



**ENERGIO LIMITED**  
**ABN 28 001 894 033**

Lodged with the ASX under Listing Rule 4.2A

Contents

Appendix 4D – Interim Financial Statement 31 December 2010  
and Interim Financial Statement 31 December 2010

Note:

The information contained herein should be read in conjunction with the most recent annual report.

Energio Limited  
ABN 28 001 894 033  
21 Teddington Road  
Burswood WA 6100  
Telephone 08 9486 2333  
Fax 08 9355 4580

## Appendix 4D

Half Year ended 31 December 2010

### Results for announcement to the Market

Comparison to the previous corresponding period (31 December 2009)

		Change %		31-Dec-10 \$
Revenue from continuing operations	Up	100%	to	39,233
Loss after income tax from continuing operations	Up	92%	to	(1,444,026)
Net loss attributable to members (31 Dec 2009 - Loss \$110,639)	Up	92%	to	(1,444,026)
No dividends are proposed				

### Explanation of Revenue

Revenue from continuing operations for the half year ended 31 December 2010 was \$39,233 and was from interest earned on deposits.

### Comments on the operations and the results of those operations

The comments regarding the operations is contained within the Directors Report.

### Dividends/Distributions

Energio Limited does not propose to pay any dividends for the half year ended 31 December 2010.

### Supplementary Appendix 4D information

	31-Dec-10	31-Dec-09
Net tangible assets	1,811,119	1,824,065
Net tangible asset backing per ordinary share	(0.23) cents	(1.84) cents
Loss of Control of Entities During the Period	-	-
Profit (loss) after income tax of the subsidiary during the current period to the date on which control was lost	-	-
Profit (loss) after income tax of the subsidiary for the whole of the previous corresponding period	N/A	N/A
Contribution to consolidated profit (loss) from sale of interest leading to loss of control	-	-

## Appendix 4D

Half Year ended 31 December 2010

### Details of controlled entities acquired or disposed of

There were no controlled entities acquired or disposed of during the period.

### Details of aggregate share of profits/(losses) of associates and joining venture entities

There were no associates or joint venture entities associated with the group for the period.

### Accounting Standards

The accounting policies used in this report is the same as those disclosed in the 30<sup>th</sup> June 2010 accounts.

### Audit Disputes or Qualifications

The interim financial report includes the report from the auditor which has been qualified on the basis of a limitation of scope due to the inability to access sufficient records to review this report. The economic crisis resulted in Energio Limited (formerly Brainytoys Limited) divesting itself of its subsidiary in Hong Kong in 2008 and being unable to fund its operations in both the United Kingdom and the United States, the Company then divested the UK & US operations on 29 June 2010. The Directors are now reviewing the status of the Company's assets due to the recapitalisation of Energio Limited



Nathan Taylor  
Chairman  
Energio Limited

**ENERGIO LIMITED**  
**ABN 28 001 894 033**  
**Interim Financial Statement - 31 December 2010**

**Directors' Report**

Your directors present their report on the entity consisting of Energio Limited at the end of, or during, the half-year ended 31 December 2010.

**Directors**

The names of persons who were directors of Energio Limited during the whole of the half-year and up to the date of this report are:

Faldi Ismail	Appointed 27 April 2010, resigned 2 December 2010
Athan Lekkas	Appointed 27 April 2010
Nathan Taylor	Appointed 27 April 2010
Don Carroll	Appointed 2 December 2010
Ian Burston	Appointed 23 December 2010
Kevin Joseph	Appointed 23 December 2010

**Review of Operations**

The loss after tax for the half year ended 31 December 2010 attributed to the members of the Company was \$1,444,026. The loss for the half year ended 31 December 2010 was mainly attributable to the review and evaluation of projects of interest to the Company.

On 22 July 2010 following effectuation of the deed of company arrangement and completion of a capital raising, the Company was reinstated to official quotation on ASX.

The Company continues to review many opportunities both within its existing industry sector (toys/games) and outside of this sector.

As investors would expect, many of these other opportunities are likely to be in the resource sector, in particular the iron ore sector. As at the date of this report, the Company's main undertaking is its toy/games business. However, the Board remains open to consider other transactions that have the potential to create shareholder value.

