

EZENET LIMITED

A.B.N. 84 083 646 477

ANNUAL REPORT

30 JUNE 2011

EZENET LIMITED
CORPORATE DIRECTORY
A.B.N. 84 083 646 477

This annual report covers both Ezenet Limited as an individual entity and the consolidated entity comprising Ezenet Limited and its subsidiaries. The consolidated entity's functional and presentation currency is AUD (\$).

A description of the consolidated entity's operations and of its principal activities is included in the review of operations and activities in the directors' report.

Directors

W G Martinick (Executive Chairman and Managing Director)

G R O'Dea (Non-Executive Director)

D H Ward (Non-Executive Director)

B L Farrell (Non-Executive Director)

Company Secretary

B D Dickson

Registered Office and Principal Place of Business

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Share Registry

Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross WA 6153

Auditors

Hewitt, Turner & Gelevitis
Suite 4, 1st Floor
63 Shepperton Road
Victoria Park WA 6100

Bank

National Australia Bank
Level 1 Gateway Building
177-179 Davy Streets
Booragoon WA 6154

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EZENET LIMITED DIRECTORS' REPORT

Your directors submit their report on the consolidated entity (referred to hereunder as the group) consisting of Ezenet Limited and the entities it controlled at the end of, or during, the year ended 30 June 2011.

DIRECTORS

The names and details of the directors of Ezenet Limited in office during the whole of the financial year and until the date of this report are as follows:

W G Martinick B.Sc, Ph.D. (Executive Chairman and Managing Director)

Dr Wolf Martinick was appointed a director and chairman on 13 January 2003. On 8 August 2011 Dr Martinick was appointed Managing Director. He is an environmental scientist with over 40 years experience in mineral exploration and mining projects around the world, attending to environmental, water, land access and indigenous people issues. He has conducted due diligence on mining projects around the world on behalf of international financial institutions and resource companies for a variety of transactions including listings on international stock exchanges, mergers and debt financing. He is a Fellow of the Australian Institute of Mining and Metallurgy.

Dr Martinick is a founding director and chairman of Weatherly International plc, an AIM listed company with copper mines in Namibia; the Ezenet Group holds approximately 18.3 million shares in Weatherly. Previously Dr Martinick was a founding director of Basin Minerals Limited, an ASX listed mineral exploration company that discovered a world-class mineral project in Victoria, Australia, that was acquired by Iluka Resources Limited in 2003. He is currently a director of the ASX listed companies: Sun Resources Limited (appointed 19 February 1996) and Azure Minerals Ltd (appointed 1 September 2007). During the last three years Dr Martinick was also a director of Carbine Resources Limited (resigned 4 November 2008), Windimurra Vanadium Ltd (resigned 2 October 2009) and Uran Limited (resigned 12 November 2010).

G R O'Dea (Non-Executive Director)

Mr Ross O'Dea was appointed a director on 7 March 2002 and Managing Director on 1 September 2007. On 8 August 2011 Mr O'Dea resigned as Managing Director. He is a former Business Development Manager for The West Australian Newspaper with 35 years media experience in radio, television, press and outdoor advertising. Mr O'Dea was contracted to the TAB Western Australia as Manager, Media Services, a contract which concluded on 11 June 2004. Mr O'Dea was appointed managing director on 1 September 2007 and was responsible for the overall performance of the Ezenet Group until his resignation as Managing Director on 8 August 2011.

Mr O'Dea holds no other directorships in listed companies.

D H Ward Assoc. Admin., Assoc. Acctg., FTIA, ACA. (Non-Executive Director)

Mr David Ward was appointed a director on 22 July 2005. After service in the Australian Army, Mr Ward graduated from the WA Institute of Technology in Accounting and Business Administration, and trained as an Auditor and Tax Agent. Having established the "Tax Hut" tax and accounting centres in 1995, he practices in West Perth and participates in organisations providing commercial and social dispute resolution.

Mr Ward has no other directorships in listed companies.

B L Farrell B.Sc (Hons Econ Geol), M.Sc, Ph.D, FAIMM, MICA, CPGeol, MIMM, CEng.

(Non-Executive Director)

Dr Brad Farrell was appointed a director on 8 August 2011. Dr Farrell has had 41 years experience in resource exploration and senior project management and evaluation. During this time he has managed numerous and extensive exploration programs within Australia and overseas for a variety of mineral commodities for both major and junior exploration companies. Some of these programs have resulted in significant discoveries, which are currently in production or will see future production. He is a Fellow of the Australian Institute of Mining and Metallurgy, a Chartered Professional Geologist of that body, Member of Mineral Industry Consultants Association, a Member of the Institution of Mining and Metallurgy and a Chartered Engineer of that body.

Dr Farrell is also a founding director and the chairman of ASX listed company, Sun Resources Limited.

EZENET LIMITED DIRECTORS' REPORT (Continued)

COMPANY SECRETARY

S Watson LL.B., B.Ec. (resigned 8 August 2011)

Mr Simon Watson was appointed the Company Secretary of Ezenet Limited in April 2003. Mr Watson holds degrees in Law and Economics. He is a Notary Public and practices as a specialist Solicitor in the field of international and national Commercial Law. Mr Watson resigned as Joint Company Secretary on 8 August 2011.

B D Dickson BBus, CPA

Mr Brett Dickson was appointed Joint Company Secretary on 1 July 2009. He is a Certified Practising Accountant with a Bachelors degree in Economics and Finance from Curtin University and has over 20 years experience in the financial management of companies, principally companies in early stage development of its resource or product, and offers broad financial management skills. He has been Chief Financial Officer for a number of resource companies listed on the ASX. In addition he has had close involvement with the financing and development of a number of greenfield resources projects.

INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY

As at the date of this report the interests of the directors in the securities of the company were:

	<u>Number of Ordinary Shares</u>	<u>Number of Options over Ordinary Shares</u>
W G Martinick *	32,508,160	-
G R O'Dea	898,425	-
D H Ward **	2,491,364	-
B L Farrell ***	13,759,327	-

*Shares are held by W G Martinick and Martinick Investments Pty Ltd ATF the Martinick Superannuation Fund.

**Shares are held by D H Ward and Blackwood Business Services Pty Ltd ATF Ward Superannuation Fund.

*** Shares are held by Inkjar Pty Ltd and Suparell Pty Ltd.

INTERESTS IN CONTRACTS OR PROPOSED CONTRACTS WITH THE COMPANY

During or since the end of the financial year, no director has had any interest in a contract or proposed contract with the company being an interest the nature of which has been declared by the director in accordance with Section 300(11)(d) of the Corporations Act 2001.

DIRECTORS' MEETINGS

During the year 5 directors' meetings were held. The number of meetings attended by each director was as follows:

	<u>No. of meetings held while in office</u>	<u>Meetings attended</u>
W G Martinick	5	5
G R O'Dea	5	4
D H Ward	5	5

As at the date of this report, the company did not have audit, remuneration or nomination committees, as the directors believe the size of the company does not warrant their existence.

DIVIDENDS PAID OR PROPOSED

The company has not paid any dividends since the commencement of the financial year, and no dividends are proposed to be paid.

EZENET LIMITED
DIRECTORS' REPORT (Continued)

CORPORATE INFORMATION

The Financial Statements of Ezenet Limited for the year ended 30 June 2011 were authorised for issue in accordance with a resolution of the directors on 23 September 2011. The group's functional and presentation currency is AUD (\$).

Ezenet Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

Principal Activities

The principal activity during the year of the group was investment in the mining and resource sector.

The group's business is conducted from operations located in Australia and more recently in Chile through its 100% owned subsidiary Green Mining Limitada.

Employees

Other than the Directors the group employed 1 person at 30 June 2011 (2010: Nil).

OPERATING AND FINANCIAL REVIEW

Group Overview

Ezenet Limited is a company limited by shares and is incorporated and domiciled in Australia.

At the date of this report the Group is reviewing a number of opportunities for both direct and indirect investment in the resources sector.

Operating Results

The group's revenue was \$634,660 and the profit was \$412,492 for the financial year.

	2011	2010
	\$	\$
Operating revenue	634,660	55,316
Operating profit/(loss)	412,292	(754,201)

Year in Review

Group

Cash has been conserved during the year and at 30 June 2011 the cash balance stood at \$1,519,421.

Investments

At year end the Group holds the following investments in listed securities:

Investment	Number of shares held	Value at 30 June 2011
Weatherly International plc	18,281,200	2,661,344
Dundee Precious Metals Inc	72,392	546,294
Island Gas Resources plc	60,000	57,596
Allied Gold Limited	100,000	49,331

EZENET LIMITED DIRECTORS' REPORT (Continued)

Ghazal Minerals Limited and Uranium Exploration

Early in 2010 the Company reached agreement with the shareholders of Mauritanian uranium explorer, Ghazal Minerals Limited ("Ghazal"), to increase its stake in Ghazal from 23% to 100%. The agreements were subject to a number of regulatory approvals which were obtained in early 2011 and effective 21 March 2011 Ghazal became a 100% subsidiary of Ezenet.

Ghazal holds rights to two exploration licences, EL276 (Bir Moghreïn) and EL277 (Agouyme) in northern Mauritania, an emerging uranium province. The licences, covering approximately 544km², are highly prospective for uranium and were farmed out to Aura Energy Limited in May 2010. Aura Energy is a uranium explorer and has assembled properties in Australia, Sweden and Africa with a management team and staff highly experienced in uranium exploration, including involvement in a number of historical discoveries. To earn an initial 55% participating interest in the two tenements Aura Energy must spend A\$2,000,000 by May 2014. Aura Energy can earn an additional 15% participating interest by spending a further A\$2,000,000, taking its total equity to 70%.

Aura Energy completed an initial field programme of trenching and sampling, together with ground geophysics to determine the nature of the anomalies, and the style and grade of uranium mineralisation present. Although this work tested only a small proportion of the anomalous area the programme confirmed the presence of strong uranium mineralisation in the permits.

The trenching was conducted over selected radiometric anomalies within the Joint Venture permits. Trenches were shallow, averaging 1.1 metres in depth. Samples within trenches were collected generally at 40 metres spacing. Uranium was determined by pressed pellet XRF analysis.

The strongest uranium values in trenches were obtained on the Agouyme permit. The sampling at Agouyme was conducted over an area of approximately 700 metres by 400 metres. 29 of the 32 separate trench sites on the southern Agouyme Permit contained visible carnotite uranium mineralisation. Of the 34 samples collected from these sites 79% contained >100 ppm U₃O₈, and had an average grade of 550 ppm U₃O₈. The maximum U₃O₈ value obtained was 2060 ppm U₃O₈, associated with syenitic granite.

On the other Joint venture permit, Bir Moghreïn, 70 kilometres north of Agouyme, trenching identified calcrite-type uranium mineralisation in several areas within the geophysical anomalies. Assay values in samples from these trenches contained up to 350 ppm U₃O₈. Here the majority of samples were in massive crystalline calcrite, and in the majority of cases the trenches were not able to penetrate sufficiently deeply to test the bedrock where mineralisation occurs in the Agouyme permit.

Chuminga

In June 2011 Ezenet executed an agreement ("Agreement") with the Chilean company SCM Compania Minera Chuminga ("Vendor"), a member of the well known Chilean Errazuriz Hochschild mining Group of Companies, to acquire a 100% interest in the advanced and highly prospective Chuminga Copper - Gold Project ("Project") in the Second Region of Chile.

The Project is located on the Pacific coast of Chile, about 115km south of the port city of Antofagasta within a region containing large, world class copper mines, such as Mantos Blancos, Chuquicamata and Escondida. It comprises two granted Exploitation Concessions (Chumi 1 and Chumi 2) covering an area of 600ha, plus an adjoining Exploitation Concession Application (Chumi 3) of a further 300ha.

The Chuminga Copper - Gold Project has a potential exploration target of 50 - 60 million tonnes at 1.0 - 1.1% Cu, 0.40 - 0.50 g/t Au, and 1% Zn which has been indicated from both surface exploration, involving prospecting and trenching, and underground exploration by three tunnels on a copper-gold stock work breccia body which has a width of 60 to 100m and strike extent of 800 to 1,200m. (The potential quantity and grade of the target is conceptual in nature, as there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.) Ezenet will commence a detailed ground geophysical program involving induced polarisation and magnetics in late July this year, over the 1,200m strike of mineralised breccia, specifically to produce a detailed 3D IP and magnetic model of the main area of mineralisation to assist planning of drilling anticipated for the September quarter.

EZENET LIMITED

DIRECTORS' REPORT (Continued)

Pursuant to the Agreement, Ezenet has the right, through its wholly owned subsidiary Green Mining Limitada, to acquire a 100% interest in the Project for a total consideration of US \$6.3 million on the following terms –

- (a) Upon payment of US\$1.3 million, payable as US\$1 million in cash (paid on 20 June 2011) and US\$300,000 in Ezenet shares (at A\$0.05 per share) (“Initial Shares”), Ezenet shall acquire
 - i. the right to acquire a 20 % interest in the Project transferable to Ezenet upon shareholder approval of the change of activities of the Company;
 - ii. the right to carry out further due diligence on the Project and such further exploration as it deems necessary over a period of 18 months; and
 - iii. an option to acquire the balance of 80% of the Project (“Option”), subject to satisfactory legal due diligence as to title, and shareholder approval to the issue of the Initial Shares under ASX Listing Rule 7.1 .
- (b) Upon Ezenet obtaining shareholder approval to the change of activities of the Company, and upon the issue of the Initial Shares, Ezenet shall be entitled to receive transfer of a 20% interest in the Project.
- (c) Subject to obtaining the requisite shareholder approval, the Company shall be entitled to exercise the Option within a period of 18 months from 30 June 2011, for a consideration of US\$5 million payable, at the Vendor’s election, in cash or a combination of cash and Ezenet shares (at A\$0.05 per share), provided that:
 - i. the Vendor may acquire no more than 19.9% of the issued share capital of the Company in total (calculated as at the date of execution of the Agreement); and
 - ii. if, after the Company has acquired the remaining 80% of the Project, the Vendor holds less than 19.9% of the issued share capital of the Company (for example, because of dilution through capital raisings after the date of the Agreement) the Vendor may subscribe for Ezenet shares to achieve a shareholding of 19.9% of the Company at a price per share equal to 90% of the volume weighted average price of Ezenet shares traded on ASX over the 10 trading days prior to the date upon which the Company exercises the Option.
- (d) If Ezenet exercises the Option, and the Project is not in production by 31 December 2018, Ezenet must pay the Vendor \$250,000 annually commencing on 1 January 2019 and ending upon the commencement of production from the Project.
- (e) Ezenet shall pay the Vendor a royalty of 1% of the net smelter return from the Project.

