

Ormil Energy Limited
(formerly Golden Tiger Mining NL)
ACN 107 708 305

Annual Report

For the year ended 30 June 2011

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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LETTER FROM THE CHAIRMAN

Dear Shareholder

As shareholders are aware in June 2010 the Company changed its name to Ormil Energy Limited and acquired shares in Apex Energy N.L. an unlisted public company with Coal Seam Gas (CSG) and Coal Mine Methane (CMM) interests in the Southern New South Wales coalfields.

On 24th August 2010 the Company acquired the whole of the issued capital of Sydney Basin CBM Pty Limited which owns a 20% interest in Petroleum Exploration Licences 442, 444 and 454 in the Sydney Basin for Coal Seam Methane and a 20% interest in agreements with the owners of Coal Mining Leases CCL703, 379, 700 and 740 and Authorisation 200 which are prospective for CMM.

At the same time the Company entered into a joint venture agreement with Apex Energy NL under which Ormil Energy Limited has agreed to spend \$3,200,000 in Stages 1 and 2 of a 3 stage joint venture. Full details of the ownership of Sydney Basin CBM Pty Limited and the joint venture agreement are referred to in detail in the section of this Annual Report concerning the Company's Principal Activities and Review of Operations.

After spending the \$3,200,000 in Stages 1 and 2 of the joint venture the conditions for the completion of the acquisition of Sydney Basin CBM Pty Limited will have been fulfilled and the Company will own outright 20% of the exploration areas. The Company at its election may earn a further 30% in the areas by spending a further \$7,000,000 on the areas on or before 30th June 2014 in Stage 3 of the joint venture.

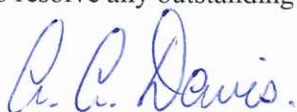
After the Company acquired the interest in the areas which have significant potential for CSM and CMM reserves located close to the Sydney market it became apparent that the Company's management and Board needed to be reviewed.

As a result Professor Ian Plimer a well respected geologist accepted an invitation to join the Board and Mr Tom Fontaine who has extensive experience in the Coal Seam Gas industry joined the Board and replaced me as Managing Director. I was appointed Chairman of the Company upon the resignation of Mr Graham Hurst from the Board.

Unfortunately for the Company the Coal Seam Gas industry has received a great deal of unwarranted bad publicity and this has affected the Company's ability to obtain a number of necessary Governmental approvals. This has meant the Company has been subject to considerable and expensive delays. The Company has received preliminary approval to drill an exploration well in PEL 454 and the Company is working to fulfil all remaining conditions and drill this well as soon as possible.

During the year the Company received \$642,519 in two payments in full and final settlement of the sale of its gold interests in China and recovery of loans.

The Board, company management and its consultants are committed to progressing the exploration activities and are working with Apex Energy N.L. and to progress the Apex joint venture areas and to resolve any outstanding issues.



Mr A.A. Davis

PRINCIPAL ACTIVITIES AND REVIEW OF OPERATIONS

Operations

During the year and to the date of this report the highlights of Ormil Energy Limited (the "Company")'s operations were as follows:

Corporate update

In August 2010 the change of name of the company from Golden Tiger Mining N.L. was completed. On 23 August 2010 a number of Board changes occurred: Mr Graham Hurst resigned as Chairman and as a Director. Mr Andrew Davis resigned as Managing Director and was appointed Chairman. Mr Tom Fontaine, who was appointed to the Board on 5 August 2010, was appointed Managing Director on 23 August 2010.

Rights issue

In October 2010 the Company carried out a partially underwritten renounceable rights issue. Shareholder take up including shortfall applications amounted to 54,502,029 shares with the balance of shares placed by the underwriters. A total of 93,037,417 shares were issued raising \$2,791,122 before costs.

Apex Energy N.L.

In September 2010 the Company finalised due diligence and settled the purchase of 100% of the issued capital of Sydney Basin CBM Pty Limited from Apex Energy N.L. in accordance with the agreement which was announced to the ASX on 24 August 2010.

Sydney Basin CBM Pty Limited owns a 20% interest in Petroleum Exploration Licences 442, 444 and 454 in the Sydney Basin which are prospective for Coal Seam Methane (CSM) and owns a 20% interest in agreements with the owners of Coal Mining Leases CCL 703, 379, 700 and 740 and Authorisation 200 which are prospective for Coal Mine Methane (CMM).

The acquisition price of the assets totaled \$1,750,000 for 100% of the issued capital of Sydney Basin CBM Pty Limited and access to the Mining Information and was settled by the issue of 20,000,000 fully paid ordinary shares in the capital of the Company to Apex Energy N.L. at 5 cents per share and the payment of \$750,000 in cash.

In addition the Company issued 4,000,000 fully paid shares at 4 cents per share in settlement of costs and advice in relation to this transaction and the change of activities of the Company.

Information regarding Apex Energy N.L. and its activities has been referred to in the Company's releases to the ASX, in the Company's Quarterly Activity Reports and in the Company's 2010 Annual Report.

The Company also agreed to enter into a Joint Venture with Apex Energy N.L. (together the "Parties") and is obliged to spend \$3,200,000 on exploration of the Apex CSM and CMM areas by spending \$1,600,000 in Phase 1 on or before 31 December 2011 (extended in the current year by a Deed of variation from the original 30 June 2011 deadline) and a further \$1,600,000 in Phase 2 on or before 31 December 2011. As at 30 June 2011 \$516,155 had been expended under Phase 1.

The expenditures in Phases 1 and 2 are dependent on the Company raising sufficient funds. Should the Company not spend the amounts required under Phase 1 and 2 it will relinquish 12.5% and 7.5% (respectively) of its interest.

After spending the \$3,200,000 referred to above the Company will maintain its 20% interest in the Joint Venture CSM and CMM assets in the Southern New South Wales coal fields (the Apex CSM

and CMM assets). The Parties have also agreed to the creation of an area of mutual interest which covers all CSM and CMM areas which Apex Energy N.L. now owns or acquires in New South Wales during the period of the joint venture south of a line drawn East-West through Macquarie Place in Sydney.

In Phase 3 of the Joint Venture agreement the Group has the right to earn a further 30% interest in the Apex CSM and CMM assets by spending \$7,000,000 exploring, appraising or developing the assets on or before 30 June 2014. The commitment for this expenditure is required to be made by the Company on or before 30 November 2011.

In the event the Group spends the total \$7,000,000 in Phase 3 Ormil Energy will own 50% of the Apex CSM and CMM assets in the Area of Mutual Interest in Southern NSW with Apex Energy N.L. owning the other 50%.

On 3 December 2010 the Company purchased a further 3,000,000 shares in the capital of Apex Energy N.L. in consideration of issuing 19,500,000 fully paid ordinary shares in the capital of the Company at 4 cents per share and the payment of \$40,000 in cash. Following the purchase, the Group owns 10,250,000 shares in the capital of Apex Energy N.L. (being 13.4% of the issued capital).

The Company is aware of recent press articles regarding the current political climate towards mining and coal seam gas activities in New South Wales and their potential effect on the approval process. The Joint Venture continues to work with various Federal and State Government Departments to obtain the necessary approvals for the exploration wells to be drilled and announcements will be made at the appropriate time relating to those approvals.

Chinese contract update

As announced in the Company's quarterly report dated 14 April 2011 the Company received \$381,462 in partial settlement of the sale of its 76% shareholding in Guangzi Golden Tiger Mining Joint Venture Limited and of loans due.

As announced on 26 May 2011 the Company received a further \$261,057 in full and final settlement. This brings the Company's involvement in China to finality.

Appointments

On 5 August 2010 Mr T. Fontaine was appointed a director of the Company and on 23 August 2010 he was appointed Managing Director.

On 23 August 2010 Mr G. P. Hurst resigned as Chairman and as a Director.

On 23 August 2010 Mr A. A. Davis was appointed Chairman.

CORPORATE GOVERNANCE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2011

This statement outlines the main Corporate Governance practices that were in place throughout the financial year, unless otherwise stated.

ROLE OF THE BOARD OF DIRECTORS (THE “BOARD”)

The Directors’ are responsible for the direction and supervision of the Company’s business and for its overall corporate governance. This includes ensuring that internal controls and reporting procedures are adequate and effective. The Directors’ recognise the need to maintain the highest standards of behaviour, ethics and accountability. During the year responsibility for the management of the day-to-day operations and administration is delegated to the Managing Director and responsibility for corporate actions is delegated to the Managing Director and Company Secretary.

The primary functions of the Board include:

- Formulating and approving objectives, strategies and long-term plans for the Company’s continued development and operation;
- Monitoring the implementation of these objectives, strategies and long-term plans to ensure the Company, to the best of its ability, delivers shareholder value;
- Approval of capital expenditure;
- Monitoring the Company’s overall performance and financial results, including adopting annual budgets and approving the Company’s financial statements;
- The management of the treasury function of the Company and approving capital management decisions;
- Ensuring that adequate systems of internal control exist and are appropriately monitored for compliance;
- Selecting and reviewing the performance of the Managing Director;
- Ensuring significant business risks are identified and appropriately managed;
- Ensuring that the Company meets the statutory, regulatory and reporting requirements of the ASX and requirements under the Corporations Act; and
- Reporting to shareholders on performance.

During the year there were a number of changes to the Board of the Company. The Board currently consists of the Non-Executive Chairman, the Managing Director and three Non-Executive Directors. The term of Directors’ appointments is governed by the Company’s Constitution. At least one third in number of the Directors, other than a Managing Director, must retire and seek re-election at each Annual General Meeting of the Company. In addition, all Directors appointed to the Board during the year must stand for election at the next Annual General Meeting of the Company.

From time to time, the Board may determine to establish specific purpose sub-committees to deal with specific issues. In this regard, the Board has established an Audit Committee, a Remuneration and Nomination Committee and a Safety and Environment Committee.

COMPOSITION OF THE BOARD

The Directors of the Company in office at the date of this statement and details of their skills and experience are detailed in the Directors' Report.

The composition of the Board is determined in accordance with the constitution.

The Board should comprise Directors with a broad range of expertise both nationally and internationally.

