

# Quarterly Report

For the three months ending 30 September 2012

---

## Highlights

- **On 28 September, the Company announced a Maiden JORC compliant mineral resource at its Agbaja Project of 488 million tonnes with an in-situ iron grade of 42.7% classified as Inferred (“Maiden Resource”).**
- **The Maiden Resource represents approximately 15km<sup>2</sup> or 18% of the prospective plateau area within Exploration Licence 12124, which is known as the Agbaja Project (“Stage 1 Resource Area”).**
- **Between 12-14 September 2012, the Company hosted several mining analysts and other visitors (collectively “Analysts”) at its Agbaja Project, who represented a number of London and Australian based broking houses, and other financing organisations operating in Africa.**

## Overview

Energio Limited (ASX: EIO) (“Energio” or the “Company”) is an ASX listed company focused on the exploration and development of its 100% owned Agbaja Plateau iron ore project located in Kogi State, Republic of Nigeria, West Africa (“Agbaja” or “Agbaja Project”) (refer Figure 1).

The Agbaja Project is a shallow, flat-lying channel iron deposit (“CID”) uniquely positioned with its proximity to existing, underutilised rail, and port infrastructure (refer Figure 1). It typically comprises iron-bearing nodules (ooids, 1-2mm and pisoids, 2-9mm) in an iron rich matrix. Iron mineralisation occurs predominantly as hematite, goethite, maghemite and limonite.

In October 2011, the Company commenced a reverse circulation (“RC”) drill program at Agbaja with the objective of defining a maiden JORC resource by late Q3 2012. This objective was achieved and the Maiden Resource was announced to the market on 28 September 2012.

## Exploration

Exploration during the September 2012 Quarter continued to focus on the Agbaja Project but drilling productivity was impacted by prolonged wet season rains for the entire quarter.

As at 30 September, the Company had completed a total of 557 RC and 11 diamond drill holes within the Stage 1 Resource Area (refer Figure 2) with assay results received and announced for all completed RC drill holes. Whole core from the diamond drill hole program was shipped to Australia and utilised to determine bulk density for estimating the Maiden Resource, and has since been crushed and split for QA/QC head assays and preparing representative bulk composites for metallurgical testing.

On the recommencement of drilling, the Company is proposing to complete an additional 140 RC holes and a number of diamond holes within the Stage 1 Resource Area (refer Figure 2). This will complete all the planned drilling within the Stage 1 Resource Area and should enable the majority of the Maiden Resource to be upgraded to Indicated.

Following the completion of drilling within the Stage 1 Resource Area, the Company will consider drilling a number of wide spaced lines to the south to test the continuity of iron mineralisation and to enable an Exploration Target to be estimated for the Agbaja Plateau.

## Maiden JORC Inferred Mineral Resource Estimate

The maiden Inferred Mineral Resource estimate is 488 million tonnes at 42.7% Fe above a 20% Fe lower cut-off. This estimate covers approximately 95% of the 15km<sup>2</sup> Stage 1 Resource Area in the north of Exploration Licence 12124 (refer Figure 2). This represents approximately 18% of the prospective plateau area of 80km<sup>2</sup> at the Agbaja Project and as such the Company is confident it can be increased substantially.

The mineral resource estimate was prepared and classified by independent, international mining consultancy, Coffey Mining (SA) Pty Ltd (“Coffey”) in South Africa and is reported in accordance with the 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (“JORC”). Details of Coffey’s Mineral Resource Statement are set out in the Company’s 28 September 2012 Maiden Resource announcement (“Maiden Resource Announcement”).

The mineral resource estimate is based on 535 RC drill holes drilled on a 100m by 200m spacing (total advance of 13,264m) where final assay results were received as at 28 August 2012.

The iron mineralisation was divided into two domains referred to as Zones A and B based on geological and geochemical interpretation of the drill logs and test pits. The first domain, Zone A, comprises surficial lateritic interlayered sandstone and oolitic-pisolitic ironstone and has an average thickness of 5.7m. Zone B underlies Zone A and comprises oolitic-pisolitic ironstone and has an average thickness of 12.5m. Commonly, Zone A adjoins Zone B, but locally the two zones can be separated by 2m to 6m of ferruginous sandstone, which typically grades 10% to 30% Fe.

A summary of the Inferred Mineral Resource estimate for each domain is set out in Table 1.