Ezenet completed legal due diligence on the title of the mining concessions comprising the Chuminga Copper Gold Project (“Project”) with no adverse findings and determined that it will progress to the next stage of acquisition. In accordance with the terms of the agreement, Ezenet has made the initial payment to the Vendor of US\$1million. Subject to Ezenet shareholder approval, Ezenet will issue to the Vendor US\$300,000 in Ezenet fully paid ordinary shares at A\$0.05 per share to acquire an initial 20% interest in the Project.

Scheduling and planning of project due diligence work has commenced with the aim of:

- Completing, as soon as possible, a detailed ground geophysical programme, including induced polarisation (IP) and magnetic surveys over the entire tenement area and specifically over the 1200m strike of mineralised breccia.
- Producing a detailed 3D IP and magnetic model of the main area of Project mineralisation.
- Road construction for drilling rig access.
- Defining a comprehensive drilling programme for commencement in the 4th quarter of 2011.

EZENET LIMITED
DIRECTORS' REPORT (Continued)

The Vega Project

In addition to the Chuminga project the Company has executed an agreement (“Agreement”) with the Chilean company Compania Calcia Limitada (“Vendor”), to acquire a 100% interest in the Project comprising 10 gold Exploration Concessions covering an area of 28km² located 22km north of the El Indio Gold Mining Centre in the Fourth Region of Chile.

The Vega Project lies in the El Indio Gold Corridor in which there are large historic (El Indio - Tambo) and current (Pascua Lama - Veladero) gold mining centres.

This region has seen the discovery of approximately 50 million ounces of gold and 900 million ounces of silver resources primarily by Barrick Gold Corporation, the dominant miner in the region.

The exploration target is an undrilled, highly anomalous epithermal system emplaced within the Sancarron caldera ring fault, a geological setting similar to other nearby late Tertiary (5-7 million year old) gold bearing volcanic and volcano-clastic rocks. Twenty kilometres to the south of Vega lies the El Indio Gold Mining Centre which produced 4.5 million ounces of gold, 25 million ounces of silver and 472,000 tonnes of copper from underground and open pit operations in its 23 year life from 1979 to 2002 (16.8 million tonnes mined at an overall recovered grade of 8.33 g/t Au, 46.3 g/t Ag and 2.81% Cu).

Clear drill targets are evident from a CSAMT geophysical survey carried out over the highly anomalous epithermal system and are a priority for drilling in the coming Andean field season in the period October 2011 to April 2012.

Ezenet has agreed to acquire 100% of the Project on the following key terms:

1. Settlement of the acquisition of the Project is conditional upon:
 - (a) the Company obtaining all necessary shareholder approvals required by the Corporations Act and Listing Rules in relation to the transaction;
 - (b) the Company receiving conditional approval from the ASX for the re-quotations of its shares on ASX following the Company approving a change to the nature and scale of its activities under the Listing Rules;
 - (c) the Company completing due diligence on the exploration concessions to its satisfaction; and
 - (d) the parties obtaining all necessary government approvals;
2. The consideration payable for the acquisition of the Project is as follows:
 - (a) upon satisfactory legal due diligence as to title, to be satisfied by no later than 30 June 2011, payment on a non refundable basis of:
 - (i) all mining exploration taxes outstanding at the date of execution of the Agreement (approximately US\$5,000); and
 - (ii) US\$20,000 in cash;
 - (b) on the earlier of the Settlement Date or 15 August 2011, payment of US\$20,000 in cash on a non refundable basis;
 - (c) 12 months after the Settlement Date :
 - (i) US\$50,000 cash; and
 - (ii) US\$50,000 in cash or Ezenet Shares in such proportions as Ezenet may elect in its sole discretion; and
 - (d) subject to paragraph 2(e) below, on every anniversary of the Settlement Date with effect from the date two years after the Settlement Date:
 - (i) a cash payment that is US\$5,000 more than the amount of the cash payment in the previous year (that is, a payment of US\$55,000 on the second anniversary, a payment of US\$60,000 on the third anniversary, and so on); and,

EZENET LIMITED

DIRECTORS' REPORT (Continued)

- (ii) a payment of US\$5,000 in cash or Ezenet Shares (in the absolute discretion of Ezenet) more than the amount of cash and shares payable in the previous year (that is, a cash payment or share issue of US\$55,000 on the second anniversary, a cash payment or share issue of US\$60,000 on the third anniversary, and so on);
 - (e) subject to Ezenet's right to make payment in full satisfaction of its obligations as outlined in paragraph 2 below, the payments due in terms of paragraphs 1(c) and 1(d) above shall be payable until the Royalty referred to in paragraph 1(f) on an annualised basis is equal to or exceeds the annual payments referred to in paragraphs 1(c) and 1(d) above; and
 - (f) subject to Ezenet's right to make payment in full satisfaction of its obligations as outlined in paragraph 3 below, a Royalty payable on a quarterly basis equal to 3% of the Net Smelter Return derived from the Concessions in any quarter from the beginning of production; and
3. Ezenet has the right at any time after Settlement to make a payment of US\$3 million in full and final satisfaction of its obligations under the Agreement.

Establishment of Chilean Operations

Ezenet has identified several promising copper-gold and gold exploration prospects in Chile and firmly believes that Chile, with its strong mining culture, political and financial stability, good infrastructure and excellent service industries, provides exciting opportunities for junior resource companies. To pursue such opportunities the Company has:

- (a) Registered a wholly owned subsidiary company in Chile known as Green Mining Ltda,
- (b) Established an office in Santiago, the capital of Chile; and
- (c) Employed an experienced Chilean project engineer as general manager to represent its interests in the country.

Placement and Broker Mandate

On 10 June 2011 to supplement working capital, the Company completed a placement of 23.6 million Ezenet shares at 4 cents per share, to raise approximately \$900,000, to sophisticated clients of D J Carmichael. The Company has agreed, subject to shareholder approval, to grant to D J Carmichael 7.5 million Ezenet options exercisable at 5 cents over a period of 4 years as part consideration for services to be rendered in terms of an agreed mandate to raise due diligence funds and provide corporate assistance in the transition to the mining board of ASX.

Change of Activities

As the proposed acquisition of the Chuminga and Vega projects constitutes a change in the nature of the Company's activities, Ezenet is required, pursuant to Listing Rule 11 of the ASX Listing Rules, to obtain approval from Ezenet's shareholders at a general meeting and re-comply with ASX Listing Rules 1 and 2. If the transaction is approved by Ezenet's shareholders, the Company's securities will be suspended from trading following the general meeting until the requirements of Chapters 1 and 2 of the Listing Rules have been satisfied.

Further information regarding the acquisition and the change of activities will be available in the notice of meeting convening the general meeting which will be dispatched to shareholders in accordance with ASX Listing Rules.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than set out above there has been no significant change in the state of affairs of the group during the year and to the date of this report.

SIGNIFICANT CHANGES AFTER THE BALANCE DATE

No matter or circumstance has arisen since the end of the financial year, not already disclosed in this Directors' Report, which significantly affected or may significantly affect the operations of the group, the results of those operations, or the state of affairs of the group in future financial years.

**EZENET LIMITED
DIRECTORS' REPORT (Continued)**

LIKELY DEVELOPMENTS

The group will continue to investigate new business opportunities, particularly in the resources sector.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During or since the financial year, the company has paid premiums in respect of a contract insuring all the directors of Ezenet Limited against legal costs incurred in defending proceedings for conduct involving:

- (a) a wilful breach of duty; or
- (b) a contravention of sections 182 or 183 of the *Corporations Act 2001* , as permitted by section 199B of the *Corporations Act 2001* .

The total amount of insurance contract premiums paid was \$14,930 (2010: \$14,800).

ENVIRONMENTAL REGULATION AND PERFORMANCE

The company is subject to significant environmental regulation in respect to its exploration activities.

The company aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all environmental legislation. The directors of the company are not aware of any breach of environmental legislation for the year under review. 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. The directors have assessed that the Company has no current reporting requirements, but may be required to report in the future

REMUNERATION REPORT (Audited)

This remuneration report outlines the director and executive remuneration arrangements of the Company and the Group in accordance with the requirements of the Corporations Act 2001 and its Regulations. For the purposes of this report, key management personnel (KMP) of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company, and includes the five executives in the Parent and the Group receiving the highest remuneration.

For the purposes of this report, the term 'executive' encompasses the chief executive, senior executives, general managers and secretaries of the Parent and the Group.

Details of key management personnel

(i) Directors

W G Martinick	Chairman and Managing Director – <i>appointed Managing Director on 8 August 2011</i>
G R O'Dea	Director (Non-Executive) – <i>resigned as Managing Director on 8 August 2011</i>
D H Ward	Director (Non-Executive)
B L Farrell	Director (Non-Executive) – <i>appointed 8 August 2011</i>

(ii) Executives

S M O Watson	Joint Company Secretary - <i>resigned 8 August 2011</i>
B D Dickson	Joint Company Secretary

**EZENET LIMITED
DIRECTORS' REPORT (Continued)**

REMUNERATION REPORT (Audited) (Continued)

Remuneration philosophy

The Board of Directors is responsible for determining and reviewing compensation arrangements for the directors. The Board assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team. Such officers are given the opportunity to receive their base emolument in a variety of forms including cash and other non-cash payments. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the company.

To assist in achieving these objectives, the Board links the nature and amount of executive directors' and officers' emoluments on an annual basis based on individual performance and market conditions.

Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive director and executive remuneration is separate and distinct.

Compensation of Directors and Executive Officer

(i) Compensation Policy

The Board of Directors of Ezenet Limited is responsible for determining and reviewing compensation arrangements for the directors and the managing director.

(ii) Non-Executive Director Compensation

Objective

The Board seeks to set aggregate compensation at a level that provides the company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

Structure

The Constitution and the ASX Listing Rules specify that the aggregate compensation on non-executive directors shall be determined from time to time by a general meeting.

Structure (Continued)

The amount of aggregate compensation sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers advice from external consultants as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

Non-executives directors have long been encouraged by the Board to hold shares in the company (purchased by the director on market). It is considered good governance for directors to have a stake in the company on whose board they sit.

At the Board meeting on 2 August 2007 it was decided to allow for directors' fees of \$25,000 per annum to be paid from 1 December 2007 to Non-Executive Directors.

(iii) Executive Compensation

Objective

The entity aims to reward executives with a level and mix of compensation commensurate with their position and responsibilities within the entity so as to:

- align the interests of executives with those of shareholders; and
- ensure total compensation is competitive by market standards.

EZENET LIMITED
DIRECTORS' REPORT (Continued)

REMUNERATION REPORT (Audited) (Continued)

Structure

The Board periodically assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team. Such officers are given the opportunity to receive their base emolument in a variety of forms including cash and other non-cash benefits. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the company.

(iv) Fixed Compensation

Objective

Fixed compensation is reviewed annually by the Board. The process consists of a review of individual performance, relevant comparative compensation in the market and internally and, where appropriate, external advice on policies and practices.

Structure

Executives are given the opportunity to receive their fixed remuneration in a variety of forms including cash and other non-cash benefits.

(v) Variable Compensation

Objective

The objective is to link the achievement of the company's targets with the compensation received by the executives charged with meeting those targets.

Currently, the company does not restrict executives from entering into arrangements to protect the value of unvested Long Term Incentives. However, under the Securities Dealing Policy, members of the Board are required to advise the Company Secretary of any shareholdings including any hedging arrangements.

Share-based compensation

Options or shares may be issued to directors and executives as part of their remuneration. The options or shares are not issued based on performance criteria, but are issued to the directors and executive of Ezenet Limited to increase goal congruence between executives, directors and shareholders.

There were no options granted to or vesting with key management personnel during the current and previous year.

Structure

Actual payments granted to each Key Management Personnel are determined by the Board who meet periodically to assess the achievements of the company's targets. There are currently no targets established.

Employment contracts

There are no employment contracts in place.

EZENET LIMITED
DIRECTORS' REPORT (Continued)

REMUNERATION REPORT (Audited) (Continued)

Compensation of Key Management Personnel (Consolidated and Parent)

Compensation of each director and the executive officer of the parent and group are as follows:

	Short term		Post employment	Share based payments	Total	Total performance related
	Salaries and fees	Non Monetary Benefit ¹	Super-annuation	Shares		
30 June 2011	\$	\$	\$	\$	\$	
Directors						
W G Martinick	110,992	3,046 ¹	9,908	-	123,046	-
G R O'Dea	22,936	3,046 ¹	2,064	-	28,046	-
D H Ward	-	3,046 ¹	25,000	-	28,046	-
B L Farrell ²	-	-	-	-	-	-
Executive Officer						
S M O Watson	-	3,046 ¹	-	-	3,046	-
B D Dickson	76,000	3,046 ¹	-	-	79,046	-
Total	209,028	15,230	36,972	-	261,230	-

	Short term		Post employment	Share based payments	Total	Total performance related
	Salaries and fees	Non Monetary Benefit ¹	Super-annuation	Shares		
30 June 2010	\$	\$	\$	\$	\$	
Directors						
W G Martinick	79,118	2,986 ¹	39,082	-	121,186	-
G R O'Dea	22,936	2,986 ¹	2,064	-	27,986	-
D H Ward	-	2,986 ¹	25,000	-	27,986	-
Executive Officer						
S M O Watson	-	2,986 ¹	12,500	-	15,486	-
B D Dickson	78,000	2,986 ¹	-	-	80,986	-
Total	180,054	14,930	78,646	-	273,630	-

1. The Non Monetary Benefit relates to the Directors Indemnity Insurance
2. Appointed on 8 August 2011

Compensation Options: Granted and Vested during the year.

There were no options granted to or held by directors or named executives during the year (2010: Nil).

