

WAG Limited

ABN 63 008 666 233

**Annual Report
period ended 30 June 2011**

Lodged with the ASX under Listing Rule 4.3A

Contents

Results for Announcement to the Market

Other Appendix 4D Information

Annual Report

APPENDIX 4D

WAG Limited

Year ended 30 June 2011

Results for Announcement to the Market

	30 June 11	30 June 10	Change
	\$	\$	%
Revenue from ordinary activities	44,165	64,609	(31.6%) ↓
Loss attributable to members of the company	(234,614)	(561,040)	(58.2%) ↓

Dividends

No Dividends have been declared or paid.

Explanation of Results

The loss attributable to members of the Company of \$234,614 (2010:\$561,040) was a loss from ordinary activities.

Revenue for the period was down by \$20,444 due to the reduction in funds held on deposit due to expenditure incurred during the period.

The loss for the period was down by \$326,426 over the corresponding period last year. The reduction in the operating loss can be attributed to no share based payments being made during the current period, no assets impairment expense, a reduction in staff costs and a general reduction in operating costs.

Net tangible assets per security	30 June 11	30 June 10
	Cents / Share	Cents / Share
	0.208 cents	0.247 cents

1. Details of entities over which control has been gained or lost during the period.

Not applicable

2. Details of individual and total dividends or distributions and dividend or distribution payments. The details must include the date on which each dividend or distribution is payable, and (if known) the amount per security of foreign sourced dividend or distribution.

Not applicable – no dividends have been declared or paid.

3. Details of any dividend or distribution reinvestment plans in operation and the last date for the receipt of an election notice for participation in any dividend or distribution reinvestment plan.

Not applicable.

4. Details of associates and joint venture entities including the name of the associate or joint venture entity and details of the reporting entity's percentage holding in each of these entities and – where material to an understanding of the report - aggregate share of profits (losses) of these entities, details of contributions to net profit for each of these entities, and with comparative figures for each of these disclosures for the previous corresponding period.

Not applicable

WAG LIMITED

ABN 63 008 666 233

Annual Report – 30 June 2011

CONTENTS

	Page
Corporate Directory	1
Directors' Report	2
Auditor's Independence Declaration	10
Financial Report	11
Directors' Declaration	31
Corporate Governance Statement	32
Independent Audit Report to the Members	40
Shareholder Information	42

Corporate Directory

Directors	Gary Christian Steinepreis Patrick Nicolas Burke Matthew Richard Sheldrick
Company Secretary	Gary Christian Steinepreis
Registered Office	Level 1, 33 Ord Street West Perth WA 6005 Telephone: 08 9420 9300
Share Register	Computershare Investor Services Pty Limited Level 2, 45 St Georges Terrace Perth WA 6000 Telephone: 1300 787 575
Auditor	Crowe Horwath Level 6, 256 St Georges Terrace Perth WA 6000 Telephone: 08 9481 1448
Bankers	Westpac Banking Corporation 109 St Georges Terrace Perth WA 6000
Securities Exchange Listing	WAG Limited's shares are listed on the Australian Securities Exchange, the home branch being Perth. Code : WAG
Website Address	www.wagltd.com.au

Directors' Report

Your directors present their report on WAG Limited (WAG or the Company) for the year ended 30 June 2011.

Directors

The names of each person who has been a director during the year and continues in office to the date of this report are:

Gary Christian Steinepreis (Executive Director)

Patrick Nicolas Burke (Executive Director)

Matthew Richard Sheldrick (Non-Executive Director)

Company Secretary

The company secretary is Gary Steinepreis. As Mr Steinepreis is also a director of the Company information on him and his qualifications for the position are included under information on directors.

Principal Activities

During the year the principal continuing activities of the Company consisted of:

- 1 management and ownership of commercial radio broadcasting and apparatus licence and review of additional opportunities in the media and communications industry;
- 2 review and analysis of new opportunities in the renewable energy sector; and
- 3 investigating the acquisition of, or investment in, new projects / businesses in other business segments.

The new project review has been extended to areas of new energy and energy technology.

The Company holds a radio broadcasting licence and facility located in Geraldton, Western Australia.

Operating Result

The loss from operations for the financial year after providing for income tax amounted to \$234,614 (2010:\$561,040). Additional information on the operations and financial position of the Company and its business strategies and prospects is set out in this directors' report and the financial report.

Dividends

No dividends were paid or are proposed to be paid during the financial year.

Review of Operations

As previously announced, in addition to continuing its broadcasting business, WAG has been reviewing new investment opportunities and more recently signalled its intention to enter into the growing renewable and clean technology sector. In line with this strategy, the Company announced the signing of an exclusive Deed of Option ("Option") to acquire renewable energy and biochar developer Pacific Pyrolysis Pty Ltd ("PacPyro") on 23 August 2010.

On 1 February 2011, the Option was exercised. Under the terms of the Option, WAG has paid a total of \$500,000 to PacPyro as interim funding for the ongoing commercialisation of the PacPyro technology and completed its due diligence.

A Share Sale Agreement has been agreed in principle and further funding for the ongoing commercialisation of the PacPyro technology of \$225,000 has been provided to PacPyro during the period to 30 June 2011.

On 25 May 2011, WAG announced that PacPyro had acquired 100% of the intellectual property, global development and commercialisation rights for the slow pyrolysis technology.

Review of Operations (continued)

The acquisition of 100% of the rights delivers full control of the technology to PacPyro and removes any real or perceived risk to the company in operating as a technology licensee. All the benefits of commercialisation, technology improvements and future R&D upside will now flow directly to PacPyro, WAG and its shareholders through WAG's acquisition of PacPyro.

Global technology ownership will enable PacPyro to progressively expand its future business development, commercialisation and carbon certification activities into the major markets of China and India as well as beyond Asia Pacific into the Americas, Europe and Africa.

The securing of global IP ownership significantly enhances the attractiveness of PacPyro's business model, which uses proprietary technology to: improve waste management and resource recovery, deliver renewable energy, provide greenhouse gas abatement, improve land use practices, increase agricultural yield and enhance food security.

WAG continues to work towards completion of the agreement to acquire PacPyro which is payable by the issue of 625,000,000 WAG ordinary shares which will be consolidated in the same proportion as all other shareholders. The proposed transaction is subject to the execution of a share sale agreement, shareholder approval, lodging a prospectus to raise a minimum of \$1,000,000 and to obtaining all other regulatory approvals required under the ASX Listing Rules and the Corporations Act.

Implication for WAG

Capital Structure

As WAG has now exercised the Option to purchase PacPyro, it constitutes a change in the nature and scale of the activities of the Company in accordance with Chapter 11 of the ASX Listing Rules, such that WAG will be required to re-comply with the admission requirements in Chapters 1 & 2 of the ASX Listing Rules. In order to re-comply with the Listing Rules, WAG intends to seek shareholder approval for a consolidation of its existing share capital, on a ratio to be determined by reference to the prevailing WAG share price prior to the lodgment of a Notice of Meeting to approve the acquisition and consolidation. The consolidation ratio and pro forma capital structure will be announced once the terms have been resolved.

Subject to shareholder approval being obtained for the change of activities and ASX approval for reinstatement of WAG's securities to quotation, WAG will be issuing a total of 625,000,000 ordinary shares to the vendors of PacPyro. These shares will be subject to consolidation on the same ratio determined for existing shareholders with the actual number of shares being issued being the consolidated number.

All ordinary shares issued to the Vendors will be subject to escrow as required by ASX. Furthermore, a minimum of 5,000,000 shares at 20 cents each will be issued by way of a Prospectus, to raise a minimum of \$1,000,000 as agreed with the vendors of PacPyro.

Financial

It is not possible to forecast projected cash flow or income related to the PacPyro acquisition due to the nature of the proposed business.

Following settlement of the acquisition, and assuming full subscription under the proposed prospectus, it is anticipated that WAG will have a minimum of \$1.6m in cash. The directors believe that these monies will be sufficient to provide working capital and to enable further development of the PacPyro business.

Change of Name

WAG proposes to change its name to PacPyro Limited at a forthcoming shareholders meeting, to better reflect its new business activities.

