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The Company Announcements Platform  
Australian Securities Exchange  
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**ASX ANNOUNCEMENT**

**HIGHLIGHTS**

- ENERGIO LIMITED CONFIRMS SATISFACTION WITH LEGAL DUE DILIGENCE ON NIGERIAN IRON ORE LICENCES
- EXPLORATION TO COMMENCE IN FEBRUARY 2011
- DR IAN BURSTON, MR DON CARROLL AND MR KEVIN JOSEPH ASSUME BOARD POSITIONS TO FURTHER STRENGTHEN ENERGIO'S EXPERTISE WITHIN THE RESOURCE SECTOR
- CAPITAL RAISING COMPLETE RAISING \$1.2 MILLION

**SATISFACTION OF LEGAL DUE DILIGENCE**

Further to the announcement made on 8 November 2010 where Energio Limited (**Energio** or **Company**) advised that it had entered into a put and call option arrangement to acquire 100% of KCM Holdings Pty Ltd (**KCMH**), Energio is now pleased to confirm that it is satisfied with the legal due diligence conducted on KCMH, its related entities and the exploration licences held by its related entities.

The Company's appointed Nigerian lawyers (Aluko and Oyebode) have confirmed that the following licences have been validly granted in the name of KCM Mining Limited (an entity in which KCMH has a 70% shareholding):

S/N	Code No	Holders	Mineral	Status
1	6350EL	KCM Mining Limited	Iron Ore	Granted
2	6351EL	KCM Mining Limited	Iron Ore	Granted
3	6352EL	KCM Mining Limited	Iron Ore	Granted
4	7060EL	KCM Mining Limited	Iron Ore	Granted
5	7061EL	KCM Mining Limited	Iron Ore	Granted
6	8583EL	KCM Mining Limited	Iron Ore	Granted



ASX Code: **EIO**

7	8886EL	KCM Mining Limited	Iron Ore	Granted
8	9791EL	KCM Mining Limited	Iron Ore	Granted
9	9792EL	KCM Mining Limited	Iron Ore	Granted
10	9793EL	KCM Mining Limited	Iron Ore	Granted
11	9794EL	KCM Mining Limited	Iron Ore	Granted
12	9795EL	KCM Mining Limited	Iron Ore	Granted
13	9796EL	KCM Mining Limited	Iron Ore	Granted
14	9797EL	KCM Mining Limited	Iron Ore	Granted

In addition, the due diligence has confirmed that:

- (a) KCM Mining Limited (**KCM**) has applied for exploration licence 10586EL (which is yet to be granted); and
- (b) KCMH has a right to acquire a further 5% shareholding in KCM (bringing its effective interest in the licences up to 75%) in return for making a cash payment of US\$618,000 (US\$206,000 of which has already been paid) to the holders of the 5% interest in KCM.

The legal due diligence has also confirmed that there are a further series of licences under active consideration and, in the event that they are granted, they will be for the full benefit of KCM.

### **PREPARATORY WORK FOR DRILLING COMMENCES**

KCM has been actively preparing an exploration program which is due to commence in February 2011. This program, which will include drilling, will be solely focused on validating the extent and grade of the iron ore mineralisation. The KCM Projects contain magnetite in banded iron formation and iron-rich oolitic mineralisation which support the exploration target of 1 billion – 2 billion tonnes of mineralisation grading 30-55% Fe. It should be noted that the potential quantity and grade is conceptual in nature at this stage as there has been insufficient exploration to define a Mineral Resource under the JORC Code. It is uncertain whether additional exploration will define a Mineral Resource.

The Company will update the market when drilling commences.

The results of the drilling program will contribute to the Company's assessment of the technical merits of the projects granted to KCM. Once these results have been received, the Company expects to be in a position to determine whether it will exercise its option to acquire KCMH (and change the nature of its activities to iron ore exploration and development). Before this time, the Company's main undertaking will continue to be development of its toy business.

### **BOARD FURTHER STRENGTHENED**

The Company's board has been further strengthened in recent weeks by the appointment of resource specialists Dr. Ian Burston, Don Carroll and Kevin Joseph. Please see below Corporate Profiles of the recently appointed Board Members:

#### **Dr Ian Burston**

Dr Burston has more than 30 years of top level experience in Western Australian and international iron ore mining and export sales. He has held executive management and Board positions with some of WA's largest and most successful mining operations. Dr. Burston presently serves on the board of a number of iron ore companies including Fortescue Metals Group Limited, Cape Lambert Iron Ore and African Iron Limited. Dr Burston is also



involved in a number of mining services companies including Imdex Ltd and NRW Holdings. During his career, he has developed several multi-million tonnes per year exporting operations with outstanding track records in maximising production, transport efficiencies and project development. He has also held major roles in industry associations and local government. He was awarded Citizen of the Year (Industry and Commerce) 1992, Member of the Order of Australia (General Division) 1993, and Honorary Doctor of Science (Curtin) 1995. He is a Fellow of the Institute of Engineers of Australia, the Institute of Mining and Metallurgy and the Institute of Company Directors.

#### **Mr Kevin Joseph**

Mr Joseph has extensive experience in Nigeria and the West African region. A 17 year resident of Nigeria, he has invaluable in-country relationships. Mr Joseph is a former Executive Director of Operations for OANDO Petroleum, one of two major local marketers of petroleum in Nigeria, where he headed up Supply Chain Development in the West African Region, with Executive responsibility for new business development.

#### **Mr Don Carroll**

Mr Don Carroll has been appointed as the Non-Executive Director. Mr Carroll is a former executive with BHP Billiton with over 30 years of experience in the mining industry, principally overseas in Asia, the United States and West Africa. During this time he was responsible for the early development of the Kalimantan coal projects, the marketing of minerals in Asia, including China, and was the President for BHP Billiton in Japan and India. He was also the CEO for the Guinea Alumina project in West Africa. He holds a Bachelor degree in Mining Engineering from Sydney University, is a member of the Australian Institute of Mining and Metallurgy and the Institute of Company Directors.

Executive Chairman, Nathan Taylor said "We welcome the inclusion of Dr Ian Burston, Kevin Joseph and Don Carroll to our board. There is significant interest in West Africa region and the board has been strengthened to take advantage of the opportunities the Company is presently pursuing. Energio has benefited recently due to the share price performance of its peers in the West Africa region, and the significant exploration target of the KCM assets. KCM's strategy is to rapidly identify a significant resource base to support a start up project in the near term allowing the Company to take full advantage of the region's high quality existing rail and port infrastructure."

### **COMPLETION OF CAPITAL RAISING**

The Company is also pleased to advise that it has completed the capital raising of \$1.2 million through the issue of shares at one cent each (with a free attaching option). The funds raised will be used for working capital purposes.

The Company will continue to update shareholders in due course.

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

The information in this report which relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Brian Varndell, who is a corporate member of the Australasian Institute of Mining and Metallurgy and independent consultant to the Company. Mr Varndell is an associate of AI Maynard & Associates and has over 35 years of exploration and mining experience in a variety of mineral deposit styles including iron ore mineralisation. Mr Varndell has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Varndell consents to inclusion in the report of the matters based on his information in the form and context in which it appears.

**- Ends -**

Sean Henbury

**Company Secretary.**