EZENET LIMITED
DIRECTORS' REPORT (Continued)

REMUNERATION REPORT (Audited) (Continued)

Shareholdings of Key Management Personnel

2011	Balance 1 July 10 Number	Granted as Remuneration Number	On Exercise of Options Number	Net Change Other Number	Balance 30 June 11 Number
Specified Directors					
W G Martinick	29,351,141	-	-	3,157,019	32,508,160
Held by spouse and children of WG Martinick	308,916	-	-	(220,313)	88,603
G R O'Dea	898,425	-	-	-	898,425
Held by spouse and children of GR O'Dea	2,231,838	-	-	-	2,231,838
D H Ward	2,491,364	-	-	-	2,491,364
Specified Executives					
S M O Watson	7,031,058	-	-	-	7,031,058
B D Dickson	1,250,000	-	-	(5,000)	1,245,000
Total	43,562,742	-	-	2,931,706	46,494,448

2010	Balance 1 July 09 Number	Granted as Remuneration Number	On Exercise of Options Number	Net Change Other Number	Balance 30 June 10 Number
Specified Directors					
W G Martinick	16,197,331	-	-	13,153,810	29,351,141
Held by spouse and children of WG Martinick	208,916	-	-	100,000	308,916
G R O'Dea	898,425	-	-	-	898,425
Held by spouse and children of GR O'Dea	2,231,838	-	-	-	2,231,838
D H Ward	2,066,424	-	-	424,940	2,491,364
Specified Executives					
S M O Watson	5,124,846	-	-	1,906,212	7,031,058
B D Dickson	-	-	-	1,250,000	1,250,000
Total	26,727,780	-	-	16,834,962	43,562,742

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of the company support and have adhered to the principles of corporate governance. The company's corporate governance statement is contained in the additional Australian Stock Exchange information section of this annual report.

SHARE OPTIONS

At the date of this report, there were no share options outstanding.

AUDITOR'S INDEPENDENCE DECLARATION

We have obtained an independence declaration from our auditors, Hewitt, Turner & Gelevitis, as presented on page 15 of this Annual Report.

NON AUDIT SERVICES

There were no non-audit services provided by the entity's auditor, Hewitt, Turner & Gelevitis.

Signed in accordance with a resolution of the directors



W G Martinick
 Director
 Perth, 26 September 2011

**EZENET LIMITED
DIRECTORS' DECLARATION**

In accordance with a resolution of the directors of Ezenet Limited, I state that:

- 1) In the opinion of the directors:
 - (a) the financial statements, notes and additional disclosures included in the directors' report designated as audited, of the company and of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2011 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards which, as stated in accounting policy Note 2 to the Financial Statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS), and Corporations Regulations 2001; and
 - (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
- 2) This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2011.

On behalf of the Board



W G Martinick
Director
Perth, 26 September 2011

**AUDITOR'S INDEPENDENCE DECLARATION UNDER S307C OF THE
CORPORATIONS ACT 2001 TO THE DIRECTORS OF EZENET LIMITED
AND CONTROLLED ENTITIES**

Suite 4, 1st Floor
63 Shepperton Road
Victoria Park
Western Australia 6100
Telephone: (08) 9362 5855
Facsimile: (08) 9362 5186
Email: htg@htgbdc.com
Website: www.htgbdc.com
ABN: 78 607 011 001
PO Box 199
Victoria Park
Western Australia 6979

I, declare that, to the best of my knowledge and belief, during the year ended 30 June 2011 there have been:

- i. no contraventions of the auditor's independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

**HEWITT
TURNER &
GELEVITIS**

HEWITT TURNER & GELEVITIS



.....
TIMOTHY TURNER
REGISTERED COMPANY AUDITOR

Dated in Perth this 26th day of September 2011.



**BUSINESS
DEVELOPMENT
CONSULTANTS**

*Capital Raising
Wealth Creation
Asset Protection
Audit Assurance
Taxation Advisors
Strategic Planning
Accounting Services
Management Consultancy*

PRINCIPALS

Timothy Turner
B.BUS (ACC), FCPA,
FTIA
Registered Company Auditor

Vick Gelevitis
B.BUS (ACC), FCPA,
NTAA, FTIA

Darryl Rodrigues
B.Sc, B.BUS (ACC), CPA

Hewitt Turner & Gelevitis
is a CPA Practice



Liability Limited by a scheme
approved under Professional
Standards Legislation

EZENET LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR YEAR ENDED 30 JUNE 2011

	Notes	CONSOLIDATED	
		2011	2010
		\$	\$
Continuing operations			
Revenue			
Interest Received	3	88,462	55,316
Dividends Received	3	546,198	-
Gain from subsidiary purchase	28	328,850	-
Depreciation	10	(1,368)	(1,144)
Consultants' fees		(378,699)	(165,229)
Directors' fees		(170,000)	(165,781)
Travel expenses		(110,565)	(143,621)
Other expenses		(409,417)	(121,571)
Profit/(Loss) from continuing operations before income tax		(106,539)	(542,030)
Income tax credit/(expense)	6	518,831	27,270
Profit/(Loss) from continuing operations after income tax		412,292	(514,760)
Discontinued Operations			
Profit/(Loss) from discontinued operations after income tax	5	-	(239,441)
Net Profit/(Loss) for the period		412,292	(754,201)
Other comprehensive income			
Exchange differences in translating foreign controlled entities		(15,363)	-
Changes to available-for-sale financial assets, net of tax		1,210,604	308,410
Total other comprehensive income net of tax		1,195,241	308,410
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		1,607,533	(445,791)
<i>Earnings per share from continuing operations attributable to the ordinary equity holder of the parent</i>			
Basic earnings/(loss) per share (cents)	22	0.28	(0.43)
Diluted earnings/(loss) per share (cents)	22	0.28	(0.43)
<i>Earnings per share for profit/(loss) attributable to the ordinary equity holder of the parent</i>			
Basic earnings/(loss) per share (cents)	22	0.28	(0.63)
Diluted earnings/(loss) per share (cents)	22	0.28	(0.63)

The Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

EZENET LIMITED
STATEMENT OF FINANCIAL POSITION
AT 30 June 2011

	Notes	CONSOLIDATED	
		2011	2010
		\$	\$
ASSETS			
Current assets			
Cash and cash equivalents	18	1,519,421	2,428,947
Receivables	7	23,056	17,866
Other	8	5,881	5,711
Total current assets		<u>1,548,358</u>	<u>2,452,524</u>
Non-current assets			
Available-for-sale financial assets	9	4,257,225	1,038,933
Plant and equipment	10	1,576	2,944
Exploration & evaluation expenditure	11	900,000	-
Total non-current assets		<u>5,158,801</u>	<u>1,041,877</u>
Total assets		<u>6,707,159</u>	<u>3,494,401</u>
LIABILITIES			
Current liabilities			
Payables	14	279,042	150,157
Provisions	15	7,229	-
Total current liabilities		<u>286,271</u>	<u>150,157</u>
Total liabilities		<u>286,271</u>	<u>150,157</u>
Net assets		<u>6,420,888</u>	<u>3,344,244</u>
EQUITY			
Issued capital	16	12,081,365	10,612,254
Reserves	17	2,453,474	1,258,233
Accumulated losses		(8,113,951)	(8,526,243)
Total equity		<u>6,420,888</u>	<u>3,344,244</u>

The Statement of Financial Position should be read in conjunction with the accompanying notes.

EZENET LIMITED
STATEMENT OF CASH FLOWS
FOR YEAR ENDED 30 JUNE 2011

	Notes	CONSOLIDATED	
		2011	2010
		\$	\$
Cash flows from operating activities			
Receipts from customers			-
Payments to suppliers and employees		(966,736)	(631,856)
Interest received		88,463	55,316
Net cash flows from/(used in) operating activities	18	(878,273)	(576,540)
Cash flows from investing activities			
Payment for property, plant and equipment		-	(998)
Payment for investments		(942,660)	-
Proceeds from subsidiary sale, net of cash sold		-	252,484
Loan to related party		-	(351,453)
Repayment of loan from related party		-	376,600
Cash acquired through acquisition of subsidiary	28	37,060	-
Net cash flows from investing activities		(905,600)	276,633
Cash flows from financing activities			
Proceeds from issue of ordinary shares		946,500	1,503,059
Payments for cost of equity raising		(56,790)	(60,153)
Net cash flows from/(used in) financing activities		889,710	1,442,906
Net increase/(decrease) in cash and cash equivalents		(894,163)	1,142,999
Cash and cash equivalents at the beginning of the financial year		2,428,947	1,285,948
Effect of exchange rate changes on cash and cash equivalents		(15,363)	-
Cash and cash equivalents at the end of the financial year	18	1,519,421	2,428,947

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

EZENET LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR YEAR ENDED 30 JUNE 2011

CONSOLIDATED							
	Ordinary shares	Convertible notes Reserve	Available for sale Assets Reserve	Share option reserve	Foreign Currency Translation Reserve	Accumulated losses	Total
	\$	\$	\$	\$	\$	\$	\$
At 1 July 2010	10,612,254	136,403	63,630	1,058,200	-	(8,526,243)	3,344,244
Profit for the period	-	-	-	-	-	412,292	412,292
Other Comprehensive income	-	-	1,210,604	-	(15,363)	-	1,195,241
Total comprehensive income for the period	-	-	1,210,604	-	(15,363)	412,292	1,607,533
Transactions with owners in their capacity as owners							
Shares issued during the period	1,525,901	-	-	-	-	-	1,525,901
Transaction Costs	(56,790)	-	-	-	-	-	(56,790)
At 30 June 2011	12,081,365	136,403	1,274,234	1,058,200	(15,363)	(8,113,951)	6,420,888

CONSOLIDATED							
	Ordinary shares	Convertible notes Reserve	Available for sale Assets Reserve	Share option reserve	Foreign Currency Translation Reserve	Accumulated losses	Total
	\$	\$	\$	\$	\$	\$	\$
At 1 July 2009	9,169,348	136,403	(244,780)	1,058,200	-	(7,772,042)	2,347,129
Loss for the period	-	-	-	-	-	(754,201)	(754,201)
Other Comprehensive income	-	-	308,410	-	-	-	308,410
Total comprehensive loss for the period	-	-	308,410	-	-	(754,201)	(445,791)
Transactions with owners in their capacity as owners							
Shares issued during the period	1,503,059	-	-	-	-	-	1,503,059
Transaction Costs	(60,153)	-	-	-	-	-	(60,153)
At 30 June 2010	10,612,254	136,403	63,630	1,058,200	-	(8,526,243)	3,344,244

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

**EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2011**

1. CORPORATE INFORMATION

The Consolidated Financial report of Ezenet Limited for the year ended 30 June 2011 was authorised for issue in accordance with a resolution of the directors on 23 September 2011. The consolidated financial statements and notes represent those of Ezenet Limited and its controlled entities (the “Group”). The consolidated entity’s functional and presentation currency is AUD (\$). The separate financial statements of the parent entity, Ezenet Limited, have not been presented within this financial report as permitted by the Corporations Act 2001.

Ezenet Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

The nature of the operations and principal activities of the Group are described in the Directors’ Report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The Financial report is a general-purpose Financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board. The Financial report has also been prepared on an accruals basis and is based on historical cost basis, except for certain available-for-sale financial assets, which have been measured at fair value.

Australian Accounting Standards set out accounting policies that the AASB has concluded that would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial reports and notes also comply with International Financial Reporting Standards.

(b) Changes in Accounting Policy and Disclosures

The Group has adopted the following new and amended Australian Accounting Standards and Interpretations as of 1 July 2010.

- AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project
- AASB 2009-8 Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions [AASB 2]
- AASB 2009-9 Amendments to Australian Accounting Standards – Additional Exemptions for First-Time Adopters [AASB 1]
- AASB 2009-10 Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB 132]
- AASB 2009-13 Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1]
- AASB 2010-3 Amendments to Australian Accounting Standards arising from the Annual Improvements Project
- AASB Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments

The adoption of these Standards and Interpretations did not have a material impact on the financial statements of the Group.

(c) New Accounting Standards for Application in Future Periods

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. A discussion of those future requirements and their impact on the Group follows:

- AASB 9: Financial Instruments and AASB 2009-11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] (applicable for annual reporting periods commencing on or after 1 January 2013).
- These standards are applicable retrospectively and amend the classification and measurement of financial assets. The Group has not yet determined the potential impact on the financial statements.

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) New Accounting Standards for Application in Future Periods (continued)

The changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with-held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument; and
- reclassifying financial assets where there is a change in an entity's business model as they are initially classified based on:

- a. the objective of the entity's business model for managing the financial assets; and
- b. the characteristics of the contractual cash flows.

- AASB 124: Related Party Disclosures (applicable for annual reporting periods commencing on or after 1 January 2011).

This standard removes the requirement for government related entities to disclose details of all transactions with the government and other government related entities and clarifies the definition of a related party to remove inconsistencies and simplify the structure of the standard. No changes are expected to materially affect the Group.

- AASB 2009-12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011).

This standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the IASB. The standard also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. These amendments are not expected to impact the Group.

- AASB 2009-14: Amendments to Australian Interpretation - Prepayments of a Minimum Funding Requirement [AASB Interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2011).

This standard amends Interpretation 14 to address unintended consequences that can arise from the previous accounting requirements when an entity prepays future contributions into a defined benefit pension plan.

- AASB 1053: Application of Tiers of Australian Accounting Standards (applicable for annual reporting periods commencing on or after 1 July 2013).

This standard establishes a differential financial reporting framework consisting of two Tiers of reporting requirements for preparing general purpose financial statements:

- (a) Tier 1: Australian Accounting Standards
- (b) Tier 2: Australian Accounting Standards – Reduced

Tier 2 comprises the recognition, measurement and presentation requirements of Tier 1 and substantially reduced disclosures corresponding to those requirements. As a listed entity, the Group will be required to apply Tier 1 requirements.

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) New Accounting Standards for Application in Future Periods (continued)

- AASB 1054: Australian Additional Disclosures (applicable for annual reporting periods commencing on or after 1 July 2011).

This standard is a consequence of Phase 1 of the joint Trans-Tasman Convergence project of the AASB and FRSB. It relocates all Australian specific disclosures from other standards to one place and revises disclosures in certain areas.

- AASB 2010-2 to Australian Accounting Standards arising from reduced disclosure requirements (applicable for annual reporting periods commencing on or after 1 July 2013).

This standard makes amendments to many Australian Accounting Standards, reducing the disclosure requirements for Tier 2 entities, identified in accordance with AASB 1053. It is not expected to impact the Group.

- AASB 2010-4: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASBs 1, 7, 101, 134 and Interpretation 13] (applicable for annual reporting periods commencing on or after 1 January 2011).

These amendments emphasise the interaction between quantitative and qualitative AASB 7 disclosures and the nature and extent of risks associated with financial instruments, clarify that an entity will present an analysis of other comprehensive income for each component of equity, provide guidance to illustrate how to apply disclosure principles in AASB 134 for significant events and transactions, and clarify the calculation of fair value of award credits.

