energio Limited

ABN 28 001 894 033

Annual Report

for the year ended 30 June 2011

CORPORATE DIRECTORY

Directors	Nathan Taylor (Chairman) Athan Lekkas Don Carroll Dr Ian Burston Kevin Joseph
Company Secretary	Sean Henbury
Registered Office	c/- FJH Solutions 21 Teddington Road Burswood WA 6100 Telephone: (08) 9486 2333 Facsimile: (08) 9355 4580
Share Registry	Link Market Services Limited Level 12, 680 George Street Sydney, NSW, 2000 Telephone: (02) 8280 7111 Facsimile: (02) 9287 030
Auditors	BDO Audit (WA) Pty Ltd 128 Hay Street Subiaco WA 6008
Solicitors to the Company	Steinepreis Paganin Lawyers and Consultants Level 4, The Read Buildings 16 Milligan Street PERTH WA 6000
Bankers	National Australia Bank Unit 14, 10 Livingstone Road ROCKINGHAM WA 6168
Stock Exchange Listing	Energio Limited's shares are listed on the Australian Securities Exchange ASX Code: EIO

CONTENTS

The Directors present their report on Energio Limited (the Company or EIO) at the end of, or during, the financial year ended 30 June 2011.

Directors

The following persons were directors of Energio Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Nathan Taylor – Chairman /Non executive	(appointed 27th April 2010)
Athan Lekkas – Non executive	(appointed 27th April 2010)
Faldi Ismail – Non executive	(appointed 27th April 2010, resigned 2nd December 2010)
Don Carroll – Non executive	(appointed 2nd December 2010)
Dr Ian Burston – Non executive	(appointed 23rd December 2010)
Kevin Joseph – Non executive	(appointed 23rd December 2010)

Company Secretary

Mr Sean Henbury

Principal Activities

The principal activity of the Company during the financial year was the review and assessment of the Company's distribution and marketing network for the Company's toy and game products. In addition, the Company advanced a transaction in relation to an interest and option to acquire a Nigerian iron ore project.

Review of Operations and Operating Results

The entity was engaged in its principal activities during the financial year. The results of these operations are contained in the attached financial statements.

The loss after tax for the year ended 30 June 2011 attributed to the members of the Company was $8,368,569. The loss for the year ended 30 June 2011 was mainly attributable to the review and evaluation of projects of interest to the Company and impairment of the loan made to KCM Mining Holdings Pty Ltd.

On 22 July 2010 following effectuation of the deed of company arrangement and completion of a capital raising, the Company was reinstated to official quotation on ASX.

Since this time the Company has reviewed opportunities both within its existing industry sector (toys/games) and outside of this sector.

As investors would expect, many of these other opportunities are likely to be in the resource sector, in particular the iron ore sector. As at the date of this report, the Company has maintained an interest in its toy/games business. However, following the exercise of the call option discussed below, the Company has announced that it will seek shareholder approval for a significant change in the nature and scale of EIO's activities.

As announced to the ASX on 8 November 2010, the Company has entered into a Put and Call Option Deed with TGP Australia Ltd, to acquire 100% of KCM Holdings Pty Ltd (KCMH) from TGP.

The Company has completed its legal due diligence on the assets of KCMH and is continuing with conducting its technical due diligence on the assets of KCMH.

On 2 March 2011, the Company announced that it had agreed to an option to acquire the remaining 25% of KCM Mining Limited that is not already under option by KCM Holdings Pty Ltd.

On 4 April 2011, 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. At this time the Company also entered into a Share Sale Agreement with Bedford CP Nominees Pty Ltd to acquire a direct 25% interest in KCM Nigeria (the holder of the Licences). Whilst the call option has been exercised, settlement is still conditional upon a number of items including shareholder approval, re-compliance with Chapters 1 and 2 of the ASX Listing Rules and the Company completing an equity raising of up to $7,500,000 at not less than 20 cents each (on a post consolidation basis).

The exercise of the call option will result in a significant change in the nature and scale of EIO's activities. As a consequence, EIO will need to seek shareholder approval for the transaction and will also need to re-comply with the new listing set out in Chapters 1 and 2 of the ASX Listing Rules.

In February 2011, the Company finalised its prospectus offer of 20,000,000 Shares (together with 20,000,000 free options) in the capital of the Company at a price of 1 cent per Share to raise up to $200,000. The Company accepted oversubscriptions of a further $190,000 through the issue of a further 19,000,000 Shares at an issue price of 1 cent each (together with 19,000,000 free Options)).

On 21 February 2011, the Company announced that it had commitments in excess of $7.5 million under a placement from Institutions and Sophisticated Investors. This raising was completed on 11 March 2011 with a total amount of $7,800,292 being raised through the issue of 208,007,776 fully paid ordinary shares at an issue price of 3.75 cents each.

At 30 June 2011 the Company had loaned $5,967,908 to KCM Mining Holdings Pty Ltd on an unsecured basis with an interest rate of 5% per annum due to the Company entering into a put and call option deed with TGP in relation to the potential acquisition of KCM Mining Holdings Pty Ltd and in accordance with loan agreement entered into on 7 November 2010. The loan has been impaired due to the unlikelihood of these funds being repaid at present.

Subsequent Events

On 7 September 2011 the Company announced that KCMH Australia had acquired an additional 5% interest in KCM Nigeria, the owner of the Nigerian Iron Ore licences.

The Company has loaned an additional $2,000,000 to KCM Mining Pty Ltd subsequent to the period end.

As at the date of this Directors' Report, other than the above mentioned matters, the Directors are not aware of any matter or circumstance that has arisen that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the Company in the financial years subsequent to 30 June 2011.

Future Developments

Likely developments in the operation of the Company and the expected results of those operations are included under the Review of Operations in this Directors' Report.

Further information as to likely developments in the operations of the Company and the expected results of those operations in subsequent financial years have not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the Company.

Dividends

The Directors do not recommend the payment of a dividend and no amounts have been paid or declared by way of dividend since the start of the financial year.

Environmental Regulation

The Company's current operations are not subject to any particular or significant environmental regulation under a law of the Commonwealth or of a State or Territory. The Company has no offshore operations, therefore no offshore Environmental Regulations apply.

The Directors have considered compliance with the National Greenhouse and Energy Reporting Act 2007 which requires entities to report annual greenhouse gas emissions and energy use. For the first measurement period 1 July 2008 to 30 June 2009, and all subsequent periods since that time, the Directors have assessed that there are no current reporting requirements, but may be required to do so in the future.

Information on Directors

The Directors of the Company at any time during or since the end of the financial year are set out below, together with details of the qualifications, experience and responsibilities.

Name	Particulars
Mr Nathan Taylor	Chairman /Non Executive Director - Appointed 27th April 2010
Qualifications	LLB; B.Com
Interest in Shares and Options	31,000,000 Fully Paid Ordinary shares 20,000,000 Unlisted Options - 30/11/2013, $0.01 exercise price
Directorships held in other listed entities in past three years	FTD Corporation Limited (FTD) (appointed January 2011)
Background	Prior to joining BBY in July 2011, Nathan Taylor was Head of Equity Capital Markets at StoneBridge Securities Limited. Nathan has also worked at UBS Equity Capital Markets and Macquarie Bank Equity Capital Markets. Throughout his investment banking career, Nathan has been involved in raising over $6 billion for ASX listed companies in the resources and related sectors, and over $10 billion for other ASX listed companies. Notable transactions have included the IPO's of Dyno Nobel Limited, Ivanhoe Australia and Flexigroup Limited as well as follow on offerings for Wesfarmers, Newcrest Mining, Paladin Energy, Incitec Pivot, Iluka, Alumina, ROC Oil, Ausenco, Orica, Avoca Resources, Western Areas, Beadell Resources, Moly Mines and YTC Resources. Nathan holds a Bachelor of Commerce and a Bachelor of Laws from Bond University.
Mr Athan Lekkas	Non Executive Director - Appointed 27th April 2010
Qualifications	B. Com
Interest in Shares and Options	51,500,000 Fully Paid Ordinary shares
Directorships held in other listed entities in past three years	Pan Asia Corporation Limited (PZC)(appointed March 2010, resigned February 2011), FTD Corporation Limited (FTD) (appointed January 2011)
Background	Mr Lekkas has participated in a broad range of business and corporate advisory transactions and projects for a diverse range of ASX listed and unlisted companies, including the banking, mining and corporate finance industries in Australia and abroad. He is experienced particularly in the treasury and financial market sectors including financial feasibility studies for the provision of debt or equity for project funding. Athan has more recently focused and specialised on the restructure and recapitalisation of a wide range of ASX listed companies with a specific focus in the resource sectors. Athan is also a Director and Head of Corporate Finance for Soaring Securities Pty Ltd and is a member of the AICD.
Mr Don Carroll	Non Executive Director - Appointed 2nd December 2010
Qualifications	B. Eng
Interest in Shares and Options	20,000,000 Fully Paid Ordinary shares 20,000,000 Unlisted Options - 30/11/2013, $0.01 exercise price
Directorships held in other listed entities in past three years	-
Background	Mr Don Carroll has been appointed as the Non-Executive Director. Mr Carroll is a former executive with BHP Billiton with over 30 years of experience in the mining industry, principally overseas in Asia, the United States and West Africa. During this time he was responsible for the early development of the Kalimantan coal projects, the marketing of minerals in Asia, including China, and was the President for BHPB in Japan and India. He was also the CEO for the Guinea Alumina project in West Africa. He holds a Bachelor degree in Mining Engineering from Sydney University, is a member of the Australian Institute of Mining and Metallurgy and the Institute of Company Directors.

Dr Ian Burston	Non Executive Director - Appointed 23rd December 2010
Qualifications	AM, CitWA, B.E(Mech), DipAeroEng (RMIT), HonDSc, F
Interest in Shares and Options	Nil
Directorships held in other listed entities in past three years	African Iron Limited (2011 to present), Imdex Limited (2000 to 2009), Mincor Resources Limited (2003 to present), NRW Holdings Limited (2007 to present), Carrick Gold Limited (June 2010 to October 2010), Condor Nickel Limited (June 2010 to October 2010)
Background	Dr Burston has more than 30 years of top level experience in Western Australian and international iron ore mining and export sales. He has held executive management and Board positions with some of WA's largest and most successful mining operations. His distinguished career includes several multi-million tonnes per year exporting operations with outstanding track records in maximising production, transport efficiencies and project development. He has also held major roles in industry associations and local government. He was awarded Citizen of the Year (Industry and Commerce) 1992, Member of the Order of Australia (General Division) 1993, and Honorary Doctor of Science (Curtin) 1995. He is a Fellow of the Institute of Engineers of Australia, the Institute of Mining and Metallurgy and the Institute of Company Directors.
Kevin Joseph	Non Executive Director - Appointed 23rd December 2010
Qualifications	B. Eng
Interest in Shares and Options	Nil
Directorships held in other listed entities in past three years	-
Background	Mr Joseph has extensive experience in Nigeria and the West African region. A 20 year resident of Nigeria, he has invaluable in-country relationships which will assist Energio in executing its development strategies. Mr Joseph is a Senior Manager in the Sub-Shahran Region with Halliburton, and former Executive Director of Operations for OANDO Petroleum Plc, one of two major local marketers of upstream and downstream petroleum companies in Nigeria, and West African Regions, where he headed up Supply Chain Development and Upstream Contracta, in the West African Region's with Executive responsibility for new business development.
Mr Faldi Ismail	Non Executive Director - Appointed 27th April 2010, resigned 2nd December 2010
Qualifications	B.Bus; MAICD
Interest in Shares and Options	29,250,000 Fully Paid Ordinary shares 10,000,000 Options exercisable at 1 cent each on or before 30 November 2013
Directorships held in other listed entities in past three years	Kangaroo Resources Limited (KRL), Coventry Resources Limited (CVY), Cape Range Limited (CAG), Pan Asia Corporation Limited (PZC), Epic Resources Limited, and NSL Consolidated Limited (NSL)
Background	Faldi has many years experience as a corporate consultant specialising in the restructure and recapitalisation of a wide range of ASX-listed companies. Faldi spent over four years working as a tax supervisor with a major Perth based Accounting firm as well as being a senior within their Corporate Restructuring Division. Faldi operates his own corporate consultancy company and has specialist skills in mergers and acquisitions, capital raisings and has many years of investment banking experience covering a wide range of sectors, with a specific focus on the resource sector.