As announced to the ASX on 8 November 2010, the Company has entered into a Put and Call Option Deed with TGP Australia Ltd, to acquire 100% of KCM Holdings Pty Ltd (KCMH) from TGP.

At 31 December 2010 the Company had loaned funds to KCM Mining Holdings Pty Ltd on an unsecured basis with an interest rate of 5% per annum due to the Company entering into a put and call option deed with TGP in relation to the potential acquisition of KCM Mining Holdings Pty Ltd and in accordance with loan agreement entered into on 7 November 2010. The loan has been impaired due to the unlikelihood of these funds being repaid at present. After the period end, the Company loaned a further \$2,113,048 to KCM Mining Holdings Pty Ltd.

The Company has completed its legal due diligence on the assets of KCMH and is continuing with conducting its technical due diligence on the assets of KCMH.

ENERGIO LIMITED  
ABN 28 001 894 033  
Interim Financial Statement - 31 December 2010

Directors' Report

**Auditor's Independence Declaration**

A copy of the independence declaration by the lead auditor under section 307C is included on page 18 to these half-year financial statements.

This report is made in accordance with a resolution of the Board of Directors and is signed for and behalf of the directors by:

A handwritten signature in dark ink, appearing to read 'Nathan Taylor', is written over a faint, light-colored circular stamp or watermark.

Nathan Taylor  
Director

Perth, Western Australia  
28 February 2011

**ENERGIO LIMITED**  
ABN 28 001 894 033

**Statement of Comprehensive Income  
for the Half-Year Ended 31 December 2010**

		Company	Consolidated Entity
	Note	Half-Year 2010 \$	2009 \$
Revenue		39,233	-
Accounting and auditing fees		(88,364)	-
Consulting fees		(29,718)	-
Travel and Accommodation		(4,540)	-
Finance costs		-	(96,053)
Directors fees		(446,120)	-
Legal fees		(59,259)	-
Impairment expense		(800,000)	-
Other expenses		(55,258)	(32,092)
Loss before income tax expense		(1,444,026)	(128,145)
Income tax expense		-	-
Loss after tax from continuing operations		(1,444,026)	(128,145)
Loss from discontinued operations	9	-	-
Loss for the half-year		(1,444,026)	(128,145)
Other comprehensive income			
Foreign currency translation differences		-	17,506
Other comprehensive income for the half-year, net of tax		(1,444,026)	17,506
Total comprehensive income for the half-year		(1,444,026)	(110,639)
Loss for the half-year is attributable to:			
Members of the parent entity		(1,444,026)	(128,145)
Total comprehensive income for the half-year is attributable to:			
Members of the parent entity		(1,444,026)	(110,639)

**ENERGIO LIMITED**  
**ABN 28 001 894 033**

**Statement of Comprehensive Income**  
**for the Half-Year Ended 31 December 2010**

		Company	Consolidated Entity
	Note	Half-Year 2010 Cents	2009 Cents
<b>Earnings per share for loss from continuing operations attributable to members of Energio Limited</b>			
Basic earnings per share		(0.21)	(0.01)
Diluted earnings per share		N/A	N/A
<b>Earnings per share for loss attributable to members of Energio Limited</b>			
Basic earnings per share		(0.21)	(0.01)
Diluted earnings per share		N/A	N/A

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

**ENERGIO LIMITED**

ABN 28 001 894 033

**Statement of Financial Position  
as at Ended 31 December 2010**

Company

	Note	31 December 2010 \$	30 June 2010 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		1,897,783	2,015,128
Trade and other receivables	5	27,049	24,982
Total Current Assets		<u>1,924,832</u>	<u>2,040,110</u>
<b>NON-CURRENT ASSETS</b>			
Total Non-Current Assets		<u>-</u>	<u>-</u>
<b>TOTAL ASSETS</b>		<u><u>1,924,832</u></u>	<u><u>2,040,110</u></u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		113,713	216,045
Total Current Liabilities		<u>113,713</u>	<u>216,045</u>
<b>NON-CURRENT LIABILITIES</b>			
Total Non-Current Liabilities		<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>		<u><u>113,713</u></u>	<u><u>216,045</u></u>
<b>NET ASSETS</b>		<u><u>1,811,119</u></u>	<u><u>1,824,065</u></u>
<b>EQUITY</b>			
Contributed equity	6	20,906,575	19,854,615
Reserves		1,440,987	1,061,867
Accumulated losses		(20,536,443)	(19,092,417)
<b>TOTAL EQUITY</b>		<u><u>1,811,119</u></u>	<u><u>1,824,065</u></u>