Review of Operations (continued)

Regulatory Requirements

The acquisition of Pacific Pyrolysis Pty Ltd constitutes a significant change to the nature and scale of WAG's activities.

A general meeting of WAG shareholders will be convened after a Notice of Meeting and Explanatory Statement has been prepared. This meeting will consider the approval of various resolutions including a change in the scale and nature of WAG's activities, the consolidation of the existing issued share capital on a ratio yet to be determined, a change to the name of the Company and the issue of shares under a Prospectus. A detailed Explanatory Statement will accompany the Notice of Meeting and will be distributed to all shareholders prior to the meeting. If the proposed change in activities is approved by shareholders, WAG will be required to comply with Chapters 1 & 2 of ASX Listing Rules.

WAG will issue a prospectus that will provide full disclosure of material matters and enable WAG to comply with Chapters 1 & 2 of ASX Listing Rules. WAG will request a voluntary suspension of its securities on the day prior to the general meeting at which shareholder approval of the transaction contemplated will be sought. Once WAG has obtained shareholder approval for the transaction and has complied with Chapters 1 & 2 of ASX Listing Rules, it is anticipated that the securities of WAG will be reinstated for trading.

Pacific Pyrolysis

PacPyro is commercialising leading edge, licensed, slow pyrolysis technology which converts low value (non-food) biomass into renewable energy and biochar to meet the growing demand for green energy and carbon abatement.

PacPyro's slow pyrolysis technology can produce electricity from a variety of organic waste streams including municipal green-waste, sewerage and industrial sludges, forestry and commercial wood wastes and agricultural residues that would otherwise be destined for landfill or costly remediation. Energy generated from the projects will qualify for Renewable Energy Certificates offering further opportunities for revenue generation and cost offset.

PacPyro's proprietary Agrichar™ biochar has been tested internationally through independent scientific trials and shown to improve crop performance from increased yields, reduced fertiliser and water usage. PacPyro has also completed a biochar abatement study funded by a Government Grant to seek accreditation under the national framework to qualify as a carbon offset. PacPyro is currently carrying out biochar field trials in Australia and internationally with partners including the Department of Industry & Investment in New South Wales and the Commonwealth Government's CSIRO, who are currently using Agrichar™ biochar produced by PacPyro in its national trials.

The Pacific Pyro team includes the financial and commercial skills of Chief Executive Officer, Mr John Glen, and Chief Financial Officer Adam Townley who are strongly supported by the in-house technical team of Adriana Downie, Robert Downie, Peter Klatt and David Lau, who have over the past five years led the primary development of the slow pyrolysis technology.

Pacific Pyrolysis

PacPyro has an operating demonstration plant at Somersby, one hour north of Sydney in NSW, and has designs for 2 tonne per hour and 4 tonne per hour commercial units. Subject to the successful signing of a contract, the business is on track to begin construction of its first commercial project within 12 months and commission this project within the next 2 years.

Review of Other Operations

The Company continued with the operation of its radio broadcasting facilities located in Geraldton and retained its 25% investment in Pleiades Resources Pty Ltd with no further financial commitment.

Review of Operations (continued)

Financial Position

During the year the Company had sufficient funds to meet its commitments and has plans in place to raise further funding sufficient to meet its commitments, should they be required, in the coming year.

Significant Changes in the State of Affairs

Other than as reported above there were no significant changes in the state of affairs of the Company.

After Balance Date Events

Operating under the terms of a share sale agreement to formalise the acquisition of PacPyro WAG has agreed to provide funding for the ongoing commercialisation of the PacPyro technology and in keeping with that agreement has provided a further \$75,000 to PacPyro during July 2011.

Other than as detailed above, since 30 June 2011 there has been no matter or circumstance that has arisen that has significantly affected, or may significantly affect:

1. the Company's operations in future financial years, or
2. the results of those operations in future financial years, or
3. the Company's state of affairs in future financial years.

Future Developments, Prospects and Business Strategies

The Company's business strategies and prospects for growth in future financial years have not been included in this report, as the inclusion of this information is likely to result in an unreasonable prejudice to the Company.

Environmental Issues

The Company's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a State or Territory.

INFORMATION ON DIRECTORS

Gary Christian Steinepreis (Executive director, age 45)

Experience and Expertise

Mr Steinepreis holds a Bachelor of Commerce degree from the University of Western Australia and is a Chartered Accountant. He provides corporate, management and accounting advice to a number of companies involved in the resource, technology and leisure industries.

Other Current Directorships

Norseman Gold Plc appointed 30 March 2006 resigned 11 September 2006 and reappointed 3 December 2007;

Minerals Corporation Limited since 17 February 2011;

New Horizon Minerals Limited since 4 June 2010;

Monto Minerals Limited since 26 June 2009; and

Agri Energy Limited since 22 June 2009.

Former Directorships in the Last Three Years

Laguna Resources NL 11 October 2007 to 15 October 2009;

Avalon Minerals Ltd 20 December 2006 to 1 March 2011;

RMG Limited 31 January 2006 to 30 April 2011;

Black Fire Energy Ltd 29 November 2006 to 8 September 2009;

Signature Brands Ltd 1 June 2006 to 27 November 2008; and

Sirius Resources NL 12 July 2007 to 31 August 2009.

Special Responsibilities

Company Secretary

INFORMATION ON DIRECTORS (continued)

Gary Christian Steinepreis (Executive director, age 45) (continued)

Interests in Shares and Options

63,875,000 ordinary shares in WAG Limited

Patrick Burke (Executive director, age 42)

Experience and Expertise

Patrick Burke holds a Bachelor of Laws degree from the University of Western Australia. He has approximately fifteen years' experience working in law firms and companies in Australia and Ireland. His expertise is in corporate, commercial and securities law with an emphasis on capital raisings and mergers and acquisitions. He contributes general corporate and legal skills along with a strong knowledge of the Australian Stock Exchange requirements.

Other Current Directorships

Monto Minerals Limited, since 26 June 2009;
Agri Energy Limited since 22 July 2009;
New Horizon Minerals Limited since 4 June 2010;
Minerals Corporation Limited since 17 February 2011; and
AAQ Holdings Limited since 14 March 2011;

Former Directorships in the Last Three Years

Zylotech Limited 4 December 2009 to 20 July 2010;
Laguna Resources NL 11 October 2007 to 19 August 2009;
North River Resources Plc 22 November 2006 to 23 November 2009; and
Sirius Resources NL 12 July 2007 to 31 August 2009.

Special Responsibilities

None

Interests in Shares and Options

13,375,000 ordinary shares in WAG Limited

Mr Matthew Sheldrick (Non-executive director, age 46)

Experience and Expertise

Matthew Sheldrick holds a Bachelor of Commerce degree from the University of Western Australia and is a Chartered Accountant. Mr Sheldrick spent 10 years in the securities industry, advising both domestic and international institutional clients on Australian equities. Mr Sheldrick is currently a non-executive director of Apex Minerals Limited and he has also previously been a founder and CEO of Black Fire Minerals Limited, Elixir Petroleum Ltd (formerly Gawler Resources Ltd) and Eureka Energy Ltd.

Other Current Directorships

Apex Minerals Limited since 6 May 2011.

Former Directorships in the Last Three Years

Black Fire Minerals Limited appointed 29 November 2006 resigned 22 November 2010.

Special Responsibilities

None

Interests in Shares and Options

2,000,000 ordinary shares in WAG Limited

Meetings of the Board of Directors

The numbers of meetings of the Company's Board of Directors held during the year ended 30 June 2011, and the numbers of meetings attended by each director were:

Meetings of the Board of Directors (continued)

Name of Director	Number of Meetings - A	Number of Meetings - B
Gary Steinepreis	4	4
Patrick Burke	4	4
Matthew Sheldrick	4	4

A = Number of meetings attended

B = Number of meetings held during the time the Director held office during the year

Remuneration Report

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

- (1) Principles used to determine the nature and amount of remuneration
- (2) Details of remuneration
- (3) Employment Contracts of Directors and Senior Executives
- (4) Performance-based Remuneration

The information provided under headings 1 to 4 above includes remuneration disclosures that are required under Accounting Standard AASB 124, *Related Party Disclosures*.

