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**AGRI ENERGY**  
LIMITED

**ABN 83 061 375 442**

**Annual Report**

**For the Year Ended 30 June 2012**

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**Corporate Directory**

**Directors**

Greg Channon  
Managing Director

Dougal Ferguson  
Finance Director

Glenn Whiddon  
Non-Executive

Patrick Burke  
Non-Executive

**Company Secretary**

Dougal Ferguson

**Registered Office**

Level 8, 225 St. Georges Terrace  
Perth Western Australia 6000  
Telephone: 08 9486 4036

**Share Register**

Computershare Investor Services Pty Limited  
Level 2 / 45 St Georges Terrace  
Perth Western Australia 6000  
Telephone: 1300 850505  
Overseas: +61 3 9415 4000  
Facsimile: +61 8 9323 2033

**Auditor**

KPMG  
235 St. Georges Terrace  
Perth Western Australia 6000

**Stock Exchange Listing**

Agri Energy Limited shares are listed on the  
Australian Securities Exchange, home branch, Perth  
Code: AAE

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## DIRECTORS' REPORT

Your directors present their consolidated financial report on the consolidated entity consisting of Agri Energy Limited (Agri or the Company) and the entities it controlled at the end of, or during the year ended 30 June 2012 (the Group).

### Directors

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

**Greg Channon** appointed 1 December 2011

**Dougal Ferguson** appointed 1 December 2011

**Patrick Burke** appointed 23 July 2009

**Glenn Whiddon** appointed 18 August 2011

The names of each person who were directors during the year and resigned prior to the date of this report are:

**Gary Steinepreis** appointed 22 June 2009 resigned 11 June 2012

**Joseph Naemi** appointed 21 December 2010 resigned 5 July 2011

**Dr Keiran Wulff** appointed 21 April 2011 resigned 18 August 2011

### Company Secretary

The company secretary is Dougal Ferguson. Mr Ferguson was appointed to the position of company secretary on 11 June 2012. Mr Ferguson is also a director of the Company and information on him and his qualifications are included under the information on directors.

### Principal Activities

The principal activities of the Group and Company are in the energy and resources sector. The Group previously developed its Australian Ethanol Business but following the appointment of Greg Channon and Dougal Ferguson in December 2011 the group continue to pursue new projects in the energy and resources sector by way of acquisition or investment, and/or providing consultancy services with a primary focus on the oil and gas industry.

As part of its stated objective to acquire new projects in the energy and resources sector the Group continues to pursue new projects that add shareholder value to the Group.

Many projects which met this criteria were screened during the year, with a number of those projects proceeding to the due diligence stage of project evaluation. Although some of these projects met the strict criteria being applied to new ventures, either market conditions, project timing or other non-project specific factors resulted in none of these projects proceeding.

The Board and Management continue to actively seek and review projects both overseas and in Australia.

### Significant Changes in the State of Affairs and Review of Operations

On 24 November 2011 the Company announced that it was to appoint two oil and gas industry professionals as executives and Directors of the Company. Mr. Greg Channon and Mr. Dougal Ferguson were appointed to the Board on 1 December 2011 and have been focusing the Company on acquiring new oil and gas projects suitable for a company of Agri's size and financial capability.

Each of Mr. Channon and Mr. Ferguson subscribed for 40,000,000 shares in Agri contributing a total of \$400,000 in new capital to the Company. Each of the two directors were provided a loan by the Company of \$100,000, which is repayable on sale of the shares that relate to this loan amount. The loans are full recourse loans. A further detail on their remuneration is provided in the Remuneration Report.

Since joining the Group, Mr. Channon and Mr. Ferguson have been tasked with screening opportunities both within Australia and overseas within the oil and gas sector.

### Operating Result

The consolidated loss for the financial year was \$1,201,919 (2011: Loss \$810,486). The major expense items contributing to the loss were new project generation costs, salaries and non-cash share based payment expenses. The loss reported in 2011 was primarily as a result of the write down of the MIA costs associated with the proposed merger with Triton.