Subject to the requirements of the *Corporations Act 2001*, the Board does not subscribe to the principle of retirement age and there is no maximum period for service of a Director.

The membership of the Board, its activities and composition is subject to periodic review. The criteria for determining the identification and appointment of a suitable candidate for the Board shall include quality of the individual, background of experience and achievement, compatibility with other Board members, credibility within the Company's scope of activities, intellectual ability to contribute to the Board duties and physical ability to undertake Board duties and responsibilities.

INDEPENDENT PROFESSIONAL ADVICE

Each Director has the right to seek independent professional advice in the furtherance of their duties as directors at the Company's expense. However, prior approval of the Chairman is required.

All Directors are able to access members of the management team at any time to request information on the activities of the Company.

AUDIT COMMITTEE

The Audit Committee consists of, Mr A.A. Davis and Mr P.A. Curry. Mr M. T. Ohlsson attends all meetings. Mr A.A. Davis is Chairman of this Committee. Audit Committee Meetings are held twice during the year in conjunction with Board's meetings to discuss the half and full year audit work and findings. The roles and responsibilities of the Audit Committee are to:

- Assess the appropriateness of accounting policies, practices and disclosures and whether the quality of financial reporting is adequate;
- Ensure that the appropriate accounting policies and procedures are implemented;
- Review the scope and results of external and compliance audits and the adequacy and quality of the audits;
- Maintain open lines of communication between the Board and external auditors;
- Review and report to the Board on proposed annual reports and financial statements, and the half-yearly financial reports;
- Assess the adequacy of the Company's internal controls and whether they are of a sufficiently high standard to provide timely and accurate information for the proper management of the business;
- Make informed decisions regarding compliance policies, practices and disclosures;
- Assist in monitoring and controlling the financial aspects of the Company's business risks; and
- Nominate the external auditors.

The audit committee has unrestricted access to management.

AUDIT COMMITTEE (Continued)

In accordance with ASX principles, the Managing Director and Chief Financial Officer have provided a statement that the integrity of the financial statements is founded on a sound system of risk management, internal compliance and control, and that this system is operating effectively and efficiently in all material aspects.

REMUNERATION AND NOMINATION COMMITTEE

The Remuneration and Nomination Committee comprises Mr A.A. Davis, Prof. I.R. Plimer and Mr P.A. Curry. The responsibilities of this committee include:

- Advising the Board in relation to the terms and conditions of remuneration for Directors and the Managing Director;
- Reviewing the composition of the Board to ensure it comprises an appropriate mix of skills and experience and, if appropriate, proposing suitable nominees as Directors to the Board; and
- Advising the Board as to general employment policies.

The Committee will assess the performance and recommend the remuneration of the Managing Director.

SAFETY AND ENVIRONMENT COMMITTEE

The Safety and Environment Committee comprises Mr T. Fontaine, Mr A.A. Davis and Prof. I.R. Plimer. As the Company is not at present carrying out any field work this Committee, although appointed, has not met. In the event that the Company commences field work the Committee will ensure that the Company follows best practice in this important area.

INTERNAL CONTROL FRAMEWORK

The Board acknowledges that it is responsible for the overall internal control framework but recognises that no cost effective internal control system will preclude all errors and irregularities. The system is based upon appropriate procedures, policies and guidelines, having regard to the size of the Company and its activities.

CODE OF ETHICS

The Company recognises the need for every Director, officer, employee, agent, sub-contractor and consultant of the Company to observe the highest standards of behaviour and business ethics. All are expected to act in accordance with the law and with the highest standard of propriety.

DISCLOSURE OF INFORMATION

Continuous Disclosure to ASX

The continuous disclosure policy requires all executives and Directors to inform the Managing Director of any potentially material information as soon as practicable after they become aware of that information.

Information is material if it is likely that the information would influence investors who commonly acquire securities on ASX in deciding whether to buy, sell or hold the Company's securities.

DISCLOSURE OF INFORMATION (Continued)

The Managing Director is responsible for interpreting and monitoring the Company's disclosure policy and where necessary informing the Board. The Company Secretary is responsible for all communications with the ASX.

THE ROLE OF SHAREHOLDERS

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

The annual report is distributed to all shareholders (unless a shareholder has specifically requested not to receive the document). The Board ensures that the annual report includes relevant information about the operations of the consolidated entity during the year, changes in the state of affairs of the consolidated entity and details of future development, in addition to the other disclosures required by the *Corporations Act 2001*.

Half-year financial reports, prepared in accordance with the requirements of Accounting Standards and the *Corporations Act 2001*, are lodged with the Australian Securities and Investment Commission and the Australian Stock Exchange. The half-year financial reports are sent to any shareholder who requests them and quarterly reports are submitted to the Australian Stock Exchange under the requirements of the ASX relating to mining companies.

ROLE OF AUDITOR

The *Corporations Act 2001* requires the auditor to attend the Annual General Meeting and to be available to answer shareholders questions about the conduct of the audit and the preparation and content of the auditor's report.

RISK MANAGEMENT

The Board is responsible for the oversight of the Group's risk management and control framework. Responsibility for control and risk management is delegated to the Managing Director who has ultimate responsibility to the Board for the risk management and control framework of the Group.

INTEGRITY OF FINANCIAL REPORTING

The Company's Managing Director and Company Secretary who is acting as Chief Financial Officer have reported in writing to the Board that:

- The consolidated financial statements of the Company and its entities for the half and full year present a true and fair view, in all material aspects, of the Company's financial condition and operational results and are in accordance with accounting standards;
- The above statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- The Company's risk management and internal compliance and control framework is operating efficiently and effectively in all material respects.

REMUNERATION ARRANGEMENTS

The Board remuneration policy is to ensure that remuneration properly reflects the relevant person's duties and responsibilities. The Board believes that the best way to achieve this is to provide executives or consultants with a remuneration package consisting of fixed components and incentives that reflect the person's responsibilities, duties and personal performance.

The remuneration of Non-Executive Directors is determined by the Board as a whole having regard to the level of fees paid to Non-Executive Directors by other companies of similar size in the industry.

The amount payable to the Company's Non-Executive Directors must not exceed the maximum annual amount approved by the Company's shareholders.

Information on the Remuneration & Nomination committee is contained in a separate heading within this Corporate Governance Statement.

INTERESTS OF OTHER STAKEHOLDERS

The Company's operations are subject to various environmental laws and regulations under the relevant government's legislation. Full compliance with these laws and regulations is regarded as a minimum standard for the Company to achieve.

ADOPTION OF ASX CORPORATE GOVERNANCE RECOMMENDATIONS

The Company has adopted the ASX Corporate Governance Recommendations for all or part of the year, as outlined in the Corporate Governance Statement, with the following exceptions:

Composition of the Board

Council Principal 2: Structure the Board to add Value

Council Recommendation 2.1: A majority of the Board should be Independent Directors.

The Board considers that a majority of the Board are independent in accordance with Recommendation 2.1.

Ethical and Responsible Decision Making

Council Principle 3: Promote ethical and responsible decision-making

Council Recommendation 3.1: Establish a code of conduct to guide the Directors, the Chief Executive Officer (or equivalent), the Chief Financial Officer (or equivalent) and any other key executives as to:

- 3.1.1 The practices necessary to maintain confidence in the Company's integrity, and
- 3.1.2 The responsibility and accountability of individuals for reporting and investigating reports of unethical practice.

A code has not been developed at this time as it has not been deemed necessary given the size of the Company and the close manner in which the Board operates on all material decisions and the Managing Director's constant liaison with all major stakeholders. A code of conduct will be considered when the extent of the activities of the Company warrants such consideration.

ADOPTION OF ASX CORPORATE GOVERNANCE RECOMMENDATIONS (CONTINUED)

Council Recommendation 3.2: Disclose the policy concerning trading in Company securities by Directors, officers and employees.

The Company does not have a formal policy concerning trading in Company securities however, informally the Board discourages trading in the Company's shares by its Directors and Officers and shareholdings are encouraged only on a long term basis. Decisions on the purchasing and selling of stock is discussed by the relevant Director with the Company Secretary to ensure it is conducted at a time when the market is fully informed of all relevant matters that may otherwise have given that Director an advantage in buying and selling shares.

The relevant Director is then to advise the Company Secretary of any sales and/or acquisitions in timeframes that ensure compliance with the disclosure requirements of the *Corporations Act 2001* and ASX Listing Rules.

Integrity of Financial Reporting

Council Principle 4: Safeguard integrity in financial reporting

Council Recommendation 4.3: Structure the audit committee so that it consists of:

- Only Non-Executive Directors;
- A majority of Independent Directors;
- An Independent Chairperson, who is not Chairperson of the Board;
- At least three members.

During the year the composition of the Audit Committee changed as changes were made to the Board as a whole. At the conclusion of the year the committee was chaired by the Non-Executive Chairman and comprised one of the Non-Executive Directors and the Company Secretary, a total of three. The Board considers that given the number and make-up of the Board itself during the financial year that an Audit Committee of such a composition is appropriate.

Council Recommendation 4.4: The audit committee should have a formal charter.

The audit committee does not have a formal charter however its roles and responsibilities are outlined above, along with its composition, and structure. Minutes of meetings are kept within the Board's minutes. There is also no formal reporting mechanism between the Audit Committee and Board due to the duplication of membership and the detailed report tabled by the auditor who attends the Board meeting by invitation.

Risk Management

Council Principle 7: Recognise and Manage Risk

Council Recommendation 7.1: The Board or appropriate Board Committee should establish policies on risk oversight and management.

Policies on risk oversight and management have not been implemented. The Board is of the view that the financial and operational risks arising out of the Company's operations will be readdressed once new operations are commenced and in the meantime are appropriately reviewed by the full Board.

**ADOPTION OF ASX CORPORATE GOVERNANCE RECOMMENDATIONS
(CONTINUED)**

Remuneration

Council Principle 8: Remunerate fairly and responsibly

Council Recommendation 8.1: Provide disclosure in relation to the Company's remuneration policies to enable investors to understand (i) the costs and benefits of those policies and (ii) the link between remuneration paid to directors and key executives and corporate performance.

Please refer to the content on the Remuneration Arrangements section disclosed above.