Company Secretary

Mr Sean Henbury	Appointed 27th April 2010
Qualifications	B.Com; CA, FITA
Background	Mr Henbury is a Chartered Accountant with over 13 years of experience in public practice with three of Perth's major Accounting firms. Recently, he was a founding director of the accounting firm FJH Solutions Pty Ltd, where he continues to provide client support across a wide range of industries including mining, exploration, research and development, construction and manufacturing. Mr Henbury has been company secretary of a number of companies and is regularly called upon to advise directors of their duties.

REMUNERATION REPORT - AUDITED

The remuneration report is set out under the following main headings:

A Principles used to determine the nature and amount of remuneration

B Details of remuneration

C Services agreements

D Share-based compensation

E Additional information

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001.*

There were no executive Directors of the Company during the financial year. The remuneration arrangements detailed in this report are for non-executive Directors and other specified key management personnel of the Company as follows:

- Mr Athan Lekkas – (appointed 27th April 2010)
- Mr Nathan Taylor – (appointed 27th April 2010)
- Mr Don Carroll – (appointed 2nd December 2010)
- Dr Ian Burston – (appointed 23rd December 2010)
- Mr Kevin Joseph – (appointed 23rd December 2010)
- Mr Faldi Ismail – (appointed 27th April 2010, resigned 2nd December 2010)

The Company Secretary is Mr Sean Henbury.

A Principles used to determine the nature and amount of remuneration

The objective of the Company's remuneration framework is to ensure reward for performance is competitive and appropriate for the results delivered and set to attract the most qualified and experienced candidates.

Remuneration levels are competitively set to attract the most qualified and experienced directors, in the context of prevailing market conditions.

The Company embodies the following principles in its remuneration framework:

- the Board seeks independent advice on remuneration policies and practices including recommendations on remuneration packages and other terms of employment for Directors; and
- In determining remuneration, advice is sought from external consultants on current market practices for similar roles, the level of responsibility, performance and potential of the director and performance of Energio Limited.

In accordance with best practice corporate governance, the structure of non-executive and executive remuneration is separate and distinct. Remuneration committee responsibilities are carried out by the full Board. Remuneration is not linked to past company performance but rather towards general shareholder wealth through share price performance.

Non Executive Directors

Fees and payments to the Non-Executive Directors reflect the demands which are made on, and the responsibilities of the Director. Non-Executive Directors' fees and payments are reviewed annually by the Board. The Non-Executive Chairman fees are determined based on competitive roles in the external market. The Chairman is not present at any discussions relating to the determination of his own remuneration.

The current base remuneration was last reviewed in December 2010. The Chairman currently receives a fixed fee for his services as a Director.

The Company's Non-Executive Directors remuneration package contains the following key elements:

- primary benefits – monthly Director's fees

Non-Executive Director fees are determined within an aggregate Directors' fee pool limit, which is periodically recommended for approval by shareholders. The fee pool limit is currently $250,000 and was last approved at the Annual General Meeting of Shareholders on 30 November 2010.

No retirement benefits are provided.

Executive Directors

The Company had no Executive Directors during the year.

The following table shows the gross revenue, losses and share price of the Company at the end of the respective financial years.

	30 June 2007	30 June 2008	30 June 2009	30 June 2010	30 June 2011
Revenue	14,748	4,776,393	3,673,137	1,623,219	44,870
Net profit /(loss)	(3,542,858)	(4,023,544)	(7,168,819)	1,694,309	(8,368,569)
Share price	45c	43c	-	-	3.1c

B Details of remuneration

The key management personnel of the Company are the Directors of Energio Limited and specified executives. Details of the remuneration of the Directors of the Company and executives is set out below:

2011	Short-term benefits			Post-employ-ment benefits	Share-based payment		Proportion of remuneration relating to performance	Value of options /shares as % of remuneration
Name	Cash salary and fees	Cash bonus	Non-cash Benefits	Super-annua-tion	Options/ shares	Total		
	$	$	$	$	$	$	%	%
Non Executive directors								
Nathan Taylor	42,000	-	-	-	355,535	397,535	-	89%
Athan Lekkas	36,000	-	-	-	-	36,000	-	-
Don Carroll	21,000	-	-	-	1,268,520	1,289,520	-	98%
Dr Ian Burston	18,000	-	-	-	-	18,000	-	-
Kevin Joseph	18,000	-	-	-	-	18,000	-	-
Faldi Ismail	16,000	-	-	-	-	16,000	-	-
Other Key Management Personnel								-
Sean Henbury	138,967	-	-	-	-	138,967	-	-
	289,967	-	-	-	1,624,055	1,914,022	-	85%

2010	Short-term benefits			Post-employment benefits	Share-based payment		Proportion of remuneration relating to performance	Value of options /shares as % of remuneration
Name	Cash salary and fees	Cash bonus	Non-cash Benefits	Super-annuation	Options/ shares	Total		
	$	$	$	$	$	$	%	%
Non Executive directors								
Nathan Taylor	9,000	-	-	-	-	9,000	-	-
Athan Lekkas	9,000	-	-	-	-	9,000	-	-
Faldi Ismail	10,500	-	-	-	-	10,500	-	-
Other Key Management Personnel								-
Sean Henbury	17,543	-	-	-	-	17,543	-	-
	46,043	-	-	-	-	46,043	-	-

C Services agreements

On appointment, the Non-Executive Directors enter into a service agreement with the Company in the form of a letter of appointment. The letter outlines the Board policies and terms, including remuneration relevant to the office of director. The agreements are not for a fixed period, and may be terminated by the Company or by the Non-Executive Directors at any time without a notice period. Mr Taylor is being paid $3,500 per month plus GST as applicable and all costs necessarily incurred. The remaining directors are being paid $3,000 per month plus GST as applicable and all costs necessarily incurred.

Termination benefits

The Company is not liable for any termination benefits on termination of the Directors.

An agreement is in place between the Company and FJH Solutions Pty Limited, a company in which Mr Henbury is a Director, whereby FJH Solutions provides company secretarial, administration, and accounting services to the Company. The engagement is not for a fixed period, and may be terminated by the Company or by Mr Henbury at any time. The terms and conditions of this contract are as for a normal arms length transaction.

D Share-based compensation

Options provided as remuneration

The terms and conditions of each grant of options affecting remuneration in the current or a future reporting period are as follows:

Grant date	Vesting and exercise date	Expiry date	Exercise price	Value per option at grant date	% Vested
30 November 2010	30 November 2010	30 November 2013	$0.010	$0.0068	100%
9 February 2011	9 February 2011	30 November 2013	$0.010	$0.0284	100%

Options granted carry no dividend or voting rights.

Details of options over ordinary shares in the company provided as remuneration to each Director of Energio Limited and each of the key management personnel of the company are set out below. When exercisable, each option is convertible into one ordinary share of Energio Limited. Further information on the options is set out in note 23 to the financial statements.

Name	Number of	Value of options	Number of	Number of	Value at lapse

	options granted during the year	at grant date	options vested during the year	options lapsed during the year	date
Directors of Energio Limited					
Nathan Taylor	20,000,000	$135,535	20,000,000	-	-
Don Carroll	20,000,000	$568,519	20,000,000	-	-

The value at grant date is calculated in accordance with AASB 2 *Share-based Payment* of options granted during the year as part of remuneration.

The assessed fair value at grant date of options to the individuals is allocated equally over the period from grant date to vesting date, and the amount is included in the remuneration tables above. Fair values at grant date are independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

Shares provided as remuneration

Details of ordinary shares in the company provided as remuneration to each Director of Energio Limited and each of the key management personnel of the company are set out below. Further information on the shares is set out in note 23 to the financial statements.

Name	Number of shares granted during the year	Value per share at grant date	Value of shares at grant date	Number of shares vested during the year
Directors of Energio Limited				
Nathan Taylor	20,000,000	$0.011	$220,000	20,000,000
Don Carroll	20,000,000	$0.035	$700,000	20,000,000

This is the end of the audited remuneration report.

Meetings of Directors

During the financial year, meetings of Directors (including committees of Directors) were held. Attendances by each Director during the year were as follows:

	DIRECTORS' MEETINGS	
	Number eligible to attend	Number Attended
Nathan Taylor	5	5
Athan Lekkas	5	5
Don Carroll	4	4
Dr Ian Burston	3	3
Kevin Joseph	3	3
Faldi Ismail	1	1

Shares Under Option

At the date of this report, the un-issued ordinary shares of Energio Limited under option are as follows:

Grant Date	Date of Expiry	Exercise Price	Number under Option
9 May 2007	31 December 2011	$1.625	1,100,000
17 October 2007	14 September 2012	$1.00	15,000
12 February 2008	31 December 2012	$1.25	200,000
19 May 2008	31 March 2013	$1.00	14,972,599
27 April 2010	30 November 2013	$0.01	183,200,000
			199,487,599

No options lapsed during the year.

During the year the Company issued 159,600,000 options with an exercise price of $0.01 per share on or before 31 December 2013.

The Company issued 76,400,000 ordinary shares upon the exercise of options.

No option holder has any right under the options to participate in any other share issue of the company or any other entity. The options are exercisable at any time on or before the expiry date.

Proceedings on Behalf of Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purposes of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001.*

Indemnification of Officers and Auditors

During the financial year, the Company paid a premium in respect of a contract insuring all its Directors and current and former executive officers against a liability incurred as such a director or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the Company against a liability incurred by such an officer or auditor.

Non-audit Services

There were no non-audit services provided by BDO Audit (WA) Pty Ltd during the financial year. Accordingly, the Directors are satisfied that the provision of non-audit services, during the year, by BDO Audit (WA) Pty Ltd is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

Details of amounts paid or payable to BDO Audit (WA) Pty Ltd for audit services provided during the year are outlined in Note 7 to the financial statements. No non-assurance services were provided during the year

Officers who were previously partners of the audit firm

There are no officers of the Company who were previously principals of the current audit firm, BDO Audit (WA) Pty Ltd or related entities.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 13.

Auditor

BDO (WA) Pty Ltd continues in office in accordance with section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of Directors.

Dated 30 September 2011

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38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

30 September 2011

The Board of Directors
Energio Limited
C/- FHJ Solutions
Level 1
21 Teddington Road
BURSWOOD WA

Dear Sirs,

DECLARATION OF INDEPENDENCE BY CHRIS BURTON TO THE DIRECTORS OF ENERGIO LIMITED

As lead auditor of Energio Limited for the year ended 30 June 2011, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

This declaration is in respect of Energio Limited during the period.

C Burton

Chris Burton
Director

BDO

BDO Audit (WA) Pty Ltd
Perth, Western Australia

Corporate governance is the system by which companies are directed and managed. It influences how the objectives of the Company are set and achieved, how risk is monitored and assessed, and how performance is optimised. Good corporate governance structures encourage companies to create value (through entrepreneurism, innovation, development and exploration) and provide accountability and control systems commensurate with risks involved.

Good corporate governance will evolve with the changing circumstances of a company and must be tailored to meet these circumstances. Energio Limited is currently focused in the Toy industry as well as seeking out other opportunities that may not be associated with the sector.