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



**ENERGIO LIMITED**  
ABN 28 001 894 033  
**Statement of Changes in Equity**  
**for the Half-Year Ended 31 December 2010**

	Contributed equity \$	Retained earnings \$	Reserve \$	Foreign currency translation reserve \$	Total \$
<b><u>Consolidated Entity</u></b>					
At 1 July 2009	17,254,615	(20,786,726)	1,061,867	448,701	(2,021,543)
Loss for the half-year		(128,145)			(128,145)
<i>Other comprehensive income</i>					
Foreign currency translation difference				17,506	17,506
Total comprehensive income for the half-year		(128,145)		17,506	(110,639)
Transactions with owners in their capacity as owners	-		-		-
At 31 December 2009	17,254,615	(20,914,871)	1,061,867	466,207	(2,132,182)
<b><u>Company</u></b>					
At 1 July 2010	19,854,615	(19,092,417)	1,061,867		1,824,065
Loss for the half-year		(1,444,026)			(1,444,026)
<i>Other comprehensive income</i>					
Total comprehensive income for the half-year		(20,536,443)	1,061,867		(19,474,576)
Transactions with owners in their capacity as owners					
Contributions of equity, net of transaction costs	1,051,960				1,051,960
Share based payments - shares			240,000		240,000
Share based payments - options			139,120		139,120
At 31 December 2010	20,906,575	(20,536,443)	1,440,987		1,811,119

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

**ENERGIO LIMITED**  
**ABN 28 001 894 033**  
**Statement of Cash Flows**  
**for the Half-Year Ended 31 December 2010**

	Company	
	Half-Year	
	2010	2009
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Payments to suppliers and employees	(313,537)	(11,067)
Interest received	39,232	-
<b>Net cash (outflow)/inflow from operating activities</b>	<u>(274,305)</u>	<u>(11,067)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Loans to other parties	(800,000)	-
<b>Net cash (outflow)/inflow from investing activities</b>	<u>(800,000)</u>	<u>-</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares net of cost	956,960	-
Proceeds from borrowings	-	-
<b>Net cash (outflow)/inflow from financing activities</b>	<u>956,960</u>	<u>-</u>
<b>NET DECREASE IN CASH HELD</b>	(117,345)	(11,067)
Net cash at beginning of period	2,015,128	50,974
Effects of exchange rate changes on the balances of cash held in foreign currencies at the beginning of the period	-	(2,968)
<b>NET CASH AT END OF PERIOD</b>	<u><u>1,897,783</u></u>	<u><u>36,939</u></u>

The above Statement of Cashflows should be read in conjunction with the accompanying notes

**ENERGIO LIMITED**  
**ABN 28 001 894 033**  
**Notes To The Financial Statements**  
**for the Half-Year Ended 31 December 2010**

**Note 1. Basis of Preparation of Half-Year Financial Statements**

These general purpose financial statements for the half-year reporting period ended 31 December 2010 have been prepared in accordance with Australian Accounting Standard 134 *Interim Financial Reporting* and the Corporations Act 2001.

These financial statements have been prepared under the historical cost convention.

These half-year financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the entity as the full financial statements. Accordingly, these half-year financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2010 and any public announcements made by Energio Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The same accounting policies and methods of computation have generally been followed in these half-year financial statements as compared with the most recent annual financial statements.

***Going Concern***

The half-year financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The Group incurred an operating loss after tax of \$1,444,026 (31 December 2009: \$128,145) for the period and had positive net assets of \$1,811,119 (30 June 2010: (\$1,824,065)). At 31 December 2010 the Company had \$1,897,783 in cash. Subsequent to period end the Company raised a further \$766,960 via the issue of 76,696,000 shares and proceeded to loan a further \$2,113,048 to KCM Mining Holdings Pty Ltd.

With the Company's current cash reserves, its ability to continue paying its debts as and when they fall due is dependent upon it continuing to secure additional debt/equity funding, the repayment of loans and the ultimate establishment of profitable operations. As noted in the subsequent events note 10, the Company had commitments of \$7.5 million under a placement from institutions and sophisticated investors.