- AASB 2010-5: Amendments to Australian Accounting Standards [AASBs 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042] (applicable for annual reporting periods commencing on or after 1 January 2011).

This standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations. They have no major impact on the requirements of the amended pronouncements.

- AASB 2010-6: Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASBs 1 & 7] (applicable for annual reporting periods commencing on or after 1 July 2011).

The amendments increase the disclosure requirements for transactions involving transfers of financial assets.

- AASB 2010-7: Amendments to Australian Accounting Standards arising from AASB 9 [AASBs 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] (applicable for annual reporting periods commencing on or after 1 January 2013).

This standard clarifies the accounting for the fair value option for financial liabilities, so that the change attributable to changes in credit risk are presented in other comprehensive income and the remaining change is presented in profit or loss.

- AASB 2010-8: Amendments to Australian Accounting Standards – Disclosures Deferred Tax: Recovery of Underlying Assets [AASB 112] (applicable for annual reporting periods commencing on or after 1 January 2012).

The amendments address the determination of deferred tax on investment property.

- AASB 2011-1: Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence project [AASBs 1, 5, 101, 107, 108, 121, 128, 132, 134 and Interpretations 2, 112 & 113] (applicable for annual reporting periods commencing on or after 1 July 2011).

This standard amends many Australian Accounting Standards, removing the disclosures which have been relocated to AASB 1054.

**EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2011**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) New Accounting Standards for Application in Future Periods (continued)

- AASB 2011-2: Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence project – Reduced disclosure regime [AASBs 101& 1054] (applicable for annual reporting periods commencing on or after 1 July 2013).
This standard makes amendments to the application of the revised disclosures to Tier 2 entities that are applying AASB 1053. It is not expected to impact the Group.

Except where noted, the Group has not yet determined the potential impact of these new standards and interpretations on the financial statements.

(d) Basis of consolidation

The consolidated financial statements comprise the financial statements of Ezenet Limited and any subsidiary it controlled during the year (the Group).

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a group controls another entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

The investment in subsidiaries is carried at cost, less any impairment losses.

Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs in relation to the business combination are expensed to the statement of comprehensive income.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

(e) Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are described in Note 7 - Impairment of trade debtors and Note 9 – Impairment of available for sale financial assets.

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Rendering of services

Revenue is recognised as the services are provided.

Sale of goods

Revenue from the sale of goods is recognised when there is persuasive evidence, usually in the form of an executed sales agreement at the time of delivery of the goods to the customer, indicating that there has been a transfer of risks and rewards to the customer.

Interest

Revenue is recognised as the interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Dividends

Revenue is recognised when the entity's right to receive the payment is established.

(g) Borrowing costs

Borrowing costs are recognised as an expense when incurred.

(h) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as the lease income.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

(i) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at the bank and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2011**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment.

Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An impairment provision is raised when there is objective evidence that the group will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 90 days overdue are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rates.

(k) Foreign currency translation

Both the functional and presentation currency of Ezenet Limited and its Australian subsidiaries is Australian dollars (A\$).

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction.

All resulting exchange differences in the consolidated financial statements are taken to the income statement.

Group companies

The financial results and position of foreign operations, whose functional currency is different from the Group's presentation currency, are translated as follows:

- Assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
- Income and expenses are translated at average exchange rates for the period; and
- Retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognized in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. These differences are recognised in profit or loss in the period in which the operation is disposed.

(l) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period.

Deferred income tax is provided on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Income tax (continued)

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each end of the reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Tax consolidation legislation

Ezenet Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of 1 July 2003.

The head entity, Ezenet Limited and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

(m) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

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

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(n) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated on a reducing balance basis over the estimated useful life of the asset as follows:

- Office equipment and fittings - 2.5 to 5.0 years

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Investments and other financial assets

Investments and financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place.

Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified financial assets at fair value through profit or loss, held-to-maturity investments or loans and receivables. After initial recognition available-for sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair values of investments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the end of the reporting period. For investments with no active market, fair values are determined using valuation techniques. Such techniques include: using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible and keeping judgemental inputs to a minimum.

(p) Impairment of financial assets

Available-for-sale investments

If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost and its current value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the income statement. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit. Reversals of impairment losses for debt instruments are reversed through profit or loss if the increase in an instrument's fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

(q) Impairment of non financial assets

At each End of the reporting period, the Group assesses whether there is any indication that an asset may be impaired.

Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Where the carrying amount of an asset or cash generating unit exceeds its recoverable amount the asset or cash generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

(s) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised.

(t) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(u) Share-based payment transactions

The Group provides benefits to directors, employees and consultants of the Group (with shareholders' approval) in the form of share-based payment transactions, whereby directors, employees and consultants render services in exchange for options over shares ('equity-settled transactions').

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Ezenet Limited ('market conditions').

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each End of the reporting period until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition. Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) Employee leave benefits

(a) Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the End of the reporting period are recognised in other payables in respect of employees' services up to the End of the reporting period. They are measured at the amounts expected to be paid when the liabilities are settled.

(b) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the End of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the End of the reporting period on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(x) 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.

Effective 1 July 1998, the corporations legislation abolished the concepts of authorised capital and par value shares. Accordingly the company does not have authorised capital nor par value in respect of its issued capital.

(y) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;
- divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(z) Discontinued Operations

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale that represents a separate major line of business. The results of discontinued operations are presented separately in the income statement.

(aa) Associates

Associates are entities over which the Group has significant influence but not control or joint control generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the parent entity in the financial statements using the cost method and in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition (refer note 13).

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(aa) Associates (Continued)

The group's share of its associates post-acquisition profits or losses is recognised in the income statement and its share of post acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised in the parent entity's income statement, while in the consolidated financial statements they reduce the carrying value of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure constancy with the policies adopted by the Group.

(ab) Comparative figures

When required by accounting standards comparative figures have been adjusted to conform to changes in the presentation for the current financial year.

(ac) Exploration and development expenditure

Exploration and evaluation costs are written off in the year they are incurred apart from acquisition costs which are carried forward where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest or, where exploration and evaluation activities in the area of interest have not reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Where an area of interest is abandoned or the directors decide that it is not commercial, any accumulated acquisition costs in respect of that area are written off in the financial period the decision is made. Each area of interest is also reviewed at the end of each accounting period and accumulated costs written off to the extent that they will not be recoverable in the future.

Amortisation is not charged on costs carried forward in respect of areas of interest in the development phase until production commences.

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2011

	Note	2011	2010
		\$	\$
3. REVENUE			
From continuing operations			
Interest received		88,462	55,316
Dividends		546,198	-
		<hr/>	<hr/>
Other income			
Gain on re-measurement of equity investment due to business combination		328,850	-
4. EXPENSES AND LOSSES			
Profit/(loss) before income tax includes the following specific expenses			
Depreciation on equipment		1,368	1,144
Salaries & wages expenses		131,436	-
Operating lease rentals		12,630	4,800
Defined contribution superannuation plan expense		14,036	14,919
Provision for employee entitlements		7,229	-
Directors' benefit expense		155,964	165,781
5. DISCONTINUED OPERATIONS			
(a) Description			
On 30 April 2009 Ezenet Limited disposed of its operations segment by the sale of subsidiary Ezestream Pty Limited, which supplied digital movies to the hospitality, mining camps and health care clients.			
Financial information relating to the discontinued operations for the period to date of disposal is set out below. Further information is set out in note 20 – Segment Information.			
Impairment on retention monies held		-	(225,167)
Gain/(Loss) on the sale of the division before income tax		-	(14,274)
Income tax expense		-	-
Gain/(Loss) on the sale of the division after income tax		-	(239,441)
Profit/(Loss) from discontinued operation		-	(239,484)
Net cash inflow from operating activities		-	-
Net cash inflow/(outflow) from investing activities		-	252,484
Net cash inflow/(outflow) from financing activities		-	-
Net cash increase generated by the division		-	252,484

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2011

6. INCOME TAX

	2011	2010
	\$	\$
The major components of income tax expense are:		
Income Statement		
Deferred income tax benefit/(expense)	518,831	27,270
Income tax benefit/(expense) reported in the income statement	<u>518,831</u>	<u>27,270</u>
Comprising:		
Income tax benefit/(expense) attributable to continuing operations	518,831	27,270
Income tax benefit/(expense) attributable to discontinued operations	-	-
	<u>518,831</u>	<u>27,270</u>
Statement of Changes in Equity		
<i>Deferred income tax related to items charged or credited directly to equity</i>		
Unrealised gain on available-for-sale investments	(518,831)	(27,270)
Income tax (expense)/benefit reported in equity	<u>(518,831)</u>	<u>(27,270)</u>
A reconciliation between tax expense and the product of accounting profit/(loss) before income tax multiplied by the Group's applicable income tax rate is as follows:		
Accounting profit/(loss) before income tax	<u>(106,539)</u>	<u>(781,471)</u>
At the Group's statutory income tax rate	(31,962)	(234,441)
Adjustments in respect of current income tax of previous years	-	18,585
Expenditure not allowable for income tax purposes	33,035	725
Tax losses (recognised)/not brought to account	<u>(519,904)</u>	<u>187,861</u>
	<u>(518,831)</u>	<u>(27,270)</u>
Income tax (benefit)/ expense reported in the consolidated income statement	<u>(518,831)</u>	<u>(27,270)</u>
Deferred Income Tax		
Deferred income tax at 30 June relates to the following:		
<i>Deferred tax liabilities</i>		
Available-for-sale investments	801,538	278,564
Total deferred tax liabilities	<u>801,538</u>	<u>278,564</u>
<i>Deferred tax assets</i>		
Provision for impairment	66,566	67,550
Accrued expenses	6,000	5,250
Available-for-sale investments	4,737	32,100
Tax losses recognised	724,235	173,664
Total deferred tax assets	<u>801,538</u>	<u>278,564</u>
Net deferred tax liabilities/(asset)	<u>-</u>	<u>-</u>

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2011

6. INCOME TAX (Continued)

Other than to offset deferred tax liabilities the Group has not recognised tax losses arising in Australia of \$6,863,572 (2010: \$6,780,638) that may be available for offset against future taxable profits of the companies in which the losses arose. The potential benefit of carried forward losses will only be obtained if assessable income is derived of a nature and, of an amount sufficient to enable the benefit from the deductions to be realised or the benefit can be utilised by the Company provided that :

- (i) the provisions of deductibility imposed by law are complied with;
- (ii) the group satisfies the continuity of ownership test from the period the losses were incurred to the time they are to be utilised; and
- (iii) no change in tax legislation adversely affect the realisation or the benefit from the deductions.

Tax Consolidation

Ezenet Limited and its 100% owned Australian subsidiaries have formed a tax consolidated group. Members of the group entered into a tax sharing arrangement in order to allocate the income tax expense to the wholly-owned subsidiaries on a pro-rata basis. The agreement provides for the allocation of income tax liabilities should the head entity default on its tax payment obligations. At the balance date, the possibility of default is remote.

Tax effect accounting by members of the tax consolidated group

The allocation of taxes under the tax sharing and funding agreement is recognised as an increase/decrease in the subsidiaries' inter-company accounts with the tax consolidated group head company, Ezenet Limited. The group has applied the group allocation approach in determining the appropriate amount of current taxes to allocate to members of the tax consolidated group.

	2011	2010
	\$	\$
7. RECEIVABLES (Current)		
Trade receivables	23,056	17,866
Other receivables	221,887	225,167
Less: Provision for impairment loss (a)	(221,887)	(225,167)
	<u>23,056</u>	<u>17,866</u>

(a) Provision for impairment loss

Trade receivables are non-interest bearing and are generally on 30-60 day terms. A provision for impairment loss is made when there is objective evidence that a trade receivable is impaired. Other debtors includes an amount of \$221,887 held as retention monies by from Movielink Pty Ltd, the purchaser of Ezestream Pty Ltd. Movielink Pty Ltd has made a number of claims against Ezenet Ltd in regards to the loss of a contract to supply its services and other contractual issues which Ezenet has refuted. Notwithstanding Ezenet's denial of the claim a provision for the full amount of the debt due from Movielink Pty Ltd has been made.

During the year \$3,820 (2010: Nil) was written off as non-recoverable. An impairment of Nil (2010: \$225,167) has been recognised by the Group in the current year - this amount has been included in the results of discontinued operations.

Movements in the provision for impairment loss were as follows:

As at 1 July	(225,167)	-
Charge for the year	-	(225,167)
Amounts written off	3,280	-
As at 30 June	<u>(221,887)</u>	<u>(225,167)</u>

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2011

7. RECEIVABLES (Current) (Continued)

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

	Total	0-30 days	31-60 days Other	31-60 days PDNI*	61-90 days PDNI*	91+ days PDNI*	91+days CI*
30 June 2011 Consolidated	244,943	23,056	-	-	-	-	221,887
30 June 2010 Consolidated	243,033	17,866	-	-	-	-	225,167

* Past due not impaired ('PDNI')
 Considered impaired ('CI')

Receivables past due but are not considered impaired are: Consolidated \$Nil (2010: \$Nil).

(b) Fair value and credit risk

Details regarding the fair value and credit risk of current receivables are disclosed in note 26.

(c) Foreign exchange and interest rate risk

Details regarding foreign exchange and interest rate risk exposure are disclosed in note 26.

	2011	2010
	\$	\$
8. OTHER (Current)		
Prepayments	5,881	5,711
9. AVAILABLE-FOR-SALE FINANCIAL ASSETS		
Listed shares at fair value (a)		
Weatherly International plc	2,661,344	925,960
Dundee Precious Metals Inc	546,294	-
Allied Gold Limited	49,331	37,000
Island Gas plc	57,596	75,973
	<u>3,314,565</u>	<u>1,038,933</u>
Unlisted investments at cost (b)	942,660	-
Total available-for-sale financial assets	<u>4,257,225</u>	<u>1,038,933</u>

(a) Available-for-sale investments consist of investments in ordinary shares, and therefore have no fixed maturity date or coupon rate. Allied Gold Limited is listed on the Australian Stock Exchange. Weatherly International plc and Island Gas plc are listed on the London Alternative Investment Market. Fair value has been determined directly by reference to published quotations on active markets.

At Cost	4,488,266	3,545,606
Impairment	(2,597,574)	(2,597,574)
Fair value adjustment to reserve	2,366,554	90,901
Fair value at 30 June	4,257,225	1,038,933

(b) Unlisted investments represents an investment in a Chilean based company that holds the mineral licences for the Chuminga project, a project in which the Group has the right to acquire an initial 20% interest and the option to move to 100% ownership. Refer to note 19 for further information.