Table 1 Mineral Resource Classification Table								
Zone	Tonnage (Mt)	Fe(%)	SiO <sub>2</sub> (%)	Al <sub>2</sub> O <sub>3</sub> (%)	P(%)	S(%)	TiO <sub>2</sub> (%)	LOI(%)
<b>INFERRED MINERAL RESOURCE</b>								
<b>A</b>	140.5	35.4	22.0	14.5	0.33	0.04	0.95	10.7
<b>B</b>	347.2	45.7	10.4	10.4	0.92	0.06	0.26	10.6
<b>TOTAL</b>	<b>487.7</b>	<b>42.7</b>	<b>13.7</b>	<b>11.6</b>	<b>0.75</b>	<b>0.06</b>	<b>0.46</b>	<b>10.6</b>

Note: Above 20% Fe lower cut-off

For further details of the Maiden Resource refer to the Maiden Resource Announcement.

## Development

During the September 2012 Quarter, the Company has progressed the following development activities:

- **Initiated** a number of **key infrastructure reviews** relating to port / marine and rail. These reviews will provide the Company with a high level understanding of capacity, capital and operating costs, as well as provide options for future expansions.
- **Commenced a metallurgical test program**, which will continue throughout 2013. The objective of this work is to determine a preliminary flow sheet for beneficiating the in-situ iron mineralisation to equal to or greater than 58% Fe, and will provide product specifications to be used in discussions with potential off-take partners.
- **Held discussions** with the Ministry of Mines and Steel Development on the status of the Company’s activities in Nigeria.
- **Received proposals** from a number of consultants regarding undertaking a social and environmental assessment study.

- **Commenced a preliminary review of global iron ore markets** to gain a clearer understanding of market product specifications. On completion of the current metallurgical program, Energio will engage marketing specialists to provide a more detailed understanding of potential off-take partners.
- **Opened a project office** on the Agbaja Plateau, which will serve as a working base for the Company's activities and reduce the considerable time loss associated with traveling from Lokoja on a daily basis.

## Corporate

Between 12-14 September, Energio hosted a number of Analysts at its Agbaja Project. The Analysts represented a number of London and Australian based broking houses, and other financing organisations operating in Africa.

Copies of the Analysts' trip reports and morning reports have been placed on the Company's website at Investor Centre, Broker Reports.

During the Quarter, Mr Tom Revy, CEO of Energio's 100% owned subsidiary, KCM Mining Holdings Pty Ltd, resigned effective 11 September 2012.

As of 30 September 2012, Energio had cash and investments of approximately \$2.1 million.

Energio has on issue 239,726,983 fully paid ordinary shares, and 16,637,329 listed and unlisted options.

Shareholders are encouraged to visit the Company website ([www.energio.net.au](http://www.energio.net.au)) and sign up to email alerts to receive the latest information released to the ASX.

By order of the Board:

Shane Volk  
Company Secretary  
Email: [shane.volk@energio.net.au](mailto:shane.volk@energio.net.au)

Tel: +61 8 9200 3456  
Fax: +61 8 9200 3455  
[www.energio.net.au](http://www.energio.net.au)

ASX: EIO  
ASX: EIOO

Energio Limited  
ABN 28 001 894 033

13 Colin Street  
West Perth WA 6005

PO Box 1934  
West Perth WA 6872  
Australia

### **Competent Person's Statement:**

*The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr Kim Bischoff, a member of The Australasian Institute of Mining and Metallurgy. Mr Bischoff is a consultant to Energio Limited and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Bischoff consents to the inclusion in this report of the matters based on the information in the form and context in which it appears.*

Photographs



*Briefing of Ministry of Mines and Steel Development, Abuja, Nigeria – Honourable Minister of Mines and Steel Development, Musa Mohammed Sada and Energio Chairman, Dr Ian Burston*



*Visiting Analysts and local staff in front of the Company's new Agbaja Plateau project office*