Additional information on the operations and financial position of the Group and its business strategies and prospects are set out in this directors' report and the consolidated financial report.

### Dividends

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

### Future Developments, Prospects and Business Strategies

Other than as stated in this report, the Group'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 Group.

### Financial Position

The Group is in a financial position that enables it to move forward with its current activities whilst investigating future potential opportunities by way of acquisition and/or investment and has sufficient funds to meet its commitments as and when they fall due on the basis of the matters referred to below and in Note 2(c) to the consolidated financial statements.

### Subsequent Events

On 5 July 2012, the Group announced that it had signed a Letter Agreement ("Agreement") with Canadian listed Statesman Resources Limited ("Statesman") to pursue oil and gas opportunities in Africa. Pursuant to the Agreement, Agri will acquire, for a nominal consideration, a 49.9% shareholding in Statesman Africa Limited ("SAL"). A wholly owned subsidiary of SAL, Statesman Resources Limited BVI, has recently been awarded a 75% Working Interest in the 100,000 km<sup>2</sup> Block 14 in north west Sudan.

Under the terms of the Agreement, Agri will fund its 49.9% share of the costs of the activities of SAL, including but not limited to the work program for Block 14. The minimum expenditure over the three year term of the Exploration Production Sharing Agreement for Block 14 is US\$12 million, with two further optional funding requirements of US\$12million and US\$14million over two subsequent 18 month periods respectively. Agri's required contribution towards the initial committed expenditure is US\$5million over the three year term. The Directors are presently in the process of preparing a prospectus to raise up to approximately \$5million in November 2012. Additionally, the Company has advanced Statesman US\$0.8million interest free interim funding which is refundable if:

- a) Agri shareholder approval and re-compliance with Chapters 1 & 2 of the ASX Listing Rules are not obtained; or
- b) On completion of Agri's acquisition of 49.9% of SAL.

The Agreement to jointly pursue other oil and gas opportunities in Africa leverages off Statesman's operating capability and contacts in Africa. The board of the Group considers the growing international interest in African oil and gas activity as a key growth area for the Group and by entering the Agreement with Statesman, provides it with access to significant opportunities in the region. The Agreement to jointly pursue opportunities in Africa is for an initial period of 12 months.

Block 14 is situated in the remote and un-inhabited north western corner of Sudan, directly adjacent to the border with Egypt and Libya. The block is approximately 100,000 km<sup>2</sup> in area, and is significantly under-explored with only partial gravity coverage, 1,200km of vintage 2D seismic and one shallow stratigraphic well in the block. Sudan is in the heart of the north eastern Africa oil province. To the north, Egypt has proved reserves of 4.4 billion barrels, while Libya, also a neighbour, holds 47 billion barrels of proved reserves and a long production history.

**Subsequent events (continued)**

Block 14 will be managed through a Joint Operating Company ("JOC") based in Sudan. Statesman will take an operational lead in the JOC and will be supported technically by Agri. The JOC will consist of:

Statesman Resources Limited BVI	75%;
Express Petroleum	15%;
Sudapet (carried)	10%.

Express Petroleum is a private Nigerian company active in oil and gas exploration in Africa with net production of 5,000 barrels of oil per day. They have been present in Sudan for a number of years, and also hold other joint venture positions in Sudan. Sudapet is the Sudanese national oil company.

The acquisition will constitute a change in the nature and/or scale of the activities of Agri in accordance with Chapter 11 of the ASX Listing Rules. As such, Agri will be required to re-comply with the admission requirements of Chapters 1 & 2 of the ASX Listing Rules.

On 21 September 2012 the company raised \$300,000 through the issue of 60 million shares at 0.5c per share to assist in the funding of the transaction.

**Environmental Issues**

The Group's operations are subject to the environmental regulation under the laws of the Commonwealth and the states in which it operates. The Board is of the view that all requirements have been met.

