrated locally to form concentric zones in the ooliths or rims around them. Sometimes they are so closely packed that they form dense bodies of granular magnetite.

Phosphates were noted to occur as cores to pisolites in the weathered zones as white “dusty” appearing material but descriptions from fresh zones are not apparent in the older texts.

4.5.2 1952 Drilling

Drilling of the Agbaja ironstone prospects commenced in May 1952. After completion of a pilot borehole near Agbaja, systematic drilling on a 610m square grid was started on the north-eastern end of the plateau near Jamata. After twelve boreholes had been completed it was decided to concentrate the drilling on a spur of the plateau overlooking the Niger River at Jamata where conditions seemed to be the most promising. Seventeen holes were completed on a 305m grid in this area. When the investigation was completed in October 1953 thirty holes had been drilled with a combined total of 607m.

In addition, a shaft was sunk at borehole GSN-BH1120 to obtain channel samples of the ironstone for comparison with core and sludge samples from the borehole since general core recoveries from the drilling was less than 50%.

Figure 5: Recent (2010) Government Oolitic Drill core from Agbaja Plateau – (very low recovery).

4.5.3 Resource Areas

At Agbaja, there is potential to define a JORC compliant resource of medium grade iron mineralisation that may need beneficiation before entering the steel making process. Due to the poor core recovery from the core drilling definitive mineralisation values cannot be estimated. The range in thickness of overburden in the drillholes is from 0m to 8.53m with Fe values ranging from approximately 28-48.7% Fe.

Metallurgical testing of this material is required to determine if a suitable saleable product can be beneficiated. The range in thickness of the oolitic ironstone was from 1.20 to 14.0m with Fe ranging generally between 48.0 to 53.0% Fe.

This potential quantity and grade is conceptual in nature and there has been insufficient exploration to define a JORC Code compliant mineral resource and it is uncertain if further exploration will result in the determination of a JORC Code compliant mineral resource.

The three licences at Koton Karfi cover 32.6km^2 of prospective plateau on licences EL6350 and 9797; it appears that potential at EL9796 is very limited. These prospects occur some 13 to 20km east of the main Lokoja to Abuja highway and are reached by gravel roads in good condition.

The main prospect in EL6350 is on the south side of the plateau in the central portion of the licence and appears to have a thickened sequence. Bishwa village is 23km by road east of the main highway and a traverse to the north of the village showed the top of the oolite some 6m below the cuirasse capping.

An insitu oolite was observed over an approximate 30-34m vertical interval from an elevation of 372 to 338m. This is an encouraging profile and early drill checking of the indicated width is warranted.

The Bassa prospects cover 28.7km^2 of prospective plateau on licences EL9794, 9795 and 10586. Access to this group of tenements is by bitumen highway south from Lokoja to the Ajakouta bridge crossing the Niger and then following local bitumen roads into the EL9794 area.

Access to EL 9795 and EL 10586 is then by footpath across cuirasse covered surfaces dissected by shallow steep sided gullies.

At EL9794 all the cuirasse surfaces visited are highly magnetic and in the vicinity of Emiandi village there is oolitic material within the surface outcrop. Locally the gullies were insufficiently incised to expose the base of the oolitic horizons, however a minimum thickness of 6m is indicated. According to the local guides, full cliff exposures in this district are limited.

In EL12124 (ex EL8583) during July-August, 2011 five exploration circular shafts were sunk for the purpose of providing samples for metallurgical testwork. The total advanced was 50 metres and they were all hand-dug. Results are pending from the Australian laboratory (AMMTEC).

4.5.4 Potential

The KCM licences in the greater Lokoja area cover at least 122km^2 of prospective plateau that could host 1.6 billion to 2.7 billion tonnes of oolitic ironstone mineralisation with a grade range from 48-53% Fe. If the granted area of ELs turns out to be, as KCM understands them to be, then this target mineralisation would be over a larger area of 151.7km^2 and would be from 2.0Bt to 3.3Bt.

Metallurgical testing of this material is required to determine if a suitable saleable product can be beneficiated. Further, this potential quantity and grade is conceptual in nature and there has been insufficient exploration to define a JORC Code compliant mineral resource and it is uncertain if further exploration will result in the determination of a JORC Code compliant mineral resource.

KCM holds seven licences covering Proterozoic terrane that hosts, in portions, several discontinuous horizons of BIF manifesting as magnetite quartzites.

These tenements have been grouped into three projects; Choco Choco, the Southwestern (SW) Leases and the Southeastern (SE) Leases. Access to the margins of the leases is generally reasonable via bitumen or dirt roads but access into the interior of all licenses is along footpaths over some rugged terrane.

For the BIF prospects current grade range estimates are based on sporadic grab samples. However, there are observed strike lengths (from field inspection) to enable volume and thus tonnage estimates for ranges of ‘Exploration Targets’ as listed below in Appendix 1.