If the Company is unable to secure additional funding, receive repayment of the loans and ultimately establish profitable operations, there is significant uncertainty whether the company can continue as a going concern and, therefore, whether it will be able to realise its assets and extinguish its liabilities in the normal course of business and at the amounts recognised in the financial report. In the event that the Company is unable to continue as a going concern, it may be required to realise all assets at amounts different from that recorded in the statement of financial position, settle liabilities other than in the ordinary course of business, and make provision for other costs which may arise as a result of cessation or curtailment of normal business procedures.

**DISCLAIMER REGARDING RECORDS**

The interim financial report includes the report from the auditor which has been qualified on the basis of a limitation of scope due to the inability to access sufficient records to review the opening balances of the comparative information in the Profit and Loss and other updates of this report. The economic crisis resulted in Energio Limited (formerly Brainytoys Limited) divesting itself of its subsidiary in Hong Kong in 2008 and at the time was unable to fund its operations in both the United Kingdom and the United States, the Company then divested the UK & US operations on 29 June 2010. Following the recapitalisation of Energio Limited (formerly Brainytoys Limited), the directors will be undertaking a full review of its assets and the sector, and has engaged an expert consultant to assist in this regard.

**ENERGIO LIMITED**  
**ABN 28 001 894 033**  
**Notes To The Financial Statements**  
**for the Half-Year Ended 31 December 2010**

**Note 2. Segment information**

The group has adopted AASB 8 *Operating Segments* from 1 July 2009 whereby segment information is presented using a 'management approach', i.e. segment information is provided on the same basis as information used for internal reporting purposes by the chief operating decision maker (Board of Directors that makes strategic decisions).

The Company engages in principle activity, being toy and games development and distribution, activity from which it earns revenues, and its results are analysed as a whole by the chief operating decision maker. Consequently revenue, profit and net assets for the operating segment are reflected in the statement of comprehensive income, statement of financial position and the statement of cash flows.

In comparative periods the Company held investments and operated businesses in the USA, and UK and had determined these to be the reportable segments. The Hong Kong operations were divested on 31st December 2008. The USA and UK operations were divested on 29 June 2010. The Company's principal activities are toy and games development and distribution.

**Segment information**

Segment information provided to the Board of Directors for the half-year ended 31 December 2010 is as follows:

Half-year ended 31 December 2010	USA \$	UK \$	Australia \$	Total continuing operations \$	Total \$
Total segment revenue	-	-	-	-	-
Intersegment revenue	-	-	-	-	-
Revenue from external customers	-	-	-	-	-
EBITDA	-	-	(1,444,026)	(1,444,026)	(1,444,026)

Half-year ended 31 December 2009	USA \$	UK \$	Australia \$	Total continuing operations \$	Total \$
Total segment revenue	-	-	-	-	-
Intersegment revenue	-	-	-	-	-
Revenue from external customers	-	-	-	-	-
EBITDA	-	-	(32,092)	(32,092)	(32,092)
<b>Total segment assets</b>					
31 December 2010	-	-	1,924,832	1,924,832	1,924,832
30 June 2010	-	-	2,040,110	2,040,110	2,040,110

**ENERGIO LIMITED**  
**ABN 28 001 894 033**  
**Notes To The Financial Statements**  
**for the Half-Year Ended 31 December 2010**

The executive management committee monitors segment performance based on EBITDA. This measure excludes non-recurring expenditure such as restructuring costs and goodwill impairments and also excludes share-based payment expenses.

This performance measure differs from the previous annual financial statements for the financial year ended 30 June 2009 which reflected segment result based on net income before taxation.

Reconciliation of EBITDA to profit before income tax is as follows:

	Half-Year 2010 \$	Half-Year 2009 \$
EBITDA	(1,444,026)	(32,092)
Intersegment eliminations		
Finance costs	-	(96,053)
Depreciation and amortisation	-	-
Impairment of goodwill and licence fees	-	-
Loss before income tax from continuing operations	<u>(1,444,026)</u>	<u>(128,145)</u>

Total asset amounts provided to the executive management committee are measured in the same way that they are measured in the financial statements. Segment assets are allocated based on the operations of the segment and the physical location of the assets.