**Information on Current Directors**

**Greg Channon (Managing Director)**

**Experience and Expertise**

Mr Channon holds a Bachelor of Science degree from the University of Adelaide and has over 25 years of upstream oil and gas experience. He has a background in geoscience, and has broad technical and commercial expertise. Since early 2009, Mr. Channon was based in Hong Kong as the Upstream CEO and Executive Director of Brightoil Petroleum (Holdings) Limited, a company listed on the Hong Kong Stock Exchange. Prior to 2009, Mr. Channon has held various management and technical roles in companies including Salinas Energy, Shell New Zealand, Santos and Delhi Petroleum.

**Other Current Directorships**

Nil.

**Former Directorships in the Last Three Years**

Nil.

**Special Responsibilities**

Nil

**Interests in Shares at the date of signing of this report**

40,000,000 ordinary shares  
10,000,000 options over ordinary shares

**Dougal Ferguson (Executive Director)**

**Experience and Expertise**

Mr. Ferguson has over 20 years of experience in the oil and gas sector, working in senior commercial and financial roles for both domestic and international companies. Mr. Ferguson was Finance Director of Neon Energy Limited (formerly Salinas Energy Limited) and was the principal driver behind the acquisition of Neon Energy Pty Ltd by the public company. Mr. Ferguson was also CFO and Company Secretary for successful exploration and production companies including ARC Energy Limited,

**Information on Current Directors** *(continued)*

Adelphi Energy Limited and Discovery Petroleum Limited. He has also held senior roles in London working for both Premier Oil plc and Hess Corporation. Mr Ferguson brings a range of capital markets, commercial, financial and technical knowledge to the business.

**Other Current Directorships**

Nil.

**Former Directorships in the Last Three Years**

Neon Energy Limited 19 July 2006 to 6 April 2010

**Special Responsibilities**

Nil

**Interests in Shares at the date of signing of this report**

40,000,000 ordinary shares

10,000,000 options over ordinary shares

**Patrick Burke** (Non-Executive director)

**Experience and Expertise**

Patrick Burke holds a Bachelor of Laws degree from the University of Western Australia. He has approximately twenty 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.

WAG Limited since 20 December 2006.

Minerals Corporation Limited since 17 February 2011.

AAQ Holdings Limited since 14 March 2011.

**Former Directorships in the Last Three Years**

New Horizon Minerals Limited 4 June 2010 to 2 December 2011

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.

Sirius Resources NL 12 July 2007 to 31 August 2009.

**Special Responsibilities**

None

**Interests in Shares at the date of signing of this report**

15,500,000 ordinary shares

**Glenn Whiddon** (Non-Executive Director and Chairman)

**Experience and Expertise**

Glenn Whiddon has an international background in banking, corporate advisory and direct equity investments with a specific focus on the natural resources sector, specifically in African, European and Russian oil and gas transactions. Mr Whiddon is currently serving as chairman and director of a number of Australian and international publicly listed companies in the resources sector.

**Other Current Directorships**

Non-Executive Chairman, Statesman Resources Limited, a company listed on the Toronto Stock Exchange in Canada, appointed May 2004.

Non-Executive Chairman, ZYL Limited, a company listed on the ASX, appointed June 2012.

**Information on Current Directors** *(continued)*

**Former Directorships in the Last Three Years**

North River Resources plc, a company listed on the Alternative Investment Market in London, from December 2008 to November 2009.

Stream Oil & Gas Limited, a company listed on the Toronto Stock Exchange in Canada, from June 2007 to March 2009.

Rialto Energy Limited from July 2010 to March 2012.

Ferrum Crescent Limited from August 2009 to March 2010.

Excelsior Gold Limited from November 2009 to May 2011.

AAQ Holdings Limited from March 2011 to June 2011.

Segue Resources Limited from October 2005 to June 2011.