Detailed exploration including mapping, possibly additional ground geophysical surveys, judicious channel sampling from trenches and drilling are all required in all localities. No resource estimates for any of the BIF or magnetite quartzite prospects can currently be attempted.

5.0 Valuation of the Projects

5.1 Valuation Methods

As no JORC Code compliant Reserves are available, the Discounted Cash Flow method is not applicable. The Kilburn method is considered to provide a range of values that is so wide that it is not realistic.

Individual historical expenditure details are not available and are therefore not applicable for the individual tenements so the MEE method is also not applicable. An empirical method whereby a dollar value per unit area is applied was considered and also deemed not to be applicable as a very wide range of values can be ascribed.

However, Appendix 3 lists Iron Exploration projects with a dollar value per 1.0km^2 for comparative purposes, showing a range from \$800/km^2 (Commonwealth Hill) to as high as \$283,100/km^2 (Southdown). The second highest value listed (Heazlewood and Whyte River) is ascribed at \$64,000/km^2 which still provides for an extremely wide value range.

Consequently an empirical method that applies discounted values to ‘Target Mineralisation’ estimates was adopted. Please note that target mineralisation is NOT to be confused with any form of resource whatsoever and future exploration may or may not delineate the target in part or in whole.

For comparative purposes, the 2nd part of Appendix 3 lists various values from rating iron properties by ‘dollars per insitu tonne’. This is a method of providing a value to a mineral property that is NOT to be confused with any form of resource whatsoever. These ranges are from $0.16/tonne Fe (Mt Lucy) up to $4.90 for Midwest.

As we have conceptual target mineralisation for KCM valuation purposes the writer has decided to adopt an even more conservative approach for a value per tonne compared with the Australian projects listed in Appendix 3.

This will also help take into account an higher perceived Sovereign Risk that may exist in Nigeria. Whilst the writer was always at ease during the field trip earlier this year it is possible that “The average Australian ‘Punter’ or ‘non-technical’ person who has not travelled to site could hold a much higher degree of concern” for this risk in Nigeria.

Consequently, the dollar values described below are considered appropriate for the KCM valuation at this stage of development.

For the Nigerian oolitic iron deposits the area of plateau beneath which the deposits are preserved has been determined from remote-sensing imagery.

This area has been factored up by the estimated width varying from 6-10m for known deposits and a conservative specific gravity of 2.2 applied. This method produced a Target Mineralisation Potential (Exploration Target) to which a lower value of two cents ($0.02) per tonne and high range of six cents ($0.06) was applied. A similar approach has been used for the BIF Target Mineralisation Potential where a range of values from $0.20-$0.30 per tonne is applied.

The writer presents the valuation estimates based on varying dollars per target tonne. Note that the ‘Target Mineralisation’ is conceptual in nature and future work may or may not outline this in whole or in part. The amounts applied range from $0.02 to $0.06 per tonne for oolitic mineralisation and $0.20-$0.30 per tonne for BIF style mineralisation.

The attached spreadsheets (Appendices 1 & 2) enable the reader to see the individual valuation calculation estimates.

Finally adjustments are made to allow for KCM’s 75% holdings as listed below in Tables 2 & 3.

5.2 Valuation Conclusions

FIRST PART 122.4km^2:

Iron Style	Low $M	High $M	Preferred $M
Oolite	32.2	161.0	85.9
BIF	7.0	44.1	18.1
Total (100%)	39.2	205.1	104.0

KCM at 75%	**29.4**	**154.0**	**78.0**

Table 2: Summary of Value Ranges (122km^2).

SECOND PART 151.7KM^2:

Iron Style	Low $M	High $M	Preferred $M
Oolite	40.1	200.2	107
BIF	7.0	44.1	18.1
Total (100%)	47	244.3	125.1
KCM at 75%	**35.3**	**183.2**	**93.6**

Table 3: Summary of Value Ranges (151km^2).

Thus it is the writer's conclusion that the current cash value of the 'KCM tenements' for a 100% interest of the **lesser area** is ascribed at $104M from within the range of $39M to $205M. Thus, the current value for a 75% interest is ascribed at $78M from within the range of $29M to $154M.

Using the very same method for the **larger area** the corresponding value for a 100% interest is ascribed at $125M from within the range of $47M to $183M. So the corresponding 75% interest us ascribed at $94M from within the range of $35M to $183M.

Yours faithfully,

Allen J. Maynard BAppSc(Geol), MAIG, MAusIMM.

Competent Persons Statement

The information in this report which relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Allen Maynard, who is a Member of the Australian Institute of Geosciences ("AIG"), a Corporate Member of the Australasian Institute of Mining & Metallurgy ("AusIMM") and independent consultant to the Company. Mr Maynard is the Director and principal geologist of Al Maynard & Associates Pty Ltd and has over 30 years of exploration and mining experience in a variety of mineral deposit styles. Mr Maynard has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for reporting of Exploration Results, Exploration Targets, Mineral Resources and Ore Reserves".(JORC Code). Mr Maynard consents to inclusion in the report of the matters based on this information in the form and context in which it appears.