1 Principles used to determine the nature and amount of remuneration

The objective of the Company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms to market best practice for delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- (i) competitiveness and reasonableness;
- (ii) acceptability to shareholders;
- (iii) performance linkage / alignment of executive compensation;
- (iv) transparency; and
- (v) capital management.

The Company has structured an executive remuneration framework that is market competitive and complimentary to the reward strategy of the organisation.

Alignment to shareholders' interests:

- (i) focuses on sustained growth in shareholder wealth; and
- (ii) attracts and retains high calibre executives.

Alignment to program participants' interests:

- (i) rewards capability and experience; and
- (ii) provides a clear structure for earning rewards.

Directors

Fees and payments to Directors reflect the demands which are made on, and the responsibilities of, the Directors. Directors' fees and payments are reviewed annually by the Board. The Board also ensures that Directors' fees and payments are appropriate and in line with the market. The Chairman's fees are determined together with those of the Directors. Directors do not receive share based payments as part of their compensation package.

Retirement allowances and benefits for Directors

There are no retirement allowances or other benefits paid to Directors.

2 Details of Remuneration

The amount of remuneration of the Directors of WAG Limited (as defined in AASB 124 Related Party Disclosures) is set out in the following table. During the financial year there were no key management personnel other than the Directors. There was no remuneration of any type paid, to the Directors, other than as reported below.

Remuneration Report (continued)

2 Details of Remuneration (continued)

2011 Name of director	Fees\$	Related Entity fees \$	Director Salary \$	Super - annuation \$	Share based \$	Total \$
Directors						
Gary Steinepreis (a)	-	30,000	-	-	-	30,000
Patrick Burke (b)	30,000	-	-	-	-	30,000
Matthew Sheldrick (c)	-	-	27,523	2,477	-	30,000
Totals	30,000	30,000	27,523	2,477	-	90,000

The fees paid to Directors and / or Director related entities were for the work undertaken in the provision of management services for the ongoing operations of the Company, of the particular Director, to the Company, as follows:

- (a) Leisurewest Consulting Pty Ltd, as trustee for the Leisurewest Trust, an entity associated with Gary Steinepreis, was paid \$30,000 exclusive of GST;
- (b) Patrick Burke was paid fees in the amount of \$30,000 exclusive of GST.
- (c) Matthew Sheldrick was paid a salary of \$27,523 and superannuation of \$2,477.

2010 Name of director	Fees\$	Related Entity fees \$	Director Salary \$	Super - annuation \$	Share based \$	Total \$
Directors						
Gary Steinepreis	-	30,000	-	-	-	30,000
Patrick Burke	30,000	-	-	-	-	30,000
James Allchurch	-	-	45,000	4,050	-	49,050
Matthew Sheldrick	-	-	9,174	826	-	10,000
Totals	30,000	30,000	54,174	4,876	-	119,050

3 Employment Contracts of Directors and Senior Executives

As at the date of this report there are no executives or key management personnel, other than the Directors, engaged by the Company. Directors serve on a month to month basis and there are no termination payments payable.

4 Performance-based Remuneration

There was no performance-based remuneration paid to directors during the financial year.

Indemnifying of Officers or Auditor

The Company does not currently have directors and / or officers or auditor insurance. No insurance to cover the prospective liability of Directors and / or officers or auditors was paid during the financial year.

This is the end of the Remuneration Report.

Options

2011	Number	Status
Options expiring 31 Dec 2011 exercise price 1 cent	50,000,000	Granted
Options expiring 31 Dec 2012 exercise price 2 cents	50,000,000	Granted
Options expiring 31 Dec 2013 exercise price 3 cents	50,000,000	Granted
	150,000,000	

The 150,000,000 unlisted options have not vested as at the date of this report.

Options (continued)

2010	Number	Status
Options expiring 31 Dec 2011 exercise price 1 cent	50,000,000	Granted
Options expiring 31 Dec 2012 exercise price 2 cents	50,000,000	Granted
Options expiring 31 Dec 2013 exercise price 3 cents	50,000,000	Granted
	150,000,000	

Proceedings on Behalf of the Company

No person has applied to the court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings. No proceedings have been brought or intervened in on behalf of the Company with leave of the court under section 237 of the *Corporations Act 2001*.

Auditor

Crowe Horwath continues in office in accordance with section 327 of the *Corporations Act 2001*.

Non-Audit Services

There were no non-audit services provided by the auditor during the financial year, however the Company may in the future decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company are important.

The Board of Directors are satisfied that the provision of any non-audit services during future periods will be compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

Audit Services

During the financial year \$26,500 (2010: \$24,500) was paid or is payable for audit services provided by the auditor.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 10 of the Annual Report.

Corporate Governance

The Directors of the Company support and adhere to the principles of corporate governance, recognising the need for the highest standard of corporate behaviour and accountability. A review of the Company's corporate governance practices was undertaken during the year. Please refer to the corporate governance statement included with this report.

Signed in accordance with a resolution of the Board of Directors.



Gary Steinepreis
Director
12 August 2011



AUDITOR'S INDEPENDENCE DECLARATION

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of WAG Limited for the year ended 30 June 2011, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in cursive script that reads "Crowe Horwath Perth".

Crowe Horwath Perth

A handwritten signature in cursive script that reads "Sean McGurk".

SEAN MCGURK
Partner

Signed at Perth, 12 August 2011

Contents

Financial Report	Page
Statement of Comprehensive Income	12
Statement of Financial Position	13
Statement of Changes in Equity	14
Statement of Cash Flows	15
Notes to the Financial Statements	16
Directors' Declaration	31
Independent Audit Report to the Members	40

The financial report is presented in Australian currency.

The financial report covers WAG Limited as an individual entity only. WAG Limited is a Company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

WAG Limited
Level 1, 33 Ord Street
West Perth
Western Australia WA 6005

A description of the nature of the Company's operations and its principal activities is included in the review of operations and activities in the directors' report on pages 2 to 5. The directors' report does not form part of this financial report.

The financial report was authorised for issue by the directors on 12 August 2011. The Company has the power to amend and reissue the financial report.

The Company has ensured and continues to ensure that its corporate reporting is timely, complete and available.

WAG Limited
Statement of comprehensive income
For the year ended 30 June 2011

	Note	2011	2010
		\$	\$
Other income	4	44,165	64,609
Expenses	5	<u>(278,779)</u>	<u>(625,649)</u>
Loss before income tax		(234,614)	(561,040)
Income tax expense	6	<u>-</u>	<u>-</u>
Loss for the year		(234,614)	(561,040)
Comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive loss for the year		<u>(234,614)</u>	<u>(561,040)</u>
Comprehensive loss attributable to the members of WAG Ltd		<u>(234,614)</u>	<u>(561,040)</u>
		Cents	Cents
Loss per share attributable to the ordinary equity holders of the Company:			
Basic and Diluted loss per share	21	(0.04)	(0.11)

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

WAG Limited
Statement of financial position
As at 30 June 2011

	Note	2011 \$	2010 \$
ASSETS			
Current assets			
Cash and cash equivalents	7	561,271	1,508,178
Trade and other receivables	8	6,314	19,361
Total current assets		567,585	1,527,539
Non-current assets			
Financial assets – Held to maturity investments	9	725,000	-
Total non-current assets		725,000	-
Total assets		1,292,585	1,527,539
LIABILITIES			
Current liabilities			
Trade and other payables	10	16,949	17,289
Total current liabilities		16,949	17,289
Total liabilities		16,949	17,289
Net assets		1,275,636	1,510,250
EQUITY			
Issued capital	11(a)	59,788,375	59,788,375
Accumulated losses		(58,512,739)	(58,278,125)
Total equity		1,275,636	1,510,250