The Company's Board and management are committed to a high standard of corporate governance practices, ensuring that the Company complies with the Corporations Act 2001, Australian Securities Exchange (ASX) Listing Rules, Company Constitution and other applicable laws and regulations.

However, at this stage of the Company's corporate development, implementation of the ASX Corporate Governance Principles and Recommendations, whilst wholeheartedly supported, is not practical in every instance given the modest size and simplicity of the business. The principles and recommendations and details of the current and evolving governance practices are identified in the following pages.

Principle 1: Lay solid foundations for management and oversight

The Board has the responsibility of protecting the rights and interests of shareholders and enhancement of long-term shareholder value. To fulfill this role, the Board is responsible for:

- Appointment of the Chief Executive Officer and other senior executives and the determination of their terms and conditions including remuneration and termination;
- Driving the strategic direction of the Company, ensuring appropriate resources are available to meet objectives and monitoring management's performance;
- Reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- Approving and monitoring the progress of major capital expenditure, capital management and significant acquisitions and divestitures;
- Approving and monitoring the budget and the adequacy and integrity of financial and other reporting;
- Approving the annual, half yearly and quarterly accounts;
- Approving significant changes to the organisational structure;
- Approving the issue of any shares, options, equity instruments or other securities in the Company;
- Ensuring a high standard of corporate governance practice and regulatory compliance and promoting ethical and responsible decision making;
- Recommending to shareholders the appointment of the external auditor as and when their appointment or re-appointment is required to be approved by them; and
- Meeting with the external auditor, at their request, without management being present.

Principle 2: Structure the Board to add value

The Board is currently made up of five directors, two of whom are considered independent. The Board considers a director to be independent where he or she is not a member of management and is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the director's ability to act in the best interests of the Company. This is not compliant with the ASX Corporate Governance Councils recommendations that the majority of Directors should be independent non-executives and the Chairman should be independent. The Board considers the current composition to be both satisfactory and realistic under the present circumstances.

Under the Company's Constitution and the Australian Stock Exchange Listing Rules, all directors are subject to shareholder re-election every three years.

The full Board currently hold a number of scheduled meetings each year, plus strategy meetings and any extraordinary meetings at such other times as may be necessary to address significant matters as they arise.

Standing Board meeting agenda items include the Managing Director's report, financial reports, strategic matters, governance and compliance.

Board members possess complementary business disciplines and experience aligned with the Company objectives. The experience and qualifications of directors are noted in the Directors' Report.

Where any director has a personal interest in a matter, the director is not permitted to be present during discussions or to vote on the matter. The enforcement of this requirement ensures that the interest of shareholders, as a whole, are pursued and not jeopardised by a lack of a majority of independent directors.

The Company has developed Board committee charters for both the audit committee and remuneration committee, however due to the size of the Company the Board has not established committees to review compensation arrangements of senior executives or to manage Board succession. The full board approves all management remuneration including the allocation of options and involves itself in the nomination, selection and retirement of directors.

The Company will give consideration at an appropriate juncture in the Company's development, for the creation of a Nomination and Remuneration committee. The current size of the full Board permits it to act as the nomination committee and to regularly review membership. The Board will give consideration to appointment of specialist and independent directors when the activities and scale of operation of the Company warrant such appointments.

The Board reviews the performance of Board members regularly on an on-going basis. The reviews are conducted by the Chairman and involve an exchange of views with all the members of the Board. In particular, the Board assesses the appropriate mix of skills, experience and expertise required by the Board and assesses the extent to which the required skills and experience are represented on the Board.

The Board intends to formally introduce a formal process of self assessment of its collective performance, the performance of individual directors and of Board committees.

Principle 3: Promote ethical and responsible decision making

The Company actively promotes ethical and responsible decision-making. As at 30 June 2011, the Company had established a formal code of conduct that address practices necessary to maintain confidence in the Company's integrity, The code takes into account the Board's legal obligations and the reasonable expectations of its stakeholders. In addition, it is a condition of each employee's employment contract that they uphold minimum standards of generally accepted ethical conduct.

Dealing in company shares

The Board has formally instituted a Company requirement that limits the purchase or disposal of shares by directors, officers and employees to the period of 4 weeks from the:

(a) date of the Company's Annual General Meeting;
(b) release of the quarterly results announcement to the Australia Stock Exchange (**ASX**);
(c) release of the half yearly results announcement to the ASX;
(d) release of the preliminary final results announcement to the ASX; or
(e) release of a disclosure document offering securities in the Company.

EIO has a policy agreed to by the Board members, other company officers and employees that any proposed trade in the Company's securities is to be firstly advised to the Chairman. Once the Chairman has given approval, the relevant person may execute the trade. Such policy clearly mitigates the risk of breaching the insider trading provisions and gives the Chairman control to restrict trading if the Chairman may be privy to sensitive information before the other company officers and personnel are, or the Chairman has knowledge that certain sensitive information (eg exploration results) are due for receipt within a short term timeframe.

Directors, officers and employees with any non-public sensitive information are prohibited from purchasing or disposing of Company shares, in accordance with the Corporations Act 2001.

Directors must advise the Company of any transactions conducted by them in the shares of the Company, in accordance with the Corporations Act 2001 and ASX Listing Rules.

The Board has approved and published in the public domain the Guidelines for Buying and Selling Securities which details the points listed above.

Principle 4: Safeguard integrity in financial reporting

The Board has previously established an audit committee whose responsibility was to monitor and review the effectiveness of the Company's controls in the areas of operational and balance sheet risk, legal and regulatory compliance and financial reporting.

With the change of Board, the Company presently does not have a separately constituted audit committee as it is not presently of a size, or its affairs of such complexity, to warrant such a committee. All matters capable of delegation to such a committee are presently dealt with by the full Board. The Board is responsible for the establishment and maintenance of a framework of internal control and appropriate ethical standards for the management of the Company. A charter (terms of reference) is being formulated and evolving.

The responsibilities include:

- reviewing and approving statutory financial reports and all other financial information distributed externally;
- monitoring the effective operation of the risk management and compliance framework;
- reviewing the effectiveness of the Company's internal control environment including compliance with applicable laws and regulations;
- the nomination of the external auditors and the review of the adequacy of the existing external audit arrangements; and
- considering whether non-audit services provided by the external auditor are consistent with maintaining the external auditor's independence.

The external auditor, BDO has engagement terms refreshed annually and has indicated its independence to the Board. BDO were appointed as auditors prior to the company's change in Board.

Principle 5 & 6: Make timely and balanced disclosures and respect the rights of shareholders

The Board adopts communications strategies and practices to promote communication with shareholders, in language capable of interpretation, and to encourage effective participation at General Meetings. The external auditor will attend the meeting to respond to specific questions from shareholders relating to the conduct of the audit and the preparation and content of the auditor's report.

The Company Secretary has been nominated as the person responsible for communications with the Australian Securities Exchange (ASX). This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing and co-coordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

The Board aims to ensure that shareholders are informed of all major developments affecting the Company's state of affairs. Information is communicated to shareholders as follows:

- reports distributed to all shareholders; and
- notices of all meetings to shareholders.

The Board encourages full participation of shareholders at the General Meetings to ensure a high level of accountability and identification with the Company's strategy and goals. Important issues are presented to shareholders as single resolutions.

Shareholders are requested to vote on the appointment of directors, the granting of options and shares to directors and changes to the Constitution. Copies of the Constitution are available to any shareholder upon request.

Material information is lodged immediately with the ASX and on acknowledgement, disseminated by posting to the website.

Timely and balanced disclosure

The Board supports the Australasian Investor Relations Association "Best Practice Guidelines for Communication between Listed Entities and the Investment Community". The Board endorses a culture in favour of continuous disclosure and recognises the benefits of consistency to be achieved through a dedicated authorised spokesperson.

Material information is lodged immediately with the ASX and on acknowledgement disseminated by posting to the website. A strict protocol is practiced for all investors/ analyst/ media meetings, group briefings and conference calls.

Principle 7: Recognise and manage risk

The Company has identified material business risks associated with its day-to-day operations and the possible impacts on the Company as a consequence. The Company aims to review its' risk management policies on a quarterly basis to mitigate material risks identified from eventuating and to ensure a sound internal control system is in place. The Managing Director is required to report to the Board if any material business risks that significantly impact on the business have arisen since the last Board meeting and if an effective internal control policy is in place and has been followed (as applicable). The Board declares that it has received assurance from the Managing Director that a sound and effective risk management and internal control had been adhered to during the financial year ended 30 June 2011.

As part of the Company's internal risk management policies, the Managing Director and company secretary have recently completed a formal review identifying risk areas and internal controls required to mitigate such risk. The report relating thereto has been circulated to the Board concluding that an effective internal control system is in place. Such review will occur on an ongoing basis.

In summary, the Company's internal risk management policies are designed to ensure strategic, operational, legal, reputational and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Company's business objectives.

Considerable importance is placed on maintaining a strong control environment. There is an organization structure with clearly drawn lines of accountability and delegation of authority. The Board actively promotes a culture of quality and integrity.

Principle 8: Remunerate fairly and responsibly

Due to the size of the Company the Board has not established committees to review compensation arrangements of senior executives or to manage Board succession. The full board approves all management remuneration including the allocation of options and involves itself in the nomination, selection and retirement of directors.

The Board is kept advised on remuneration and incentive policies and practices generally and makes specific recommendations in relation to compensation arrangements for executive and non-executive directors and in respect of all equity based remuneration plans.

The remuneration policy states that executive directors may participate in share option schemes with the prior approval of shareholders. Other executives may also participate in employee share option schemes, with any option issues normally being made in accordance with thresholds set in plans approved by shareholders. The Board however, considers it appropriate to retain the flexibility to issue options to executives outside of approved employee option plans in appropriate circumstances. The Company has not distinguished the structure of non-executive directors' remuneration from that of executive director due to its size.

The Board also assumes responsibility for overseeing management succession planning, including the implementation of appropriate executive development programmes and ensuring adequate arrangements are in place, so that appropriate candidates are recruited for later promotion to senior promotions.

Access to professional advice

Issues of substance are considered by the Board with external advice from its professional advisers as required. The Board's individual members can seek independent professional advice at the Company's expense in carrying out their duties.

SUMMARY

Energio Limited has adopted or is in the process of adopting the following policies and charters: Board Charter, Corporate Code of Conduct, Guidelines for Buying and Selling Securities, Audit Committee Charter, Continuous Disclosure Policy, Shareholder Communication Policy and Remuneration Committee Charter.

The Company is non-compliant with respect to the Directors being considered independent for reasons stated. Similarly the Company does not have a Nomination Committee. Other corporate practices continue to evolve.

STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 30 June 2011

	Note	Parent Entity 2011 $	Parent Entity 2010 $	Consolidated Entity	Consolidated Entity 2010 $
Other income	2	44,870	1,623,219		1,623,219
Accounting and audit fees		(222,524)	(58,312)		(58,312)
Interest expense	3	-	(135,890)		(135,890)
Consultancy fees		(136,235)	(53,605)		(53,605)
Travel and accommodation		(8,045)	(2,318)		(2,318)
Impairment expense	10	(5,967,908)	-		-
Corporate expenses		(86,569)	-		-
Directors fees		(1,775,055)	(350,000)		(350,000)
Legal fees		(209,063)	(39,490)		(39,490)
Other expenses		(8,040)	(57,133)		(57,133)
Profit /(Loss) from continuing operations		(8,368,569)	926,471		926,471
Income tax benefit	4	-	-		-
Profit /(Loss) from continuing operations		(8,368,569)	926,471		926,471
Profit /(Loss) from discontinued operations	5	-	-		767,838
Profit /(Loss) attributable to the owners of Energio Limited		(8,368,569)	926,471		1,694,309
Other comprehensive income					
Exchange differences on translation of foreign operations		-	-		-
Total comprehensive income /(loss) for the year		(8,368,569)	926,471		1,694,309
Total attributable to the owners of Energio Limited					
Overall Operations					
Basic earnings per share (cents per share)	8	(1.00)	0.90		
Diluted earnings per share (cents per share)	8	N/A	0.49		
Continuing Operations					
Basic earnings per share (cents per share)	8	(1.00)	0.59		
Diluted earnings per share (cents per share)	8	N/A	0.32		

The above statements of comprehensive income should be read in conjunction with the accompanying notes.