6.0 References

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KCM Valuation at 28 September 2011					Tonnes		Totals			
Oolite	**Area km^2**	**Width (m)**		**SG**	**Mt**	**$/t**	**$M**	**Rating**		
		6		2.2	1,610	0.02	32.21	Low	32.21	
Mesa (mineralised)	122	8		2.2	2,147	0.04	$85.89	Preferred	$85.89	
1km^2 - 10m- SG 2.2= 22Mt		10		2.2	2,684	0.06	161.04	High	161.04	
KCMH - BIF	**Strike km**	**Width m**	**Depth**	**SG**		**$/t**	**Value (M$)**			
Choco Choco	1.50	50	100	3.5	26.25	0.20	5.25	Low		
	2.00	40	150	3.5	42.00	0.25	$10.50	Preferred		
	3.00	30	200	3.5	63.00	0.30	18.90	High		
SW Leases	1.50	20	75	3.5	7.88	0.20	1.58	Low		
	2.50	30	100	3.5	26.25	0.25	$6.56	Preferred		
	4.00	40	125	3.5	70.00	0.30	21.00	High		
SE Leases	0.50	10	50	3.5	0.88	0.20	0.18	Low		
	1.00	15	75	3.5	3.94	0.25	$0.98	Preferred		
	2.00	20	100	3.5	14.00	0.30	4.20	High		
Sub-Total Mesa & BIF							Total	Low	7.00	
							Total	Preferred	$18.05	
							Total	High	44.10	
									100%	**75%**
								Low	39.21	**29.41**
TOTAL KCM - 100% to 75%								Preferred	**$103.93**	**77.95**
								High	205.14	**153.86**

Appendix 1: Valuation Worksheet (122km^2) as at 28 September, 2011.

KCM Valuation at 28 September 2011										
Oolite	**Area km2**	**Width (m)**		**SG**	**Mt**	**$/t**	**$M**			
		6		2.20	2,002	0.02	40.05	Low	40.05	
Mesa (mineralised)	151.69	8		2.20	2,670	0.04	106.79	Preferred	106.79	
1km2 - 10m- SG 2.2= 22Mt		10		2.20	3,337	0.06	200.23	High	200.23	
KCMH	**Strike km**	**Width m**	**Depth**	**SG**	**Tonnes (Mt)**	**$/t**	**Value (M$)**			
Choco Choco	1.50	50	100	3.50	26.25	0.20	5.25	Low		
	2.00	40	150	3.50	42.00	0.25	10.50	Preferred		
	3.00	30	200	3.50	63.00	0.30	18.90	High		
SW Leases	1.50	20	75.00	3.50	7.88	0.20	1.58	Low		
	2.50	30	100.00	3.50	26.25	0.25	6.56	Preferred		
	4.00	40	125.00	3.50	70.00	0.30	21.00	High		
SE Leases	0.50	10	50.00	3.50	0.88	0.20	0.18	Low		
	1.00	15	75.00	3.50	3.94	0.25	0.98	Preferred		
	2.00	20	100.00	3.50	14.00	0.30	4.20	High		
Sub Total MQ & BIF							Total	Low	7.00	
							Total	Preferred	18.05	
							Total	High	44.10	
									100%	**75%**
								Low	47.05	**35.28**
TOTAL KCM - 100% to 75%								Preferred	**124.84**	**93.63**
								High	244.33	**183.25**

Appendix 2: Valuation Worksheet (151km^2) as at 28 September, 2011.

Appendix 3: IRON EXPLORATION PROJECTS.