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

WAG Limited
Statement of changes in equity
For the year ended 30 June 2011

2011	Ordinary Shares \$	Option Premium Reserve \$	Accumulated losses \$	Total attributable to Owners \$
Balance at 1 July 2010	59,788,375	-	(58,278,125)	1,510,250
Total Comprehensive loss for the year	-	-	(234,614)	(234,614)
Subtotal	59,788,375	-	(58,512,739)	1,275,636
Transactions with Owners in their capacity as Owners:	-	-	-	-
Balance 30 June 2011	59,788,375	-	(58,512,739)	1,275,636
2010	Ordinary Shares \$	Option Premium Reserve \$	Accumulated losses \$	Total attributable to Owners \$
Balance at 1 July 2009	59,043,532	1,000	(57,718,085)	1,326,447
Total Comprehensive loss for the year	-	-	(561,040)	(561,040)
Subtotal	59,043,532	1,000	(58,279,125)	765,407
Transactions with Owners in their capacity as Owners:				
Transfer of expired options 50m	-	(1,000)	1,000	-
Issue of shares 100m	500,000	-	-	500,000
Issue of shares 50m	250,000	-	-	250,000
Transaction costs	(5,157)	-	-	(5,157)
Balance 30 June 2010	59,788,375	-	(58,278,125)	1,510,250

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

WAG Limited
Statement of cash flows
For the year ended 30 June 2011

	Note	2011 \$	2010 \$
Cash flows from operating activities			
Receipts from customers		-	14,250
BAS refund received		22,861	20,860
Interest received		56,711	33,020
GST collected		-	1,425
Payments to suppliers and employees		(301,479)	(320,802)
Net cash outflow from operating activities	20	(221,907)	(251,247)
Cash flows from investing activities			
Payment for investments in renewable energy	9	(725,000)	-
Proceeds on sale of investments		-	91,235
Net cash inflow / (outflow) from investing activities		(725,000)	91,235
Cash flows from financing activities			
Proceeds from the issue of shares		-	500,000
Share issue transaction costs		-	(5,156)
Net cash inflow from financing activities		-	494,844
Net increase / (decrease) in cash and cash equivalents		(946,907)	334,832
Cash and cash equivalents at the beginning of the financial year		1,508,178	1,173,346
Cash and cash equivalents at the end of the financial year	7	561,271	1,508,178

The above cash flow statement should be read in conjunction with the accompanying notes.

1 Statement of significant accounting policies

This financial report includes the financial statements and notes of WAG Limited a Listed Public Limited entity.

(a) Basis of Preparation

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

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non – current assets, financial assets and financial liabilities.

(b) Segment Reporting

The Company has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Company currently operates in one business segment being the radio broadcasting and infrastructure business. The Company is currently investigating opportunities for investment in the mining and exploration business segment and the energy generation and energy technology sectors particularly in the area of renewable energy. The Company operates in one geographic segment that being Australia.

The directors are of the opinion that the current financial position and performance of the Company is equivalent to the operating and geographic segments identified above and as such no further disclosure is being provided.

(c) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties. Revenue is recognised for the major business activities as follows:

Interest income is recognised on a time proportion basis using the effective interest method.

(d) Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income). Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses. Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

1 Statement of significant accounting policies (continued)

(d) Income Tax (continued)

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss. Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(e) Impairment of Assets

At each reporting date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable non-current assets are reviewed for impairment.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(f) Cash and Cash Equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(g) Trade and Other Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 30 days from the date of recognition.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off.

1 Statement of significant accounting policies (continued)

(g) Trade and Other Receivables (continued)

A provision for doubtful receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the statement of comprehensive income.

(h) Financial Assets

Recognition and initial measurement

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

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term, or if so designated by management and within the requirement of AASB 139: *Recognition and Measurement of Financial Instruments*.

Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the statement of comprehensive income in the period in which they arise.

Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as current assets.

Financial liabilities

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

Fair value

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

1 Statement of significant accounting policies (continued)

(h) Financial Assets (continued)

Impairment

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

(i) Trade and Other Payables

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

(j) Contributed Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds.

If the entity reacquires its own equity instruments, e.g. as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the income statement and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

(k) Earnings Per Share

(i) Basic earnings per share

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

(ii) Diluted earnings per share

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

(l) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense. Cash flows are presented in the cash flow statement on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(m) Equity Settled Payments

The Company has made equity-settled share-based payments to non aligned third parties. The fair value of the equity to which those parties become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Black-Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

1 Statement of significant accounting policies (continued)

(n) Critical Accounting Estimates and Judgements

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Where there are areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, these are disclosed in note 3.

(o) New and amended standards adopted by the Company

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 July 2010:

- AASB 2009-5 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project*;
- AASB 2009-8 *Amendments to Australian Accounting Standards – Group cash-settled Share-based Payment Transactions*;
- AASB 2009-10 *Amendments to Australian Accounting Standards – Classification of Rights Issues*;
- AASB Interpretation 19 *Extinguishing Financial Liabilities with Equity Instruments*;
- AASB 2009-13 *Amendments to Australian Accounting Standards arising from Interpretation 19*; and
- AASB 2010-3 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project*.

The adoption of these standards did not have any impact on the amounts for the current period or prior periods.

(p) Going Concern

This general purpose financial report has been prepared on the basis of a going concern.

As detailed in the directors' report the Company is in the process of concluding the acquisition of Pacific Pyrolysis. Consideration for the 100% acquisition of PacPyro is 625,000,000 WAG ordinary shares. The proposed transaction is subject to the execution of a share sale agreement, the obtaining of shareholder approvals and to obtaining all other regulatory approvals required under the ASX Listing Rules and the Corporations Act. As part of this compliance WAG will undertake a capital consolidation on a ratio to be determined prior to WAG lodging a prospectus to raise a minimum of \$1m as required under the terms of the option agreement signed in August 2010.

The Directors believe that they will be successful in raising the minimum funding required under the option agreement. The funds will be used as working capital in the operations of PacPyro.

If the minimum funding required cannot be achieved then the acquisition will not proceed.

The Directors are of the view that in either scenario the Company will have sufficient funds on hand to meet all liabilities on a timely basis over the next 12 month period.

2 Financial Risk Management

The Company's financial instruments consist mainly of deposits with banks, available for sale investments and accounts receivable and payable.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

2 Financial Risk Management (continued)

Financial Instruments	Note	2011	2010
Financial assets		\$	\$
Cash and cash equivalents	7	561,271	1,508,178
Trade and other receivables	8	6,314	19,361
Financial assets	9	725,000	-
Total financial assets		<u>1,292,585</u>	<u>1,527,539</u>
<i>(ii) Financial liabilities</i>			
Trade and other payables	10	16,949	17,289
Total financial liabilities		<u>16,949</u>	<u>17,289</u>

(i) Overall Risk Management

The Company's activities expose it to a variety of financial risks; market risk (including fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. Risk management is carried out by the Board of directors under policies approved by the Board.

The Board identifies and evaluates financial risks and provides written principles for overall risk management.

(ii) Financial Risk Exposure and Management

The main risks the Company is exposed to through its financial instruments are interest rate risk and liquidity risk.

Credit risk

Credit risk arises from the financial assets of the Company, which comprise cash and cash equivalents and trade and other receivables. The Company's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

The credit risk on trade and other receivables is limited as it is comprised of GST recoverable from the ATO. The credit risk on liquid funds is limited because the counter party is a bank with high credit rating.

Price Risk

The company's exposure to equity securities price risk is minimal. Equity securities price risk arises from investments in listed equity securities. The company revalues its investment in listed equity securities at the end of each financial year based on the closing market bid price for each security held.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash to meet commitments as and when they fall due. The Company's financial liabilities include trade and payables which are paid on a 30 day period.

Financial Instruments Maturity Analysis

As the Company has no significant interest-bearing assets other than cash at bank, the Company's income and operating cash flows are not materially exposed to changes in market interest rates. Cash flows from financial assets are expected to be realised within 1 year, financial liabilities due for payment are also expected to be settled within 1 year. Financial assets and financial liabilities are neither past due nor impaired with the exception of financial assets which have been impaired, refer to note 10.

2 Financial Risk Management (continued)

(ii) Financial Risk Exposure and Management (continued)

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk is not significant and is limited to cash and cash equivalents. The company held its cash reserves on deposit and in cheque accounts during the financial year which earned interest at rates ranging between 3.75% and 4.5% (2010 2.75% and 5.3%) depending on account balances. The company does not rely on the generation of interest to provide working capital.