Figure 1: Agbaja Project and Surrounding Transport and Steel Infrastructure

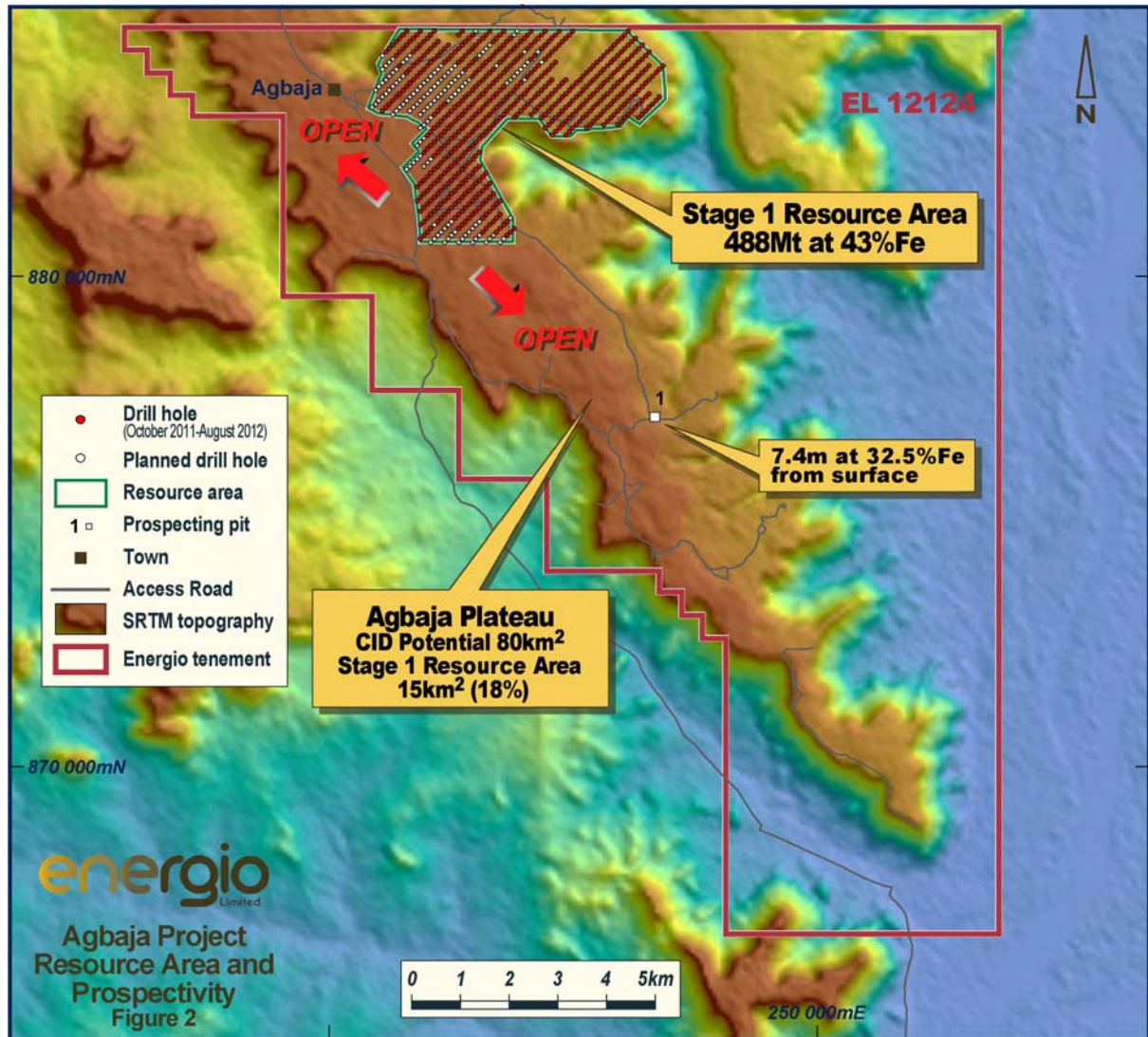


Figure 2: Agbaja Project Resource Area and Prospectivity



## About Energio Limited

Energio Limited (**ASX: EIO**) (“Energio” or the “Company”) is an ASX listed company focused on the exploration and development of its 100% owned Agbaja Plateau Iron Ore Project located in Kogi State, Republic of Nigeria, West Africa (“Agbaja” or “Agbaja Project”).

The Agbaja Project is a shallow, flat-lying channel iron deposit uniquely positioned with its proximity to existing, underutilised rail, and port infrastructure. It typically comprises iron-bearing nodules (ooids, 1-2mm and pisoids, 2-9mm) in an iron rich matrix. Iron mineralisation occurs predominantly as hematite, goethite, maghemite and limonite.