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2011

10. PLANT AND EQUIPMENT

	Office equipment and fittings	Total
	\$	\$
Year ended 30 June 2011		
At 1 July 2010, net of accumulated depreciation and impairment	2,944	2,944
Additions	-	-
Sale	-	-
Depreciation expense for the year	(1,368)	(1,368)
At 30 June 2011, net of accumulated depreciation and impairment	<u>1,576</u>	<u>1,576</u>
At 30 June 2011		
Cost	4,088	4,088
Accumulated depreciation and impairment	(2,512)	(2,512)
Net carrying amount	<u>1,576</u>	<u>1,576</u>
Year ended 30 June 2010		
At 1 July 2009, net of accumulated depreciation and impairment	3,090	3,090
Additions	998	998
Sale	-	-
Depreciation expense for the year	(1,144)	(1,144)
At 30 June 2010, net of accumulated depreciation and impairment	<u>2,944</u>	<u>2,944</u>
At 30 June 2010		
Cost	4,088	4,088
Accumulated depreciation and impairment	(1,144)	(1,144)
Net carrying amount	<u>2,944</u>	<u>2,944</u>

	2011	2010
	\$	\$
11. EXPLORATION AND EVALUATION EXPENDITURE		
At Cost	-	-
Fair value at acquisition	900,000	-
Additions	-	-
Carrying amount at the end of the financial year	<u>900,000</u>	<u>-</u>
Carrying amount at the beginning of the financial year	-	-
Fair value adjustment at acquisition	900,000	-
Carrying amount at the end of the financial year	<u>900,000</u>	<u>-</u>

Recovery of the capitalised amount is dependent upon:

- (i) the continuance of the Group's right to tenure of the area of interest;
- (ii) the results of future exploration; and
- (iii) the successful development and commercial exploitation, or alternatively sale.

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2011

12. INTEREST IN SUBSIDIARY

(Non current)	Country of Incorporation	% equity held by consolidated entity	
		2011	2010
E – Resources Pty Ltd And its subsidiary Ghazal Minerals Limited	Australia	100	100
Green Mining Limitada	Chile	100	-
		2011	2010
		\$	\$

13. INVESTMENT IN ASSOCIATE

(a) Movements in carrying amounts

Carrying amount at the beginning of the financial year	-	-
New equity investment	-	-
Share of profits after income tax	-	-
Dividends received/receivable	-	-
Carrying amount at the end of the financial year	-	-

(b) Summarised financial information of associate

The Group's share of the results of its associate and its aggregated assets (including goodwill) and liabilities are as follows

	Ownership Interest	Assets	Liabilities	Revenues	Profit/(Loss)
	%	\$	\$	\$	\$
2011					
Ghazal Minerals Limited	-	-	-	-	-
2010					
Ghazal Minerals Limited	23	-	-	-	(105,000)

Ghazal Minerals Limited ("Ghazal") is incorporated in Australia. Its principal activity is the exploration for uranium in the country of Mauritania.

During the year Ezenet increased its stake in Ghazal from 23% to 100% by acquiring all of the outstanding shares and options on issue in Ghazal (apart from those already held by Ezenet) on the basis on 0.697 Ezenet share for each Ghazal share and 0.00465 Ezenet share for each Ghazal option. This resulted in the issue of 13,795,287 shares. As such Ghazal Minerals Limited is no longer an associate, rather it is a controlled entity and therefore the Group's share of the reserves and operating profit has been included in the results of the associated companies refer to note 28 for information in relation to the business combination.

14. PAYABLES (Current)

Trade creditors and accruals	279,042	150,157
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EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2011

	2011 \$	2010 \$
15. PROVISIONS (Current)		
Employee benefits	7,229	-
Opening balance at 1 July	-	-
Additional provision	7,229	-
Amount used	-	-
Balance at 30 June	7,229	-

Other than directors as at 30 June 2011 the Group has no employees (2010: nil)

16. CONTRIBUTED EQUITY

(a) Issued and paid up capital

Fully paid	12,602,545	11,076,643
Less: capital raising costs	(521,180)	(464,389)
	12,081,365	10,612,254

Effective 1 July 1998, the Corporations Legislation in place abolished the concept of authorised capital and par value shares. Accordingly, the Parent does not have authorised capital or par value in respect of its shares.

(b) Movements in ordinary share capital

	2011		2010	
	Number of shares	\$	Number of shares	\$
Beginning of the financial year	144,111,710	10,612,254	83,989,367	9,169,348
Issued during the year				
15 Oct 2009 Placement at \$0.025 for working capital	-	-	12,500,001	312,500
25 Nov 2009 Rights Issue at \$0.25 for working capital	-	-	24,122,342	603,059
8 Dec 2009 Placement at \$0.025 for working capital	-	-	23,500,000	587,500
21 Mar 2011 Issue at \$0.042 for Ghazal Minerals Ltd	13,795,287	579,402	-	-
10 Jun 2011 Placement at \$0.04 for working capital	23,662,500	946,500	-	-
Cost of share issues	-	(56,791)	-	(60,153)
End of the financial year	181,569,497	12,081,365	144,111,710	10,612,254

(c) Share Options

At the end of the financial year there were no unissued ordinary shares (2010: Nil).

(d) Staff shares issued

There were no shares issued to staff during the year (2010: Nil).

(e) Terms and conditions of contributed equity

Ordinary shares

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. The ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company.

Share options

There are no outstanding options at 30 June 2011.

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2011

16. CONTRIBUTED EQUITY (continued)

(f) Capital Management

When managing capital, management's objective is to ensure the Group continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the Group.

17. RESERVES

	2011	2010
	\$	\$
Accumulated Losses		
Balance at beginning of year	(8,526,243)	(7,772,042)
Profit/(Loss) for the year	412,292	(754,201)
Balance at end of year	<u>(8,113,951)</u>	<u>(8,526,243)</u>
Share Option Reserve		
Balance at beginning of year	1,058,200	1,058,200
Movement during the year – share options expensed during the year	-	-
Balance at end of year	<u>1,058,200</u>	<u>1,058,200</u>
Convertible Note Equity Reserve		
Balance at beginning of year	136,403	136,403
Movement during the year, net of tax	-	-
Balance at end of year	<u>136,403</u>	<u>136,403</u>
Available-for-sale Assets Reserve		
Balance at beginning of year	63,630	(244,780)
Revaluation – gross	1,729,435	335,680
Deferred tax (note 6)	(518,831)	(27,270)
Balance at end of year	<u>1,274,234</u>	<u>63,630</u>
Foreign Currency Translation Reserve		
Balance at beginning of year	-	-
Movement during the year	(15,363)	-
Balance at end of year	<u>(15,363)</u>	<u>-</u>

Nature and purpose of reserves

Share option reserve

This reserve records the value of options issued to directors, employees and associates as part of their remuneration.

Convertible note equity reserve

This reserve records the equity portion attributable to the convertible notes at the time of issue.

Available-for-sale asset reserve

This reserve records fair value changes on available-for-sale investments. Amounts are recognised in profit and loss when the associated assets are sold or impaired.

Foreign currency translation reserve

This reserve is used to record exchange differences arising from the translation of foreign controlled subsidiaries.

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2011

18. STATEMENT OF CASH FLOWS

	2011	2010
	\$	\$
Reconciliation of the net profit/(loss) after tax to the net cash flows from operations		
Net profit/(loss)	412,292	(754,201)
Depreciation of plant and equipment	1,368	1,144
Non cash dividends received	(546,198)	-
Taxation	(518,831)	(27,270)
(Gain)/loss on (purchase)/sale of subsidiary	(328,850)	14,274
Impairment of debt	-	225,167
Miscellaneous non-cash revenue	14,885	-
<i>Changes in assets and liabilities</i>		
Trade receivables	(4,591)	3,668
Prepayments	(170)	-
Trade and other creditors	84,593	(39,322)
Employee entitlements	7,229	-
	<hr/>	<hr/>
Net cash flows used in operating activities	(878,273)	(576,540)
	<hr/> <hr/>	<hr/> <hr/>

(a) Reconciliation of cash

Cash balance comprises:

Cash at bank	1,489,421	2,398,947
Short term deposit	30,000	30,000
Closing cash balance	<hr/>	<hr/>
	1,519,421	2,428,947

(b) Non cash Financing and investing activities

During the year Ezenet increased its stake in Ghazal from 23% to 100% by acquiring all of the outstanding shares and options on issue in Ghazal (apart from those already held by Ezenet) on the basis on 0.697 Ezenet share for each Ghazal share and 0.00465 Ezenet share for each Ghazal option. This resulted in the issue of 13,795,287 shares.

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Short term deposits are made at various periods on call, depending on the immediate cash requirements of the Group and earn interest at the respective short term deposit rates.

At 30 June 2011, the Group had a borrowing facility of \$30,000 (2010: \$30,000). The short term deposit is provided as security for the facility. This facility is unutilised at 30 June 2011.

The fair value of cash and cash equivalents is \$1,519,421 (2010: \$2,428,947).

The effective interest rate on cash at bank was 4.75% (2010: 3.0%).

19. EXPENDITURE COMMITMENTS

On 23 May 2011 the company entered into a capital raising mandate with Carmichael Corporate Pty Ltd. Pursuant to the mandate the following fees are payable:

- A placement fee of 6% of the gross amount raised. All amounts due under this fee were paid prior o 30 June 2011;
- The issue of 7.5 million broker options with a exercise price of \$0.05 per option, exercisable 48 months from the date of issue. The issue of these options will require shareholder approval;
- A retainer fee of \$7,500 per month (plus GST) for an initial period of 12 months; and
- A re-compliance fee of \$20,000 should the Company be required to re-comply with Chapters 1 and 2 of Australian Stock Exchange Listing Rules, payable upon re-listing of the Company.

**EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2011**

19. EXPENDITURE COMMITMENTS (continued)

In addition the Company has entered into agreements to acquire the Chuminga project and the Vega project, both mineral exploration properties located in Chile, South America. Both agreements are subject to shareholder and regulatory approval and there is no binding commitment for the company to proceed should shareholder and regulatory approval not be obtained.

Agreement to acquire Chuminga project

Ezenet Limited has entered into the acquisition agreement whereby it has the right to acquire a 100% interest in the Project for a total consideration of US \$6.3 million on the following terms:

- (c) Subject to satisfactory legal due diligence as to title, and upon payment of US\$1.3 million, payable as US\$1 million in cash (which was paid prior to 30 June 2011 – refer to note 9(b)) and US\$300,000 in Ezenet shares (at A\$0.05 per share), Ezenet shall acquire:
 - (i) a 20% interest in the Project;
 - (ii) the right to carry out further due diligence on the Project and such further exploration as it deems necessary over a period of 18 months; and
 - (iii) an option to acquire the balance of 80% of the Project (“Option”).
- (b) Within 6 months after acquiring 20% of the Project, Ezenet must obtain shareholder approval for the exercise of the Option and the corresponding change of activities of the Company.
- (c) Subject to obtaining the requisite shareholder approval, the Company shall be entitled to exercise the Option within 18 months after acquiring the initial 20% interest in the Project, for a consideration of US\$5 million payable, at the Vendor’s election, in cash or a combination of cash and Ezenet shares (at A\$0.05 per share), provided that:
 - (i) the Vendor may acquire no more than 19.9% of the issued share capital of the Company in total (calculated as at the date of execution of the Agreement); and
 - (ii) if, after the Company has acquired the remaining 80% of the Project, the Vendor holds less than 19.9% of the issued share capital of the Company (for example, because of dilution through capital raisings after the date of the Agreement) the Vendor may subscribe for Ezenet shares to achieve a shareholding of 19.9% of the Company at a price per share equal to 90% of the volume weighted average price of Ezenet shares traded on ASX over the 10 trading days prior to the date upon which the Company exercises the Option.
- (d) If Ezenet exercises the Option, and the Project is not in production by 31 December 2018, Ezenet must pay the Vendor \$250,000 annually commencing on 1 January 2019 and ending upon the commencement of production from the Project.
- (e) Ezenet shall pay the Vendor a royalty of 1% of the net smelter return from the Project

Agreement to acquire the Vega project

Ezenet Limited has executed an agreement to acquire a 100% interest in the Vega Project comprising 10 gold Exploration Concessions in the Fourth Region of Chile on the following key terms:

- (a) upon satisfactory legal due diligence as to title, to be satisfied by no later than 30 June 2011, payment on a non refundable basis of:
 - (i) all mining exploration taxes outstanding at the date of execution of the Agreement (approximately US\$5,000); and
 - (ii) US\$20,000 in cash;

These amounts were paid prior to 30 June 2011.

- (b) on the earlier of the Settlement Date or 15 August 2011, payment of US\$20,000 in cash on a non refundable basis;

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2011

19. EXPENDITURE COMMITMENTS (continued)

(c) 12 months after the Settlement Date :

- (iii) US\$50,000 cash; and
- (iv) US\$50,000 in cash or Ezenet Shares in such proportions as Ezenet may elect in its sole discretion; and

(d) subject to paragraph (e) below, on every anniversary of the Settlement Date with effect from the date two years after the Settlement Date:

- (iii) a cash payment that is US\$5,000 more than the amount of the cash payment in the previous year (that is, a payment of US\$55,000 on the second anniversary, a payment of US\$60,000 on the third anniversary, and so on); and,
- (iv) a payment of US\$5,000 in cash or Ezenet Shares (in the absolute discretion of Ezenet) more than the amount of cash and shares payable in the previous year (that is, a cash payment or share issue of US\$55,000 on the second anniversary, a cash payment or share issue of US\$60,000 on the third anniversary, and so on);

(e) subject to Ezenet's right to make payment in full satisfaction of its obligations as outlined below, the payments due in terms of paragraphs (c) and (d) above shall be payable until the Royalty referred to in paragraph (f) on an annualised basis is equal to or exceeds the annual payments referred to in paragraphs (c) and (d) above; and

(f) subject to Ezenet's right to make payment in full satisfaction of its obligations as outlined below, a Royalty payable on a quarterly basis equal to 3% of the Net Smelter Return derived from the Concessions in any quarter from the beginning of production; and

Ezenet has the right at any time after Settlement to make a payment of US\$3 million in full and final satisfaction of its obligations under the Agreement.

20. SEGMENT INFORMATION

The Group does not have operating activities and is only currently involved in investing in the minerals sector. Operating segments are identified by management based on the manner in which resources are allocated and the nature of the resources provided. Discrete financial information about each of these areas is reported to the Board of Directors as the chief operating decision maker.