STATEMENTS OF FINANCIAL POSITION

As at 30 June 2011

	Note	Parent Entity 2011 $	Parent Entity 2010 $	Consolidated Entity	Consolidated Entity 2010 $
CURRENT ASSETS					
Cash and cash equivalents	9	4,728,195	2,015,128		2,015,128
Trade and other receivables	10	63,504	24,982		24,982
TOTAL CURRENT ASSETS		**4,791,699**	**2,040,110**		**2,040,110**
NON-CURRENT ASSETS					
Property, plant and equipment	11	-	-		-
Intangible assets	12	-	-		-
Other financial assets	13	-	-		-
TOTAL NON-CURRENT ASSETS		**-**	**-**		**-**
TOTAL ASSETS		**4,791,699**	**2,040,110**		**2,040,110**
CURRENT LIABILITIES					
Trade and other payables	14	180,261	216,045		216,045
Borrowings	15	-	-		-
TOTAL CURRENT LIABILITIES		**180,261**	**216,045**		**216,045**
NON-CURRENT LIABILITIES					
Borrowings	15	-	-		-
TOTAL NON-CURRENT LIABILITIES		**-**	**-**		**-**
TOTAL LIABILITIES		**180,261**	**216,045**		**216,045**
NET ASSETS		**4,611,438**	**1,824,065**		**1,824,065**
EQUITY					
Contributed equity	16	29,386,502	19,854,615		19,854,615
Reserves	17	2,685,922	1,061,867		1,061,867
Accumulated losses		(27,460,986)	(19,092,417)		(19,092,417)
TOTAL EQUITY		**4,611,438**	**1,824,065**		**1,824,065**

The above statements of financial position should be read in conjunction with the accompanying notes.

STATEMENTS OF CHANGES IN EQUITY

For the year ended 30 June 2011

PARENT ENTITY	Note	Contributed Equity	Accumulated Losses	Reserve	Total
Balance at 1 July 2009		**17,254,615**	**(20,018,888)**	**1,061,867**	**(1,702,406)**
Total comprehensive income for the year as reported in the 2010 financial statements		-	926,471	-	926,471
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs		2,600,000	-	-	2,600,000
Balance at *30 June 2010*		**19,854,615**	**(19,092,417)**	**1,061,867**	**1,824,065**
Balance at 1 July 2010		**19,854,615**	**(19,092,417)**	**1,061,867**	**1,824,065**
Total comprehensive loss for the year as reported in the 2011 financial statements		-	(8,368,569)	-	(8,368,569)
Issue of director options		-	-	704,055	704,055
Issue of director shares		-	-	920,000	920,000
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs		9,531,887	-	-	9,531,887
Balance at 30 June 2011		**29,386,502**	**(27,460,986)**	**2,685,922**	**4,611,438**

CONSOLIDATED ENTITY	Note	Contributed Equity	Accumulated Losses	Reserve	Total
Balance at 1 July 2009		**17,254,615**	**(20,786,726)**	**1,510,568**	**(2,021,543)**
Total comprehensive income for the year as reported in the 2010 financial statements		-	1,694,309	(448,701)	1,245,608
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs		2,600,000	-	-	2,600,000
Balance at *30 June 2010*		**19,854,615**	**(19,092,417)**	**1,061,867**	**1,824,065**

The above statements of changes in equity should be read in conjunction with the accompanying notes.

STATEMENTS OF CASH FLOWS

For the year ended 30 June 2011

	Note	Parent Entity		Consolidated Entity	
		2011 $	2010 $		2010 $
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		-	-		-
Payments to suppliers and employees		(895,781)	(99,854)		(99,854)
Payment to Administrator		-	(350,000)		(350,000)
Interest received		44,870	8,834		8,834
Net cash outflow from operating activities	**19**	**(850,911)**	**(441,020)**		**(441,020)**
CASH FLOWS FROM INVESTING ACTIVITIES					
Loans to/(from) other parties		(5,967,908)			(34,573)
Net cash outflow from investing activities		**(5,967,908)**			**(34,573)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares net of cost		9,531,886	2,350,000		2,350,000
Proceeds from shares to be issued		-	95,000		95,000
Net cash inflow financing activities		**9,531,886**	**2,445,000**		**2,445,000**
Net increase in cash and cash equivalents held		2,713,067	2,003,980		1,969,407
Cash and cash equivalents at beginning of financial year		2,015,128	11,148		50,974
Exchange gain/(loss) on balance		-			(5,253)
Cash and cash equivalents at end of financial year	**9**	**4,728,195**	**2,015,128**		**2,015,128**

The above statements of cash flows should be read in conjunction with the accompanying notes.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial report covers the entity of Energio Limited. Energio Limited is a listed public company, incorporated and domiciled in Australia.

The financial report of Energio Limited complies with all Australian equivalents to International Financial Reporting Standards (AIFRS) in their entirety.

Compliance with AIFRS ensures that the financial statements and notes of Energio Limited comply with International Financial Reporting Standards (IFRS).

The following is a summary of the material accounting policies adopted by the entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Basis of Preparation

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied. All amounts are presented in Australian dollars, unless otherwise noted.

Disclaimer regarding records

The financial report includes the report from the auditor which has been qualified on the basis of a limitation of scope due to the inability to access sufficient records to review the opening balances of the comparative information in the Profit and Loss and other updated of this report. The economic crisis resulted in Energio Limited divesting itself of its subsidiary in Hong Kong in 2008 and at that time was unable to fund its operations in both the United Kingdom and the United States, the Company then divested the UK & US operations on 29 June 2010. Following the recapitalisation of Energio Limited, the directors have undertaken a full review of its assets and the sector, and have engaged an expert consultant to assist in this regard.

Going Concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The Company incurred an operating loss after tax of $8,368,569 (30 June 2010 profit of $1,245,608) for the year and had positive net assets of $4,611,438 (30 June 2010: $1,824,065). At 30 June 2011 the Company had $4,728,195 in cash, however it has loaned a further $2,000,000 to KCM Mining Pty Ltd subsequent to the year end.

With the Company's current cash reserves, its ability to continue paying its debts as and when they fall due is dependent upon it continuing to secure additional debt/equity funding, the repayment of loans and the ultimate establishment of profitable operations. On 8 November 2010, the Company announced that it had entered into a put and call option deed with TGP Australia Ltd to acquire 100% of KCM Holdings Pty Ltd. The fulfilment of this agreement will require that the Company finalise a raising of sufficient equity funds to ensure the continued ability of the Company to pay its debts as and when they fall due.

If the Company is unable to secure additional funding, receive repayment of the loans and ultimately establish profitable operations, there is significant uncertainty whether the Company can continue as a going concern and, therefore, whether it will be able to realise its assets and extinguish its liabilities in the normal course of business and at the amounts recognised in the financial report. In the event that the Company is unable to continue as a going concern, it may be required to realise all assets at amounts different from that recorded in the statement of financial position, settle liabilities other than in the ordinary course of business, and make provision for other costs which may arise as a result of cessation or curtailment of normal business procedures.

(a) Principles of Consolidation

A controlled entity is any entity controlled by Energio Limited. Control exists where Energio Limited has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with Energio Limited to achieve the objectives of Energio Limited. A list of controlled entities is contained in Note 13 to the financial statements. There were no controlled entities at 30 June 2011.

All inter-company balances and transactions between entities in the entity, including any unrealised profits or losses, have been eliminated on consolidation.

Where controlled entities have entered or left the Consolidated entity during the year, their operating results have been included from the date control was obtained or until the date control ceased.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Investments in subsidiaries are accounted for at cost in the individual financial statements of Energio Limited.

(b) Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the statement of financial position date.

Deferred tax is accounted for using the statement of financial position liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the statement of comprehensive income except where it relates to items that may be credited to other comprehensive income or directly to equity, in which case the deferred tax is adjusted directly against other comprehensive income.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(c) Property, Plant, and Equipment

Each class of property, plant, and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the entity includes the cost of materials, direct labour, borrowing costs, and an appropriate proportion of fixed and variable overheads.

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	20%
Computers	33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

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

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(d) Employee Benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(e) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-borrowings in current liabilities on the statement of financial position.

(f) Revenue

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties. The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

The sale of products is recognized when the risk of ownership has passed to the buyer, that is, at the time of sale of the goods.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

(g) Goods and Services Tax (GST) and Value Added Tax (VAT)

Revenues, expenses, and assets are recognised net of the amount of GST or VAT, except where the amount of GST or VAT incurred is not recoverable from the relevant tax authority. In these circumstances the GST or VAT is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST or VAT.

(h) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the entity are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the entity will obtain ownership of the asset or over the term of the lease.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(i) Research and Development Expenses

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

Development costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(j) Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the statement of comprehensive income in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method. Loans and receivables are included in trade and other receivables (Note 10) and cash and cash equivalent (Note 9).

Held-to-maturity investments

These investments have fixed maturities, and it is the Company's intention to hold these investments to maturity. Any held-to-maturity investments held by the Company are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available for sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to other comprehensive income.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Derivative instruments

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the statement of comprehensive income unless they are designated as hedges.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the Company assess whether there is objective evidence that a financial instrument has been impaired. In the case of available-for sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the profit and loss.

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials only. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(l) Trade payables

These amounts generally represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(m) Trade Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

(n) Earnings Per Share

i. Basic earnings per share

Basic earnings per share is determined by dividing the profit attributable to equity holders of the Company, excluding any costs of service equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

ii. Diluted earnings per share

Diluted earnings per share adjusts the figure used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financial costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(o) Intangible Assets

Patents and trademarks are recognised at cost of acquisition. Patents and trademarks have a definite life and are carried at cost less any accumulated amortisation and any impairment losses. Patents and trademarks are amortised over their useful life ranging from 15 to 20 years.

Intangible assets, including goodwill on consolidation is initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at date of acquisition. The license portion is amortised on a straight line basis over the period of 20 years.

The balances are reviewed annually and any balance representing future benefits for which the realisation is considered to be no longer probable are written off as impairment losses in the Statement of comprehensive income.

(p) Impairment of Assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(q) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will results and that outflow can be reliably measured.

(r) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(s) Share based payments

The fair value of the options granted is adjusted to reflect market vesting conditions, but excludes the impact of non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each reporting date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefits expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the statement of comprehensive income with a corresponding adjustment to equity.

(t) Comparative Figures

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

(u) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities, which are not an incremental cost relating to the actual draw-down of the facility, are recognised as prepayments and amortised on a straight-line basis over the term of the facility.

The fair value of the liability portion of a convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

(v) Critical Accounting Estimates and Judgments

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Key Estimates — Impairment

The Company assesses impairment at each reporting date by evaluating conditions specific to the Company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

(w) Foreign Currency Translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss, except when they are deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss.

Translation differences on non-monetary financial assets such as equities classified as available-for-sale financial assets are included in the fair value reserve in equity.

(x) Business Combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Company. The consideration

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Company recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Company's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

(y) Discontinued operations

A discontinued operation is component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The result of discontinued operations are presented separately on the face of the statement of comprehensive income.