Council Recommendation 8.3: Clearly distinguish the structure of Non-Executive Directors' remuneration from that of the executives.

The Board is of the view that all Directors have the potential to influence strategic direction and achievements of the Company for the benefit of shareholders and believe that the granting of options to non-executives is an appropriate method to supplement Non-Executive Directors' cash remuneration, which is relatively low.

DIRECTORS' REPORT

The directors of Ormil Energy Limited submit herewith the annual financial report of the Company for the financial year ended 30 June 2011. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

INFORMATION ABOUT THE DIRECTORS AND SENIOR MANAGEMENT

The names and particulars of the directors of the company during or since the end of the financial year are:

Alan Andrew Davis – Chairman (appointed Chairman 23 August 2010)

Aged 70, Mr Davis originally qualified as a lawyer and has extensive business experience in mineral exploration, oil and gas exploration in Australia and the United States, quarrying, the media industry, the motor vehicle industry and property development.

Mr Davis is Executive Chairman of Niuminco Group Limited.

Thomas Fontaine – Managing Director (appointed a director 5 August 2010, appointed Managing Director 23 August 2010)

Tom Fontaine is a professional engineer who has considerable experience in the Oil and Gas Industry including Coal Seam Methane. He was one of the original founders of Pure Energy Resources Limited which was a Coal Seam Methane focussed company which listed on the ASX and was subsequently bought by British Gas. He is a director of Energy Botswana Limited.

Peter Anthony Curry B.Com, LL.B, ACA FICD – Non-Executive Director

Peter Curry has over 35 years business and professional experience. He was formerly a partner with a major accounting firm before leaving that firm in 1984 to set up a corporate tax and financial advisory practice. Since that time Mr Curry has been involved in providing a wide variety of investment banking services, including initial public offerings and other capital raisings and corporate advisory assignments. He also has experience as a public company director.

Mr Curry is a director of APAC Resources Limited, Sun Hung Kai & Co Limited and Mount Gibson Iron Limited.

Brett Montgomery – Non-Executive Director

Brett Montgomery has over 27 years experience in the gold mining industry and management of public companies.

Mr. Montgomery is a director of Eurogold Limited.

Ian Rutherford Plimer – Non-Executive Director

Professor Ian Plimer is a geologist who holds a Bachelor of Science with Honours degree from the University of New South Wales and a Doctor of Philosophy from Macquarie University. He has consulted widely to mining companies and governments in many parts of the world and was Professor of Geology at the School of Earth Sciences at the University of Melbourne from 1991 to 2005. He is currently Professor of Mining Geology at the University of Adelaide. He is an Honorary Fellow of the Geological Society of London, and fellow of the Academy of Technological Sciences and Engineering and the Australian Institute of Geoscientists.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Information about the remuneration of directors and senior management is set out below in the remuneration report which forms part of the Directors' Report.

SHARE OPTIONS GRANTED TO DIRECTORS AND SENIOR MANAGEMENT

On 15 November 2010 10,000,000 unlisted options were issued to Mr T. Fontaine. The options have an exercise price of 6 cents per share and expire 30 June 2012. Full details are set out in Notes 24 and 26 to the Financial Statements.

PRINCIPAL ACTIVITIES, REVIEW OF OPERATIONS AND CHANGES IN STATE OF AFFAIRS

The principal activities of the consolidated entity during the financial year were;

In August 2010 the change of name of the company from Golden Tiger Mining N.L. was completed and a number of Board changes occurred.

In October 2010 the Company carried out a partially underwritten renounceable rights issue. A total of 93,037,417 shares were issued raising \$2,791,122 before costs.

In September 2010 the Company finalised due diligence and settled the purchase of 100% of the issued capital of Sydney Basin CBM Pty Limited from Apex Energy N.L. in accordance with the agreement which was announced to the ASX on 24 August 2010.

Sydney Basin CBM Pty Limited owns a 20% interest in Petroleum Exploration Licences 442, 444 and 454 in the Sydney Basin which are prospective for Coal Seam Methane (CSM) and owns a 20% interest in agreements with the owners of Coal Mining Leases CCL 703, 379, 700 and 740 and Authorisation 200 which are prospective for Coal Mine Methane (CMM).

Information regarding Apex Energy N.L. and its activities has been referred to in the Company's releases to the ASX, in the Company's Quarterly Activity Reports and in the Company's 2010 Annual Report.

Subsequently the Company agreed to enter into a Joint Venture with Apex Energy N.L. (together the "Parties") and is obliged to spend \$3,200,000 on exploration of the Apex CSM and CMM areas.

On 3 December 2010 the Company purchased a further 3,000,000 shares in the capital of Apex Energy N.L. in consideration of issuing 19,500,000 fully paid ordinary shares in the capital of the Company at 4 cents per share and the payment of \$40,000 in cash. Following the purchase, the Group owns 10,250,000 shares in the capital of Apex Energy N.L. (being 13.4% of the issued capital).

As announced in the Company's quarterly report dated 14 April 2011 the Company received \$381,462 in partial settlement of the sale of its 76% shareholding in Guangzi Golden Tiger Mining Joint Venture Limited and of loans due.

As announced on 26 May 2011 the Company received a further \$261,057 in full and final settlement. This brings the Company's involvement in China to finality.

PRINCIPAL ACTIVITIES, REVIEW OF OPERATIONS AND CHANGES IN STATE OF AFFAIRS (continued)

The Company is aware of recent press articles regarding the current political climate towards mining and coal seam gas activities in New South Wales and their potential effect on the approval process. The Joint Venture continues to work with various Federal and State Government Departments to obtain the necessary approvals for the exploration wells to be drilled and announcements will be made at the appropriate time relating to those approvals.

SUBSEQUENT EVENTS

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

FUTURE DEVELOPMENTS

As a result of its equity investment in Apex Energy N.L. and its subsequent acquisition of an interest in its Coal Seam Gas and Coal Mine Gas assets and its joint venture with Apex Energy N.L. the group will concentrate on developing these assets and increasing the value of its investment in Apex Energy N.L.

DIVIDENDS

No dividend has been declared for the year, and the directors do not recommend the payment of a dividend in respect of the financial year (2010: \$nil).

ENVIRONMENTAL REGULATIONS

The operation of the consolidated entity is solely within Australia and due to its current operations is not subject to any specific environmental laws. The Company is not aware of any breach of any environmental regulations during or since the end of the financial year from its activities.

SHARES UNDER OPTION OR ISSUED ON EXERCISE OF OPTIONS

Details of unissued shares or interests under option by Ormil Energy Limited as at the date of this report are:

Expiry date of option	Number of shares under option	Class of shares	Exercise price of option
31 July 2012	250,000	Ordinary	\$0.17
31 July 2012	250,000	Ordinary	\$0.25
31 July 2012	250,000	Ordinary	\$0.30
31 July 2012	250,000	Ordinary	\$0.35
31 July 2012	250,000	Ordinary	\$0.45
31 July 2012	250,000	Ordinary	\$0.50
30 June 2013	15,500,000	Ordinary	\$0.06
30 June 2012	10,000,000	Ordinary	\$0.06
30 June 2013	2,000,000	Ordinary	\$0.06

INDEMNIFICATION OF OFFICERS AND AUDITORS

During or since the financial year the company has not indemnified or made a relevant agreement to indemnify an officer or auditor of the company or of any related body corporate, except to the extent permitted by law, against a liability incurred as such an officer or auditor. In addition, the Company has not paid, or agreed to pay, a premium in respect of a contract insuring against a liability incurred by an officer or auditor.

DIRECTORS' MEETINGS

The following table sets out the number of Directors' meetings (including meetings of committees of Directors) held during the financial year and the number of meetings attended by each Director (while they were a director or committee member). During the financial year, 9 Board meetings, 1 Audit Committee meeting and 1 Remuneration Committee meeting were held:

	Directors' Meetings		Audit Committee Meetings		Remuneration Committee	
	Attended	Held	Attended	Held	Attended	Held
Mr A.A. Davis	9	9	2	2	1	1
Mr T. Fontaine	7	8	-	-	-	-
Mr P.A. Curry	6	9	2	2	1	1
Mr B. Montgomery	6	9	-	-	-	-
Prof. I.R. Plimer	5	9	-	-	1	1
Mr G.P. Hurst	2	2	-	-	-	-

REMUNERATION REPORT

The following persons acted as directors of the Company during or since the end of the financial year:

Mr A.A. Davis (Chairman) - appointed Chairman 23 August 2010
Mr T. Fontaine (Managing Director) – appointed a director 5 August 2010 – appointed Managing Director 23 August 2010
Mr P.A. Curry (Non-Executive Director)
Mr B. Montgomery (Non-Executive Director)
Prof. I. R. Plimer (Non-Executive Director) – appointed 9 February 2010
Mr G.P. Hurst (Non-Executive Chairman) – resigned as Chairman and Director 23 August 2010

There were no senior executives of the Company or the group during or since the end of the financial year that did not hold a position as a Director of the Company or Company Secretary.

The Company's policy for determining the remuneration of Board members and senior executives of the Company is based on a number of factors including length of service, the particular experience of the individual concerned and the overall performance of the Company.

The remuneration policy has been framed with particular regard to the early stage of the Company's operations. At this stage it is not considered appropriate for base remuneration to be dependent upon an individual's performance rated against key performance indicators or the Company's performance as measured by earnings or the Company's share price. Rather, this is indirectly remunerated through the increase in value of the granted share options.

Certain Directors and consultants to the Company have been granted options over unissued ordinary shares in the Company. The details of these options are set out below and also in the Notes to the Financial Statements.

The value of these options is anticipated to increase in accordance with the increase in the price at which the Company's shares are traded and in accordance with an increase in shareholder wealth.

Hedging positions over shares and options over shares or the loaning of shares and options over shares held by Directors or senior management in the Company are not permitted.

As at balance date no service agreements were in place for the directors of the Company other than for the Non-Executive Chairman Mr Davis and the Managing Director Mr Fontaine.

Mr A.A. Davis On 23rd August 2010 Mr Davis retired as Managing Director and was appointed Chairman of the Company. From 1st July to 23rd August 2010 the Company remunerated Mr Davis \$15,000 per month as Managing Director. Since 23rd August 2010 the Company remunerates Mr Davis \$7,000 per month as Chairman. Upon his retirement as Managing Director Mr Davis was paid a termination fee of \$90,000 in accordance with the agreement with him.