Project	Transaction Details	Asset Details	Purchase Price A$M	Implied Value Sq Km (A$)
Commonwealth Hill	In November 2008, Western Plains Resources Ltd obtained from Apollo Minerals Ltd the right to earn a 51% interest in the Commonwealth Hill project by spending A$0.75M on exploration within 3 years.	The 1,829 sqkm Commonwealth Hill Project is located approximately 50 km southwest of the Wirrida Siding on the Central Austral Railway in South Australia. Based on exploration drilling programmes undertaken in the late 1990s and early 2000s, the project is known to contain goethite/magnetite BIF's with grades of up to 39% Fe.	1.47	800
Mt Padbury	In September 2008, Midwest Corporation Ltd acquired from Montezuma Mining Corp a 100% interest in the Iron rights to the Mt Padbury project for A$6.0M cash and a 0.5% royalty on all material grading 30-50% Fe and 1% on all material grading over 50% Fe (excluded from this valuation). Of the consideration, A$4.0M is contingent on defining a 10 Mt Resource grading more than 40% Fe.	The 214 sqkm Mt Padbury project is located approximately 100 km north of Meekatharra in Western Australia. The project covers approximately 23 strike kilometres of the iron prospective Robinson Range and which Montezuma Mining Corp reported to contain a haematite exploration target in the order of 5 to 7 Mt grading 60% to 65% Fe.	6.00	28,000
Mt Oscar	In September 2008, Apollo Minerals Ltd acquired from an undisclosed vendor the 20% it didn't already own in the Mt Oscar project for A$1.2M cash and 4.0M shares with a stated value of A$0.25/share.	The 218 sqkm Mt Oscar project is located approximately 30 km south of Cape Lambert, near the coast in the Pilbara Region of Western Australia. The project contains a magnetite rich BIF with which contains a number of strong magnetic highs which have not previously been drill tested.	11.00	50,600
Splinter	In September 2008, White Cliff Nickel Ltd obtained from an undisclosed vendor the right to earn a 51% interest in the Splinter project for A0.28M cash, 0.24M shares (Deemed A$0.11/share) and by spending A$0.35M on exploration over 2 years.	The 90 sqkm Splinter project is located approximately 130km northeast of Esperance in Western Australia. Previous exploration drilling programmes identified coarse grained magnetite mineralisation hosted within a gneissic rock unit.	1.28	14,200
Dawsonvale	In August 2008, the unlisted Aard Metals Ltd acquired from Western Desert Resources Ltd 100% Interest in the Dawsonvale project for 5.0M shares (deemed A$0.20/share).	The 758 sqkm Dawsonvale project is located approximately 280km southwest of Gladstone in Queensland, Australia. Historical exploration within the project area identified metallurgically compiles oolitic goethite mineralisation with grades in the order of 30% to 40% Fe.	1.00	1,300
Mt Richardson and Windarling East	In August 2008, Portman Mining Ltd acquired from Iron Mountain Mining Ltd a 100% interest in the Mt Richardson and Windarling East projects for A10.0M cash a 2% FOB royalty and	The 165 sqkm Mt Richardson and Windarling East projects are located in the Midwest Region of Western Australia. Iron Mountain Mining Ltd reported that the Mt Richardson project contains the exploration target in the order of 18 to 22 Mt grading 56% to 59% Fe.	10.00	60,500

Project	Transaction Details	Asset Details	Purchase Price A$M	Implied Value Sq Km (A$)
	an A$0.50/tonne payment contingent upon delineating a Measured or Indicated Resource. The royalty and contingency payment are excluded from this valuation.			
Heazlewood and Whyte River	In August 2008, Venture Minerals Ltd obtained from Bass Metals Ltd the right to earn a 70% interest in the Fe-Sn-W rights to the Heazlewood and Whyte River projects for A$0.05M cash and by spending A$0.65M over 3 years.	The 101 sqkm Heazlewood and 44 sqkm Whyte River projects are located in Northern Tasmania Australia. The projects contain magnetic geophysical anomalies which Bass Metals Ltd reported may be prospective for skarn related magnetite mineralisation.	9.36	64,500
Yalgoo-Singleton	In June 2008, Venus Resources Ltd acquired from an undisclosed vendor a 100% interest in the Yalgoo-Singleton project for A$0.50M cash, 2.0M shares with a stated value of A$0.50/share, a 1.25% FOB iron royalty and a 1.25% NSR base and precious metal royalty. For the purpose of this valuation the royalties are excluded.	The 308 sqkm Yalgoo-singleton project is located in the Midwest Region of Western Australia. Venus Resources Ltd reports that the project area covers a 25km strike portion of the Windanning Formation which hosts the third party Mungada and Karara magnetite projects and the Koolanooka/Blue Hills haematite projects. Venus Resources Ltd also reports that the project area is prospective for VMS related base and precious metal mineralisation as observed at Oxiana Ltd's Golden Grove project. The transaction includes a 121 sqkm tenement located adjacent to the proposed Oakajee port and rail facility which has little mineral potential.	1.05	3,400
Beyondie	In May 2008, Emergent Resources Ltd obtained from De Grey Mining Ltd the option to earn a staged 80% interest in the iron and related minerals rights to the Beyondie project by spending A$1.75M on exploration over 3 years.	The 841 sqkm Beyondie project is located on the northern margin of the Maymia Inlier in the Bangemall Basin of Western Australia. Emergent Resources Ltd reports that the project contains a magnetite bearing BIF with a 30km strike extent	2.19	2,400
E52/1529	In April 2008, Montezuma Mining Company Ltd acquired the remaining 10% interest that it didn't already own in the Mt Padbury project for 0.4M shares (deemed A$0.13/share) and 0.1M A$0.20 options (no exercise period disclosed).	The 214 sqkm Mt Padbury project is located approximately 100km north of Meekatharra in Western Australia. The project covers approximately 23 strike kilometres of the iron prospective Robinson Range and contains a haematite exploration target in the order of 5 to 7 Mt grading 50 to 65% Fe. Montezuma Mining Company Ltd also reports that the project is prospective for gold (based on previous drill intersections), manganese (based on geochemical sampling programmes) and uranium (conceptual).	0.52	2,600
Assorted	In April 2008, Shougang Holding (Hong Kong) Ltd acquired a 19.9% interest in Prosperity Resources Ltd by subscribing to a share	The principal asset of Prosperity Resources Ltd is its majority interest in an approximate 2,500 sqkm iron and gold prospective tenement holding located in the Midwest Region of Western Australia and gold prospective	5.80	2,200