(z) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

(AA) New Accounting Standards and Interpretations

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption, but have not been applied in preparing this financial report.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 124 'Related Party Disclosures' (revised December 2009), AASB 2009-12 'Amendments to Australian Accounting Standards'	1 January 2011	30 June 2012
AASB 9 'Financial Instruments', AASB 2009- 11 'Amendments to Australian Accounting Standards arising from AASB 9' and AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)'	1 January 2013	30 June 2014
AASB 2009-14 'Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement'	1 January 2011	30 June 2012
AASB 2010-5 'Amendments to Australian Accounting Standards'	1 January 2011	30 June 2012
AASB 2010-6 'Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets'	1 July 2011	30 June 2012
AASB 2010-8 'Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets'	1 January 2012	30 June 2013

2. REVENUE

	Parent Entity		Consolidated Entity	
	2011 $	2010 $		2010 $
Other income				
Gain on administration	-	1,606,708		1,606,708
Interest received (Note 2(a))	44,870	16,511		16,511
	44,870	1,623,219		1,623,219
Total Revenue	44,870	1,623,219		1,623,219
(a) Interest revenue from:				
Financial institutions	44,870	16,511		16,511
Total Interest Revenue	44,870	16,511		16,511

3. EXPENSES FOR THE YEAR

	Parent Entity		Consolidated Entity	
	2011 $	2010 $		2010 $
Loss before income tax includes the following specific expenses:				
Finance Costs				
External	-	135,890		135,890
Total finance costs expensed	-	135,890		135,890

4. INCOME TAX EXPENSE

		Parent Entity		Consolidated Entity	
		2011 $	2010 $		2010 $
	Income tax expense				
	Current tax	-	-		-
	Deferred tax	-	-		-
		-	-		-
(a)	**Numerical reconciliation of income tax benefit to prima facie tax payable**				
	Profit /(Loss) from continuing operations before income tax expense	(8,368,569)	926,471		926,471
	Tax at the Australian tax rate of 30% (2010: 30%)	(2,510,571)	277,941		277,941
	Tax effect of amounts that are not deductible /(taxable) in calculating taxable income:				
	Impairment of loan	1,790,372	-		-
	Non deductible expenses	549,935	-		-
	Gain on administration	-	(482,012)		(482,012)
	Non deductible interest expense	-	40,767		40,767
	Income tax benefit not recognised	170,263	163,304		163,304
	Income tax expense /(benefit)	-	-		-
(b)	**Tax losses**				
	Unused tax losses for which no deferred tax assets has been recognised	3,464,107	3,348,775		3,293,844
	Potential tax benefit at 30%	1,039,232	1,004,633		988,153
(c)	**Unrecognised temporary differences**				
	Deferred tax assets and liabilities not recognised relate to the following:				
	Deferred tax assets				
	Tax losses	3,464,107	3,293,844		3,293,844
	Other temporary differences	-	111,746		85,940
	Losses unavailable	(3,464,107)	3,460,521		(3,379,784)
	Deferred tax liabilities				
	Other temporary differences	-	-		-
	Net deferred tax assets	-	-		-

4. INCOME TAX EXPENSE (CONTINUED)

The taxation benefits of tax losses not brought to account will only be obtained if:

(a) assessable income is derived of a nature and of an amount sufficient to enable the benefit from the deductions to be realised;
(b) conditions for deductibility imposed by the law are complied with; and
(c) no changes in tax legislation adversely affect the realisation of the benefit from the deductions.

The Company has deemed that it will not be able to use the income tax losses due to the change in beneficial ownership of the Company and the failure of the same business test.

5. DISCONTINUED OPERATION

(a) Description.

On 29 June 2010 Energio Limited entered into an agreement for the disposal of the whole of the share capital of Brainytoys Inc and Brainytoys UK Limited and the assignment of all loans and other amounts due by the BRT entities to Energio Limited. Under the terms of the agreement the purchaser acquired for a consideration of $1, the whole of the share capital of the BRT entities and the BRT loans prior to 30th June 2010.

The Company had no discontinued operations in the current year.

Further information is set out in Note 19 segment information.

(b) Financial performance and cashflow information for the year ended 30 June 2010

	Consolidated Entity	
		2010
		$
Revenue		**-**
Other expenses*		-
Loss before income tax		-
Income tax expense		-
Loss after income tax of discontinued operation		-
Profit on sale of subsidiary before income tax		767,838
Income tax expense		-
Profit on sale of subsidiary after income tax		767,838
Profit on sale of discontinued operation		**767,838**
*Included in other expenses is goodwill written off during the period amounting to $1,337,551		
Net cash inflow from ordinary activities		-
Net cash inflow/(outflow) from investing activities		-
Net cash inflow/(outflow) from financing activities		-
Net increase in cash generated by the subsidiary		**-**

5. DISCONTINUED OPERATION (CONTINUED)

(c) Carrying amount of assets and liabilities

The carrying amounts of assets and liabilities as at 30 June 2010 were:

	Consolidated Entity 2010 $
Cash and cash equivalents	34,573
Trade and other receivables	1,105,364
Owed by related companies	361,128
Inventory & Work In Progress	112,838
Property, plant & equipment (written down value)	39,412
TOTAL ASSETS	**1,653,315**
Owed to related companies	5,249,097
Borrowings	646,660
Trade and other payables	906,090
TOTAL LIABILITIES	**6,801,847**
NET ASSETS /(LIABILITIES)	**(5,148,532)**

(d) Details of sale of subsidiary

	Consolidated Entity 2010 $
Consideration receivable	
Cash	-
Intercompany loan forgiven	(4,887,969)
Total disposal consideration	**(4,887,969)**
Carrying amount of net liabilities sold	5,148,532
Foreign exchange reserve recycled to profit and loss	507,275
Profit /(Loss) on sale before income tax	**767,838**
Income tax expense	**-**
Profit /(Loss) on sale after income tax	**767,838**

6. KEY MANAGEMENT PERSONNEL DISCLOSURES

	Parent Entity		Consolidated Entity	
	2011 $	2010 $		2010 $
(a) Key management personnel compensation				
Short-term employee benefits	151,000	28,500		28,500
Post employment benefits	-	-		-
Share based payments	1,624,054	-		-
Total key management personnel compensation	1,775,055	28,500		28,500

The key management personnel are disclosed in the Directors' Report.

(b) Equity instrument disclosures relating to key management personnel

(i) *Options provided as remuneration and shares issued on exercise of such options*

Details of options provided as remuneration and shares issued on the exercise of such options, together with terms and conditions of the options, can be found in section D of the remuneration report.

In addition, the key management personnel did receive options as part of the purchase of shares during capital raising of the Company.

(ii) *Option holdings*

The number of options over ordinary shares in the Company held during the financial year by each director of Energio Limited, including their personally related parties, are set out below:

2011	Balance at the start of the year	Granted during the year as compensation	Exercised during the year	Other changes during the year	Balance at the end of the year	Vested and exercisable at the end of the year
Directors of Energio Limited						
Nathan Taylor	-	20,000,000	-	-	20,000,000	20,000,000
Faldi Ismail	10,000,000	-	6,000,000	-	4,000,000	4,000,000
Athan Lekkas	-	-	-	-	-	-
Don Carroll	-	20,000,000	-	-	20,000,000	20,000,000
Dr Ian Burston	-	-	-	-	-	-
Kevin Joseph	-	-	-	-	-	-
Total	10,000,000	40,000,000	6,000,000	-	44,000,000	44,000,000

The price of options granted during the year as compensation was calculated by using the Black Scholes Pricing model using the inputs disclosed in note 23.

2010	Balance at the start of the year	Granted during the year as compensation	Exercised during the year	Other changes during the year	Balance at the end of the year	Vested and exercisable at the end of the year
Directors of Energio Limited						
Nathan Taylor	-	-	-	-	-	-
Faldi Ismail	-	-	-	10,000,000	10,000,000	10,000,000
Athan Lekkas	-	-	-	-	-	-
Colin Oxlade	-	-	-	-	-	-
John Walker	-	-	-	-	-	-
Richard Simpson	-	-	-	-	-	-
George Karafotias	-	-	-	-	-	-
Colin Manie	-	-	-	-	-	-
Total	-	-	-	10,000,000	10,000,000	10,000,000

6. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

No options are vested and un-exercisable at the end of the year, and no options are unvested .

On 1 December 2009 the Company entered into Administration. At that time all Directors of the Company resigned. New Directors were appointed as part of the DOCA process.

(iii) *Shareholdings*

The numbers of shares in the Company held during the financial year by each Director of Energio Limited and other key management personnel of the Company, including their personally related parties are set out below.

There were no shares granted during the reporting period as compensation.

2011	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year
Directors of Energio Limited				
Ordinary Shares				
Nathan Taylor	10,000,000	-	21,000,000	31,000,000
Faldi Ismail	35,000,000	6,000,000	(10,500,000)	30,500,000
Athan Lekkas	28,000,000	-	23,500,000	51,500,000
Don Carroll	-	-	20,000,000	20,000,000
Dr Ian Burston	-	-	-	-
Kevin Joseph	-	-	-	-
Total	73,000,000	6,000,000	54,000,000	133,000,000

2010	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year
Directors of Energio Limited				
Ordinary Shares				
Nathan Taylor	-	-	10,000,000	10,000,000
Faldi Ismail	-	-	35,000,000	35,000,000
Athan Lekkas	-	-	28,000,000	28,000,000
Colin Oxlade	-	-	-	-
John Walker	-	-	-	-
Richard Simpson	-	-	-	-
George Karafotias	-	-	-	-
Colin Manie	-	-	-	-
Total	-	-	73,000,000	73,000,000

6. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

(c) Loans to key management personnel

No loans were made to directors of Energio Limited and other key management personnel of the Company, including their personally related parties during the current or prior years.

(d) Other transactions with key management personnel

An agreement is in place between the Company and FJH Solutions Pty Limited, a company in which Mr Henbury is a Director, whereby FJH Solutions provides company secretarial, administration, and accounting services to the Company. The engagement is not for a fixed period, and may be terminated by the Company or by Mr Henbury at any time. The terms and conditions of this contract are as for a normal arms length transaction.

Aggregate amounts of each of the above types of other transactions with key management personnel of Energio Limited:

	Parent Entity	
	2011 $	2010 $
Amounts recognised as expenses:		
Accounting and Company secretarial fees	138,967	17,543
	138,967	17,543

Aggregate amounts payable to key management personnel of the Company at balance date relating to the above types of other transactions.

	2011 $	2010 $
Trade creditors	92,200	9,585

7. AUDITORS' REMUNERATION

	Parent Entity		Consolidated Entity	
	2011 $	2010 $		2010 $
Remuneration of the auditor of the parent entity for:				
Auditing or reviewing the financial reports *BDO Audit (WA) Pty Ltd*	83,557	34,996		34,996
	83,557	34,996		34,996

8. EARNINGS PER SHARE

		Parent Entity 2011 $	Parent Entity 2010 $
(a)	Reconciliation of earnings used to calculate EPS to net profit or loss		
	Net profit /(loss)	(8,368,569)	1,694,308
	Earnings used in the calculation of basic EPS		
	Continuing Operations	(8,368,569)	926,470
	Discontinuing Operations	-	767,838
		(8,368,569)	1,694,308

		Number	Number
(b)	Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	839,605,311	187,536,682

9. CASH AND CASH EQUIVALENTS

	Parent Entity 2011 $	Parent Entity 2010 $	Consolidated Entity	Consolidated Entity 2010 $
Cash at bank	4,728,195	2,015,128		2,015,128
	4,728,195	2,015,128		2,015,128
Reconciliation of Cash				
Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the statement of financial position as follows:				
Cash and cash equivalents	4,728,195	2,015,128		2,015,128
Bank overdrafts	-	-		-
	4,728,195	2,015,128		2,015,128

10. TRADE AND OTHER RECEIVABLES

	Parent Entity 2011 $	Parent Entity 2010 $	Consolidated Entity	Consolidated Entity 2010 $
CURRENT				
GST Receivable	39,340	17,305		17,305
Deposits and Prepayments	24,164	7,677		7,677
Loan to KCM Mining Holdings Pty Ltd	5,967,908	-		-
Less Impairment of loan	(5,967,908)	-		-
	63,504	24,982		24,982

(a) On 29 June 2010 Energio Limited entered into an agreement for the disposal of the whole of the share capital of Brainytoys Inc and Brainytoys UK Limited and the assignment of all loans and other amount due by the BRT entities to Energio Limited. Under the terms of the agreement the purchaser has acquired for a consideration of $1, the whole of the share capital of the BRT entities and the BRT loans prior to 30th June 2010. Refer to Note 5.