Based on this criteria, management has determined that the company has one operating segment being investing activities in the mineral resource sector. As the company is focused on investments in the mineral sector, the Board monitors the company based on the value of particular investments. This internal reporting framework is the most relevant to assist the Board with making decisions regarding the company and its ongoing investing activities, while also taking into consideration the results of investing activities that had been undertaken by the investee companies.

In prior years the Group had an additional reportable segment, namely the operational segment. This was disposed of effective 30 April 2009 and has been classified as a discontinued operation in the comparative period. The operational segment generated revenue from the supply of digital movies to hospitality, mining camps and health care clients.

Basis of Accounting for purposes of reporting the operating segments

Accounting policies adopted

All amounts reported to the Board of Directors, as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2011

20. SEGMENT INFORMATION (Continued)

	2011	2010
	\$	\$
Interest Revenue	88,463	55,316
Reportable segment profit/(loss)	412,292	(514,760)
Reconciliation of reportable segment loss		
Reportable segment profit/(loss)	412,292	(517,760)
Profit/(Loss) from discontinued Operations	-	(239,441)
Profit/(Loss) after tax	<u>412,292</u>	<u>(754,201)</u>
Reportable segment assets	<u>6,707,159</u>	<u>3,494,401</u>
Reportable segment liabilities	<u>286,271</u>	<u>150,157</u>

During the 2011 year the Company conducted its activities across two geographic locations, Australia and Chile. During the 2010 year activities only took place in Australia.

2011	Australia	Chile
	\$	\$
Revenues	634,660	-
Non-current assets	4,216,141	942,660

21. SUBSEQUENT EVENTS

On the 8th August 2011 a number of changes to the board of directors and management were made, namely:

Dr Wolf Martinick, Executive Chairman, was appointed Managing Director of the Company in place of Mr Ross O’Dea who continues as an independent non executive director of the Company together with Mr David Ward. Dr Martinick will remain as Chairman.

Dr Brad Farrell who has been responsible for identifying the Company’s Chilean projects, was been appointed as Technical Director of the Company.

In addition two general managers were appointed. Mr John Traicos was appointed as General Manager based in Perth and Mr Juan Jose Gutierrez -Velez as General Manager of Green Mining Ltda, the Company’s wholly owned subsidiary in Santiago, Chile.

Mr Simon Watson resigned as Joint Company Secretary.

No other matter or circumstance has arisen since the end of the financial year which significantly affected or may significantly affect the operations of the group, the results of those operations, or the state of affairs of the group in future financial years.

22. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary Owners of the parent, adjusted to exclude any costs of servicing equity, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary Owners of the parent by the weighted average number of ordinary shares during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2011

22. EARNINGS PER SHARE (continued)

The following reflects the income / (loss) and share data used in the calculations of basic and diluted earnings per share:

	2011 <i>cents</i>	2010 <i>cents</i>
(a) Basic and diluted earnings per share		
From continuing operations attributable to the ordinary Owners of the company	0.28	(0.43)
From discontinued operation	-	(0.20)
Total basic earnings per share attributable to the ordinary Owners of the company	<u>0.28</u>	<u>(0.63)</u>
	\$	\$
(b) Reconciliations of earnings used in calculating earnings per share		
Profit/(Loss) attributable to the ordinary Owners of the company used in calculating basic and diluted earnings per share		
From continuing operations	412,292	(514,760)
From discontinued operation	-	(239,441)
	<u>412,292</u>	<u>(754,201)</u>
	Number	Number
Weighted average number of ordinary shares on issue used in the calculation of basic and diluted earnings per share	<u>149,328,235</u>	<u>120,465,177</u>

23. AUDITORS' REMUNERATION

Amounts received or due and receivable by Hewitt, Turner & Gelevitis for:

- an audit or review of the Financial statements	27,915	28,362
- other services	-	-
	<u>27,915</u>	<u>28,632</u>
<i>Remuneration of other auditors of subsidiaries:</i>		
- an audit or review of financial report of subsidiaries	<u>8,110</u>	-

24. KEY MANAGEMENT PERSONNEL

(a) Details of Key Management Personnel:

(i) Directors

W G Martinick	Chairman (executive) - <i>appointed Managing Director 8 August 2011</i>
G R O'Dea	Managing Director – resigned as <i>Managing Director 8 August 2011</i>
D H Ward	Director (non-executive)
B L Farrell	Director (non-executive) - <i>appointed 8 August 2011</i>

(ii) Executives

S M O Watson	Joint Company Secretary - <i>resigned 8 August 2011</i>
B D Dickson	Joint Company Secretary

There were no other specified executives during the year.

(b) Employment contracts

At 30 June 2011 there were no employment contracts.

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2011

24. KEY MANAGEMENT PERSONNEL (continued)

(c) Compensation of Key Management Personnel

Compensation of each director and the executive officer of the consolidated entity are as follows
(B L Farrell is excluded as he was appointed after the end of the financial year):

	Short term		Post employment	Share based payments ²	Total	Total performance related
30 June 2011	Salaries and fees	Non Monetary Benefit ¹	Super-annuation	Shares		
	\$		\$	\$	\$	
Directors						
W G Martinick	110,092	3,046 ¹	9,908	-	123,046	-
G R O'Dea	22,936	3,046 ¹	2,064	-	28,046	-
D H Ward	-	3,046 ¹	25,000	-	28,046	-
Executive Officer						
S M O Watson	-	3,046 ¹	-	-	3,046	-
B D Dickson	76,000	3,046 ¹	-	-	79,046	-
Total	209,028	15,230	36,972	-	261,230	-

	Short term		Post employment	Share based payments ³	Total	Total performance related
30 June 2010	Salaries and fees	Non Monetary Benefit ¹	Super-annuation	Shares		
	\$	\$	\$	\$	\$	
Directors						
W G Martinick	79,118	2,986 ¹	39,082	-	121,186	-
G R O'Dea	22,936	2,986 ¹	2,064	-	27,986	-
D H Ward	-	2,986 ¹	25,000	-	27,986	-
Executive Officer						
S M O Watson	-	2,986 ¹	12,500	-	15,486	-
B D Dickson	78,000	2,986 ¹	-	-	80,986	-
Total	180,054	14,930	78,646	-	273,630	-

1. The Non Monetary Benefit relates to the Directors' Indemnity Insurance
2. No shares were issued as compensation during the year ended 30 June 2011 (2010: Nil).

(d) Shares issued on exercise of remuneration options

There were no shares issued on exercise of remuneration options.

(e) Option holdings of Key Management Personnel

There were no options over unissued ordinary shares outstanding as at 30 June 2011 or at 30 June 2010.

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2011

24. KEY MANAGEMENT PERSONNEL (continued)

(f) Shareholdings of Key Management Personnel

2011	Balance 1 July 10 Number	Granted as Remuneration Number	On Exercise of Options Number	Net Change Other Number	Balance 30 June 11 Number
Specified Directors					
W G Martinick	29,351,141	-	-	3,157,019	32,508,160
Held by spouse and children of WG Martinick	308,916	-	-	(220,313)	88,603
G R O'Dea	898,425	-	-	-	898,425
Held by spouse and children of GR O'Dea	2,231,838	-	-	-	2,231,838
D H Ward	2,491,364	-	-	-	2,491,364
Specified Executives					
S M O Watson	7,031,058	-	-	-	7,031,058
B D Dickson	1,250,000	-	-	(5,000)	1,245,000
Total	43,562,742	-	-	2,931,706	46,494,448

2010	Balance 1 July 09 Number	Granted as Remuneration Number	On Exercise of Options Number	Net Change Other Number	Balance 30 June 10 Number
Specified Directors					
W G Martinick	16,197,331	-	-	13,153,810	29,351,141
Held by spouse and children of WG Martinick	208,916	-	-	100,000	308,916
G R O'Dea	898,425	-	-	-	898,425
Held by spouse and children of GR O'Dea	2,231,838	-	-	-	2,231,838
D H Ward	2,066,424	-	-	424,940	2,491,364
Specified Executives					
S M O Watson	5,124,846	-	-	1,906,212	7,031,058
B D Dickson	-	-	-	1,250,000	1,250,000
Total	26,727,780	-	-	16,834,962	43,562,742

(g) Loans to/from Key Management Personnel

There were no loans outstanding to or from Key Management Personnel during the year ended 30 June 2011 (2010: Nil).

(h) Other transactions and balances with Key Management Personnel

Services

Professional services, relating to accounting and taxation advice, of \$19,590 (2010: \$16,100) were provided by Young & Wilkinson, a partnership associated with D H Ward on normal commercial terms and conditions, of which \$15,740 remains outstanding at 30 June 2011. Coolform Investments Pty Ltd a company in which Mr Dickson is a director and shareholder received fees totalling \$76,000 (2010: \$78,000) for the provision of services, as disclosed in note 24(c). An amount of \$5,500 is payable at year end. In addition at year end an amount of \$105,500 has been accrued as owing to Mr Simon Watson for legal services provided during the 2009 and 2010 financial years.

**EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2011**

25. RELATED PARTY DISCLOSURE

(a) Subsidiaries

The consolidated financial statements include the financial statement of Ezenet Limited and the subsidiaries listed in the following table.

Name	Country of incorporation	Equity interest		Investment	
		2011 %	2010 %	2011 \$	2010 \$
E-Resources Pty Ltd	Australia	100	100	1	1
Ghazal Minerals Limited	Australia	100	23	684,402	-
Green Mining Limitada	Chile	100	-	21,740	-
				<u>706,143</u>	<u>1</u>

Ghazal Minerals Limited became a 100% subsidiary of E-Resources Pty Ltd effective 21 March 2011 and the results of Ghazal Minerals Limited are included from that date.

(b) Ultimate parent

Ezenet Limited is the ultimate parent entity.

(c) Associate

Refer to note 13 for details of associate.

(d) Key management personnel

Details relating to key management personnel, including remuneration paid, are included in note 24.

26. FINANCIAL INSTRUMENTS

(a) Financial Risk Management

The Group's financial instruments comprise receivables, payables, finance leases, available for sale investments and cash.

The Group's main risks arising from the financial instruments are:

- (i) interest rate risk,
- (ii) liquidity risk,
- (iii) credit risk
- (iv) price risk and
- (v) foreign currency risk.

Risk Exposures and Responses

(i) Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will affect the Group's income. The objective of interest rate risk management is to manage and control risk exposures within acceptable parameters, while optimising any return. As the Group has interest bearing assets, the Group's income and operating cash flows are exposed to changes in market interest rates. The assets are short term interest bearing deposits. The Group does not have any policy in place and no financial instruments are employed to mitigate interest rate risks.

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2011

26. FINANCIAL INSTRUMENTS (continued)

At balance date, the Group had the following financial assets exposed to Australian and Chilean variable interest rate risk:

	2011	2010
	\$	\$
Australia		
Financial assets		
Cash at bank	1,345,493	2,428,947
	<hr/>	<hr/>
Chile		
Financial assets		
Cash at bank	173,928	-
	<hr/>	<hr/>

The Group has no interest bearing liabilities and is therefore not exposed to interest rate risks.

The following sensitivity analysis is based on the interest rate risk exposures in existence at the end of the reporting period. The 1% sensitivity is based on reasonable possible change over the financial year using the observed range for the historic 2 years.

At 30 June 2011, if interest rates had moved, as illustrated in the table below, with all variables held constant, post tax profit and equity would have been affected as follows:

Judgements of reasonably possible movements:	Post tax profit		Equity	
	Higher/(Lower)		Higher/(Lower)	
	2011	2010	2011	2010
	\$	\$	\$	\$
CONSOLIDATED				
+1% (100 basis points)	15,194	24,289	15,194	24,289
-1% (100 basis points)	(15,194)	(24,289)	(15,194)	(24,289)

The movements in profit and equity are due to higher/lower interest costs from variable rate cash balances.

(ii) Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The table below reflects all contractually fixed pay-offs and receivables for settlement, repayments and interest resulting from recognised financial assets and liabilities. Undiscounted cash flows of financial liabilities are presented.

The Group has no derivative financial instruments.

The remaining contractual maturities of the Group's financial liabilities are:

	2011	2010
	\$	\$
6 months or less	279,042	150,157
6 – 12 months	-	-
1 – 5 years	-	-
	<hr/>	<hr/>
	279,042	150,157

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2011

26. FINANCIAL INSTRUMENTS (continued)

(ii) Liquidity Risk (continued)

Maturity analysis of financial assets and liability based on management's expectation

The risk implied from the values shown in the table below, reflects a balanced view of cash inflows and (outflows). Leasing obligations, trade payables and other financial liabilities mainly originate from the financing of assets used in our ongoing operations such as property, plant and equipment and investments in working capital eg inventories and trade receivables. These assets are considered in the Group's overall liquidity risk.

	<6 months	6 – 12 months	1 – 5 years	> 5 years	Total
	\$	\$	\$	\$	\$
CONSOLIDATED					
<i>Year ended 30 June 2011</i>					
Financial assets					
Cash & cash equivalents	1,519,421	-	-	-	1,519,421
Trade & other receivables	23,056	-	-	-	23,056
	<u>1,542,477</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,542,477</u>
Financial liabilities					
Trade & other payables	(279,042)	-	-	-	(279,042)
	<u>(279,042)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(279,042)</u>
Net Maturity	<u>1,263,435</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,263,435</u>
<i>Year ended 30 June 2010</i>					
Financial assets					
Cash & cash equivalents	2,428,947	-	-	-	2,428,947
Trade & other receivables	17,866	-	-	-	17,866
	<u>2,446,813</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,446,813</u>
Financial liabilities					
Trade & other payables	(150,157)	-	-	-	(150,157)
	<u>(150,157)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(150,157)</u>
Net Maturity	<u>2,296,656</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,296,656</u>

(iii) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from transactions with customers and investments.

The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of the financial assets of the Group, which comprises of cash and cash equivalents, trade and other receivables and available for sale financial assets.

The Group does not hold any credit derivatives to offset its exposure.

The Group trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Group's policy to securitise its trade and other receivables. The Group has a receivable of \$221,887 relating to retention monies withheld by Movielink Pty Ltd which purchased Ezestream Pty Ltd from Ezenet Limited in 2009. Movielink has made a number of claims against Ezenet Limited in regards to the loss of a contract to supply its services and other contractual issues and has withheld the full \$221,887 of retention monies. Notwithstanding Ezenet's denial of all claims, a provision has been made for the full amount of the debt due from Movielink Pty Ltd.