Mr T. Fontaine On 23rd August 2010 Mr Fontaine was appointed Managing Director. The Company has entered into an Employment Deed with Mr Fontaine who is paid a salary of \$40,000 per annum (plus superannuation). The Company has also entered into a Deed with Mr Fontaine and his company to provide services. Payment under the Deed is \$16,667 per month.

REMUNERATION REPORT (CONTINUED)

Non-executive directors receive remuneration as set out below.

Mr P.A. Curry The Company remunerates Mr Curry \$2,000 per month as a Non-Executive Director.

Mr B. Montgomery The Company remunerates Mr Montgomery \$2,000 per month as a Non-Executive Director.

Prof. I.R. Plimer The Company remunerates Professor Plimer \$2,000 per month as a Non-Executive Director.

Mr G.P. Hurst The Company remunerated Mr Hurst \$2,000 per month commencing 1 February 2010 until his resignation on 23 August 2010. Mr Hurst was granted 3,000,000 ordinary shares (at a deemed value of \$120,000) in accordance with a resolution passed Annual General Meeting of Shareholders the on 4th November 2010

Company secretary receives remuneration as set out below.

Mr M.T. Ohlsson The Company remunerates Mr Ohlsson \$1,666 per month as Company Secretary plus other consulting fees as for services rendered.

There were no ordinary shares in the Company provided as a result of the exercise of remuneration options to any Director during the year.

Details of remuneration

Details of the remuneration of each Director of the Company including their personally related entities are set out in the following table.

2011	Short-term employee benefits		Post-employment		Share-Based payment	Total
	Cash salary and fees \$	Bonus \$	Super annuation \$	Other Retirement benefits \$	Options \$	
Directors						
Mr A.A. Davis *	100,000	-	-	90,000	-	190,000
Mr T. Fontaine +	195,458	-	2,100	-	3,107	200,665
Mr P.A. Curry >	24,000	30,000	-	-	-	54,000
Mr B. Montgomery	24,000	-	-	-	-	24,000
Prof. I.R. Plimer	24,000	-	-	-	-	24,000
Mr G P. Hurst ^	2,000	-	-	120,000	-	122,000
Secretary						
Mr M. Ohlsson	49,768	-	-	-	2,000	51,768
TOTAL	419,226	30,000	2,100	210,000	5,107	666,433

REMUNERATION REPORT (CONTINUED)

* Resigned as Managing Director on 23 August 2010 and received a 6 month payout.

+ appointed Managing Director on 23 August 2010.

^ resigned on 23 August 2010. The retirement benefit was paid by the issue of 3,000,000 shares in recognition of the services of Mr Hurst in relation to the various transactions with Apex Energy N.L. over the last several months. He was largely instrumental in the original introduction of the Apex Energy N.L. project to the Company and without his efforts the Company would not have acquired its interests in Coal Seam Gas and Coal Mine Methane in the Southern Coal Fields of New South Wales.

> bonus was paid to Mr Curry for his efforts in finalising the Chinese interests of the Company.

2010	Short-term employee benefits	Post-employment		Share-based payment	Total
	Cash salary and fees \$	Superannuation \$	Other Retirement benefits \$	Options \$	
Directors					
Mr A.A.Davis	76,450	-	-	14,740	91,190
Prof. I.R.Plimer	10,000	-	-	9,212	19,212
Mr R.D. McNeil *	4,250	382	-	-	4,632
Mr P.A. Curry	90,000	-	-	9,212	99,212
Mr G.T.L. Hartigan +	11,009	991	-	-	12,000
Mr G P. Hurst	10,000	-	-	14,740	24,740
Mr B. Montgomery	10,000	-	-	9,212	19,212
Secretary					
Mr M. Ohlsson	6,665	-	-	-	6,665
TOTAL	218,374	1,373	-	57,116	276,863

* resigned on 30 November 2009.

+ resigned on 9 February 2010.

The table below sets out summary information about the consolidated entity's earnings and movements in shareholder wealth for the five years to 30 June 2011:

	30 June 2011	30 June 2010	30 June 2009	30 June 2008	30 June 2007
Revenue	98,327	53,547	95,650	136,919	224,396
Loss attributable to equity holders	(534,932)	(2,735,355)	(3,479,956)	(906,357)	(1,491,915)
Share price at start of year	\$0.04	\$0.01	\$0.08	\$0.12	\$0.11
Share price at end of year	\$0.02	\$0.04	\$0.01	\$0.08	\$0.12
Earnings per share (cents)	(0.18)	(2.22)	(3.62)	(1.15)	(2.17)

There have been no dividends paid during the period of analysis.

REMUNERATION REPORT (CONTINUED)

Options granted to Directors and Executives vested immediately and are exercisable at various dates as set out in detail in the notes to the financial statements. No options have been exercised in the current financial year. The following table sets out the options that were granted and those that have vested and are exercisable at balance date:

Name	No. of options granted	Grant date	Expiry date	Grant date fair value \$	Amount vested & exercisable at 30/06/2011
Mr G.P Hurst	4,000,000	30/06/2010	30/06/2013	14,740	4,000,000
Mr A.A Davis	4,000,000	30/06/2010	30/06/2013	14,740	4,000,000
Mr P.A Curry	2,500,000	30/06/2010	30/06/2013	9,212	2,500,000
Mr B. Montgomery	2,500,000	30/06/2010	30/06/2013	9,212	2,500,000
Prof. I.R Plimer	2,500,000	30/06/2010	30/06/2013	9,212	2,500,000
Mr T. Fontaine	10,000,000	30/11/2010	30/06/2012	3,107	10,000,000
Mr M. Ohlsson	2,000,000	19/08/2010	30/06/2013	2,000	2,000,000
	27,500,000			62,223	27,500,000

Assumptions for valuation as at 30 November 2010 include the share price: \$0.035, expected volatility: 15.12% (being one standard deviation of the trading price during the 12 months prior to date of grant), no dividends, and a risk free interest rate of 5.0%.

LOANS TO DIRECTORS AND EXECUTIVES

No loans have been made to Directors or Senior Executives of Ormil Energy Limited, including their personally related entities.

SHARE OPTIONS ISSUED

10,000,000 options were issued to directors and 2,000,000 to the Company Secretary during the financial year.

SHARES ISSUED ON THE EXERCISE OF OPTIONS

No ordinary shares of Ormil Energy Limited were issued during the year ended 30 June 2011 on the exercise of options.

NON-AUDIT SERVICES

No non-audit services were provided during the year by the auditor.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 22 of the annual report.

This report is made in accordance with a resolution of the Directors made pursuant to s.298(2) of the *Corporations Act 2001*.

On behalf of the Directors
Mr A.A. Davis
Chairman

Sydney, 30 September 2011

The Board of Directors
Ormil Energy Limited
Level 8
139 Macquarie Street
SYDNEY NSW 2000

30 September 2011

Dear Board Members

Ormil Energy Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Ormil Energy Limited.

As lead audit partner for the audit of the financial statements of Ormil Energy Limited for the financial year ended 30 June 2011, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU



Jason Thorne
Partner
Chartered Accountants

Independent Auditor's Report to the Members of Ormil Energy Limited

We have audited the accompanying financial report of Ormil Energy Limited, which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity 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 as set out on pages 25 to 62.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 3, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

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

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

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

Auditor's Independence Declaration

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

In our opinion:

- (a) the financial report of Ormil Energy Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 3.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 18 to 21 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 section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

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

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU



Jason Thorne
Partner
Chartered Accountants
Sydney, 30 September 2011

DIRECTORS' DECLARATION

The Directors' declare that:

- (a) In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- (b) In the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity;
- (c) In the Directors' opinion, the Financial Statements and notes thereto are in accordance with International Financial Reporting Standards as stated in Note 3 to the financial statements; and
- (d) The directors have been given the declarations required by s.295A of the Corporations Act 2001.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the *Corporations Act 2001*.

On behalf of the Directors



Mr A.A. Davis
Chairman

Sydney, 30 September 2011

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011**

Note	Year ended 30/06/11 \$	Year ended 30/06/10 \$
<u>Continuing operations</u>		
Other income	5	98,237
Loss on sale of property, plant and equipment	-	53,547
Occupancy expenses	-	(6,119)
Administration expenses	-	(21,947)
Bad debts recovered/(written off)	-	(59,069)
Recycling of translation differences on disposal of foreign controlled entity	-	(1,253,741)
Loss before tax	-	(575,684)
Income tax expense	8	642,519
Loss from continuing operations	6	(2,237,384)
<u>Discontinued operations</u>		
Gain from discontinued operations	-	471,646
LOSS FOR THE YEAR		
Other comprehensive income		
Recycling of translation differences on disposal of foreign controlled entity	-	(534,932)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		
Loss attributable to:		
Owners of the Company	-	89,354
Non-controlling interests	-	-
Loss attributable to:		
Owners of the Company	-	(534,932)
Non-controlling interests	-	(2,263,709)
Total comprehensive income attributable to:		
Owners of the Company	-	(534,932)
Non-controlling interests	-	(2,735,355)
Total comprehensive income attributable to:		
Owners of the Company	-	(534,932)
Non-controlling interests	-	(2,735,355)

The accompanying notes form part of these financial statements

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011 – (CONTINUED)**

Loss per share	Note	Year ended 30/06/11	Year ended 30/06/10
<i>From continuing and discontinued operations</i>			
Basic (cents per share)	18	(0.18)	(2.22)
Diluted (cents per share)	18	(0.18)	(2.22)
<i>From continuing operations</i>			
Basic (cents per share)	18	(0.18)	(1.91)
Diluted (cents per share)	18	(0.18)	(1.91)