(b) At 30 June 2011 the Company had loaned funds to KCM Mining Holdings Pty Ltd on an unsecured basis with an interest rate of 5% per annum due to the Company entering into a put and call option deed with TGP in relation to the potential acquisition of KCM Mining Holdings Pty Ltd and in accordance with loan agreement entered into on 7 November 2010. The loan has been impaired due to the unlikelihood of these funds being repaid at present.

11. PROPERTY, PLANT AND EQUIPMENT

	Parent Entity 2011 $	Parent Entity 2010 $	Consolidated Entity	Consolidated Entity 2010 $
PLANT AND EQUIPMENT				
NON-CURRENT				
Plant and equipment				
At cost	-	-		-
Accumulated depreciation	-	-		-
Total Property, Plant and Equipment	**-**	**-**		**-**

(a) Movements in Carrying Amounts

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year are disclosed below

	2011 Plant and Equipment	2011 Total	2010 Plant and Equipment	2010 Total
Parent Entity:				
Balance at the beginning of year	-	-	-	-
Additions	-	-	-	-
Disposals	-	-	-	-
Depreciation expense	-	-	-	-
Carrying amount at the end of year	-	-	-	-

			2010 Plant and Equipment	2010 Total
Consolidated Entity:				
Balance at the beginning of year			42,909	-
Additions			-	-
Disposals			-	-
Acquisitions through acquisition of entity			-	-
Disposals through sale/liquidation of subsidiary entities (Note 11(a))			(42,909)	-
Depreciation expense			-	-
Carrying amount at the end of year			-	-

(a) On 29 June 2010 Energio Limited entered into an agreement for the disposal of the whole of the share capital of Brainytoys Inc and Brainytoys UK Limited and the assignment of all loans and other amount due by the BRT entities to Energio Limited. Under the terms of the agreement the purchaser has acquired for a consideration of $1, the whole of the share capital of the BRT entities and the BRT loans prior to 30th June 2010. Refer to Note 5.

12. INTANGIBLE ASSETS

	Parent Entity 2011 $	Parent Entity 2010 $	Consolidated Entity 2011 $	Consolidated Entity 2010 $
NON-CURRENT				
Intellectual Property at cost	-	-		-
Licenses	-	-		-
Goodwill	-	-		-
Accumulated Amortisation and impairment	-	-		-
Net carrying value	-	-		-

	Consolidated Entity 2011 $	Consolidated Entity 2010 $
Balance at beginning of year		-
Additions		-
Disposals (Note 12(a))		(9,587,228)
Amortisation charge		-
Foreign exchange differences		-
Impairment losses		9,587,228
		-

(a) On 29 June 2010 Energio Limited entered into an agreement for the disposal of the whole of the share capital of Brainytoys Inc and Brainytoys UK Limited and the assignment of all loans and other amount due by the BRT entities to Energio Limited. Under the terms of the agreement the purchaser has acquired for a consideration of $1, the whole of the share capital of the BRT entities and the BRT loans prior to 30th June 2010. Refer to Note 5.

13. OTHER FINANCIAL ASSETS

	Parent Entity 2011 $	Parent Entity 2010 $	Consolidated Entity 2011 $	Consolidated Entity 2010 $
NON-CURRENT				
Shares in controlled entities at cost (15(a))	-	-		-
Less disposal of Enertec Enterprises	-	-		-
Less disposal of BRT Inc and Brainytoys UK (Note 13(b))	-	-		-
Accumulated impairment losses	-	-		-
Net carrying value	**-**	**-**		**-**

(a) These financial assets are carried at cost.

(b) On 29 June 2010 Energio Limited entered into an agreement for the disposal of the whole of the share capital of Brainytoys Inc and Brainytoys UK Limited and the assignment of all loans and other amount due by the BRT entities to Energio Limited. Under the terms of the agreement the purchaser has acquired for a consideration of $1, the whole of the share capital of the BRT entities and the BRT loans prior to 30th June 2010. Refer to Note 5.

Controlled Entities	Country of Incorporation	Class of Shares	Percentage Owned % 2011	Percentage Owned % 2010
Brainytoys.com Pty Ltd	Australia	Ordinary	-	-
Brainy UK Limited	UK	Ordinary	-	-
Brainytoys, Inc	USA	Ordinary	-	-

14. TRADE AND OTHER PAYABLES

	Parent Entity		Consolidated Entity	
	2011 $	2010 $		2010 $
CURRENT – unsecured liabilities				
Trade & other payables	63,061	216,045		216,045
Accrued Expenses	117,200	-		-
	180,261	216,045		216,045

(a) At 30 June 2010, the Company had received $95,000 in applications for which shares had not been issued. Shares in relation to this were issued on 19 July 2010.

(b) On 29 June 2010 Energio Limited entered into an agreement for the disposal of the whole of the share capital of Brainytoys Inc and Brainytoys UK Limited and the assignment of all loans and other amount due by the BRT entities to Energio Limited. Under the terms of the agreement the purchaser has acquired for a consideration of $1, the whole of the share capital of the BRT entities and the BRT loans prior to 30th June 2010. Refer to Note 5.

15. BORROWINGS

	Parent Entity		Consolidated Entity	
	2011 $	2010 $		2010 $
CURRENT				
Secured liability – Receivables factoring (Note 15 (a))	-	-		-
Secured liability - Convertible Notes (Note 15 (b))	-	-		-
Total Current Borrowings	-	-		-
NON-CURRENT				
Secured liability - Convertible Notes**	-	-		-

(a) Receivables secured total $0 (2010: $0).

(b) Security was by way of a floating charge over all assets excluding receivables factoring, purchase order financing; and enables a bank to have first priority to the extent of A$500,000. The Company was in default on interest payments and the Note-holder appointed an Administrator to Energio Limited on 1st December 2009.

On 15 January 2010, the Company obtained the approval of its creditors to enter into a Deed of Company Arrangement (DOCA). The secured convertible notes were settled via an issue of 50,000,000 Shares and 30,000,000 Options exercisable at 1 cent each and expiring on 30 November 2013. A further $150,000 was made available to the secured creditor.

	Parent Entity		Consolidated Entity	
	2011 $	2010 $		2010 $
Opening face value of notes issued	-	1,179,488		1,179,488
Less repayments of principal	-	(1,179,488)		(1,179,488)
Face value of notes issued	-	-		-
Other equity securities – value of conversion rights (Note 16(e))	-	-		-
	-	-		-
Interest expense (Note 15 (c))	-	135,890		135,890
Interest paid	-	(135,890)		(135,890)
	-	-		-
Initial transaction cost	-	-		-
Closing Balance Sheet	-	-		-

(c) Interest expense in the 2010 year was calculated by applying an average effective interest rate of 16.23% to the liability component.

16. CONTRIBUTED EQUITY

	Parent Entity		Consolidated Entity	
	2011 $	2010 $		2010 $
(a) Share Capital: Ordinary shares, fully paid	29,162,646	19,630,759		19,630,759

The Company has authorised share capital amounting to 1,124,270,485 ordinary shares at no par value.

(b) Other equity securities:				
Value of conversion rights – convertible notes (Note 16 (e))	223,856	223,856		223,856
Total Contributed Equity	29,386,502	19,854,615		19,854,615

(c (i)) Ordinary shares				
At the beginning of the reporting period	19,630,759	17,030,759		17,030,759
Shares issued during the year	10,043,292	2,720,000		2,720,000
Transaction costs relating to share issues	(511,405)	(120,000)		(120,000)
At the end of the reporting date	29,162,646	19,630,759		19,630,759

16. CONTRIBUTED EQUITY (CONTINUED)

(c (ii)) Movements in Ordinary Share Capital

Date	Details	No of shares	Issue price	Value
01/07/2009	Opening Balance	115,688,041		17,827,472
06/04/2010	Consolidation of shares	(92,425,332)	-	-
22/04/2010	Issue	400,000,000	0.005	2,000,000
22/04/2010	Issue	80,000,000	0.005	400,000
22/04/2010	Issue	70,000,000	0.001	70,000
22/04/2010	Issue	50,000,000	0.005	250,000
30/06/2010	**Balance**	623,262,709		20,547,472
01/07/2010	Opening Balance	623,262,709		20,547,472
19/07/2010	Issue	57,000,000	0.005	285,000
22/12/2010	Issue	80,600,000	0.010	806,000
22/12/2010	Issue	20,000,000	-	-
07/01/2011	Issue	20,000,000	0.010	200,000
31/01/2011	Issue	19,000,000	0.010	190,000
11/02/2011	Issue	37,696,000	0.010	376,960
01/03/2011	Issue	3,900,000	0.010	39,000
01/03/2011	Issue	20,000,000	-	-
11/03/2011	Issue	208,007,776	0.0375	7,800,292
15/03/2011	Issue	12,200,000	0.010	120,000
30/03/2011	Issue	5,800,000	0.010	58,000
11/05/2011	Issue	10,304,000	0.010	103,040
22/06/2011	Issue	1,000,000	0.010	10,000
30/06/2011	Issue	5,500,000	0.010	55,000
30/06/2011	**Balance**	**1,124,270,485**		**30,590,764**
	Less transaction costs			1,428,118
	At reporting date	1,124,270,485		29,162,646

(c (iii)) Number of ordinary shares (summary)	Parent Entity		Consolidated Entity	
	2011 (No)	**2010** (No)		**2010** (No)
At the beginning of the reporting period	623,262,709	115,688,041		115,688,041
Shares consolidated during the year	-	(92,425,332)		(92,425,332)
Shares issued during the year	501,007,776	600,000,000		600,000,000
At reporting date	1,124,270,485	623,262,709		623,262,709

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has a vote on a show of hands.

16. CONTRIBUTED EQUITY (CONTINUED)

(d) Options	**Parent Entity**		**Consolidated Entity**	
	2011 (No)	**2010** (No)		**2010** (No)
At the beginning of the reporting period	116,287,599	94,551,920		94,551,920
Options consolidated during the year	-	(66,150,109)		(66,150,109)
Options lapsed during the year	-	(12,114,212)		(12,114,212)
Options issued during the year:				
During April 2010	-	100,000,000		100,000,000
During December 2010	100,600,000	-		-
During January 2011	39,000,000	-		-
During March 2011	20,000,000	-		-
Options exercised during the year:				
During February 2011	(37,696,000)	-		-
During March 2011	(21,900,000)	-		-
During May 2011	(10,304,000)	-		-
During June 2011	(6,500,000)	-		-
At reporting date	199,487,599	116,287,599		116,287,599

(i) For information relating to share options issued to key management personnel during the financial year, refer to the Directors' Report.

(e) Value of conversation rights – Convertible Notes	**Parent Entity**		**Consolidated Entity**	
	2011 $	**2010** $		**2010** $
Value of conversion rights (Note 16)	244,248	244,248		244,248
Initial transaction cost	(20,392)	(20,392)		(20,392)
	223,856	223,856		223,856

(i) On 15 January 2010, the Company obtained the approval of its creditors to enter into a Deed of Company Arrangement (DOCA). The secured convertible notes were settled via an issue of 50,000,000 Shares and 30,000,000 Options exercisable at 1 cent each and expiring on 30 November 2013. A further $150,000 was made available to the secured creditor.