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2011

26. FINANCIAL INSTRUMENTS (continued)

(iii) Credit Risk (continued)

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Group places its cash deposits with high credit-quality financial institutions and only with major banks.

Fair value

The fair values of financial assets and liabilities approximate their carrying amounts shown in the statement of financial position due to their short term nature. The carrying amounts of financial assets and liabilities as described in the statement of financial position are as follows:

CONSOLIDATED	CARRYING AMOUNT		AGGREGATE NET FAIR VALUE	
	2011	2010	2011	2010
	\$	\$	\$	\$
FINANCIAL ASSET				
Cash	1,519,421	2,428,947	1,519,421	2,428,947
Receivables	23,056	17,866	23,056	17,866
Available-for-sale financial assets	4,257,225	1,038,933	4,257,225	1,038,933
Total financial assets	5,799,702	3,485,746	5,799,702	3,485,746
FINANCIAL LIABILITIES				
Trade creditors and accruals and other creditors	279,042	150,157	279,042	150,157
Total financial liabilities	279,042	150,157	279,042	150,157

The following methods and assumptions are used to determine the net fair values of financial assets and liabilities

Cash and cash equivalent: The carrying amount approximates fair value because of their short-term to maturity.

Receivables and payables: The carrying amount approximates fair value.

Available-for-sale financial assets: Quoted prices in active markets been used to determine the fair value of listed available-for-sale investments (Level 1). The fair value of these financial assets have been based on the closing quoted bid prices at reporting date, excluding transaction costs.

(iv) Price Risk

Listed Securities

Equity securities price risk arises from investments in equity securities. To limit this risk the Group diversifies its portfolio in accordance with limits set by the Board. The majority of the equity investments are of a high quality and are publicly traded on the LSE (London Stock Exchange Alternative Investment Market) and the ASX (Australian Securities Exchange).

Sensitivity analysis

CONSOLIDATED	Sensitivity	Effect on:		Effect on:	
		Profit 2011	Equity 2011	Profit 2010	Equity 2010
Share Price Sensitivity					
Risk Variable	+5%	-	165,728	-	51,947
	-5%	-	(165,728)	-	(51,947)

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2011

26. FINANCIAL INSTRUMENTS (Continued)

(v) Foreign Currency Risk

Foreign currency risk is the risk that changes in foreign exchange rates will affect the Group's income or the value of its holdings of financial instruments. The Group is exposed to currency risk on purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily the United States Dollar (USD) and Chilean Peso (CP). The currencies in which the transactions primarily are denominated are USD and CP.

The Group has not entered into any derivative financial instruments to hedge such transactions and anticipated future receipts or payments that are denominated in a foreign currency.

Group's investments in its subsidiaries are not hedged as those currency positions are considered to be long term in nature.

Exposure to currency risk

The Group's exposure to foreign currency risk at balance date, expressed in Australian dollars (AUD), was as follows:

	2011 (AUD)	2010 (AUD)
	CP	CP
Cash	173,928	-
Trade Receivables	2,027	-
Trade Payables	(29,208)	-
Gross Balance Sheet Exposure	146,747	-
Forward exchange contracts	-	-
Net Exposure	146,747	-

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2011	2010	2011	2010
AUD/CP	0.0021	N/A	0.0020	N/A

Sensitivity analysis

Over the reporting period there have been significant movements in the Australian dollar when compared to other currencies, it is therefore considered reasonable to review sensitivities base on a 10% movement in the Australian dollar. A 10 percent movement of the Australian dollar against the Chilean Peso at 30 June would have affected equity and loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2010.

	Equity \$	Profit or loss \$
30 June 2011		
Chilean Peso	+/- 14,675	-
30 June 2010		
Chilean Peso	-	-

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2011

27. CONTINGENT LIABILITY

During 2009 EzeStream Pty Ltd (“EzeStream”) terminated a Memorandum of Understanding with Palvision Corporation Pte Ltd (“Palvision”) of Singapore for its failure to rectify faults in an entertainment system supplied by it. Palvision disputed the termination and threatened to issue proceedings against EzeStream. On 29th July 2011 EzeStream Pty Ltd released Ezenet Limited from any obligation in regard to this issue.

28. BUSINESS COMBINATION

On 21 March 2011 year Ezenet increased its stake in Ghazal Minerals Limited (“Ghazal”) from 23% to 100% by acquiring all of the outstanding shares and options on issue in Ghazal (apart from those already held by Ezenet) on the basis on 0.697 Ezenet share for each Ghazal share and 0.00465 Ezenet share for each Ghazal option. This resulted in the issue of 13,795,287 shares at a fair value of \$0.042 each. Ghazal holds rights to two exploration licences, EL276 (Bir Moghreïn) and EL277 (Agouyme) in northern Mauritania, an emerging uranium province. The licences, covering approximately 544km², are highly prospective for uranium.

The fair values of the identifiable assets and liabilities of Ghazal as at the date of acquisition were:

	\$
Cash	37,060
Trade receivables	599
Intercompany receivable	14,885
Exploration licences	900,000
Trade payables	(44,292)
	<u>908,252</u>
Fair value of identifiable net assets	908,252
Fair value of previously held interests	(212,258)
Fair value Gain on acquisition	(116,592)
	<u>579,402</u>
Acquisition date fair value of consideration transferred:	
Shares issued at fair value	579,402
Cash paid	-
Consideration transferred	<u>579,402</u>
The cash outflow on acquisition is as follows:	
Net cash acquired with the subsidiary	37,060
Cash paid	-
Net consolidated cash inflow	<u>37,060</u>

Revenue of the Group attributable to Ghazal since the date of acquisition is \$9.

Profit/(Loss) of the Group attributable to Ghazal since the date of acquisition is (\$1,861).

Had the results of Ghazal been consolidated from 1 July 2010 the revenue would have been \$634,682 and the consolidated profit for the year ended 30 June 2011 would have been \$415,050.

EZENET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2011

29. PARENT ENTITY FINACIAL INFORMATION

(a) Summary Financial Information

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Accounting Standards:

	2011	2010
	\$	\$
STATEMENT OF FINANCIAL POSITION		
ASSETS		
Current assets	1,342,962	2,452,524
Total assets	<u>4,152,873</u>	<u>2,818,270</u>
LIABILITIES		
Current liabilities	211,900	150,157
Total liabilities	<u>417,971</u>	<u>150,157</u>
EQUITY		
Issued capital	12,081,365	10,612,254
Reserves		
Share-option	1,058,200	1,058,200
Convertible note equity	136,403	136,403
Available-for-sale assets	226,083	8,051
Accumulated losses	<u>(9,767,149)</u>	<u>(9,146,795)</u>
Total Equity	<u>3,734,902</u>	<u>2,668,113</u>
STATEMENT OF COMPREHENSIVE INCOME		
Total profit/(loss)	<u>(620,355)</u>	<u>(766,412)</u>
Total comprehensive income/(loss)	<u>(402,323)</u>	<u>(706,688)</u>

(a) Guarantees

Ezenet Limited has not entered into any guarantees, in the current or previous financial year, in relation to the debts of its subsidiaries.

(b) Contingent liabilities

Ezenet Limited did not have any contingent liabilities as at 30 June 2011 or 30 June 2010.

(c) Contracted commitments for the acquisition of property, plants or equipment

Ezenet Limited did not have any commitments for the acquisition of property, plant or equipment.

**INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF EZENET LIMITED AND
CONTROLLED ENTITIES**

Report on the Financial Report

We have audited the accompanying financial report, of Ezenet Limited (the company) and Ezenet Limited and its controlled entities (the consolidated entity), which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine necessary to enable to 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 (IFRS).

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 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 and fair presentation of the financial report 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.

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**HEWITT
TURNER &
GELEVITIS**



**BUSINESS
DEVELOPMENT
CONSULTANTS**

*Capital Raising
Wealth Creation
Asset Protection
Audit Assurance
Taxation Advisors
Strategic Planning
Accounting Services
Management Consultancy*

PRINCIPALS

Timothy Turner
B.BUS (ACC), FCPA,
FTIA
Registered Company Auditor

Vick Gelevitis
B.BUS (ACC), FCPA,
NTAA, FTIA

Darryl Rodrigues
B.Sc, B.BUS (ACC), CPA

Hewitt Turner & Gelevitis
is a CPA Practice



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Standards Legislation

**INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF EZENET LIMITED AND
CONTROLLED ENTITIES (continued)**

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion:

- (a) the financial report of Ezenet Limited and Ezenet Limited and its controlled entities is in accordance with the *Corporations Act 2001*, including:
- i. giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2011 and of their performance for the year ended on that date; and
 - ii. complying Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

HEWITT
TURNER &
GELEVITIS



Report on the Remuneration Report

We have audited the Remuneration Report included in pages 9-13 of 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 s 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.

Auditor's Opinion

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

HEWITT TURNER & GELEVITIS

.....
TIMOTHY TURNER
REGISTERED COMPANY AUDITOR

Signed at Perth this 26th day of September 2011.

EZENET LIMITED
CORPORATE GOVERNANCE STATEMENT
30 June 2011

Statement

Ezenet Limited ("**Company**") has made it a priority to adopt systems of control and accountability as the basis for the administration of corporate governance. Some of these policies and procedures are summarised in this statement. Commensurate with the spirit of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 2nd edition ("**Principles & Recommendations**"), the Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. Where, after due consideration, the Company's corporate governance practices depart from a recommendation, the Board has offered full disclosure and reason for the adoption of its own practice, in compliance with the "if not, why not" regime.

Website Disclosures

Further information about the Company's charters, policies and procedures may be found at the Company's website at www.Ezenet.com.au, under the section marked Corporate Governance.

Disclosure – Principles & Recommendations

Reported below is how the Company has followed (or otherwise departed from) each of the Principles & Recommendations during the 2010/2011 financial year ("**Reporting Period**"). The Principles and recommendations were amended in 2010, and those amendments apply to the Company's first financial year commencing on or after 1 January 21011. Accordingly, disclosure against the Principles and Recommendations as amended in 2010 will be made in relation to the Company's financial year ending 30 June 2012. The report below is made against the Principles and Recommendations prior to their amendment in 2010.

Principle 1 – Lay solid foundations for management and oversight

Recommendation 1.1:

Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.

Disclosure:

The Company has established the functions reserved to the Board and has set out these functions in its Board Charter. The Board is collectively responsible for promoting the success of the Company through its key functions of overseeing the management of the Company, providing overall corporate governance of the Company, monitoring the financial performance of the Company, engaging appropriate management commensurate with the Company's structure and objectives, involvement in the development of corporate strategy and performance objectives and reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance.

The Company has established the functions delegated to senior executives and has set out these functions in its Board Charter. Senior executives are responsible for supporting the Executive Chair and assisting the Executive Chair in implementing the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board.

Senior executives are responsible for reporting all matters which fall within the Company's materiality thresholds at first instance to the Executive Chair or, if the matter concerns the Executive Chair, then directly to the Chair or the lead independent director, as appropriate.

EZENET LIMITED
CORPORATE GOVERNANCE STATEMENT
30 June 2011

Recommendation 1.2:

Companies should disclose the process for evaluating the performance of senior executives.

Disclosure:

The Chair is responsible for evaluating the performance of senior executives. The evaluations are performed by conducting interviews with the senior executives as required.

Recommendation 1.3:

Companies should provide the information indicated in the *Guide to reporting on Principle 1*.

Disclosure:

During the Reporting Period, an evaluation of senior executives did not take place as the Company did not have active operations over this time.

The Company's Board Charter is available on the Company's website.

Principle 2 – Structure the board to add value

Recommendation 2.1:

A majority of the Board should be independent directors.

Notification of Departure:

The board of the Company consists of three members, two of which are executive.

Explanation for Departure:

The Company has announced, on a number of occasions, that it was seeking further investments in the resource sector. With the qualifications and experience of the Chairman, Dr Martinick, with effect from 1 July 2009 he took on the role of an executive to assist the Company in this search. On 8 August 2011 Dr Martinick took on the role as Managing Director and Mr O'Dea reverted to a non executive role.

Since the end of the financial year Mr Brad Farrell was appointed as an additional non-executive director.

The Board considers that the current composition of the Board is adequate for the Company's current size and operations, and includes an appropriate mix of skills and expertise, relevant to the Company's business.

Recommendation 2.2:

The Chair should be an independent director.

Notification of Departure:

The Chair is not an independent director.

Explanation for Departure:

Dr Martinick is not independent by virtue of his executive role. The Board considers that Wolf Martinick is the most appropriate person for the position of Chair given his industry experience, and the size and current activities of the Company. The Board also believes that Wolf Martinick appointment as Chair is in line with shareholder expectations.

**EZENET LIMITED
CORPORATE GOVERNANCE STATEMENT
30 June 2011**

Recommendation 2.3:

The roles of the Chair and Chief Executive Officer should not be exercised by the same individual.

Disclosure:

At 30 June the Managing Director was Ross O’Dea who is not Chair of the Board. On 8 August 2011 Dr Martinick was appointed Managing Director in addition to his role as executive Chair.

Explanation for Departure:

The company is currently moving towards being a mineral resources company and during the transition phase the Board considers that Dr Martinick is the most appropriate person to hold the role of Managing Director, given his industry experience, and the size and current activities of the Company.

Recommendation 2.4:

The Board should establish a Nomination Committee.

Disclosure:

The Board has established a Nomination Committee consisting of the full board.

Recommendation 2.5:

Companies should disclose the process for evaluating the performance of the Board, its committees and individual directors.

Disclosure:

The Chair is responsible for evaluation of the Board and, when deemed appropriate, Board committees and individual directors.

The Chair evaluates the Board and, when deemed appropriate, Board committees and individual directors by utilising questionnaires which are completed by each director. The Chair, in consultation with the Company Secretary, then reviews the questionnaires and holds round table discussions with the Board to discuss the questionnaires. The Chair holds discussions with individual directors, if required.

The Chair, at least annually, evaluates the performance of the Managing Director by personal interview. In reviewing the performance of the Managing Director performance against predetermined budgets and performance criteria set the previous year (if any) is assessed.

Recommendation 2.6:

Companies should provide the information indicated in the *Guide to reporting on Principle 2*.

Disclosure:

Skills, Experience, Expertise and term of office of each Director

A profile of each director containing their skills, experience, expertise and term of office is set out in the Directors' Report.

Identification of Independent Directors

The independent director of the Company is Mr Ward. He is independent as he is a non-executive director who 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 independent exercise of his judgment.