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011

	Note	30/06/11 \$	30/06/10 \$
CURRENT ASSETS			
Cash and cash equivalents	28	2,663,156	1,431,354
Receivables	9	28,035	32,201
Other financial assets	10	-	200,000
Other current assets	11	2,079	2,079
TOTAL CURRENT ASSETS		2,693,270	1,665,634
NON-CURRENT ASSETS			
Other financial assets	10	2,833,772	2,011,252
Property, plant and equipment	12	1,170	-
Exploration and evaluation assets	13	2,266,155	-
TOTAL NON-CURRENT ASSETS		5,101,097	2,011,252
TOTAL ASSETS		7,794,367	3,676,886
CURRENT LIABILITIES			
Payables	14	16,386	55,202
TOTAL CURRENT LIABILITIES		16,386	55,202
TOTAL LIABILITIES		16,386	55,202
NET ASSETS		7,777,981	3,621,684
EQUITY			
Issued capital	15	18,931,368	14,240,139
Foreign exchange reserve	16	-	-
Accumulated losses	17	(11,153,387)	(10,618,455)
Equity attributable to equity holders of the parent		7,777,981	3,621,684
TOTAL EQUITY		7,777,981	3,621,684

The accompanying notes form part of these financial statements

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011**

	Share capital	Accumulated losses	Foreign currency translation reserve	Attributable to owners of the parent	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2009	11,791,442	(8,354,746)	471,646	3,908,342	3,908,342
Issue of ordinary shares	2,504,666	-	-	2,504,666	2,504,666
Share issue costs	(55,969)	-	-	(55,969)	(55,969)
Loss for the year	-	(2,263,709)	-	(2,263,709)	(2,263,709)
Recycling of translation differences on disposal of foreign controlled entity	-	-	(471,646)	(471,646)	(471,646)
Total comprehensive (loss) for the year	-	(2,263,709)	(471,646)	(2,735,355)	(2,735,355)
Balance at 30 June 2010	14,240,139	(10,618,455)	-	3,621,684	3,621,684
Issue of ordinary shares	4,851,122	-	-	4,851,122	4,851,122
Share issue costs	(159,893)	-	-	(159,893)	(159,893)
Loss for the year	-	(534,932)	-	(534,932)	(534,932)
Total comprehensive (loss) for the year	-	(534,932)	-	(534,932)	(534,932)
Balance at 30 June 2011	18,931,368	(11,153,387)	-	7,777,981	7,777,981

The accompanying notes form part of these financial statements

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR YEAR ENDED 30 JUNE 2011**

Note	Year ended 30/06/11 \$	Year ended 30/06/10 \$
Cash flows from operating activities		
	98,237	55,087
	1,212	-
	(1,030,973)	(924,179)
28	(931,524)	(869,092)
Cash flows from investing activities		
	(1,747)	-
	-	3,146
	-	722,740
	642,519	-
	(42,520)	(797,252)
	-	(200,000)
	(516,155)	-
	(550,000)	-
	(467,903)	(271,366)
Cash flows from financing activities		
	2,791,122	1,260,165
	(159,893)	(55,969)
	2,631,229	1,204,196
Net cash provided by financing activities		
	1,231,802	63,738
	1,431,354	1,367,616
23/28	2,663,156	1,431,354

The accompanying notes form part of these financial statements

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

NOTE 1: GENERAL INFORMATION

Ormil Energy Limited (the “Company”) is a public company listed on the Australian Stock Exchange trading under the symbol ‘OMX’, incorporated in Australia and operating in Australia.

The Company changed its name from Golden Tiger Mining NL to Ormil Energy Limited at an Extraordinary General Meeting of Shareholders on 18 June 2010. Approval for the name change was granted by the Australian Securities and Investment Commission on 6 August 2010.

Ormil Energy Limited’s registered office and its principal place of business are as follows:

Registered office & principal place of business

Level 8, 139 Macquarie Street
Sydney NSW 2000 Australia
Tel: 61 2 8231 7035

NOTE 2. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

2.1 Standards and Interpretations affecting amounts reported in the current period (and/or prior periods)

The following new and revised Standards and Interpretations have been adopted in the current period and have affected the amounts reported in these financial statements. Details of other Standards and Interpretations adopted in these financial statements but that have had no effect on the amounts reported are set out in section 2.2.

Standards affecting presentation and disclosure

Amendments to AASB 101 ‘Presentation of Financial Statements’ (adopted in advance of effective date of 1 January 2011)	The amendments (part of AASB 2010-4 ‘Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project’) clarify that an entity may choose to present the required analysis of items of other comprehensive income either in the statement of charges in equity or in the notes of the financial statements.
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Amendments to AASB 107 ‘Statement of Cash Flows’	The amendments (part of AASB 2009-5 ‘Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project’) specify that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities in the statement of cash flows. Consequently, cash flows in respect of development costs that do not meet the criteria in AASB 138 ‘Intangible Assets’ for capitalisation as part of an internally generated intangible asset (and, therefore, are recognized in profit or loss as incurred) have been reclassified from investing to operating activities in the statement of cash flows.
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**NOTE 2. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS
(Continued)**

2.2 Standards and Interpretations adopted with no effect on financial statements

Various new and revised Standards and Interpretations have also been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements but may affect the accounting for future transactions or arrangements.

2.3 Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 124 'Related Party Disclosures' (revised December 2009), AASB 2009-12 'Amendments in Australian Accounting Standards'	1 January 2011	30 June 2012
AASB 9 'Financial Instruments', AASB 2009-11 'Amendments to Australian Accounting Standards arising from AASB 9' and AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)'	1 January 2013	30 June 2014
AASB 2010-5 'Amendments to Australian Accounting Standards'	1 January 2011	30 June 2012

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the *Corporations Act 2001*, Accounting Standards and Interpretations, and comply with other requirements of the law. The financial statements comprise the consolidated financial statements of the Group.

Accounting Standards include *Australian equivalents to International Financial Reporting Standards* ('A-IFRS'). Compliance with A-IFRS ensures that the financial statements and notes of the company and the Group comply with *International Financial Reporting Standards* ('IFRS'). The financial statements were authorised for issue by the directors on 30 September 2011.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of preparation

The financial report has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are in Australian dollars, unless otherwise noted.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

Early adoption of accounting standards

The Directors have elected under s.334(5) of the Corporations Act 2001 to apply Amendments to AASB101 'Presentation of Financial Statements' in advance of its effective date. The standard is not required to be applied until annual reporting periods beginning on or after 1 January 2011. The impact of the adoption of the standard is disclosed in note 2.1 to the financial statements.

a. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries) (referred to as 'the Group' in these financial statements). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a. Basis of consolidation (continued)

investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

b. Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant Standards. Changes in the fair value of contingent consideration classified as equity are not recognised.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under AASB 3(2008) are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with AASB 112 Income Taxes and AASB 119 Employee Benefits respectively;
- Liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with AASB 2 Share-based Payment; and
- Assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b. Business combinations (continued)

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date – and is subject to a maximum of one year.

c. Going Concern

The Directors have prepared the financial report on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Director's cash flow forecasts project that the Group will be able to meet its liabilities and obligations when they fall due for a period of at least 12 months from the signing of this financial report. The Directors are of the opinion that the use of the going concern basis of accounting is appropriate as they are satisfied as to the ability of the group to meet its liabilities.

Further as an entity involved in gas exploration the Directors continue to assess the financing and capital requirements of the Group which may include the need to raise additional funds to meet future work programs.

d. Revenue

Interest revenue is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

e. Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

Contributions to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

f. Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 24.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f. Share-based payments (continued)

that will eventually vest. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

The policy described above is applied to all equity-settled share-based payments that were granted after 7 November 2002 and vested after 1 January 2005. No amounts have been recognised in the financial statements in respect of other equity-settled share-based payments.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

g. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary

differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g. Taxation (continued)

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination.

h. Property, plant and equipment

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

i. 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 the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i. Provisions (continued)

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

j. Financial assets

All financial assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- It has been acquired principally for the purpose of selling it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and AASB 139 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the statement of comprehensive income. Fair value is determined in the manner described in note 10.

AFS financial assets

Listed shares and listed redeemable notes held by the Group that are traded in an active market are classified as AFS and are stated at fair value. The Group also has investments in unlisted shares that are not traded in an active market but that are also classified as AFS financial assets and stated

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j. Financial assets (continued)

at fair value (because the directors consider that fair value can be reliably measured). Fair value is determined in the manner described in note 10. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j. Financial assets (continued)

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

k. Financial liabilities and equity instruments issued by the Group

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

l. Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- Where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- For receivables and payables which are recognised inclusive of GST.

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

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

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

m. Exploration and evaluation

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable “area of interest”. An area of interest may be determined by reference to one or more interest, lease or licence holdings, by geological association or by economic association or dependency.

Exploration and evaluation costs are fully capitalised as incurred so long as the rights to tenure of the area of interest are current and the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; or exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operation in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Capitalised exploration costs are reviewed each reporting date to determine whether an indication of impairment exists. For each exploration licence, this would involve consideration of an extensive field evaluation that has yielded no expected results. If any such indication exists, the recoverable amount of the capitalised exploration costs is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Accumulated costs (net of any impairment losses) in relation to an abandoned exploration area are written off in full against profit in the year in which the decision to abandon the area is made.

Where a decision is made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance will be classified to Development. At this point in time the Company does not have any assets in the Development stage.

NOTE 4: CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group’s accounting policies, which are described in note 3, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

NOTE 4: CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Impairment of exploration assets

Determining whether exploration assets require impairment is based on whether the company no longer wishes to hold that exploration licence or whether a detailed exploration programme has been completed across an entire licence that has yielded no results.

Valuation of available for sale financial assets

Available for sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

NOTE 5: OTHER INCOME	2011 \$	2010 \$
OTHER INCOME		
Interest received	98,237	53,547
OTHER INCOME	98,237	53,547

NOTE 6: LOSS FOR THE YEAR	2011 \$	2010 \$
EXPENSES		
Depreciation of property, plant and equipment	577	-
Operating lease rental	21,947	59,069
Loss on disposal of plant & equipment	-	6,119
Write down of investment	-	2,237,384
Other employee benefits expenses	492,565	211,709
Superannuation expenses	2,100	1,373

NOTE 7: SEGMENT NOTE

The Group operates entirely in the mining industry and within the sole geographical area of Australia. The operations comprise the investment in Australian coal seam gas and coal mine gas interests. As a result, the Chief Operating Decision maker sees the company as one segment only.