In October 2011, the Company commenced a reverse circulation drill program at Agbaja with the objective of defining a maiden JORC resource by late Q3 2012.

On September 28, the Company announced a Maiden JORC compliant mineral resource at its Agbaja Project of 488 million tonnes with an in-situ iron grade of 42.7% classified as Inferred.

The Company is currently completing a metallurgical test program utilising representative composite samples prepared from diamond core and undertaking a number of high level transport infrastructure reviews to enable it to prepare a scoping study during 2013.

Energio has on issue 239,726,983 fully paid ordinary shares, and 16,637,329 listed and unlisted options.



### Competent Person's Statement:

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr Kim Bischoff, a member of The Australasian Institute of Mining and Metallurgy. Mr Bischoff is a consultant to Energio Limited and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Mr Bischoff consents to the inclusion in this report of the matters based on the information in the form and context in which it appears.

For further information, please contact us by email [info@energio.net.au](mailto:info@energio.net.au)  
or by telephone on +61 (0)8 9200 3456  
or visit us at [www.energio.net.au](http://www.energio.net.au)

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8 Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

**ENERGIO LIMITED**

ABN

28 001 894 033

Quarter ended ("current quarter")

30 September, 2012

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation	(1,359)	(1,359)
(b) development	-	-
(c) production	-	-
(d) administration	(637)	(637)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	12	12
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other	-	-
<b>Net Operating Cash Flows</b>	<b>(1,984)</b>	<b>(1,984)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(8)	(8)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 - Other	-	-
<b>Net investing cash flows</b>	<b>(8)</b>	<b>(8)</b>
1.13 Total operating and investing cash flows (carried forward)	(1,992)	(1,992)



1.13	Total operating and investing cash flows (brought forward)	(1,992)	(1,992)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other - payment of finance lease	-	-
1.19	Other - share issue costs	-	-
<b>Net financing cash flows</b>		<b>-</b>	<b>-</b>
1.20	<b>Net increase (decrease) in cash held</b>	<b>(1,992)</b>	<b>(1,992)</b>
1.21			
1.22	Cash at beginning of quarter/year to date	<b>4,124</b>	<b>4,124</b>
	Exchange rate adjustments to item 1.20	-	-
	<b>Cash at end of quarter</b>	<b>2,132</b>	<b>2,132</b>

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	147
1.24	Aggregate amount of payments to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Directors remuneration
------------------------

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

--

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

--

### Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount Available \$A'000	Amount Used \$A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

### Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and Evaluation	280
4.2	Development	0
4.3	Production	0
4.4	Administration	400
<b>Total</b>		<b>680</b>

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts as follows.

		Current quarter \$A'000	Previous quarter \$A'000
5.1	Cash on hand and at bank	132	4,074
5.2	Deposits at call	2,000	50
5.3	Bank overdraft		
5.4	Other (provide details)		
<b>Total: cash at end of quarter (item 1.22)</b>		<b>2,132</b>	<b>4,124</b>

### Changes in interest in mining tenements

		Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed				
6.2	Interests in mining tenements acquired or increased				

## Issues and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security	Amount paid up per security
7.1 <b>Partly paid +securities</b>				
7.2 Changes during quarter				
(a) Increases through issues				
(b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	239,726,983	136,377,249		Fully paid
7.4 Changes during quarter				
(a) Increases through issues				
(b) Decreases through returns of capital, buy-backs				
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter				
(a) Increases through issues				
(b) Decreases through securities matured, converted				
7.7 <b>Options</b>				
	1,497,327	1,497,327	<i>Exercise Price \$10.00</i>	Expiring 31 March 2013
	20,000	Nil	<i>Exercise Price \$12.50</i>	Expiring 31 Dec. 2012
	15,120,002	Nil	<i>Exercise Price \$0.20</i>	Expiring 30 Nov. 2013
7.8 Issued during quarter				

7.9	Exercised during quarter				
7.10	Expired during quarter	1,500	Nil	<i>Exercise Price</i> \$10.00	Expired 14 Sept 2012
7.11	<b>Debentures</b> <i>(totals only)</i>				
7.12	<b>Unsecured notes</b> <i>(totals only)</i>				

## Compliance Statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to the ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:



Dated: 30 October, 2012

Print Name: Shane Volk  
Company Secretary

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, AASB 1022: *Accounting for Extractive Industries* and AASB 1026: *Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

== == == == ==