17. RESERVES

	Note	Parent Entity		Consolidated Entity	
		2011	2010		2010
		$	$		$
Share based payments reserve	(a)	1,233,240	313,240		313,240
Options Issue reserve		1,452,682	748,627		748,627
Foreign currency translation reserve	(b)	-	-		-
		2,685,922	1,061,867		1,061,867
Movement:					
Share based payments reserve					
Balance at the beginning of the year		313,240	313,240		313,240
New shares granted		920,000	-		-
Balance at the end of the year		1,233,240	313,240		313,240
Options Issue reserve					
Balance at the beginning of the year		748,627	748,627		748,627
New options granted		704,055	-		-
Balance at the end of the year		1,452,682	748,627		748,627
Foreign currency translation reserve					
Balance at the beginning of the year		-	-		448,701
Currency translation differences arising during the year		-	-		58,574
Foreign exchange recycled to profit and loss on disposal of subsidiary (Note: 5)		-	-		(507,275)
Balance at the end of the year		-	-		-
Total Reserves		2,685,922	1,061,867		1,061,867

(a) The share-based payments reserve is used to recognise:

- the fair value of shares issued to employees

(b) The options issue reserve is used to recognise:

- the fair value of options issued to employees

(c) Exchange differences arising on translation of the foreign controlled entity are taken to the foreign currency translation reserve. The reserve has been recognised in profit and loss when the net investment was disposed of.

18. SEGMENT REPORTING

The Company has adopted AASB 8 Operating Segments from 1 July 2009 whereby segment information is presented using a 'management approach', i.e. segment information is provided on the same basis as information used for internal reporting purposes by the chief operating decision maker (Board of Directors that makes strategic decisions).

The Company engages in principle activity, being toy and games development and distribution, activity from which it earns revenues, and its results are analysed as a whole by the chief operating decision maker. Consequently revenue, profit and net assets for the operating segment are reflected in the statement of comprehensive income, statement of financial position and the statement of cash flows.

In comparitive periods the Company held investments and operated businesses in the USA, and UK and had determined these to be the reportable segments. The Hong Kong operations were divested on 31st December 2008. The USA and UK operations were divested on 29 June 2010. The Company's principal activities are toy and games development and distribution.

Segment information

Segment information provided to the Board of Directors for the year ended 30 June 2011 is as follows:

2011	Australia	Total continuing operations		Consolidated
Segment revenue				
Sales to external customers	-	-		-
Intersegment sales				N/A
Total sales revenue	-	-		-
Other revenue/income	44,870	44,870		44,870
Total segment revenue/income	44,870	44,870		44,870
Segment result	(8,368,569)	(8,368,569)		(8,368,569)
Unallocated expense	-	-		-
Profit/(loss) before income tax	(8,368,569)	(8,368,569)		(8,368,569)
Income tax benefit				-
Net profit/(loss) for the year				(8,368,569)
Segment Assets and Liabilities				
Segment assets	4,791,699	4,791,699		4,791,699
Unallocated assets	-	-		-
Intersegment eliminations		-		-
Total assets	4,791,699	4,791,699		4,791,699
Segment liabilities	180,261	180,261		180,261
Unallocated liabilities		-		-
Total liabilities	180,261	180,261		180,261

18. SEGMENT REPORTING (CONTINUED)

2010	Australia	Total continuing operations	Consolidated
Segment revenue			
Sales to external customers	-	-	-
Intersegment sales			N/A
Total sales revenue	-	-	-
Other revenue/income	1,623,219	1,623,219	1,623,219
Total segment revenue/income	1,623,219	1,623,219	1,623,219
Segment result	926,471	926,471	926,471
Unallocated expense	-	-	-
Profit/(loss) before income tax	926,471	926,471	926,471
Income tax benefit			-
Net profit/(loss) for the year			926,471
Segment Assets and Liabilities			
Segment assets	2,040,110	2,040,110	2,040,110
Unallocated assets	-	-	-
Intersegment eliminations		-	-
Total assets	2,040,110	2,040,110	2,040,110
Segment liabilities	216,045	216,045	216,045
Unallocated liabilities		-	-
Total liabilities	216,045	216,045	216,045

19. CASH FLOW INFORMATION

	Parent Entity		Consolidated Entity	
	2011	2010		2010
	$	$		$
Reconciliation of Cash Flow from Operations with Profit /(Loss) after Income Tax				
Profit /(Loss) after income tax	(8,368,569)	926,471		1,694,309
Cash flows excluded from profit attributable to operating activities				
Non-cash flows in profit from ordinary activities				
Gain on administration	-	(1,043,340)		(1,043,340)
Foreign exchange (gain)/loss	-	-		(507,275)
Loss on sale of subsidiary	-	-		(452,802)
Impairment Loss	5,967,908	-		-
Share based payments	1,624,054	-		-
Interest unpaid on convertible notes	-	135,890		135,890
Profit /(loss) on discontinued operations	-	-		(767,838)
Cash from unissued shares in payables	-	(95,000)		(95,000)
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries				
(Increase)/decrease in receivables	(38,522)	(24,981)		1,161,012
(Increase)/decrease in inventories	-	-		130,656
Increase/(decrease) in payables	(35,784)	(340,060)		(696,632)
Cash flow from operations	(850,911)	(441,020)		(441,020)

Non-Cash investing and financing activities

The Company had no non-cash investing and financing activities during the year.

During the 2010 year, other than the transfer of assets and liabilities to the purchaser of Enertec Enterprises Limited, the Company had no non-cash investing and financing activities during the year.

20. EVENTS SUBSEQUENT TO REPORTING DATE

On 7 September 2011 the Company announced that KCMH Australia had acquired an additional 5% interest in KCM Nigeria, the owner of the Nigerian Iron Ore licences.

The Company has loaned an additional $2,000,000 to KCM Mining Pty Ltd subsequent to the period end.

As at the date of this directors' report, other than the above mentioned matters, the directors are not aware of any matter or circumstance that has arisen that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the Company in the financial years subsequent to 30 June 2011.

21. RELATED PARTY TRANSACTIONS

(a) Key Management Personnel Disclosures

Disclosures relating to Key Management personnel are set out in notes.

(b) Loans to/from related parties

Energio Limited has no subsidiaries for the year ended 30 June 2011, however the Company does consider KCM Mining Holdings Pty Ltd to be a related party due to common directors. At 30 June 2011 the Company had loaned funds to KCM Mining Holdings Pty Ltd on an unsecured basis with an interest rate of 5% per annum due to the Company entering into a put and call option deed with TGP in relation to the potential acquisition of KCM Mining Holdings Pty Ltd and in accordance with loan agreement entered into on 7 November 2010. The loan has been impaired due to the unlikelihood of these funds being repaid at present.

22. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. The Company does not use derivative financial instruments, however the Company uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate risks, aging analysis for credit risk.

Risk management is carried out by the Board of Directors with assistance from suitably qualified external advisors. The Board provides written principles for overall risk management and further policies will evolve commensurate with the evolution and growth of the Company.

The Company hold the following financial instruments:

	PARENT ENTITY		CONSOLIDATED ENTITY	
	2011	2010		2010
	$	$		$
Financial assets				
Cash and cash equivalents	4,728,195	2,015,128		2,015,128
Trade and other receivables	63,504	24,982		24,982
	4,791,699	2,040,110		2,040,110
Financial liabilities				
Trade and other payables	180,262	216,045		216,045
Borrowings	-	-		-
	180,262	216,045		216,045

The Company's principal financial instruments comprise cash and short-term deposits. The Company does not have any borrowings in the current financial year.

The main purpose of these financial instruments is to fund the Company's operations.

It is, and has been throughout the period under review, the Company's policy that no trading in financial instruments shall be undertaken. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

a) Market risk

(i) *Foreign exchange risk*

The Company does not currently operate internationally and therefore its exposure to foreign exchange risk arising from currency exposures is limited.

22. FINANCIAL RISK MANAGEMENT (CONTINUED)

(ii) *Cash flow and interest rate risk*

The Company's only interest rate risk arises from cash and cash equivalents held. Term deposits and current accounts held with variable interest rates expose the Company to cash flow interest rate risk. The Company does not consider this to be material to the Company and have therefore not undertaken any further analysis of risk exposure.

The following sets out the Company's exposure to interest rate risk, including the effective weighted average interest rate by maturity periods:

30 June 2011 Parent Entity	Note	Weighted average interest rate	1 year or less $	2-5 years $	Total $
Financial assets					
Cash and cash equivalents	9	2.07%	4,728,195	-	4,728,195
Total			4,728,195	-	4,728,195

30 June 2010 Parent Entity	Note	Weighted average interest rate	1 year or less $	2-5 years $	Total $
Financial assets					
Cash and cash equivalents	9	2.75%	2,015,128	-	2,015,128
Total			2,015,128	-	2,015,128

b) Credit risk

The Company does not have any significant concentrations of credit risk. Credit risk is managed by the Board and arises from cash and cash equivalents as well as credit exposure including outstanding receivables and committed transactions.

All cash balances held at banks are held at internationally recognised institutions. The majority of receivables are immaterial to the Company. Given this the credit quality of financial assets that are neither past due or impaired can be assessed by reference to historical information about default rates. This indicates that the quality is good. At 30 June 2010 the receivables were material. All debtors at 30 June 2010 were within terms and not impaired. There are no receivables at 30 June 2011.

At 30 June 2011 the Company had loaned funds to KCM Mining Holdings Pty Ltd on an unsecured basis with an interest rate of 5% per annum due to the Company entering into a put and call option deed with TGP in relation to the potential acquisition of KCM Mining Holdings Pty Ltd and in accordance with loan agreement entered into on 7 November 2010. The loan has been impaired due to the unlikelihood of these funds being repaid at present.

The maximum exposure to credit risk at reporting date is the carrying amount of the financial assets as summarised at the start of Note 22.

Financial assets that are neither past due and not impaired are as follows:

22. FINANCIAL RISK MANAGEMENT (CONTINUED)

	Parent Entity		Consolidated Entity	
	2011	2010		2010
	$	$		$
Cash and cash equivalents				
'AA' S&P rating	4,728,195	2,015,128		2,015,128

c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash balances and access to equity funding.

The Company's exposure to the risk of changes in market interest rates relate primarily to cash assets and floating interest rates. The Company does not have significant interest-bearing assets and is not materially exposed to changes in market interest rates.

The directors monitor the cash-burn rate of the Company on an on-going basis against budget and the maturity profiles of financial assets and liabilities to manage its liquidity risk.

As at reporting date the Company had sufficient cash reserves to meet its requirements. The Company has no access to credit standby facilities or arrangements for further funding or borrowings in place.

The financial liabilities the Company had at reporting date were trade payables incurred in the normal course of the business. These were non interest bearing and were due within the normal 30-60 days terms of creditor payments. No borrowings existed at year end.

Maturities of financial liabilities

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Company – At 30 June 2011	Less than 6 months	6-12 months	1-2 years	2-5 years	Over 5 years	Total contractual cash flows	Carrying amount (assets)/ liabilities
	$	$	$	$	$	$	$
Non-derivatives							
Non-interest bearing	180,262	-	-	-	-	180,262	180,262
Variable rate	-	-	-	-	-	-	-
Fixed rate	-	-	-	-	-	-	-
Total non-derivatives	**180,262**	**-**	**-**	**-**	**-**	**180,262**	180,262

Company – At 30 June 2010	Less than 6 months	6-12 months	1-2 years	2-5 years	Over 5 years	Total contractual cash flows	Carrying amount (assets)/ liabilities
	$	$	$	$	$	$	$
Non-derivatives							
Non-interest bearing	216,045	-	-	-	-	216,045	216,045
Variable rate	-	-	-	-	-	-	-
Fixed rate	-	-	-	-	-	-	-
Total non-derivatives	**216,045**	**-**	**-**	**-**	**-**	**216,045**	216,045

22. FINANCIAL RISK MANAGEMENT (CONTINUED)

Group – At 30 June 2010	Less than 6 months	6-12 months	1-2 years	2-5 years	Over 5 years	Total contractual cash flows	Carrying amount (assets)/ liabilities
	$	$	$	$	$	$	$
Non-derivatives							
Non-interest bearing	216,045	-	-	-	-	216,045	216,045
Variable rate	-	-	-	-	-	-	-
Fixed rate	-	-	-	-	-	-	-
Total non-derivatives	**216,045**	**-**	**-**	**-**	**-**	**216,045**	216,045

d) Fair value estimation

The fair value of financial assets and liabilities must be estimated for recognition and measurement for disclosure purposes.