Financial Instruments	Floating interest rate	Fixed interest rate maturing in: 1 year or less	Non-interest bearing	Total	Weighted average effective interest rate
2011	\$	\$	\$	\$	%
<i>(i) Financial assets</i>					
Cash assets	561,271	-	-	561,271	4.00
Financial assets	-	-	725,000	725,000	
Trade and other receivables	-	-	6,314	6,314	
Total financial assets	561,271	-	731,314	1,292,585	
<i>(ii) Financial liabilities</i>					
Trade and other payables	-	-	16,949	16,949	
Total financial liabilities	-	-	16,949	16,949	
2010	\$	\$	\$	\$	%
<i>(i) Financial assets</i>					
Cash assets	308,178	1,200,000	-	1,508,178	3.80
Trade and other receivables	-	-	19,361	19,361	
Total financial assets	308,178	1,200,000	19,361	1,527,539	
<i>(ii) Financial liabilities</i>					
Trade and other payables	-	-	17,289	17,289	
Total financial liabilities	-	-	17,289	17,289	

3 Critical Accounting Estimates, Judgements and Assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Impairment

In line with stated policy the directors have reviewed the carrying value of financial assets to determine if any impairment has arisen during the financial year.

In the directors no impairment has occurred during the financial year ended 30 June 2011.

3 Critical Accounting Estimates, Judgements and Assumptions (continued)

Share and option issues for other than cash

The 150,000,000 options issued to Enviro Capital as a bonus / incentive for Enviro Capital to deliver potential investment opportunities to the Company will only vest if the board and the shareholders in general meeting approve the transaction proposed. Therefore, it is the shareholders who decide if the options are to be vested in Enviro Capital by voting to accept or reject any transaction proposed, if the shareholders reject the deal then the options do not vest.

The options have not been valued or expensed to the profit and loss account as they were issued as an incentive or bonus based on the completion of a transaction requiring shareholder approval and as such have not yet vested, are not exercisable and will be forfeited if no transaction is completed.

4 Other Income	2011	2010
	\$	\$
Interest received	44,165	45,568
Professional income	-	14,250
Gain on investments	-	4,791
	44,165	64,609
	44,165	64,609

5 Expenses	2011	2010
	\$	\$
Loss before income tax includes the following specific expenses:	\$	\$
Corporate management costs	60,000	60,000
Corporate compliance costs	24,261	32,979
Occupancy costs	73,636	77,672
Staff costs	30,000	59,050
Exploration expenditure	-	3,067
Renewable energy expenditure	27,083	11,000
Share based payments – Refer note 3	-	250,000
Impairment expense – available for sale financial asset	-	80,000
General administration expenses	63,799	51,881
	278,779	625,649
	278,779	625,649

6 Income Tax Expense	2011	2010
	\$	\$
(a) The components of tax expense comprise:		
Current tax	-	-
Deferred tax	-	-
	-	-
(b) The prima facie tax benefit on loss from ordinary activities before income tax is reconciled to income tax as follows:	2011	2010
	\$	\$
Prima facie tax benefit on loss from continuing activities before income tax at 30% (2010: 30%)	(70,384)	(168,312)
Add the tax effect of:		
Share based payments	-	75,000
Revenue losses not recognised	71,992	82,184
Other deferred tax balances not recognised	73,382	11,014
Other non-allowable items	10	114
	75,000	-
Less tax effect of:		
Prior year tax adjustment	(75,000)	-
Income Tax	-	-

6	Income Tax Expense (continued)		
(c)	Deferred tax recognised:	2011	2010
		\$	\$
	Deferred tax liabilities:		
	Other	-	(3,764)
	Deferred tax asset:		
	Carry forward revenue losses	-	3,764
	Net deferred tax	<u>-</u>	<u>-</u>
(d)	Unrecognised deferred tax assets:	2011	2010
		\$	\$
	Carry forward revenue losses	446,218	370,462
	Capital raising costs	4,712	17,925
	Financial assets	160,861	75,000
	Provisions and accruals	3,000	3,450
	Other	720	3,300
		<u>615,511</u>	<u>470,137</u>

The tax benefits of the above deferred tax assets will only be obtained if:

- (a) the company derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;
- (b) the company continues to comply with the conditions for deductibility imposed by law; and
- (c) no changes in income tax legislation adversely affect the company in utilising the benefits.

The deferred tax asset for carry forward revenue losses included in the comparative year has been corrected for non-deductible expenditure. There has been no change to the income tax expense.

7	Current Assets – Cash and Cash Equivalents	2011	2010
		\$	\$
	Cash at bank and in hand is interest bearing with a floating interest rate of 4.00% (2010: 3.50%)	561,271	308,178
	Cash at bank and in hand is interest bearing with a fixed interest rate of 5.30% maturing in less than 1 year	-	1,200,000
		<u>561,271</u>	<u>1,508,178</u>

8	Current Assets – Trade and Other Receivables	2011	2010
		\$	\$
	Other receivables	<u>6,314</u>	<u>19,361</u>

9	Financial Assets	2010	2009
		\$	\$
	Non - Current		
	Financial assets at cost	725,000	-
	Total Financial Assets	<u>725,000</u>	<u>-</u>

On 1 February 2011, the Company exercised an option to acquire renewable energy and biochar developer PacPyro. Under the terms of the option, WAG has paid a total of \$500,000 to PacPyro as interim funding for the ongoing commercialisation of the PacPyro technology.

A share sale agreement to formalise the acquisition is close to completion. Under the share sale agreement WAG has agreed to provide further funding for the ongoing commercialisation of the PacPyro technology and in keeping with that agreement has provided a further \$225,000 to PacPyro during the period to 30 June 2011.

10	Current Liabilities – Trade and Other Payables	2011	2010
		\$	\$
	Other payables	<u>16,949</u>	<u>17,289</u>

WAG Limited
Notes to the Financial Statements
30 June 2011
Continued

11 Issued Capital	2011 Shares	2011 \$	2010 Shares	2010 \$
(a) Share Capital				
Ordinary shares fully paid	612,635,706	59,788,375	612,635,706	59,788,375
(b) Other Equity Securities				
	2011 Options	2010 Options	2011 \$	2010 \$
Options exercisable at 1 cent expiring on 31 December 2011	50,000,000	50,000,000	-	-
Options exercisable at 2 cents expiring on 31 December 2012	50,000,000	50,000,000	-	-
Options exercisable at 3 cents expiring on 31 December 2013	50,000,000	50,000,000	-	-
	150,000,000	150,000,000	-	-

The options have not been valued or expensed to the profit and loss account as they were issued as an incentive or bonus based on the completion of a transaction requiring shareholder approval and as such have not yet vested, are un-exercisable and will be forfeited if no transaction is completed.

(c) Movement in Ordinary Share Capital

2011 Date	Details	Number of shares	Issue price	Amount \$
1/7/2010	Opening balance	612,635,706		59,788,375
30/6/2011	Balance	612,635,706		59,788,375
2010 Date	Details	Number of shares	Issue price	Amount \$
1/7/2009	Opening balance	462,635,706		59,043,532
7/4/2010	Placement	100,000,000	\$0.005	500,000
7/4/2010	Issue for other than cash	50,000,000	\$0.005	250,000
7/4/2010	Cost of share issues	-		(5,157)
30/6/2010	Balance	612,635,706		59,788,375

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(d) Movement in Options

2011 Date	Details	Weighted average remaining contractual life- years	Number of options	Issue price	Amount \$
1/7/2010	Opening balance		150,000,000		-
30/6/2011	Balance outstanding	1.73	150,000,000		-
	Balance exercisable		-		-

11 Issued Capital (continued)

(d) Movement in Options (continued)

2010 Date	Details	Weighted average remaining contractual life- years	Number of options	Issue price	Amount \$
1/7/2009	Opening balance		50,000,000		1,000
31/12/2009	Expiry of options		(50,000,000)	0.00002	(1,000)
7/4/2010	Issue of options	1.73	50,000,000		-
7/4/2010	Issue of options	2.73	50,000,000		-
7/4/2010	Issue of options	3.73	50,000,000		-
30/6/2010	Balance outstanding	2.73	150,000,000		-
	Balance exercisable		-		-

(e) Terms and Conditions of Options

The material terms and conditions of the 150 million options issued on 7 April 2010 are as follows:

- (i) each option entitles the holder, when exercised, to one (1) share;
- (ii) 50 million options are exercisable at any time on or before 31 December 2011, 50 million options are exercisable at any time on or before 31 December 2012 and 50 million options are exercisable at any time on or before 31 December 2013;
- (iii) the exercise price of the options is 1 cent each for the 50 million expiring 31 December 2011, 2 cents each for the 50 million expiring 31 December 2012 and 3 cents each for the 50 million expiring 31 December 2013 ;
- (iv) subject to the *Corporations Act 2001*, the Constitution and the ASX Listing Rules, the options are fully transferable;
- (v) the options are exercisable by delivering to the registered office of the Company a notice in writing stating the intention of the option holder to exercise a specified number of options, accompanied by an option certificate, if applicable, and a cheque made payable to the Company for the subscription monies due, subject to the funds being duly cleared funds. The exercise of only a portion of the options held does not affect the holder's right to exercise the balance of any options remaining;
- (vi) all shares issued upon exercise of the options will rank pari passu in all respects with the Company's then issued shares. The options will be unlisted however the Company reserves the right to apply for quotation at a later date;
- (vii) there are no participating rights or entitlements inherent in the options and holders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the options. However, the Company will ensure that, for the purpose of determining entitlements to any issue, option holders will be notified of the proposed issue at least seven (7) business days before the record date of any proposed issue. This will give option holders the opportunity to exercise the options prior to the date for determining entitlements to participate in any such issue;
- (viii) if at any time the issued capital of the Company is reorganised, the rights of an option holder are to be changed to the extent necessary to comply with the *Listing Rules* applying to a reorganisation of capital at the time of the reorganisation; and
- (ix) in the event the Company makes a pro rata issue of securities, the exercise price of the options will change in accordance with the formula set out in *ASX Listing Rule 6.22.2*.

11 Issued Capital (continued)

(e) **Terms and Conditions of Options** (continued)

Vesting Condition

The options will vest upon completion of any transaction entered into by the Company which has resulted from the introduction, negotiation and involvement of Enviro Capital and has been approved by the shareholders of the Company.

12 Nature and Purpose of Reserves

Share option reserve is used to record the value of options issued other than for cash.

13 Dividends

There were no dividends recommended or paid during the financial year.

14 Key Management Personnel Disclosures

(a) **Directors**

The following persons were directors during the financial year:

Patrick Nicolas Burke

Gary Christian Steinepreis

Matthew Richard Sheldrick

(b) Key management personnel compensation	2011	2010
	\$	\$
Fees paid to Directors and / or associated entities	60,000	60,000
Salary and superannuation paid to Directors	30,000	59,050
	90,000	119,050

(c) **Equity Instrument Disclosures Relating to Key Management Personnel**

(i) *Option holdings*

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

2011	Balance at the start of the year	Issued during the year	Expired during the year	Balance at the end of the year	Vested and exercisable at the end of the year
Name					
Directors					
Gary Steinepreis	-	-	-	-	-
Patrick Burke	-	-	-	-	-
Matthew Sheldrick	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
2010					
Name					
Directors					
Gary Steinepreis	11,250,000	-	(11,250,000)	-	-
Patrick Burke	-	-	-	-	-
Matthew Sheldrick	-	-	-	-	-
James Allechurch	-	-	-	-	-
	11,250,000	-	(11,250,000)	-	-
	11,250,000	-	(11,250,000)	-	-

14 Key Management Personnel Disclosures (continued)

(c) **Equity Instrument Disclosures Relating to Key Management Personnel** (continued)

(ii) *Share holdings*

The numbers of shares in the Company held during the financial year by each Director of WAG Limited, including their personally related parties, are set out below:

2011 Name	Balance at the start of the year	Acquired during the year	Other changes during the year	Balance at the end of the year
Directors				
Gary Steinepreis	63,875,000	-	-	63,875,000
Patrick Burke	13,375,000	-	-	13,375,000
Matthew Sheldrick	2,000,000	-	-	2,000,000
	79,250,000	-	-	79,250,000

2010 Name	Balance at the start of the year	Acquired during the year	Other changes during the year	Balance at the end of the year
Directors				
Gary Steinepreis	44,875,000	19,000,000	-	63,875,000
Patrick Burke	8,375,000	5,000,000	-	13,375,000
Matthew Sheldrick	-	2,000,000	-	2,000,000
James Allchurch	4,375,000	-	(4,375,000)	-
	57,625,000	26,000,000	(4,375,000)	79,250,000

15 Share Based Payments

During the financial year ended 30 June 2011 no share-based payments were made.

Shares 2011 Date	Details	Number of shares	Fair Value	Calculated Value \$
30/6/2011		-		-

Shares 2010 Date	Details	Number of shares	Fair Value	Calculated Value \$
7/4/2010	Issued to Enviro Capital	50,000,000	\$0.005	250,000
30/6/2010		50,000,000		250,000

Options 2011 Date	Details	Number of options	Weighted average exercise price	Calculated Value \$
30/6/2011		-		-

Options 2010 Date	Details	Number of options	Weighted average exercise price	Calculated Value \$
7/4/2010	Grant of options 1 cent	50,000,000	-	-
7/4/2010	Grant of options 2 cents	50,000,000	-	-
7/4/2010	Grant of options 3 cents	50,000,000	-	-
30/6/2010		150,000,000		-

16 Remuneration of Auditors	2011	2010
	\$	\$
During the year fees were paid or payable for services provided by the auditors of the Company:		
<i>Audit assurance services - Crowe Horwath</i>		
Financial reports under the Corporations Act 2001	26,500	24,500
Total remuneration for audit services	26,500	24,500

It is the Company's policy to employ Crowe Horwath on assignments additional to their statutory audit duties where Crowe Horwath's expertise and experience with the Company are important. These assignments are principally tax advice and due diligence reporting on acquisitions, or where Crowe Horwath are awarded assignments on a competitive basis. It is the Company's policy to seek competitive tenders for all major material consulting projects. During the year, there were no non-audit services provided by the auditors of the Company.

17 Commitments

There is no capital expenditure contracted for at the reporting date that has not been recognised as a liability.

18 Related Party Transactions

Disclosures relating to key management personnel are set out in note 14 and in the Directors' Report. There were no outstanding balances at the reporting date in relation to transactions with related parties.

Payments for supplies and services rendered	2011	2010
	\$	\$
Office rent paid to Ascent Capital Holdings an entity associated with Gary Steinepreis	42,000	42,000
Fees for the provision of management services	60,000	60,000
Salary and superannuation	30,000	59,050
Total related party transactions	132,000	161,050

19 Events Occurring After the Balance Sheet Date

Operating under the terms of a share sale agreement to formalise the acquisition of PacPyro WAG has agreed to provide funding for the ongoing commercialisation of the PacPyro technology and in keeping with that agreement has provided a further \$75,000 to PacPyro during July 2011.

Other than as detailed above, since 30 June 2011 there has been no matter or circumstance that has arisen that has significantly affected, or may significantly affect:

1. the Company's operations in future financial years, or
2. the results of those operations in future financial years, or
3. the Company's state of affairs in future financial years.

20 Reconciliation of Loss After Income Tax to Net Cash Outflow from Operating Activities	2011	2010
	\$	\$
Loss for the year	(234,614)	(561,040)
Profit on sale of investments	-	(4,791)
Net loss of capital on impairment of investments	-	80,000
Non cash re-evaluation of investments	-	1,014
Share based payments	-	250,000
Changes in operating assets and liabilities:		
Increase / (decrease) in trade and other payables	(340)	(4,496)
(Increase) / decrease in trade and other receivables	13,047	(11,934)
Net cash outflow from operating activities	(221,907)	(251,247)

21	Loss Per Share	2011	2010
(a)	Basic and Diluted Loss Per Share	Cents	Cents
	Loss attributable to the ordinary equity holders of the Company	(0.04)	(0.11)
<hr/>			
(b)	Reconciliation of Loss used in Calculating Loss Per Share	2011	2010
	<i>Basic and diluted loss per share</i>	\$	\$
	Loss attributable to the ordinary equity holders of the Company used in calculating basic and diluted loss per share	(234,614)	(561,040)
<hr/>			
(c)	Weighted Average Number of Shares Used as the Denominator	2011	2010
	Weighted average number of ordinary shares used as the denominator in calculating basic loss per share	Number	Number
		612,635,706	497,156,254
<hr/>			

(d) Information Concerning the Classification of Securities

Options

Options are considered to be potential ordinary shares. The options have not been included in the determination of basic earnings per share or diluted earnings per share as their affects are considered antidilutive.