**Special Responsibilities**

None

**Interests in Shares at the date of signing of this report**

53,625,000

**Information on Former Directors**

**Gary Christian Steinepreis**

**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.

**Interests in Shares and Options**

85,850,000 ordinary shares

**Keiran Wulff**

**Experience and Expertise**

Mr. Wulff is a geologist with 25 years' experience in technical and executive management roles. His past senior roles include Chief Operating Officer Oil Search Limited and President Oil Search (Middle Eastern) Ltd. He is currently Managing Director of Aligned Energy – a biomass to power company developing remote power projects in developing countries.

**Interests in Shares and Options**

Nil ordinary shares at the date of resignation on 18 August 2011.

**Joseph Naemi**

**Experience and Expertise**

Mr Joseph Naemi has twenty years' experience in the natural resources sector throughout Central Asia, the Middle East, North Africa, and Latin America. He is a member of: The Energy Institute in London, UK; International Association for Energy Economics in Cleveland, Ohio, USA; Australian Institute of Management (NSW & ACT Branch) in Sydney, Australia; The Australian Institute of International Affairs; and Petroleum Exploration Society of Australia. Mr Naemi has held numerous executive and non-executive positions with privately held and publicly listed energy companies in Australia, Canada, Mongolia, and Singapore.

**Interests in Shares and Options**

Nil ordinary shares at the date of resignation on 5 July 2011.

**Meetings of Directors**

The numbers of meetings of the Company's Board of Directors held during the year ended 30 June 2012, and the numbers of meetings attended by each director were:



**Meetings of Directors (continued)**

Name of Director	Number of Meetings - A	Number of Meetings - B
Gregory Channon	5	5
Dougal Ferguson	5	5
Patrick Burke	9	9
Glenn Whiddon	9	9
Gary Steinepreis	7	9

A = Number of meetings attended

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

**Remuneration Report - Audited**

The principles adopted have been approved by the board of the Group. 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*. These disclosures have been transferred from the financial report and have been audited.

**1 Principles used to determine the nature and amount of remuneration**

The objective of the Group'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 by acquiring projects which increase the market capitalisation of the Group, 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) transparency; and
- (iv) capital management.

The Group has structured an executive remuneration framework that is market competitive and complimentary to the reward strategy of the organisation, which is to target new acquisitions that increase the market capitalisation of the Group.

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.

*Executive and Non-Executive Directors*

Directors' fees and payments are reviewed annually by the Board. Fees and payments to directors reflect the demands which are made on, and the responsibilities of, the directors and to the nature and stage of the Group's business, they are not linked to the Group's performance. This is consistent with the Group's strategic objective of increasing shareholder value via acquisition and development of new projects. The Board also ensures that directors' fees and payments are appropriate and in line with the market and, specifically, comparable with other Companies with similar strategic objectives. The Board reviews comparable Executive salaries internally and does not use the services of an external remuneration consultant. The Chairman's fees are determined together with those of the directors. Executive directors received 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.

*Consequences of performance on shareholder wealth*

In considering the Group's performance and benefits for shareholder wealth, the board of directors have regard to the following indices in respect of the current financial year and the previous three financial years.

	2012	2011	2010	2009
Profit/(Loss) attributable to owners of the company	(\$1,201,919)	(\$810,486)	\$8,769,146	(\$59,252,841)
Dividends paid	\$nil	\$nil	\$nil	\$nil
Change in share price	(\$0.004)	(\$0.003)	(\$0.015)	\$nil
Return on capital employed	(98.4%)	(43.9%)	833.4%	625.3%

During the 2008 financial year the company was in administration and therefore no financial report was prepared.

Profit amounts for 2009 to 2012 have been calculated in accordance with Australian Accounting Standards (AASBs).