Independence is measured having regard to the relationships listed in Box 2.1 of the Principles & Recommendations and the Company's materiality thresholds. The materiality thresholds are set out below.

EZENET LIMITED
CORPORATE GOVERNANCE STATEMENT
30 June 2011

Company's Materiality Thresholds

The Board has agreed on the following guidelines for assessing the materiality of matters, as set out in the Company's Board Charter:

- Balance sheet items are material if they have a value of more than 10% of pro-forma net asset.
- Profit and loss items are material if they will have an impact on the current year operating result of 10% or more.
- Items are also material if they impact on the reputation of the Company, involve a breach of legislation, are outside the ordinary course of business, they could affect the Company's rights to its assets, if accumulated they would trigger the quantitative tests, involve a contingent liability that would have a probable effect of 10% or more on balance sheet or profit and loss items, or they will have an effect on operations which is likely to result in an increase or decrease in net income or dividend distribution of more than 10%.
- Contracts will be considered material if they are outside the ordinary course of business, contain exceptionally onerous provisions in the opinion of the Board, impact on income or distribution in excess of the quantitative tests, there is a likelihood that either party will default, and the default may trigger any of the quantitative or qualitative tests, are essential to the activities of the Company and cannot be replaced, or cannot be replaced without an increase in cost of such a quantum, triggering any of the quantitative tests, contain or trigger change of control provisions, they are between or for the benefit of related parties, or otherwise trigger the quantitative tests.

Statement concerning availability of Independent Professional Advice

To assist directors with independent judgement, it is the Board's policy that if a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a director then, provided the director first obtains approval for incurring such expense from the Chair, the Company will pay the reasonable expenses associated with obtaining such advice.

Nomination Matters

The Nomination Committee did not meet during the reporting period.

To assist the committee to fulfil its function, it has adopted a Nomination Committee Charter (which is available on the Company's website).

Performance Evaluation

During the Reporting Period an evaluation of the Board and its committees took place in accordance with the process disclosed at Recommendation 2.5, there were no performance evaluations held in the Reporting Period for individual directors.

Selection and (Re)Appointment of Directors

In determining candidates for the Board, the Nomination Committee follows a prescribed procedure whereby it evaluates the range of skills, experience and expertise of the existing Board, considers the balance of independent directors on the Board as well identifying the particular skills that will best increase the Board's effectiveness. A potential candidate is considered with reference to their skills and expertise in relation to other Board members. If relevant, the Nomination Committee recommends an appropriate candidate for appointment to the Board. Any appointment made by the Board is subject to ratification by shareholders at the next annual general meeting. The Company's Policy and Procedure for Selection and (Re)Appointment of Directors is available on the Company's website.

EZENET LIMITED
CORPORATE GOVERNANCE STATEMENT
30 June 2011

The Board recognises that Board renewal is critical to performance and the impact of Board tenure on succession planning. Each director other than the Managing Director, must not hold office (without re-election) past the third annual general meeting of the Company following the Director's appointment or three years following that director's last election or appointment (whichever is the longer). However, a Director appointed to fill a casual vacancy or as an addition to the Board must not hold office (without re-election) past the next annual general meeting of the Company. At each annual general meeting a minimum of one director or a third of the total number of directors must resign. A director who retires at an annual general meeting is eligible for re-election at that meeting. Re-appointment of directors is not automatic.

Principle 3 – Promote ethical and responsible decision-making

Recommendation 3.1:

Companies should establish a Code of Conduct and disclose the code or a summary of the code as to the practices necessary to maintain confidence in the company's integrity, the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

Disclosure:

The Company has established a Code of Conduct as to the practices necessary to maintain confidence in the Company's integrity, practices necessary to take into account their legal obligations and the expectations of their stakeholders and responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

Recommendation 3.2:

Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy.

Disclosure:

The Company has established a policy concerning trading in the Company's securities by directors, senior executives and employees.

Recommendation 3.3:

Companies should provide the information indicated in the *Guide to reporting on Principle 3*.

Disclosure:

A summary of the Company's code of conduct is available on the Company's website.

Principle 4 – Safeguard integrity in financial reporting

Recommendations 4.1 and 4.2:

The Board should establish an Audit Committee.

Disclosure:

The Company has established an Audit Committee.

EZENET LIMITED
CORPORATE GOVERNANCE STATEMENT
30 June 2011

Recommendations 4.2:

The Audit Committee should be structured so that it:

- consists only of non-executive directors
- consists of a majority of independent directors
- is chaired by an independent Chair, who is not Chair of the Board
- has at least three members.

Notification of Departure:

The Audit Committee has two members, Mr Ward and Dr Farrell. The Audit Committee is chaired by David Ward, who is not chair of the Board.

Explanation for Departure:

Given the size and structure of the Board, the Company is unable to structure the Audit Committee in accordance with Recommendation 4.2. However, the Audit Committee has been structured so that it is in accordance with Recommendation 4.2, except that it only has two members.

Recommendation 4.3:

The Audit Committee should have a formal charter.

Disclosure:

The Company has adopted an Audit Committee Charter.

Recommendation 4.4:

Companies should provide the information indicated in the *Guide to reporting on Principle 4*.

Disclosure:

The Audit Committee did not meet during the reporting period and the role of the Audit Committee was undertaken by the full Board.

Details of each of the director's qualifications are set out in the Directors' Report.

Audit Committee members have substantial industry knowledge and experience and consider themselves to be financially literate.

The Company has established procedures for the selection, appointment and rotation of its external auditor, which is available on the Company's website. The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as recommended by the Audit Committee (or its equivalent). Candidates for the position of external auditor must demonstrate complete independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Audit Committee and any recommendations are made to the Board.

Principle 5 – Make timely and balanced disclosure

Recommendation 5.1:

Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

EZENET LIMITED
CORPORATE GOVERNANCE STATEMENT
30 June 2011

Disclosure:

The Company has established written policies designed to ensure compliance with ASX Listing Rule disclosure and accountability at a senior executive level for that compliance.

Recommendation 5.2:

Companies should provide the information indicated in the *Guide to reporting on Principle 5*.

Disclosure:

A copy of the Company's Policy on Continuous Disclosure is available on the Company's website.

Principle 6 – Respect the rights of shareholders

Recommendation 6.1:

Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.

Disclosure:

The Company has designed a communications policy for promoting effective communication with shareholders and encouraging shareholder participation at general meetings.

Recommendation 6.2:

Companies should provide the information indicated in the *Guide to reporting on Principle 6*.

Disclosure:

A copy of the Company's Shareholder Communications Policy is available on the Company's website.

Principle 7 – Recognise and manage risk

Recommendation 7.1:

Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

Disclosure:

The Board has adopted a Risk Management Policy, which sets out the Company's risk profile. Under the policy, the Board is responsible for approving the Company's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

Under the policy, the Board delegates day-to-day management of risk to the Managing Director, who is responsible for identifying, assessing, monitoring and managing risks. The Managing Director is also responsible for updating the Company's material business risks to reflect any material changes, with the approval of the Board.

In fulfilling the duties of risk management, the Managing Director may have unrestricted access to Company employees, contractors and records and may obtain independent expert advice on any matter they believe appropriate, with the prior approval of the Board.

In addition, the following risk management measures have been adopted by the Board to manage the Company's material business risks:

- the Board has established authority limits for management which, if exceeded, will require prior Board approval;

EZENET LIMITED
CORPORATE GOVERNANCE STATEMENT
30 June 2011

- the Board has adopted a compliance procedure for the purpose of ensuring compliance with the Company's continuous disclosure obligations; and
- the Board has adopted a corporate governance manual which contains other policies to assist the Company to establish and maintain its governance practices

During the Reporting Period, the Company managed its material business risks as outlined above. In addition, the Board received a detailed report from management each month which enabled an assessment by the Board of activities that may impact on the risk profile of the Company. Specific areas of risk that were identified in the report included operational activities, asset management and staff. Any matter identified from the monthly report was then discussed at the following Board meeting.

Under the Risk Management Policy, the Board will oversee the processes by which risks are managed. This will include defining the Company's risk appetite, monitoring of risk performance and those risks that may have a material impact to the business. Management is responsible for the implementation of the risk management and internal control system to manage the Company's risks and to report to the Board whether those risks are being effectively managed.

The Company's system to manage its material business risks includes the preparation of a risk register by management to identify the Company's material business risks, analyse those risks, evaluate those risks (including assigning a risk owner to each risk) and treat those risks. Risks and their management are to be monitored and reviewed at least half yearly by senior management. The risk register is to be updated and a report submitted to the Managing Director. The Managing Director is to provide a risk report at least half yearly to the Board and an annual review of the risk profile is to be undertaken to ensure relevancy.

Recommendation 7.2:

The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.

Disclosure:

The Board has required management to design, implement and maintain risk management and internal control systems to manage the Company's material business risks. The Board also requires management to report to it confirming that those risks are being managed effectively. Further, the Board has received a report from the Managing Director as to the effectiveness of the Company's management of its material business risks.

Recommendation 7.3:

The Board should disclose whether it has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Disclosure:

The Managing Director and the Chief Financial Officer (or equivalent) have provided a declaration to the Board in accordance with section 295A of the Corporations Act and have assured the Board that such declaration is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial risk.

Recommendation 7.4:

Companies should provide the information indicated in the *Guide to reporting on Principle 7*.

EZENET LIMITED
CORPORATE GOVERNANCE STATEMENT
30 June 2011

Disclosure:

The Board has received the report from the Managing Director under Recommendation 7.2.

The Board has received the assurance from the Managing Director and the Chief Financial Officer (or equivalent) under Recommendation 7.3.

Principle 8 – Remunerate fairly and responsibly

Recommendation 8.1:

The Board should establish a Remuneration Committee.

Disclosure:

The Company has established a Remuneration Committee.

Recommendation 8.2:

Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.

Disclosure:

Non-executive directors are remunerated at a level which provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers the fees paid to non-executive directors of comparable companies when undertaking the annual review process. From time to time the Company may grant options to non-executive directors. The grant of options is designed to recognise and reward efforts as well as to provide non executive directors with additional incentive to continue those efforts for the benefit of the Company.

The Company aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company so as to reward executives for company and individual performance against targets set by reference to appropriate benchmarks; align the interests of executives with those of shareholders; link reward with the strategic goals; and ensure total remuneration is competitive by market standards. Executive remuneration consists of fixed remuneration and long term performance incentives delivered in the form of options.

In determining the level and composition of executive remuneration, the Board may engage an external consultant to provide independent advice detailing market levels of remuneration for comparable executive roles.

Recommendation 8.3:

Companies should provide the information indicated in the *Guide to reporting on Principle 8*.

Disclosure:

Details of remuneration, including the Company's policy on remuneration, are contained in the "Remuneration Report" which forms of part of the Directors' Report.

The Remuneration Committee did not meet during the reporting period. To assist the Committee to fulfil its function it has adopted a Remuneration Committee Charter.

There are no termination or retirement benefits for non-executive directors (other than for superannuation).

The Company's Remuneration Committee Charter includes a statement of the Company's policy on prohibiting transactions in associated products which limit the risk of participating in unvested entitlements under any equity based remuneration schemes.

EZENET LIMITED
ASX ADDITIONAL INFORMATION
30 June 2011

Additional information required by the Australian Stock Exchange Ltd and not disclosed elsewhere in this report is as follows. The information is current as at 20 September 2011.

(a) Statement of shareholdings

		Ordinary Shares				
Range	Names of 20 largest shareholders	Fully paid				
		No of holders	No. of shares held	% held	No. of shares in escrow	
100,001 or more	Martinick Wolf Gerhard	1	27,185,047	14.97%	-	
	Inkjar Pty Ltd	1	13,250,000	7.30%	-	
	Wadi Al Rawda Industrial	1	6,634,037	3.48%	-	
	Martinick Inv PL – Martinick S/F	1	5,323,113	2.93%	-	
	Bernes Nominess PL – Berenes S/F A/C	1	5,000,000	2.75%	-	
	O'Loughlin Neil Thomas	1	4,717,748	2.60%	-	
	Hope Anthony James – First Hope A/C	1	3,229,529	1.78%	-	
	Kings Park Nominees PL	1	2,645,253	1.46%	-	
	Hillbrow Inv Ltd	1	2,587,070	1.42%	-	
	King s Park Nominees PL–Watson S/F A/C	1	2,370,180	1.31%	-	
	Hope James Wallace + N E N & J S/F A/C	1	2,107,188	1.16%	-	
	Hoops Timothy Lee	1	2,043,000	1.13%	-	
	Watson Simon Maxwell O	1	2,015,625	1.11%	-	
	Gecko Res PL	1	1,850,000	1.02%	-	
	Whaleview PL- Davies S/F A/C	1	1,756,926	0.97%	-	
	Webster Rod + Anne H Webster	1	1,753,899	0.97%	-	
	Van Rooyen Reiner	1	1,578,125	0.87%	-	
	Mazuma Management PL	1	1,560,000	0.86%	-	
	Jemaya PL	1	1,500,000	0.83%	-	
	Cressing PL	1	1,500,000	0.83%	-	
		Various	20	90,286,740	49.75%	-
			205	49,573,517	42.85%	-
	Sub-total	225	168,137,826	92.60%	-	
10,001 - 100,000	Various	265	11,796,035	6.50%	-	
5,001 – 10,000	Various	109	859,122	0.47%	-	
1,001 – 5000	Various	238	702,232	0.39%	-	
1 – 1,000	Various	128	74,282	0.04%	-	
Total		965	181,569,497	100.00%	-	
	Holding an unmarketable parcel	437	1,256,168	0.69%	-	

The number of shareholdings held in less than a marketable parcel is 552

EZENET LIMITED
ASX ADDITIONAL INFORMATION
30 June 2011

(b) Statement of option holders

Names	No of holders	No of options held	% held
Total		Nil	

(c) Voting Rights

All ordinary shares carry one vote per share without restriction.

(d) Market buy-back

There is no current on-market buy-back of shares.

Substantial Shareholders, as at 20 September 2011, who have notified the company in accordance with section 671B of the Corporations Act 2001

Beneficial Owner	No of Shares
Dr Wolf Gerhard Martinick	29,351,141
Inkjar Pty Ltd	13,250,000

Schedule of Mining Tenements Held

Common Name	Tenement No	Percentage Held	Holding Company
Bir Moghrein	EL 276	100% *	Ghazal Minerals Limited
Agouyme	EL 277	100% *	Ghazal Minerals Limited

* Aura Energy Limited earning a 55% interest