The fair value of financial instruments traded in active markets, such as trading and available for sale securities, is based on current quoted market prices at reporting date. The quoted market price used for financial assets held by the Company is the current market price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short term nature.

The entity's principle financial instruments consist of cash and deposits with banks, accounts receivable and trade payables. The main purpose of these non-derivative financial instruments is to finance the entity's operations.

Summarised sensitivity analysis

The following summaries the sensitivity of the Company's financial assets and financial liabilities to interest rate risk.

30 June 2011		Interest rate risk			
		-100 bps		+70 bps	
	Carrying amount	Profit	Other equity	Profit	Other equity
Financial assets					
Cash and cash equivalents	$4,728,195	5,839	-	86,101	-
Trade and other receivables	63,504	-	-	-	-
Financial liabilities					
Trade and other payables	180,262	-	-	-	-
Total increase		5,839	-	86,101	

23. SHARE BASED PAYMENTS

During the financial year ended 30 June 2011, the Company issued the following share-based payments.

(a) Employee Share Options – Incentive Options

Set out below are summaries of the options granted:

	Number of options	Value per option (cents)	Vested during the period	Exercisable at period end
Exercisable at 1 cent, on or before 30 November 2013	20,000,000	$0.0068	20,000,000	20,000,000
Exercisable at 1 cent, on or before 30 November 2013	20,000,000	$0.0284	20,000,000	20,000,000

The price was calculated by using Black Scholes Pricing Model applying the following inputs:

	2011
Life of the options (years)	3.00274 and 2.81
Share price at grant date (cents)	0.011 and 0.035
Risk free rate	5.0%
Expected share price volatility (based on historic performance)	90%

Total value of the options above is $704,054.

(b) Employee Shares

On 22 December 2010, the Company issued 20,000,000 shares to Mr Nathan Taylor. The shares were issued and allotted as consideration for services provided by the employee.

The shares were issued for nil consideration and were approved at a meeting of shareholders held on 30 November 2010. The closing share price on 22 December 2010 was $0.011, and the value of the shares is $220,000 based on this 22 December 2010 share price.

On 1 March 2011, the Company issued 20,000,000 shares to Mr Don Carroll. The shares were issued and allotted as consideration for services provided by the employee.

The shares were issued for nil consideration and were approved at a meeting of shareholders held on 9 February 2011. The closing share price on 1 March 2011 was $0.035, and the value of the shares is $700,000 based on this 9 February 2011 share price.

(c) Broker Shares

On 11 March 2011, the Company issued 13,200,000 shares in lieu of fees. The valuation of the Broker shares has been determined based upon the valuation of the services provided. As part of the process management has made an estimate of the fair value of these services provided based upon known commercial rates.

Total value of the shares above is $411,513. These have been recognised as equity raising costs.

24. DIVIDENDS

No dividends have been declared or paid during the period.

25. CONTINGENT LIABILITIES & EXPENSES

The Company has entered into a conditional Put and Call Option Deed (Deed) with TGP in relation to the potential acquisition of KCMH.

The grant of the put and call option pursuant to the Deed is conditional upon:

(a) The Company completing due diligence on KCMH and its assets;

(b) TGP completing due diligence on the Company, and its assets;

(c) The Company advancing loan funds to KCMH to enable KCMH to undertake an initial drill program;

(d) The Company undertaking a placement to raise $1,000,000 (prior to costs) through the issue of 100,000,000 fully paid ordinary shares at an issue price of 1 cent each with 100,000,000 attaching options to subscribe for shares in the Company exercisable at 1 cent each on or before 30 November 2013;

(e) The appointment of 3 nominees of TGP to the Company's Board.

On 4 April 2011 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.

Whilst the call option has been exercised settlement of the acquisition is conditional upon:

(a) The Company obtaining all required shareholder approvals to proceed with the transaction 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 of the interests of the non-associated shareholders of the Company;

(b) The Company recomplying with chapters 1 and 2 of the ASX Listing Rules to the extent required by ASX;

(c) The Company raising a minimum of $6,000,000 through an equity capital raising (in addition to the $1,000,000 placement referred to above); and

(d) To the extent that any of the options currently outstanding in the Company with an exercise price of 1 cent and an expiry date of 31 March 2013 have not been exercised or cancelled on the date immediately prior to settlement, the issue of new options to TGP on the basis of 1 new option for every option not exercised or cancelled, with the new options to be issued on the same terms.

(e) The Company capitalising all debt owed by the Company to the Shareholder (if any) by converting debt to equity through the repayment of debt by the issue of new shares by the Company to the Shareholder.

As the call option has been exercised for Energio to acquire 100% of the shares in KCMH, Energio will also acquire the 25% interest in KCM Mining held by Bedford CP Nominees Pty Ltd (**Bedford**). The consideration for the acquisition is the issue of 146,600,000 fully paid ordinary shares in the Company to Bedford (in the event that the Company raises $12,000,000 or more in equity funds prior to settlement not including the $1,000,000 placement referred to above) or otherwise 215,830,000 fully paid ordinary shares in the Company (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). The acquisition is conditional upon the same points as outlined above.

There have been no other changes in contingent liabilities or contingent assets since the end of the previous annual reporting period, 30 June 2011.

26. CAPITAL COMMITMENTS

There are no capital commitments as at 30th June 2011 (2010: none)

27. LEASE COMMITMENTS

There are no lease commitments as at 30th June 2011 (2010: none)

The Directors of the Company declare that except for the items documented in Note 1 disclaimer regarding records:

1 The financial statements, comprising the statement of comprehensive income, statement of financial position, cash flow statement, statement of changes in equity accompanying notes are in accordance with the *Corporations Act 2001* and:

(a) Comply with Accounting Standards and the Corporations Regulations 2001; and

(b) Give a true and fair view of the financial position as at 30 June 2011, and of the performance for the year ended on that date of the Company; and

2 In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

3 The Directors have been given the declaration by a person who performed the Chief Financial Officer function as required by section 295A of the *Corporations Act 2001*; and

4 The audited remuneration disclosure set out in the directors' report comply with Section 300A of the Corporations Regulations 2001.

5 The Company has included in the notes to the financial statements an explicit and unreserved statement of compliance with the International Financial Reporting Standards.

Signed in accordance with a resolutions of the Directors made pursuant to section 295(5) of the Corporations Act 2001.

On behalf of the Directors

Director

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ENERGIO LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Energio Limited, which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

Basis for Qualified Auditor's Opinion

As a consequence of the disposal of its subsidiaries in the prior year, and the inability to access documents from previous advisers, employees, and staff, the directors have been unable to obtain the company's records and the subsidiaries records for the comparative year 30 June 2010. Due to these limitations we were unable to undertake sufficient appropriate audit procedures to form an opinion on the company's 30 June 2010 statement of comprehensive income, statement of changes in equity and statement of cashflows and our audit report is qualified in respect of this.

Qualified Opinion

In our opinion, except for the effects (if any) of the matter described in the Basis for Qualified Opinion paragraph above:

(a) the financial report of Energio Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the company's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies *with International Financial Reporting Standards* as disclosed in Note 1.

Emphasis of Matter

Without qualifying our opinion expressed above, we draw attention to Note 1 in the financial report which indicates that Energio Limited incurred a net loss of $8,368,569 during the year ended 30 June 2011. This condition, along with those set out in Note 1, indicates the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Energio Limited for the year ended 30 June 2011 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO Audit
C Burton

Chris Burton
Director

Perth, Western Australia
Dated this 30th day of September 2011

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

The shareholder information set out below was applicable as at 27 September 2011.

A. Distribution of Equity Securities

Analysis of numbers of equity security holders by size of holding:

	Ordinary Shares	
Category (size of holding)	Shares	Options
1 – 1,000	84	32
1,001 – 5,000	294	79
5,001 – 10,000	95	34
10,001 – 100,000	618	94
100,001 – and over	983	34
Total	2,074	273
The number of shareholdings held in less than marketable parcels is :	662	226

B. Equity security holders

Twenty largest quoted security holders

The names of the twenty largest holders of quoted equity securities are listed below:

Rank	Name	27 Sep 11	%IC
1	MR ATHANASIOS LEKKAS	42,500,000	3.62%
2	NATHAN DAVID TAYLOR	30,000,000	2.56%
3	ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD	28,624,157	2.44%
4	WOBBLY INVESTMENTS PTY LTD	25,885,217	2.21%
5	MR DONALD ANTHONY CARROLL	20,000,000	1.70%
6	NOBILE INVESTMENTS SUPERANNUATION FUND PTY LTD	18,992,577	1.62%
7	MR PHILIP LOWRY & MRS WENDY LOWRY	16,000,000	1.36%
8	ROMFAL SIFAT PTY LTD	15,250,000	1.30%
9	JB GLOBAL HOLDINGS LLC	15,000,000	1.28%
10	J & D ROBERTS NOMINEES PTY LTD	14,667,508	1.25%
11	ROMFAL SIFAT PTY LTD	14,000,000	1.19%
12	PHEAKES PTY LTD	13,306,000	1.13%
13	MR MARK DARYL WOOD	12,500,000	1.07%
14	MR GEORGE DEMOURTZIDIS	12,110,000	1.03%
15	INVESTMENT PORTFOLIO (WA) PTY LTD	11,999,999	1.02%
16	TWO TOPS PTY LTD	10,666,668	0.91%
17	BOOM SECURITIES (HK) LTD	10,000,000	0.85%
17	DIMOS CAPITAL PARTNERS PTY LTD	10,000,000	0.85%
18	STROVER NOMINEES PTY LTD	9,400,000	0.80%
19	DALEXT PTY LTD	9,000,000	0.77%
19	REDLAND PLAINS PTY LTD	9,000,000	0.77%
20	BUZZ CAPITAL PTY LTD	8,750,000	0.75%
	TOTAL	**393,488,169**	**57.84%**

Unquoted equity securities

	Number on Issue	Number of Holders
Unlisted Options expiring 31/12/2011, $1.625 exercise price	1,100,000	3
Unlisted Options expiring 14/09/2012, $1.00 exercise price	15,000	1
Unlisted Options expiring 31/12/2012, $1.25 exercise price	200,000	1
Unlisted Options expiring 30/11/2013, $0.01 exercise price	154,200,000	71

C. Substantial holders

Substantial holders in the company are set out below:

	Number Held	Percentage
Ordinary Shares		
-	-	-

D. Voting Rights

The voting rights attached to each class of equity security are as follows:

(a) Ordinary shares

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

(b) Options

No voting rights

E. Other Company Information

The name of the Company Secretary is Sean Peter Henbury.

The address of the principal registered office in Australia is 21 Teddington Road Burswood Western Australia 6100. Telephone +61 89 9486 2333.

Registers of securities are held at the following addresses

Western Australia

Link Market Services Limited
Level 4, 80 Stirling Street
PERTH WA 6000

Stock Exchange Listing

Quotation has been granted for all the ordinary shares of the Company on all Member Exchanges of the Australian Stock Exchange Limited.