**Note 3. Loss for the year**

	Half-Year 2010 \$	Half-Year 2009 \$
Loss for the half-year includes the following items that are unusual because of their nature, size or incidence:		
Impairment Expense	(800,000)	-
Directors fees	<u>(446,120)</u>	<u>-</u>

(a) On 30 November 2010 Mr Nathan Taylor received share based payments that were valued at \$379,120, refer to note 7.

**Note 4. Dividends**

	Half-Year 2010 \$	Half-Year 2009 \$
Ordinary Shares		
Dividends paid for during the half-year	<u>-</u>	<u>-</u>

**ENERGIO LIMITED**  
**ABN 28 001 894 033**  
**Notes To The Financial Statements**  
**for the Half-Year Ended 31 December 2010**

**Note 5. Trade and other receivables**

At 31 December 2010 the Company had loaned funds to KCM Mining Holdings Pty Ltd on an unsecured basis with an interest rate of 5% per annum due to the Company entering into a put and call option deed with TGP in relation to the potential acquisition of KCM Mining Holdings Pty Ltd and in accordance with loan agreement entered into on 7 November 2010. The loan has been impaired due to the unlikelihood of these funds being repaid at present.

**Note 6. Equity securities issued**

	Half-Year 2010 \$	Full Year 2010 \$
<b>(a) Share Capital:</b>		
Ordinary shares, fully paid	20,682,719	19,630,759
<b>(b) Other equity securities:</b>		
Value of conversion rights - convertible notes	223,856	223,856
<b>Total Contributed Equity</b>	<u>20,906,575</u>	<u>19,854,615</u>
<b>(c)(i) Ordinary shares</b>		
At the beginning of the reporting period	19,630,759	17,030,759
Shares issued during the year	1,091,000	2,720,000
Transaction costs relating to share issues	(39,040)	(120,000)
At the end of the reporting date	<u>20,682,719</u>	<u>19,630,759</u>

**(c)(ii) Movements in Ordinary Share Capital**

Date	Details	No of shares	Issue price	Value
01/07/2009	Opening balance	115,688,096		17,030,759
06/04/2010	Consolidation	-92,425,387		
22/04/2010	Issue	400,000,000	0.005	2,000,000
22/04/2010	Issue	80,000,000	0.005	400,000
22/04/2010	Issue	70,000,000	0.001	70,000
22/04/2010	Issue	50,000,000	0.005	250,000
	Less transaction costs			(120,000)
30/06/2010	Balance	623,262,709		19,630,759
19/07/2010	Issue	57,000,000	0.005	285,000
22/12/2010	Issue	80,600,000	0.01	806,000
22/12/2010	Issue	20,000,000		
31/12/2010	Balance			20,721,759
	Less transaction costs			(39,040)
		780,862,709		<u>20,682,719</u>

	Half-Year 2010	Full Year 2010
<b>(c)(iii) Number of ordinary shares (summary)</b>		
At the beginning of the reporting period	623,262,709	115,688,096
Shares consolidated during the year		(92,425,387)
Shares issued during the year	157,600,000	600,000,000
At reporting date	<u>780,862,709</u>	<u>623,262,709</u>

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

ENERGIO LIMITED  
ABN 28 001 894 033  
Notes To The Financial Statements  
for the Half-Year Ended 31 December 2010

	Half-Year 2010 (No )	Full Year 2010 (No )
(d) Options		
At the beginning of the reporting period	116,287,599	94,551,920
Options consolidated during the year		(66,150,109)
Options lapsed during the period		(12,114,212)
Options issued during the year		
During April 2010		100,000,000
During December 2010	100,600,000	
At reporting date	<u>216,887,599</u>	<u>116,287,599</u>

**Note 7. Share based payments**

During the half year ended on 31 December 2010, the Company issued the following share-based payments.

**(a) Key Executive's Options - Incentive Options**

Set out below are summaries of the options granted:

	Number of options	Value per option (cents)	Vested during the period	Exercisable at period end
Exercisable at 1.3 cents, on or before 30 November 2013	20,000,000	5.82	20,000,000	20,000,000

The price was calculated by using Black Scholes Pricing Model applying the following inputs:

	2010
Life of the option (years)	3
Share price at grant date (cents)	1.2
Expected share price volatility	90%
Risk free interest rate	5.00%

Total value of the options above is \$139,120

**(b) Key Executive's Shares**

On 22 December 2010, the Company issued 20,000,000 shares to Mr Nathan Taylor. The shares were issued and allotted as consideration for services provided by Mr Taylor in his capacity as Chairman of the Company.