NOTE 8: INCOME TAX EXPENSE

The expense for the year can be reconciled to the accounting profit as follows:

	Year ended 30/06/11 \$	Year ended 30/06/10 \$
Loss from continuing operations:	(534,932)	(2,353,063)
Income tax income calculated at 30%	(160,480)	(705,919)
Effect of expenses that are not deductible in determining taxable profit	-	-
Effect of previously unrecognised tax losses	-	(43,914)
Effect of gains that are exempt from taxation	-	(141,494)
Effect of expenses that are not deductible in determining taxable profit	-	671,215
	(160,480)	(220,112)
Less: effect of unused tax losses and temporary differences not recognised as deferred tax assets	160,480	220,112
Total tax expense relating to continuing operations	-	-

The tax rate used for the 2011 and 2010 reconciliations above is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law.

	Year ended 30/06/11 \$	Year ended 30/06/10 \$
Deferred tax assets not recognised at the reporting date:		
- tax losses (revenue)	1,152,063	988,610
- tax losses (capital)	1,471,141	1,471,141
- temporary differences	6,055	9,083
	2,629,259	2,468,834

This benefit for tax losses will only be recognised if:

- (a) It is probable that the consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;
- (b) The consolidated entity continues to comply with the conditions for deductibility imposed by tax legislation; and
- (c) No changes in tax legislation adversely affect the consolidated entity in realising the benefit from the deductions for the losses.

At the current stage, the Company is unable to ascertain whether the condition as set in part (a) will eventuate and hence no deferred tax asset is recognised as a result.

NOTE 9: RECEIVABLES

	2011	2010
	\$	\$
CURRENT		
Other receivables	-	1,212
Input tax credits receivable	28,035	30,989
TOTAL CURRENT	28,035	32,201

NOTE 10: OTHER FINANCIAL ASSETS

	2011	2010
	\$	\$
INVESTMENTS CARRIED AT COST:		
CURRENT		
Receivable of proceeds from sale of interest in Guangxi Golden Tiger Mining Joint Venture Limited	-	1,822,034
Less: provision for impairment	-	(1,822,034)
	-	-
Loan to Apex Energy N.L.^	-	172,025
Derivative at fair value – Apex Energy N.L. Loan	-	27,975
	-	200,000
NON-CURRENT		
Available for sale investments carried at fair value		
Investment in Apex Energy N.L. *	2,833,772	2,011,252
TOTAL	2,833,772	2,211,252

^ On 28 June 2010, Ormil Energy Ltd ('Ormil') provided Apex Energy N.L. ('Apex') a loan of \$200,000. The loan was repaid in full without deduction, set-off or counter-claim on 22 September 2010. The loan was interest free.

** On 3 December 2010 Ormil purchased an additional 3,000,000 ordinary shares in the capital of Apex Energy NL by issuing 19,500,000 Ormil ordinary shares valued at \$780,000, and paying \$40,000 in cash..*

NOTE 11: OTHER CURRENT ASSETS

	2011	2010
	\$	\$
CURRENT		
Deposits	2,079	2,079
TOTAL	2,079	2,079

NOTE 12: PROPERTY, PLANT & EQUIPMENT

	2011	2010
	\$	\$
Cost	1,747	-
Accumulated depreciation	(577)	-
TOTAL	1,170	-

Consolidated

	Fixtures & Fittings at cost \$	Office Equipment at cost \$	Total at cost \$
Cost or valuation			
Balance at 1 July 2009	3,648	18,407	22,055
Disposals	(3,648)	(18,407)	(22,055)
Balance at 30 June 2010	-	-	-
Additions	-	1,747	1,747
Balance at 30 June 2011	-	1,747	1,747

**Accumulated
Depreciation**

Balance at 1 July 2009	(503)	(12,287)	(12,790)
Disposals	503	12,287	12,790
Balance at 30 June 2010	-	-	-
Depreciation	-	(577)	(577)
Balance at 30 June 2011	-	(577)	(577)

Net book value

As at 30 June 2010	-	-	-
As at 30 June 2011	-	1,170	1,170

NOTE 13: EXPLORATION & EVALUATION ASSETS

	2011	2010
	\$	\$
NON-CURRENT		
Balance at start of year	-	-
Add: Expenditure incurred during the year ^	2,266,155	-
Less: Exploration costs expensed	-	-
Balance at end of year	<u>2,266,155</u>	<u>-</u>

^ Expenditure includes \$1,750,000 of acquisition costs and \$516,155 Joint Venture Phase 1 expenditure capitalised.

Recoverability of the carrying amount of exploration assets is dependent upon the successful exploration and sale of resources.

NOTE 14: PAYABLES

	2011	2010
	\$	\$
CURRENT		
Sundry payables and other accruals	16,386	55,202
TOTAL	<u>16,386</u>	<u>55,202</u>

NOTE 15: ISSUED CAPITAL

	2011	2010
	\$	\$
301,612,250 (2010:162,074,833) fully paid ordinary shares	18,931,368	14,240,139

	2011	2011	2010	2010
	No.	\$	No.	\$
a. ORDINARY SHARES				
At the beginning of reporting period	162,074,833	14,240,139	96,020,694	11,791,442
Shares issued during the year	139,537,417	4,851,122	66,054,139	2,504,666
Less: Share issue cost	-	(159,893)	-	(55,969)
As at 30 June 2011	<u>301,612,250</u>	<u>18,931,368</u>	<u>162,074,833</u>	<u>14,240,139</u>

NOTE 15: ISSUED CAPITAL (CONTINUED)

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

The fair value of shares issued for consulting services was determined by reference to the market rate for similar consulting services.

The following issues of shares were made during the year.

23 August 2010 - 20,000,000 ordinary shares at 5 cents per share issued to Apex Energy N.L. in part consideration for the purchase of Sydney Basin CBM Pty Ltd.

23 August 2010 - 4,000,000 ordinary shares at 4 cents per share issued in settlement of costs and advice in relation to the Sydney Basin CBM purchase and to the Company's change in activities.

7 October 2010 - 93,037,417 ordinary shares issued upon the completion of a 1 for 2 renounceable rights issue at 3 cents per share.

15 November 2010 - 3,000,000 ordinary shares issued to Mr G Hurst (as approved by shareholders at the Annual General Meeting).

3 December 2010 - 19,500,000 ordinary shares issued as consideration for the purchase of an additional 3,000,000 ordinary shares in the capital of Apex Energy N.L. Following the purchase, the Group owns 10,250,000 shares in the capital of Apex Energy N.L. (being 13.4% of the issued capital).

	Number of Options	
	2011	2010
b. SHARE OPTIONS		
Options over ordinary shares in the parent entity	29,000,000	17,000,000

c. SHARE OPTIONS ISSUE

As at 30 June 2011, the company has 29,000,000 share options on issue (2010: 17,000,000), exercisable on a 1:1 basis for 29,000,000 ordinary shares of the company (2010: 17,000,000) at an exercise price between \$0.06 and \$0.50. The options expire between 30 June 2012 and 30 June 2013 (2010: 31 July 2012 and 31 July 2013), and carry no rights to dividends and no voting rights.

NOTE 15: ISSUED CAPITAL (CONTINUED)

On 20 August 2010 the Company issued 2,000,000 unlisted options to Mr M Ohlsson at an exercise price of 6 cents per share which expire 30 June 2013 and on 15 November 2010 issued 10,000,000 unlisted options issued to Mr T Fontaine at an exercise price of 6 cents which expire 30 June 2012.

d. SHARE OPTION EXPIRY

No options expired during the financial year.

e. SHARE OPTION CANCELLATION

No options were cancelled during the financial year.

NOTE 16: RESERVES

	2011	2010
	\$	\$
Foreign currency translation reserve		
Balance at beginning of financial year	-	471,646
Adjustment taken to profit and loss	-	(471,646)
Balance at end of financial year	-	-

Exchange differences relating to the translation from the functional currencies of the Group's foreign controlled entities into Australian dollars are brought to account by entries made directly to the foreign currency translation reserve.

NOTE 17: ACCUMULATED LOSSES

	2011	2010
	\$	\$
Balance at beginning of financial year	(10,618,455)	(8,354,746)
Net loss attributable to equity holders of the parent entity	(534,932)	(2,263,709)
Balance at end of financial year	(11,153,387)	(10,618,455)

NOTE 18: EARNINGS PER SHARE

	2011	2010
	\$	\$
Basic loss per share		
From continuing operations	(0.18)	(1.91)
From discontinued operations	-	(0.31)
Total basic loss per share	(0.18)	(2.22)
Diluted loss per share		
From continuing operations	(0.18)	(1.91)
From discontinued operations	-	(0.31)
Total diluted loss per share	(0.18)	(2.22)
Loss used to calculate earnings per share		
From continuing operations	(534,932)	(2,353,063)
From discontinued operations	-	(382,292)
Weighted average number of ordinary shares outstanding during the period used in calculating basic loss per share	291,472,903	123,313,721

The dilutive loss per share is the same as the basic loss per share as the consolidated entity is in a loss position.

There is no dilution of earnings on the exercise of options as there are no options ‘in the money’ and the Company is in a loss making position.

NOTE 19: DIVIDENDS

There have been no dividends paid or proposed during the current financial year.

NOTE 20: EVENTS AFTER THE REPORTING DATE AND COMMITMENTS

During the year the Company entered into a Joint Venture with Apex Energy N.L. (“the Parties”) and is obliged to spend \$3,200,000 on exploration of the Apex CSM and CMM areas by spending \$1,600,000 in Phase 1 on or before 30 June 2011 and a further \$1,600,000 in Phase 2 on or before 31 December 2011.

On 23 June 2011 the Company signed a Deed of Variation with Apex Energy N.L. to extend the date by which Phase 1 is required to be completed by 6 months. The Phase 1 obligation is now on or before 31 December 2011.

**NOTE 20: EVENTS AFTER THE REPORTING DATE AND COMMITMENTS
(CONTINUED)**

The expenditures in Phase 2 are dependent on the Company raising sufficient funds. Should the Company not spend the amounts required under Phase 1 and 2 it will relinquish 12.5% and 7.5% (respectively) of its interest.