Project	Transaction Details	Asset Details	Purchase Price A$M	Implied Value Sq Km (A$)
	placement of 30M A$0.15 shares.	tenements in the Tennant Creek Region of the Northern Territory. In addition, Prosperity Resources Ltd has 10% interest in the Masuparia gold project located on Kalimantan, Indonesia.		
Warilla Cummine	In March 2008, Lincoln Minerals Ltd obtained from Internet Resources Ltd the right to earn a 50% interest in the Wanilla Cummins project by spending A$1.0M on exploration expenditure over 2.5 years.	The 1,000 sqkm Wanilla-Cummins project is located near Port Lincoln in South Australia. The project is known to contain outcropping BIF units	2.00	2,000
Hercules South	In February 2008, Ironclad Mining Ltd obtained from Lincoln Minerals Ltd the right to earn an 80% interest in the Hercules South project by spending A$1.0 M on exploration over 4 years.	The 98 sqkm Hercules South project is located on the Eyre Peninsula, South Australia. Ironclad Mining Ltd reports that the project may contain extensions of a BIF sequence that is prospective for both haematite and magnetite mineralisation.	1.25	12,800
Woolshed	In January 2008, Prosperity Resources Ltd obtained from Mawson West Ltd the right to earn a 60% interest in the Woolshed project by spending A$0.5M on exploration over 3 years	The 453 sqkm Woolshed project is located in the Midwest Region of Western Australia. Mawson West Ltd reports that the project is prospective for BIF hosted magnetite mineralisation.	0.83	1,800
Kiaby Well	In January 2008, the Silver Swan Group obtained from Mawson West Ltd the right to earn a 60% interest in the Kiaby Well project by spending A$0.3M on exploration over 3 years.	The 84 sqkm Kiaby Well project is located in the Midwest Region of Western Australia. The Silver Swan group are exploring the project area for iron, gold and base metal mineralisation.	0.50	6,000
Cape Lambert Extension	In November 2007, Cape Lambert Iron Ore Ltd acquired from an undisclosed vendor a 70% interest in tenements adjacent to the Cape Lambert project for A$2M in cash and shares.	The Cape Lambert project is located near Port Hedland in the Pilbara Region of Western Australia. The tenements acquired are contiguous with Cape Lambert Iron Ore Ltd's existing magnetite resource project area.	2.86	18,400
Splinter	In October 2007, Icon Resources Ltd acquired from Azure Minerals Ltd to a 100% interest in the Splinter project for A2.05M cash, with the option to extend the exercise period by 3 months for an additional A$0.1M (included in this valuation).	The 840 sqkm Splinter project is located approximately 120km north of Esperance Western Australia. Results from recent exploration programmes suggest that the known mineralisation might have a 39.5% magnetite recovery and a concentrate grade of 66.5% Fe may be achievable.	2.15	2,600
Gum Flat	In August 2007, Mineral Enterprises Ltd obtained from Lincoln Minerals Ltd the right to earn a 40% interest in the Gum Flat project by spending A$2.5M on exploration over 4 years.	The 208 sqkm Gum Flat project is located 20 km west of Port Lincoln in South Australia. The project contains magnetite bearing BIF.	6.25	30,000
Southdown	In August 2007, Grange Resources Ltd	The 163 sqkm E70/2512 tenement is located near Albany in Western	46.03	283,100