22 Company Details

The registered office and principal place of business of the Company is:

Level 1, 33 Ord Street
West Perth 6005
Western Australia

The directors' of the Company declare that:

- 1 the financial statements and notes as set out on pages 12 to 30 are in accordance with the *Corporations Act 2001*, and
 - (i) comply with Accounting Standards and the *Corporations Regulations 2001*; and
 - (ii) give a true and fair view of the financial position of the Company as at 30 June 2011 and of its performance for the year ended on that date.

- 2 the directors' acting in the capacity of Chief Executive Officer and Chief Financial Officer have declared that:
 - (i) the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
 - (ii) the financial statements and notes for the financial year comply with the accounting standards; and
 - (iii) the financial statements and notes for the financial year give a true and fair view.

- 3 in the opinion of the directors' there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

- 4 the directors' draw your attention to note 1 to the financial statements which includes a statement of compliance with international financial reporting standards.

This declaration is made in accordance with a resolution of the Board of Directors.



Gary Steinepreis
Director
Perth
12 August 2011

Corporate Governance Statement

WAG Limited (the Company) and the Board are committed to achieving and demonstrating the highest standards of corporate governance. The Board continues to review the framework and practices to ensure they meet the interests of shareholders. The disclosure of corporate governance practices can be viewed on the Company website at www.wagltd.com.au.

The directors are responsible to the shareholders for the performance of the Company in both the short and the longer term and seek to balance sometimes competing objectives in the best interests of the Company as a whole. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Company is properly managed.

Day to day management of the Company’s affairs and the implementation of the corporate strategy and policy initiatives are undertaken by the Board.

Corporate Governance Compliance

A description of the Company's main corporate governance practices are set out below. The Company has considered the ASX Corporate Governance Principles and the corresponding Recommendations to determine an appropriate system of control and accountability to best fit its business and operations commensurate with these guidelines.

**Disclosure of Corporate Governance Practices
Summary Statement**

	ASX Principles and Recommendations	“If not, why not”
Recommendation 1.1	✓	
Recommendation 1.2	✓	
Recommendation 2.1		✓
Recommendation 2.2		✓
Recommendation 2.3	✓	
Recommendation 2.4		✓
Recommendation 2.5	✓	
Recommendation 3.1	✓	
Recommendation 3.2	✓	
Recommendation 4.1		✓
Recommendation 4.2		✓
Recommendation 4.3	✓	
Recommendation 5.1	✓	
Recommendation 6.1	✓	
Recommendation 7.1	✓	
Recommendation 7.2		✓
Recommendation 7.3	✓	
Recommendation 8.1		✓
Recommendation 8.2	✓	

Disclosure – Principles & Recommendations - financial year 2011

Principle 1 – Lay solid foundations for management and oversight

Recommendation 1.1:

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

Disclosure:

The Directors are responsible to the shareholders for the performance of the Company in both the short and the longer term and seek to balance sometimes competing objectives in the best interests of the Company as a whole. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Company is properly managed.

Day to day management of the Company's affairs and the implementation of the corporate strategy and policy initiatives are undertaken by the Board. Due to the size of the Company and current operations there is no CEO and it is the intention to appoint a CEO when required, however, the Corporate Governance Charter contains a statement of practices and processes the Board has adopted to discharge its responsibilities. It includes the processes the Board has implemented to undertake its own tasks and activities, the matters it has reserved for its own consideration and decision-making, the authority delegated to the CEO, including limits on how the CEO can execute that authority and provides guidance on the relationship between the Board and the CEO.

The matters that the Board has specifically reserved for its decision are:

- the appointment and management of the CEO;
- approval of the overall strategy and annual budgets of the business; and
- compliance with constitutional documents.

The CEO is delegated the authority to ensure the effective day-to-day management of the business and the Board monitors the exercise of these powers. The CEO is required to report regularly to the Board on the performance of the Business.

Some Board functions are handled through Board Committees. These committees are appointed when the size and scale of operations requires. However, the Board as a whole is responsible for determining the extent of powers residing in each Committee and is ultimately responsible for accepting, modifying or rejecting Committee recommendations.

Recommendation 1.2:

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

Disclosure:

The Board (and when appointed the CEO) is responsible for evaluating the senior executives. Induction procedures are in place and senior executives have formal job descriptions which includes the process for evaluating their performance.

There was no performance evaluation of the senior executives during the financial year as the Company had no senior executives other than members of the board who managed the Company.

Principle 2 – Structure the board to add value

Recommendation 2.1:

A majority of the Board should be independent directors.

Disclosure:

The Company does not have a majority of independent directors.

Consistent with the size of the Company and its activities, the Board is comprised of three (3) directors, none of whom are currently considered to be independent directors.

The Board's policy is that the majority of directors shall be independent, non-executive directors. The composition of the Board does not currently conform to its policy. It is the Board's intention to comply with its policy at a time when the size of the Company and its activities warrants such a structure.

Recommendation 2.2:

The Chair should be an independent director.

Disclosure:

The Chair of the Board is Gary Steinepreis who is not independent. It is the Board's intention to comply with its policy at a time when the size of the Company and its activities warrants such a structure.

Recommendation 2.3:

The roles of the Chair and CEO should not be exercised by the same individual.

Disclosure:

The role of the Chairman and the CEO are not exercised by the same person.

The division of responsibilities between the Chairman and the CEO is set out in the Board Charter.

Recommendation 2.4:

The Board should establish a Nomination Committee.

Disclosure:

A nomination committee has not been established.

The role of the Nomination Committee has been assumed by the full Board operating under the Nomination Committee Charter adopted by the Board.

Recommendation 2.5:

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

Disclosure:

The Chairman is responsible for evaluation of the CEO, the Board and the committees.

The review is currently informal but is based on a review of goals for the Board and individual Directors. The goals are based on corporate requirements and any areas for improvement that may be identified. The Chairman will provide each Director with confidential feedback on his or her performance.

Induction procedures are in place for all directors and senior executives report to the Board as to their area of responsibility at each Board meeting, if required.

Principle 2 – Structure the board to add value (continued)

Recommendation 2.6:

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

Disclosure:

Skills, Experience, Expertise and term of office of each Director and re-election procedure

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

In accordance with the Constitution, one third of the directors retire by rotation each year and may offer themselves for re-election.

In determining candidates for the Board the Nomination Committee considers the procedure as detailed in the Board Charter and the skills and qualifications of potential candidates that will best enhance the Board's effectiveness taking into consideration the current composition of the Board.

Identification of Independent Directors

There are no independent directors of the Company. Independence is measured having regard to the relationships listed in Box 2.1 of the Principles & Recommendations.

Statement concerning availability of Independent Professional Advice

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

Principle 3 – Promote ethical and responsible decision-making

Recommendation 3.1:

Companies should establish a Code of Conduct and disclose the code or a summary of the code as to:

- the practices necessary to maintain confidence in the company's integrity;
- the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and
- the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

Disclosure:

The Company has a Code of Conduct that applies to all Directors, senior executives, employees and contractors.

Recommendation 3.2:

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

Disclosure:

The Company has a trading policy that applies to all Directors, senior executives, employees and contractors.

Principle 4 – Safeguard integrity in financial reporting

Recommendation 4.1

The Board should establish an Audit Committee.

Disclosure:

An audit committee has not been established.

The role of the Audit Committee has been assumed by the full Board operating under the Audit Committee Charter adopted by the Board.

Recommendation 4.2:

The Audit Committee should be structured so that it:

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

Disclosure:

There is no audit committee. However, if one was established the Board policy is that it would have two (2) members who are non-executive directors. This structure would comply with the structure set out in the Board Charter adopted by the Company but not with the ASX Corporate Governance Principles and the corresponding Recommendations.