After spending the \$3,200,000 referred to above the Group will maintain its 20% interest in the Joint Venture CSM and CMM assets in the Southern New South Wales coal fields (the Apex CSM and CMM assets). The Parties have also agreed to the creation of an area of mutual interest which covers all CSM and CMM areas which Apex Energy N.L. now owns or acquires in New South Wales during the period of the joint venture south of a line drawn East-West through Macquarie Place in Sydney.

In Phase 3 of the Joint Venture agreement the Group has the right to earn a further 30% interest in the Apex CSM and CMM assets by spending \$7,000,000 exploring, appraising or developing the assets on or before 30 June 2014. The commitment for this expenditure is required to be made by the Company on or before 30 November 2011.

In the event the Group spends the total \$7,000,000 in Phase 3 Ormil Energy will own 50% of the Apex CSM and CMM assets in the Area of Mutual Interest in Southern NSW with Apex Energy N.L. owning the other 50%.

Commitments	30 Jun 2011	30 Jun 2010
	\$	\$
Gas properties		
Not longer than 1 year	2,683,845	-
Longer than 1 year and not longer than 5 years	-	-
Longer than 5 years	-	-
	2,683,845	-

Total commitments payable in Stages 1 and 2 of the Apex Energy NL Joint venture are \$3,200,000. As at 30th June 2011, \$516,155 has been expended in relation to the Joint Venture.

At balance date there were no other commitments not otherwise disclosed in these accounts.

NOTE 21: CONTINGENT LIABILITIES

The directors do not believe there are any contingent liabilities in existence at balance date, not otherwise disclosed in the financial statements.

NOTE 22: SUBSIDIARIES	Country of Incorporation	Percentage Owned (%)*	
		2011	2010
Controlled entities consolidated:			
Parent Entity:			
Ormil Energy Limited	Australia		
Subsidiaries of Ormil Energy Limited:			
Ormil Operations Pty Limited (formerly Goltom Pty Limited) +	Australia	100	100
Sydney Basin CBM Pty Ltd	Australia	100	-
<i>* Percentage of voting power is in proportion to ownership</i>			
+ Ormil Operations Pty Limited owns 2,000,000 shares (approximately 2.63%) of the issued shares of Apex Energy N.L.			

NOTE 23: FINANCIAL INSTRUMENTS

(a) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through holding cash only to the extent necessary to meet Group commitments and its immediate exploration program. The Group's overall capital strategy remains unchanged from 2010.

The capital structure of the Group consists of cash and cash equivalents, and equity attributable to equity holders of the parent comprising issued capital, reserves and accumulated losses as disclosed in the notes 15, 16, & 17 respectively. The Group operates in Australia and none of the Group's entities are subject to externally imposed capital requirements going forward.

(b) Categories of financial instruments

	2011	2010
	\$	\$
Financial assets		
Cash and cash equivalents	2,663,156	1,431,354
Receivables (includes GST)	28,035	32,201
Payables	16,386	55,202
Loans and receivables accounted for at amortised cost	-	172,025
Derivative value – call option	-	27,975
Available for sale investments at fair value	2,833,772	2,011,252

The carrying amount reflected above represents the Company's and the Group's maximum exposure to credit risk for other loans and receivables.

(c) Financial risk management objectives

The Board monitors and manages financial risks relating to the operations of the Group on an individual case basis. These risks include market risk (including currency risk and interest rate risk), credit risk, liquidity risk and cash flow interest rate risk. The Group does not use derivatives to manage its exposure nor trade instruments for speculative purposes.

NOTE 23: FINANCIAL INSTRUMENTS (CONTINUED)

(d) Market risk

The Group's current activities do not expose it to market risk. Previously, the Group was exposed to the financial risks of changes in foreign currency exchange rates.

(e) Credit risk management

Credit risk refers to the risk that a counter-party will default on its contractual obligations resulting in financial loss to the Group. The Group attempts to deal with only creditworthy counterparties and obtain sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Group does not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Other price risks

The Group is exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather than trading purposes.

Equity price sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 5% higher/lower:

- Net profit for the year would have been unaffected as the equity investments are classified as available-for-sale and no investments were disposed of or impaired; and
- Other equity reserves would increase/decrease by \$141,689 (2010: increase/decrease by \$100,562) as a result of the changes in fair value of available-for-sale shares.

(f) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who are informed of current cash burn and all liquidity issues at each board meeting. The Group manages liquidity by continuously monitoring forecast and actual cashflows against cash held.

NOTE 23: FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity and interest risk tables

The following tables detail the Group's and the Company's remaining contractual maturity profile for its non-derivative financial assets and liabilities. The tables have been drawn up based on the undiscounted cash flows based on the earliest date on which the Group will receive/pay the funds.

2011	Weighted average effective interest rate %	Less than 1 month \$	1-3 months \$	3 months to 1 year \$	Total \$
Cash - variable interest rate	4.75	2,663,156	-	-	2,663,156
Receivable – not interest bearing		28,035	-	-	28,035
		2,691,191	-	-	2,691,191
Payables – not interest bearing		16,386	-	-	16,386
		16,386	-	-	16,386

2010	Weighted average effective interest rate %	Less than 1 month \$	1-3 months \$	3 months to 1 year \$	Total \$
Cash - variable interest rate	3.47	1,431,354	-	-	1,431,354
Receivable – not interest bearing		32,201	-	-	32,201
Loan – Apex Energy		-	-	200,000	200,000
		1,463,555	-	200,000	1,663,555
Payables – not interest bearing		55,202	-	-	55,202
		55,202	-	-	55,202

NOTE 23: FINANCIAL INSTRUMENTS (CONTINUED)

Fair value measurements recognised in the Consolidated Statement of Financial Position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 3	
	2011	2010
Financial assets at fair value through profit or loss (FVTPL)		
Derivative – Apex Energy N.L	-	27,975
Available-for-sale financial assets		
Investment in Apex Energy N.L.	2,833,772	2,011,252
Total	2,833,772	2,039,227

Reconciliation of Level 3 fair value measurements of financial assets

	FVTPL	Available for Sale	Total
	Derivative – Apex Energy N.L.	Interest in Apex Energy N.L.	
Opening balance 1 July 2009	-	-	-
Purchases	27,295	2,011,252	2,039,227
Closing balance 30 June 2010	27,295	2,011,252	2,039,227
Purchases	-	822,520	822,520
Disposal/transfer	(27,795)	-	(27,795)
Closing balance 30 June 2011	-	2,833,772	2,833,772

NOTE 23: FINANCIAL INSTRUMENTS (CONTINUED)

Significant assumptions used in determining fair value of financial assets and liabilities

Unlisted shares

The financial statements include holdings in unlisted shares which are measured at fair value (note 10). Fair value is estimated using a discounted cash flow model, which includes some assumptions that are not supportable by observable market prices or rates. If equity prices had been 5% higher/lower than other equity reserves would increase/decrease by \$141,689 as a result of the changes in fair value of available-for-sale assets.

NOTE 24: SHARE BASED PAYMENTS

Options to purchase shares have been issued to Directors, and to key consultants of the Company as approved by the Board of Directors and an Extraordinary General Meeting of Shareholders. Each share option converts into one ordinary share of Ormil Energy Limited on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights.

On 20 August 2010 the Company issued 2,000,000 unlisted options to Mr M Ohlsson at an exercise price of 6 cents per share which expire 30 June 2013 and on 15 November 2010 issued 10,000,000 unlisted options issued to Mr T Fontaine at an exercise price of 6 cents which expire 30 June 2012.

The following share-based payment arrangements were in existence during the current and comparative reporting periods. All options have vested as at balance date.

Options series	Number	Grant date	Expiry date	Exercise price (\$)	Fair value at grant (\$)	Days prior to expiry
Issued 31 July 2007	250,000	31/07/07	31/07/12	0.17	0.037	396
Issued 31 July 2007	250,000	31/07/07	31/07/12	0.25	0.020	396
Issued 31 July 2007	250,000	31/07/07	31/07/12	0.30	0.014	396
Issued 31 July 2007	250,000	31/07/07	31/07/12	0.35	0.010	396
Issued 31 July 2007	250,000	31/07/07	31/07/12	0.45	0.005	396
Issued 31 July 2007	250,000	31/07/07	31/07/12	0.50	0.004	396
Issued 30 June 2010	15,500,000	30/06/10	30/06/13	0.06	0.004	731
Issued 20 Aug 2010	2,000,000	20/08/10	30/06/13	0.06	0.0011	731
Issued 10 Sep 2010	10,000,000	30/11/10	30/06/12	0.06	0.0004	365

NOTE 24: SHARE BASED PAYMENTS (CONTINUED)

	2011		2010	
	Number of Options	Weighted Average Exercise Price \$	Number of Options	Weighted Average Exercise Price \$
Outstanding at the beginning of the year	17,000,000	0.08	4,084,795	0.32
Granted	12,000,000	0.06	15,500,000	0.06
Forfeited	-	-	-	-
Exercised	-	-	-	-
Expired	-	-	2,584,795	0.30
Outstanding at year-end	29,000,000	0.07	17,000,000	0.08
Exercisable at year-end	29,000,000	0.07	6,150,000	0.13

The options issued in the current year have been valued using a binominal options pricing model utilising the following assumptions: share price \$0.035, expected volatility: 15.12% (being one standard deviation of the trading price during the 2011 financial year), no dividends, and a risk free interest rate of 5.0%.

No options have been exercised during the financial year.

NOTE 25: KEY MANAGEMENT PERSONNEL COMPENSATION

The aggregate compensation made to directors and other members of key management personnel of the company and Group is set out below:

	2011 \$	2010 \$
Short-term employee benefits	399,458	211,709
Post-employment benefits	212,100	1,373
Share based payment	3,107	57,116
	614,665	270,198

NOTE 26: RELATED PARTY TRANSACTIONS

Option holdings

The numbers of options over ordinary shares in the Company held during the financial year by each key management personnel of Ormil Energy Limited, including their personally-related entities, are set out below.