Project	Transaction Details	Asset Details	Purchase Price A$M	Implied Value Sq Km (A$)
	acquired from Rio Tinto Plc a 100% interest in E70/2512 for A$1M cash, 9M ordinary shares (deemed A$2.8/share) 9M A1.40 options and 8.5M A$1.95 options.	Australia. The project contains the eastern extension of the magnetite mineralisation contained within Grange Resources Ltd's Southdown project.		
Miaree Wongan Hills	In May 2007, Iron Mountain Mining Ltd obtained from Red River Resources Ltd the right to earn a 70% interest in the Miaree and Wongan Hills projects for A$0.05M cash and by spending A$4.75M on exploration (no time frame identified).	The 474 sqkm Miaree and Wongan Hills project areas are located in Western Australia. The Miaree magnetite project is located in the Pilbara region and the Wongan Hills haematite project is located in the Yilgarn Region of Western Australia. The projects both contain geophysical anomalies that are reported to be similar to that consistent with BIFs.	6.86	14,500
Bulla	In February 2007, Reedy Lagoon Corp Ltd acquired from Washington Resources Ltd the 50% interest it didn't already own in the iron ore rights to the Bulla project for 4M shares (deemed A$0.20/share).	The 125 sqkm Bulla project is located approximately 70km east of Perth near Manjimup, in south Western Australia. Exploration programmes during the 1990s identified magnetite mineralisation.	1.60	12,800
Cape Lambert - extension	In January 2007, Cape Lambert Iron Ore ltd acquired the option to purchase from Northwest Sand & Gravel Pty Ltd four tenements adjacent to tis Cape Lambert project for A$0.25M cash and 0.6M shares (deemed A$0.36/share).	The 157 sqkm tenements area is located approximately 20km southwest of the port facilities on the northern tip of Cape Lambert in the Pilbara Region of Western Australia. Cape Lambert Iron Ore's Cape Lambert project is known to contain significant magnetite mineralisation.	0.41	2,600

IRON RESOURCE PROJECTS

			Buy A$M	A$/t
Mt Richardson and Windarling East	In August 2008, Portman Mining Ltd acquired Iron Ore Mountain Mining Ltd a 100% interest in the Mt Richardson and Windarling East projects for A$10.0M cash, a 2% FOB royalty and an A$0.50/tonne payment contingent upon delineating a Measured or Indicated Resource. The royalty and contingency payment are excluded from this valuation.	The 165 sqkm Mt Richardson and Windarling East projects are located in the Midwest Region of Western Australia. Iron Mountain Mining Ltd reported that the Mt Richardson project contains an exploration target in the order of 18 to 22Mt grading 56% to 59% Fe. The exploration targets lower limit is used in this valuation.	8.66	0.86
Balmoral South	In July 2008, Resource Development International Ltd offered to acquire Australasian Resources Ltd for a scrip equivalent of A$2.20/share, for a total value of approximately A$327.4M	The principal asset of Australasian Resources Ltd is its 100% interest in Balmoral South project located approximately 80km southwest of Karratha in Western Australia. The advanced feasibility project contains a magnetite Probable Reserve of 680Mt grading 31.5% Fe contained within an Indicated Resource of 744 Mt grading 31.5% Fe. In addition, the Balmoral South project contains an Inferred Resource of 372 Mt grading 31.2% Fe. Australasian Resources Ltd also has a 100% interest in the Sherlock Bay nickel project located east (no distance specified) of Karratha, Western Australia. The Sherlock Bay open pit scoping study project contains an aggregate Measured Resource of 11.4Mt grading 0.47% Ni, and Indicated Resource of 9.2Mt grading 0.48% Ni and an Inferred Resource of 12.4Mt grading 0.51% Ni. Given that Australasian Resources Ltd intends to spin its nickel assets off in to a new company, the Sherlock Bay project is excluded from this valuation.	327.38	0.93
Mt Lucy	In May 2008, Australian Jinhua Mining Company International Group Pty Ltd acquired from Intermot Resources Ltd a 100% interest in the Mt Lucy project fro A$0.38M cash. Given that Intermet Resources Ltd had previously paid A$0.08M cash for the option to acquire the tenement the total value of this asset is implied to be A$0.46M.	The Mt Lucy project is located approximately 130km west-southwest of Cairns in Queensland, Australia. The project is known to contain a high grade magnetite bearing skarn that was mined in the early 1900s. Intermet Resources Ltd reports that the project contains an exploration target in the order of 5 to 15Mt. For the purpose of this valuation the lower limit of the exploration target has been used and an iron grade of 40% has been assumed. Based on geochemical rock chip sampling, the project is also reported to be prospective for base metal mineralisation.	0.46	0.23
Mt Gibson Iron Ltd	In April 2008, Gazmetall Holding Cyprus Ltd divested its 156.8M shares (representing a 19.52% interest) in Mt Gibson Iron Ltd to	The principal assets of Mt Gibson Iron Ltd are its haematite mining operations at Tallering Peak and Koolan Island and its advanced Extension Hill haematite project located in Western Australia. These projects contain	21.29	0.33