The shares were issued for services provided and were approved at a meeting of shareholders held on 30 November 2010. The closing share price on 30 November 2010 was 1.2 cents, and the value of the shares is \$240,000 based on this share price.

**ENERGIO LIMITED**  
**ABN 28 001 894 033**  
**Notes To The Financial Statements**  
**for the Half-Year Ended 31 December 2010**

**Note 8. Contingencies**

The Company has entered into a conditional Put and Call Option Deed (Deed) with TGP in relation to the potential acquisition of KCMH.

The grant of the put and call option pursuant to the Deed is conditional upon:

- (a) The Company completing due diligence on KCMH and its assets;
- (b) TGP completing due diligence on the Company, and its assets;
- (c) The Company advancing loan funds to KCMH to enable KCMH to undertake an initial drill program;
- (d) The Company undertaking a placement to raise \$1,000,000 (prior to costs) through the issue of 100,000,000 fully paid ordinary shares at an issue price of 1 cent each with 100,000,000 attaching options to subscribe for shares in the Company exercisable at 1 cent each on or before 30 November 2011;
- (e) The appointment of 3 nominees of TGP to the Company's Board.

At 31 December 2010 the conditions precedent had not been met.

In the event that the conditions precedent are satisfied TGP will grant the Company a call option to acquire KCMH, exercisable at any time prior to 31 March 2011.

In the event that the call option is exercised settlement of the acquisition is conditional upon:

- (a) The Company obtaining all required shareholder approvals to proceed with the transaction including without limitation any approval required under ASX Listing Rule 7.1 and section 611 Item 7 of the Corporations Act, and an independent expert report reporting that the proposed transaction is either fair and reasonable or not fair but reasonable when considered in the context of the of the interests of the non-associated shareholders of the Company;
- (b) The Company complying with chapters 1 and 2 of the ASX Listing Rules to the extent required by ASX;
- (c) The Company raising a minimum of \$6,000,000 through an equity capital raising (in addition to the \$1,000,000 placement referred to above); and
- (d) To the extent that any of the options currently outstanding in the Company with an exercise price of 1 cent and an expiry date of 31 March 2013 have not been exercised or cancelled on the date immediately prior to settlement, the issue of new options to TGP on the basis of 1 new option for every option not exercised or cancelled, with the new options to be issued on the same terms.
- (e) The Company capitalising all debt owed by the Company to the Shareholder (if any) by converting debt to equity through the repayment of debt by the issue of new shares by the Company to the Shareholder.

Contemporaneous with the grant of the call option, the Company will also grant to TGP a put option exercisable at any time prior to 31 March 2011 subject to KCMH commencing its exploration program targeting the delineation of between 1- 2 billion tonnes of iron ore at a grade 30% Fe to at least a JORC inferred mineral resource status on the Nigerian iron ore licenses and completing a technical report on exploration progress to be given to the Company.

In the event that the put option is exercised, completion of the transaction is subject to the same conditions as the call option, other than the capital raising condition.

In the event that either the call or put option is exercised the consideration for the acquisition is the issue of 830,000,000 fully paid ordinary shares in the Company to TGP (in the event that the Company raises \$12,000,000 or more in equity funds prior to settlement not including the \$1,000,000 placement referred to above) or otherwise 1,037,500,000 fully paid ordinary shares in the Company (in each case pre any consolidation of the Company's issued capital that will be required in order to re-comply with Chapters 1 and 2 of the ASX Listing Rules). The consideration payable by the Company to TGP may also include the grant of new EIO options to TGP as referred to in condition (d) above.

There are standard termination clauses in the Deed whereby either party may terminate the agreement in the event of:

- (a) a material adverse change to the financial position of the other party;
- (b) the insolvency of the other party;
- (c) a change of control of the other party.

The Company loaned \$800,000 of its cash reserves to KCM Mining Holdings Pty Ltd in accordance with the loan agreement entered into 7 November 2010. Since year end a further \$2,113,048 has been loaned.