Recommendation 4.3:

The Audit Committee should have a formal charter.

Disclosure:

The Company has an Audit Committee Charter although this is currently administered by the Board.

Recommendation 4.4:

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

Disclosure:

There is no Audit Committee and the whole Board acts in this capacity in accordance with the Board Charter.

When established, the Audit Committee plans to hold a minimum of 3 meetings per year. It is intended that the Company's auditor will be invited to attend all Audit Committee meetings held during the financial year.

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

Principle 5 – Make timely and balanced disclosure

Recommendation 5.1:

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

Disclosure:

The Board Charter contains the policies designed to ensure compliance with ASX Listing Rule disclosure and accountability at a senior executive level for that compliance.

Principle 6 – Respect the rights of shareholders

Recommendation 6.1:

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

Disclosure:

The Company has a Shareholder Communications Policy contained within the Policy on Continuous Disclosure and a website for making information available to shareholders. Shareholders are encouraged to attend and participate in general meetings.

Principle 7 – Recognise and manage risk

Recommendation 7.1:

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

Disclosure:

The Board has adopted a Risk Management Policy. As detailed in 7.2 no risk management committee has been formed and this role is undertaken by the Board, however, the overall basis for risk management is to provide recommendations about:

1. Assessing the internal processes for determining and managing key risk areas, particularly:
 - non-compliance with laws, regulations, standards and best practice guidelines, including environmental and industrial relations laws;
 - litigation and claims; and
 - relevant business risks other than those that are dealt with by other specific Board Committees.
2. Ensuring that the Company has an effective risk management system and that major risks to the Company are reported at least annually to the Board.
3. Receiving from management reports on all suspected and actual frauds, thefts and breaches of laws.
4. Evaluating the process the Company has in place for assessing and continuously improving internal controls, particularly those related to areas of significant risk.
5. Assessing whether management has controls in place for unusual types of transactions and/or any potential transactions that may carry more than an acceptable degree of risk.
6. Meeting periodically with key management, internal and external auditors and compliance staff to understand and discuss the Company's control environment.

Principle 7 – Recognise and manage risk (continued)

Recommendation 7.2:

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

Disclosure:

Management designs, implements and maintains risk management and internal control systems to manage the Company's material business risks. As part of the reporting procedures, management report to the Board confirming that those risks are being managed effectively.

The Company policies are designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Company's business objectives.

A Risk Management Committee has not been formed and no internal audit function exists. All functions, roles and responsibilities with regard to risk oversight and management and internal control are undertaken by the board as at the date of this report.

Recommendation 7.3:

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

Disclosure:

Due to the size of the Company, the Board signed the declaration in accordance with section 295A of the Corporations Act. The declaration is made and is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial risk.

Principle 8 – Remunerate fairly and responsibly

Recommendation 8.1:

The Board should establish a Remuneration Committee.

Disclosure:

A Remuneration Committee has not been established.

The role of the Remuneration Committee has been assumed by the full Board operating under the Remuneration Committee Charter adopted by the Board.

Recommendation 8.2:

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

Principle 8 – Remunerate fairly and responsibly (continued)

Recommendation 8.2: (continued)

Disclosure:

Non-executive directors are remunerated at a fixed fee for time, commitment and responsibilities. Remuneration for non-executive directors is not linked to the performance of the Company. There are no documented agreements providing for termination or retirement benefits to non-executive directors (other than for superannuation). There are currently no options issued to non-executive directors.

Executive directors and senior executives are offered a competitive level of base pay at market rates and are reviewed annually to ensure market competitiveness. Long term performance incentives may include performance and production bonus payments, shares options granted at the discretion of the Board and subject to obtaining the relevant approvals.

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Report

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

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independence

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

Opinion

In our opinion:

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



Report on the Remuneration Report

We have audited the Remuneration Report included in pages 7 to 9 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 WAG Limited for the year ended 30 June 2011 complies with section 300A of the *Corporations Act 2001*.

A handwritten signature in cursive script that reads "Crowe Horwath Perth".

Crowe Horwath Perth

A handwritten signature in cursive script that reads "Sean McGurk".

SEAN MCGURK
Partner

Signed at Perth, 12 August 2011

The shareholder information set out below was applicable as at the dates specified.

1 Distribution of Equity Securities (Current as at 31 July 2011)

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

Class of Security – **Ordinary Shares**

			Number of Shareholders	Number of Shares
1	-	1,000	362	127,505
1,001	-	5,000	317	750,660
5,001	-	10,000	83	627,537
10,001	-	100,000	233	10,699,642
100,001	and over		310	600,430,362
			1,305	612,635,706

There were 947 holders of less than a marketable parcel of ordinary shares

2 Unquoted Equity Securities – Options (Current as at 31 July 2011)

	Number on issue	Number of holders
Options expiring 31 December 2011 at an exercise price of 1 cent per option	50,000,000	1
Options expiring 31 December 2012 at an exercise price of 2 cents per option	50,000,000	1
Options expiring 31 December 2013 at an exercise price of 3 cents per option	50,000,000	1
	150,000,000	1
	Number Held	%
Option holders, holding 20% or more:		
Enviro Capital Pty Ltd	150,000,000	100

3 Substantial Holders (Current as at 4 August 2011)

Substantial holders of equity securities in the Company are set out below:

Ordinary Shares		
Name	Number held	Percentage of issued shares
Ascent Capital Holdings Pty Ltd and its directors David Steinepreis and Gary Steinepreis and their associated entities and related parties	70,399,759	11.49
Helmet Nominees Pty Ltd and its director Tim Weir	51,008,334	8.32

4 Equity Security Holders (Current as at 4 August 2011)

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

Ordinary Shares

Rank	Name	Number of Shares	% of Issued Capital
1	ENVIRO CAPITAL PTY LTD	50,000,000	8.16
2	ASCENT CAPITAL HOLDINGS PTY LTD	29,000,000	4.73
3	HELMET NOMINEES PTY LTD <TIM WEIR FAMILY FUND A/C>	23,591,667	3.85
4	OAKHURST ENTERPRISES PTY LTD	23,375,000	3.82
5	FITEL NOMINEES LIMITED	21,375,000	3.49
6	TETHYAN HOLDINGS PTY LTD <TETHYAN INVESTMENT A/C>	21,000,000	3.43
7	MEGATOP NOMINEES PTY LTD <MORRIS SUPER FUND NO 2 A/C>	14,000,000	2.29
8	MR PETER DESMOND KERR & MRS KELLY ANN KERR <KERR FAMILY SUPER FUND A/C>	13,688,050	2.23
9	MS GILLIAN SWABY	12,142,000	1.98
10	JOKE PTY LTD <KENNY FAMILY FUND A/C>	12,075,000	1.97
11	MR GARRY NOEL BUNGEY & MRS VIVIENNE ALICE NOLA BUNGEY <BUNGEY SUPER FUND ACCOUNT>	11,998,571	1.96
12	LEISUREWEST CONSULTING PTY LTD <LEISUREWEST A/C>	11,500,000	1.88
13	MR TIMOTHY LEONARD WEIR + MS VANYA MARIAN KELLEHER <TIM WEIR SUPER FUND A/C>	10,750,000	1.75
14	MR PAUL ROBERT HEARNE <THE PRH A/C>	10,000,000	1.63
15	MAGAUITE PTY LTD <PETER NELSON SUPER FUND A/C>	9,000,000	1.47
16	ROWAN HALL PTY LTD <ROWAN HALL TRADING A/C>	8,375,000	1.37
17	HELMET NOMINEES PTY LTD	8,000,000	1.31
18	MR VINCENZO BRIZZI + MRS RITA LUCIA BRIZZI <BRIZZI FAMILY S/F A/C>	7,469,560	1.22
19	RAEJAN PTY LTD <THE MARZEC FAMILY ACCOUNT>	7,400,000	1.21
20	GRANGFIELD PTY LTD	7,230,000	1.18
		311,969,848	50.92

5 Voting Rights

The voting rights attaching to each class of equity securities are set out below:

- (a) Ordinary Shares
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.
- (b) Options
These securities have no voting rights.

6 On-Market Buy-Back

There is no current on-market buy-back.