	institutional investors for A$2.65/share.	a near surface aggregate Proved Reserve of 15.60Mt grading 62.77% Fe, 0.01% P, 1.20% SiO_2 and 0.56% Al_2O_3; and a probable Reserve of 45.4Mt grading 62.99% Fe, 0.02% P, 4.16% SiO_2 and 1.05% Al_2O_3. The Reserves are contained within Measured Resource of 15.5Mt grading 63.42% Fe, 0.02% P, 4.13% SiO_2 and 2.04% Al_2O_3; and an Indicated Resource of 61.9 Mt grading 62.46% Fe, 0.03% P, 6.48% SiO_2 and 1.43% Al_2O_3. In addition, the projects contain an Inferred Resource of 25.9Mt grading 60.94% Fe, 0.03% P, 6.48% $SiO_2$and 1.43% Al_2O_3.		
Midwest	In March 2008, Sinosteel Corp offered to acquire 100% of Midwest Corp for A$5.60/share, valuing the company at approximately A$1,200M. This offer was subsequently revised upwards	The principal assets of Midwest Corporation Ltd are its mining and development projects located in the Midwest Region of Western Australia (primarily the Koolanooka, Mungada Weld Range and Jack Hills projects). Midwest Corporation Ltd controls a near surface aggregate haematite Measured Resource of 56.92 Mt grading 58.66% Fe, and Indicated Resource of 35.36 Mt grading 58.96 Fe and an Inferred Resource of 66.41 Mt grading 58.29% Fe. In addition, Midwest Corporation Ltd controls a near surface magnetite Measured Resource of 32.0Mt grading 34.00% Fe, and indicated Resource of 3.0Mt grading 29% Fe an Inferred Resource of 395 Mt Grading 35% Fe.	1,190.00	4.90
Cape Lambert	In January 2008, China Metallurgical Group Corp acquired from Cape Lambert Iron Ore Pty Ltd a 100% interest in the Cape Lambert project for staged cash payments totally A$400M.	The Cape Lambert magnetite project is located near the coast in the Pilbara Region of Western Australia. The project contains a near surface Indicated Resource of 979Mt grading 31.4% Fe, 0.03% P, 40.2% SiO_2 2.25% Al_2O_3, 0.14% S and 5.95% S; and an Inferred Resource of 577Mt grading 30.8% Fe 0.03% P, 41.0% SiO_2 2.22% Al_2O_3, 0.13% S and 7.38% LOI.	400.00	0.82
Lake Giles	In November 2007, LPD Holdings (Aust) Pty Ltd acquired from Macarthur Minerals Ltd the right to acquire a 30% interest in the Lake Giles project for C$9.0M cash.	The 1,155 sqkm Lake Giles magnetite project is located approximately 150km northwest of Kalgoorlie, Western Australia. The project contains an Inferred Resource of 82.5Mt grading 24.6% Fe.	30.59	1.51
Mt Lucy	In October 2007, Internet Resources Ltd acquired from an undisclosed vendor the right to acquire the Mt Lucy project for A0.32M cash by paying an option fee of A$0.08M cash. For the purpose of this valuation all cash terms have been used.	The Mt Lucy project is located approximately 130km west-southwest of Cairns in Queensland, Australia. The project is known to contain a high grade magnetite bearing skarn that was mines in the early 1900s. Internet Resources Ltd reports that the project contains an exploration target in the order of 5 to 15Mt. For the purpose of this valuation the lower limit of the exploration target has been used and an iron grade of 40% has been assumed. Based on geochemical rock chip sampling, the project is also reported to be prospective for base metal mineralisation.	0.32	0.16
Southdown	In June 2007, Sojitz Corp obtained from Grange Resources Ltd the right to earn a 30%	The 761 sqkm Southdown magnetite project is located approximately 90 km northeast of the port of Albany on the southern coast of Western	56.26	0.25

	interest in the Southdown project by completing US$14M in exploration.	Australia. The open pit scoping study project contains an Indicated Resource of 427.3Mt grading 26.43% Fe and an Inferred Resource of 518.0 Mt grading 20.77% Fe.		
Cape Lambert	In March 2007, Best Decade Ltd acquired from Cape Lambert Iron Ore Ltd a 70% interest in the Cape Lambert project for A$250M cash conditional upon delineating a 300 Mt Indicated Resource.	The Cape Lambert project is located near the Pilbara coast, Western Australia. The project includes an Inferred Resource of 2,500Mt grading 30% Fe.	357.14	3.97
Balmoral South	In March 2007, Shougang Corporation acquired a 12.8% interest in Australasian Resources Ltd in a privately negotiated share subscription for 56M shares at A$1.00/share and 28M A$1.30/options (excluded from this valuation).	The Balmoral South magnetite project is located near Cape Preston on the Pilbara coast, Western Australia. The project contains a Probable Reserve of 346Mt grading 31.7% Fe DTR within an Indicated Resource of 584Mt grading 32.6% Fe DTR. In addition, this project contains an Inferred Resource of 374Mt grading 31.4% Fe DTR.	437.50	1.42
Source: Alexander Research Pty Ltd				

The entire table is reproduced from the public document by Snowdens as a valuation of Territory Resources Iron Projects for BDO Corporate, July 2007,

PROXY FORM

APPOINTMENT OF PROXY
ENERGIO LIMITED
ACN 001 894 033

ANNUAL GENERAL MEETING

I/We

of

being a member of Energio Limited entitled to attend and vote at the Annual General Meeting, hereby

Appoint

Name of proxy

OR ☐ the Chair of the Annual General Meeting as your proxy

or failing the person so named or, if no person is named, the Chair of the Annual General Meeting, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, as the proxy sees fit, at the Annual General Meeting to be held at 10am (Perth time) on 30 November 2011 at The Melbourne Hotel, Cnr Hay and Milligan Streets, Perth, WA 6000, and at any adjournment thereof.