Name	Balance at the start of the year	Granted during the year as remuneration	Exercised during the year	Other changes during the year	Balance at the end of the year	Vested and exercisable at the end of the year
Mr G.P. Hurst ^	4,000,000	-	-	-	4,000,000	4,000,000
Mr A.A. Davis	4,000,000	-	-	-	4,000,000	4,000,000
Mr P.A Curry	2,500,000	-	-	-	2,500,000	2,500,000
Mr B. Montgomery	2,500,000	-	-	-	2,500,000	2,500,000
Prof. I.R. Plimer	2,500,000	-	-	-	2,500,000	2,500,000
Mr T. Fontaine	-	10,000,000	-	-	10,000,000	10,000,000

^ Resigned 23 August 2010

Shareholdings

The numbers of shares in the Company held during the financial year by each key management personnel of Ormil Energy Limited, including their personally-related entities, are set out below:

Name	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year
Mr G. Hurst ^	-	-	3,201,721	3,201,721
Mr T. Fontaine	-	-	44,123,069	44,123,069
Mr P.A. Curry	10,000	-	-	10,000
Mr A.A. Davis	12,251,000	-	4,125,500	16,376,500
Prof I. Plimer	-	-	2,000,000	2,000,000

^ Resigned on 23 August 2010

Loans to Directors and Executives

No loans were made to Directors of Ormil Energy Limited, including their personally-related entities.

Other transactions with Directors

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

NOTE 27: AUDITORS' REMUNERATION

	2011	2010
	\$	\$
Remuneration of the auditor of the parent entity for:		
- Auditing or reviewing the financial reports	85,600	48,915
Total	85,600	48,915

NOTE 28: CASH AND CASH EQUIVALENTS

	2011	2010
	\$	\$
Cash at bank and on hand	43,600	2,618
Cash at call	2,619,556	1,428,736
TOTAL	2,663,156	1,431,354

Reconciliation of loss for the period to net cash flows from operating activities

	2011	2010
	\$	\$
Loss for the year	(534,932)	(2,263,709)
ADJUSTMENTS FOR NON CASH ITEMS		
- Depreciation expense	577	-
- Loss on disposal of asset	-	6,119
- Gain on disposal of subsidiary	-	(138,431)
- Bad debts (recovered)/written off	(642,519)	2,237,384
- Recycling of translation differences on disposal of foreign controlled entity	-	(471,646)
- Consulting fees paid by share issue	160,000	-
- Share based payment	120,000	30,500
CHANGES IN WORKING CAPITAL		
- Decrease in receivables and prepayments	4,166	56,720
- Decrease in payables & borrowings	(38,816)	(326,029)
Net cash from operating activities	(931,524)	(869,092)

NOTE 29: NON CASH TRANSACTIONS

During the 2011 financial year, the Group entered into the following non-cash investing and financing activities which are not reflected in the statement of cash flows:

Share issue proceeds of \$160,000 were received in the form of consulting services as described in Note 15.

NOTE 30: PARENT ENTITY DISCLOSURES

Financial Position

	2011	2010
	\$	\$
Assets		
Current Assets	2,663,156	1,665,634
Non-Current Assets	5,131,211	2,011,252
Total Assets	7,794,367	3,676,886
Liabilities		
Current Liabilities	16,386	55,202
Non-Current Liabilities	-	-
Total Liabilities	16,386	55,202
Equity		
Issued Capital	18,931,368	14,240,139
Retained Earnings	(11,153,387)	(10,618,455)
Reserves	-	-
Total Equity	7,777,981	3,621,684

Financial Performance

Loss for the year	(534,932)	(2,735,355)
Other Comprehensive Income	-	-
Total Comprehensive Loss	(534,932)	(2,735,355)

Contingent Liabilities of the Parent Entity

Contingent refund of GGTMJV purchase consideration already paid*	-	805,085
Total Contingent Liabilities	-	805,085

NOTE 31. BUSINESS COMBINATIONS

Subsidiaries acquired

On 22 September 2010 the Company purchased of 100% of the issued capital of Sydney Basin CBM Pty Limited from Apex Energy N.L. in accordance with the agreement which was announced to the ASX on 24 August 2010. The purchase was made to enable the Company to participate in the exploration of CSM potential in the Petroleum Exploration Licences held by Sydney Basin CBM Pty Ltd.

Consideration

The acquisition price of the assets totaled \$1,750,000 for 100% of the issued capital of Sydney Basin CBM Pty Limited and access to the Mining Information and was settled by the issue of 20,000,000 fully paid ordinary shares in the capital of the Company to Apex Energy N.L. at 5 cents per share, the payment of \$550,000 in cash and the offset of \$200,000 previously lent to Apex Energy N.L..

Net cash outflow arising on acquisition	\$
Consideration paid	1,750,000
Less: Settlement in shares	(1,000,000)
Less: offset against loan receivable	(200,000)
Consideration paid in cash	550,000

In addition Ormil Energy Limited issued 4,000,000 fully paid shares at 4 cents per share in settlement of costs and advice in relation to this transaction and the change of activities of the Company.

There were no other costs associated with the acquisition.

Assets acquired and liabilities assumed

Sydney Basin CBM Pty Limited owns a 20% interest in Petroleum Exploration Licences 442, 444 and 454 in the Sydney Basin which are prospective for Coal Seam Methane (CSM) and owns a 20% interest in agreements with the owners of Coal Mining Leases CCL 703, 379, 700 and 740 and Authorisation 200 which are prospective for Coal Mine Methane (CMM).

No liabilities were assumed. The total acquisition price of \$1,750,000 has been allocated to exploration and evaluation assets. As a result no goodwill arose on acquisition.

Other matters

There were no non-controlling interests associated with the purchase.

NOTE 32. JOINTLY CONTROLLED OPERATIONS

(a) Share of contingent liabilities and expenditure commitments of jointly controlled operations

	2011	2010
Contingent liabilities	-	-
Capital expenditure commitments	-	-
Other expenditure commitments	2,683,845	-

Total commitments payable in Stages 1 and 2 of the Apex Energy NL Joint venture are \$3,200,000. As at 30th June 2011, \$516,155 has been expended in relation to the Joint Venture.

(b) Interests in jointly controlled operations

On 24th August 2010 the Company acquired the whole of the issued capital of Sydney Basin CBM Pty Limited which owns a 20% interest in Petroleum Exploration Licences 442, 444 and 454 in the Sydney Basin for Coal Seam Methane and a 20% interest in agreements with the owners of Coal Mining Leases CCL703, 379, 700 and 740 and Authorisation 200 which are prospective for CMM.

At the same time the Company entered into a joint venture agreement with Apex Energy NL under which Ormil Energy Limited has agreed to spend \$3,200,000 in Stages 1 and 2 of a 3 stage joint venture. Full details of the ownership of Sydney Basin CBM Pty Limited and the joint venture agreement are referred to in detail in the section of this Annual Report concerning the Company's Principal Activities and Review of Operations.

After spending the \$3,200,000 in Stages 1 and 2 of the joint venture the conditions for the completion of the acquisition of Sydney Basin CBM Pty Limited will have been fulfilled and the Company will own outright 20% of the exploration areas. The Company at its election may earn a further 30% in the areas by spending a further \$7,000,000 on the areas on or before 30th June 2014 in Stage 3 of the joint venture. Notice of the Company's intention to proceed to Stage 3 of the joint venture must be given by 30 November 2011.

ADDITIONAL INFORMATION

THE FOLLOWING INFORMATION REQUIRED BY AUSTRALIAN STOCK EXCHANGE LIMITED HAS NOT BEEN SHOWN ELSEWHERE IN THIS REPORT:

ANALYSIS OF HOLDINGS AS AT 16 September 2011

a. Security Classes Fully Paid Ordinary

Holdings Ranges	Holders	Total Units	%
1-1,000	17	4,813	0.002
1,001 – 5,000	30	109,030	0.036
5,001 – 10,000	72	591,733	0.196
10,001 – 100,000	211	9,151,577	3.034
100,001 – 9,999,999,999	149	291,755,097	96.732
Totals	479	301,612,250	100

b. Number of holders of less than marketable parcels – 201

c. Percentage holding of 20 largest holders – 74.63%

d. Substantial shareholders

Name	No. of ordinary shares held
AVATAR ENERGY PTY LTD	39,273,069
EUROGOLD LIMITED	28,229,708
APEX ENERGY NL	20,000,000
SEBASTIEN HOLDINGS PTY LTD	17,466,913
MR JOHN CARMODY	17,149,907
SINO GOLD LIMITED	15,305,604

e. Top 20 Holdings as at 16 September 2011

Holder Name	Balance at 16 September 2011	%
AVATAR ENERGY PTY LTD	39,273,069	13.021
EUROGOLD LIMITED	28,229,708	9.360
APEX ENERGY NL	20,000,000	6.631
SEBASTIEN HOLDINGS PTY LTD	17,466,913	5.791
MR JOHN CARMODY	17,149,907	5.686
SINO GOLD LIMITED	15,305,604	5.075
ALAN DAVIS PTY LTD	14,876,500	4.932
HHH GROUP PTY LTD	13,999,202	4.641
MR JOHN HALL	6,759,000	2.241
MR RON DEAN	6,750,000	2.238
UAROO PTY LTD	6,750,000	2.238
BARR PACIFIC MANAGEMENT SERVICES PTY LIMITED	6,617,000	2.194
MR GREGORY NORMAN KATER	6,429,500	2.132
DYLIDE PTY LTD	4,600,000	1.525
JOVIAN INVESTMENTS LIMITED	4,000,000	1.326
MR L FONTAINE & MRS M FONTAINE	3,477,083	1.153
HIGH AUSTRALIAN INVESTMENT CORPORATION PTY LTD	3,411,913	1.131
EARTHROWL SUPERANNUATION PTY LTD	3,333,333	1.105
HIPETE PTY LTD <P J THOMPSON S/F A/C>	3,333,333	1.105
PREMAR CAPITAL NOMINEES PTY LIMITED	3,333,333	1.105
Total Top 20 shareholders	225,095,398	74.630
Total issued shares	301,612,250	

- f. Voting rights: Registered holders of ordinary shares in the capital of the Company may attend and vote at general meetings of the Company in person or by proxy and may exercise one vote for each share held. Every person present at a general meeting as an ordinary shareholder shall have one vote on a show of hands.