There have been no other changes in contingent liabilities or contingent assets since the end of the previous annual reporting period, 30 June 2010.



**ENERGIO LIMITED**  
**ABN 28 001 894 033**  
**Notes To The Financial Statements**  
**for the Half-Year Ended 31 December 2010**

**Note 9. Discontinued operations**

On 29 June 2010 Energio Limited entered into an agreement for the disposal of the whole of the share capital of Brainytoys Inc and Brainytoys UK Limited and the assignment of all loans and other amounts due by the BRT entities to a third party. Under the terms of the agreement the purchaser has acquired for a consideration of \$1, the whole of the share capital of the BRT entities and the BRT loans prior to 30<sup>th</sup> June 2010.

**Note 10. Events subsequent to the end of the reporting period**

Subsequent to the period end the Company finalised its prospectus offer of 20,000,000 Shares (together with 20,000,000 free options) in the capital of the Company at a price of 1 cent per Share to raise up to \$200,000. The Company accepted oversubscriptions of a further \$190,000 through the issue of a further 19,000,000 Shares at an issue price of 1 cent each (together with 19,000,000 free Options)).

On 11 February 2011, the Company issued 37,696,000 raising \$376,960 following the conversion of options.

On 21 February 2011, the Company announced that it had commitments in excess of \$7.5 million under a placement from Institutions and Sophisticated Investors

The Company has loaned an additional \$2,113,048 to KCM Mining Holdings Pty Ltd subsequent to the period end.

**ENERGIO LIMITED**

**ABN 28 001 894 033**

**Declaration by Directors**

The Directors of the Company declare that except for the items documented in Note 1 disclaimer regarding records:

(a) The financial statements and notes set out on pages 1 to 16 are in accordance with the Corporations Act 2001 and:

(i) comply with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and

(ii) give a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date.

(b) In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



Nathan Taylor  
Director

Dated this            28th day of February 2011

28<sup>th</sup> February 2011

Energio Limited  
C/- FHJ Solutions  
Level 1  
21 Teddington Road  
BURSWOOD WA 6100

Dear Sirs,

DECLARATION OF INDEPENDENCE BY CHRIS BURTON TO THE DIRECTORS OF ENERGIO LIMITED

As lead auditor for the review of Energio Limited for the half-year ended 31 December 2010, I declare that to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.



Chris Burton  
Director



BDO Audit (WA) Pty Ltd  
Perth, Western Australia

## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF ENERGIO LIMITED

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Energio Limited, which comprises the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

### Directors' Responsibility for the Half-Year Financial Report

The directors of the disclosing entity are responsible for the preparation of the half-year financial report in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the disclosing entity's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Energio Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Independence

In conducting our review, 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 Energio Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

#### Basis for Qualified Conclusion

As a consequence of the disposal of its subsidiaries in the prior year, and the inability to access documents from previous advisers, employees, and staff, the directors have been unable to obtain the company's records and the subsidiaries records for the comparative period to 31 December 2009. Due to these limitations we were unable to undertake sufficient appropriate audit procedures to form a conclusion on the company's 31 December 2009 statement of comprehensive income, statement of changes in equity and the statement of cashflows. We have, however, audited the financial report for the preceding financial year ended 30 June 2010 and therefore our review statement is not qualified in respect of the comparative information as at 30 June 2010 included in the statement of financial position.

#### Qualified Conclusion


Based upon our review, which is not an audit, except for the effect, if any, of the limitation of scope on the comparatives for the preceding corresponding half-year on the statement of comprehensive income, the statement of changes in equity and the statement of cash flows, we have not become aware of any matter that makes us believe that the half-year financial report of Energio Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the disclosing entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

#### Emphasis of Matter

Without further qualification we draw attention to the half-year financial report which indicates that Energio Limited incurred a net loss of \$1,444,026 during the half-year ended 31 December 2010 (2009: \$128,145). This condition, along with those set out in Note 1 of the interim financial statements indicates the existence of a material uncertainty which may cast significant doubt about the entity's ability to continue as a going concern and therefore, whether the entity is able to release its assets and discharge its liabilities in the normal course of business at amounts included in the financial statements.

BDO Audit (WA) Pty Ltd

BDO Audit  


Chris Burton  
Director

Perth, Western Australia  
Dated this 28<sup>th</sup> day of February 2011