If no directions are given, the Chair will vote in favour of all the Resolutions.

Voting on Business of the Annual General Meeting

	FOR	AGAINST	ABSTAIN
Resolution 1 – Approval for Change in Nature and Scale of Activities	☐	☐	☐
Resolution 2 – Consolidation of Capital	☐	☐	☐
Resolution 3 – The acquisition of KCMH Australia and acquisition of relevant interest in shares	☐	☐	☐
Resolution 4 – Issue of Shares to Bedford	☐	☐	☐
Resolution 5 – Prospectus Issue	☐	☐	☐
Resolution 6 – Issue of Securities to Athan Lekkas	☐	☐	☐
Resolution 7 – Issue of Shares to Ian Burston	☐	☐	☐
Resolution 8 – Issue of Shares to Kevin Joseph	☐	☐	☐
Resolution 9 – Issue of Options to a Consultant	☐	☐	☐
Resolution 10 – Adoption of Remuneration Report	☐	☐	☐
Resolution 11 – Directors Remuneration	☐	☐	☐
Resolution 12 – Re-election of Athan Lekkas	☐	☐	☐
Resolution 13 – RE-election of Nathan Taylor	☐	☐	☐

OR

In relation to Resolutions 3 to 9, if the Chairman is to be your proxy and you do **not** wish to direct your proxy how to vote on this/these Resolutions, please place a mark in this box ☐

By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him other than as proxy holder will be disregarded because of the interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the meeting will not cast your votes on Resolution 3 to 9 and your votes will not be counted in computing the required majority if a poll is called on these Resolutions. The Chairman intends to vote in favour of these Resolutions.

Important information for Resolutions 6 to 8: If the Chair of the Meeting is appointed as your proxy, or may be appointed by default, and you do not wish to direct your proxy how to vote as your proxy in respect of Resolutions 6 to 8, please be aware that by signing this form you are taken to expressly authorise the Chair of the Meeting to exercise your proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel of the Company.

YOU MUST EITHER MARK THE BOXES DIRECTING YOUR PROXY HOW TO VOTE OR MARK THE BOX INDICATING THAT YOU DO NOT WISH TO DIRECT YOUR PROXY HOW TO VOTE, OTHERWISE THIS APPOINTMENT OF PROXY FORM IN RELATION TO RESOLUTIONS 6 TO 9 WILL BE DISREGARDED.

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not to be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is ________________%

Signature of Member(s):____**Date:** ____________________

Individual or Member 1	**Member 2**	**Member 3**
Sole Director/Company Secretary	**Director**	**Director/Company Secretary**

Contact Name: ___________________________________ **Contact Ph (daytime):** _________________________

ENERGIO LIMITED

ACN 001 894 033

Instructions for Completing 'Appointment of Proxy' Form

1. (**Appointing a Proxy**): A member entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote on a poll on their behalf. The appointment of a second proxy must be done on a separate copy of the Proxy Form. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If a member appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes. A duly appointed proxy need not be a member of the Company.

2. (**Direction to Vote**): A member may direct a proxy how to vote by marking one of the boxes opposite each item of business. Where a box is not marked the proxy may vote as they choose. Where more than one box is marked on an item the vote will be invalid on that item.

3. (**Signing Instructions**):

   - (**Individual**): Where the holding is in one name, the member must sign.

   - (**Joint Holding**): Where the holding is in more than one name, all of the members should sign.

   - (**Power of Attorney**): If you have not already provided the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

   - (**Companies**): Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held.

4. (**Attending the Meeting**): Completion of a Proxy Form will not prevent individual members from attending the Annual General Meeting in person if they wish. Where a member completes and lodges a valid Proxy Form and attends the Annual General Meeting in person, then the proxy's authority to speak and vote for that member is suspended while the member is present at the Annual General Meeting.

5. (**Return of Proxy Form**): To vote by proxy, please complete and sign the enclosed Proxy Form and return by:

   (a) post to Energio Limited, c/- FJH Solutions, PO Box 6918, East Perth, Western Australia 6892; or

   (b) facsimile to the Company on facsimile number +61 8 9355 4580; or

   (c) email to the Company at sean@fjhsolutions.com.au,

   so that it is received not less than 48 hours prior to commencement of the Meeting.

   Proxy forms received later than this time will be invalid.