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## 2 Details of Remuneration

The amount of remuneration of the directors and key management personnel (as defined in AASB 124 Related Party Disclosures) is set out below:

2012	Short-term benefits	Post employment benefits	Total KMP compensation	Share-based Payment			Total	Options as a % of remuneration	% Performance based
				Equity	Options	Other (6)			
Name	Cash Salary and Fees	Super-annuation	Total KMP compensation	Equity	Options	Other (6)	Total	Options as a % of remuneration	% Performance based
<i>Non-Executive Directors</i>									
Patrick Burke	36,000	-	36,000	-	-	-	36,000	-	-
Gary Steinepreis (1)	33,210	-	33,210	-	-	-	33,210	-	-
Keiran Wulff (2)	8,166	-	8,166	-	-	-	8,166	-	-
Glenn Whiddon (3)	31,355	-	31,355	-	-	-	31,355	-	-
<i>Executive Directors</i>									
Greg Channon (4)	114,753	9,633	124,386	-	90,286	23,678	238,350	48%	-
Dougal Ferguson (5)	114,753	9,633	124,386	-	90,285	23,679	238,349	48%	-
<b>Total</b>	<b>338,237</b>	<b>19,266</b>	<b>357,503</b>	<b>-</b>	<b>180,571</b>	<b>47,357</b>	<b>585,431</b>	<b>-</b>	<b>-</b>

  

2011	Short-term benefits	Post employment benefits	Total KMP compensation	Share-based Payment			Total	Options as a % of remuneration	% Performance based
				Equity	Options	Other (6)			
Name	Cash Salary and Fees	Super-annuation	Total KMP compensation	Equity	Options	Other (6)	Total	Options as a % of remuneration	% Performance based
<i>Non-Executive Directors</i>									
Patrick Burke	36,000	-	36,000	-	-	-	36,000	-	-
Gary Steinepreis	36,000	-	36,000	-	-	-	36,000	-	-
Keiran Wulff	10,000	-	10,000	-	-	-	10,000	-	-
Bevan Tarratt	30,000	-	30,000	-	-	-	30,000	-	-
<b>Total</b>	<b>112,000</b>	<b>-</b>	<b>112,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>112,000</b>	<b>-</b>	<b>-</b>

Note:

- (1) Gary Steinepreis resigned on 11 June 2012
- (2) Keiran Wulff resigned on 18 August 2011.
- (3) Glenn Whiddon appointed on 18 August 2011.
- (4) Greg Channon appointed 1 December 2011.
- (5) Dougal Ferguson appointed 1 December 2011.
- (6) Interest-free element relating to loans provided.

### 3 Employment Contracts of Directors and Senior Executives

There are employment contracts in place for the executive directors, Gregory Channon and Dougal Ferguson. These contracts are unlimited in term but capable of termination on 1 months' notice. The Company also retains the right to terminate the contracts by giving 1 months' notice or payment in lieu of notice. As at the date of this report there are no key management personnel, other than the directors and executives, engaged by the Company. Non-executive directors serve on a month to month basis and there are no termination payments payable. Non-executive directors are paid on a fee for service basis and payments are made with reference to market rates for similar services provided to similar sized companies.

### 4 Performance-based Remuneration

The Agri Energy Ltd Performance Option Plan is used to reward Directors and employees for their performance, as assessed by the Directors using their judgement, and to align their remuneration with the creation of shareholder wealth. There are no performance requirements to be met before exercise can take place. The Plan is designed to provide long-term incentives to deliver long-term shareholder returns. Participation in the Plan is at the discretion of the Board and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

Performance Options were granted to the executive Directors during the year.

30 June 2012	Expiry Date	Exercise Price	Number under option	Amount \$
Unlisted options – Class A	23/12/2014	\$0.02	10,000,000	2,562
Unlisted options – Class B	23/12/2015	\$0.03	10,000,000	5,136
			<b>20,000,000</b>	<b>7,698</b>

Greg Channon and Dougal Ferguson were granted 5,000,000 options of Class A and 5,000,000 of Class B each. The fair value at the grant date, 23 December 2011, of the Class A and Class B shares was \$0.001.

A summary of the major terms and conditions of the unlisted options issued during the period are as follows:

- i Each option entitles the holder to subscribe for one share upon exercise of each option.
- ii The exercise price, vesting date and specified expiry date of each option is referred to in the table following:

Plan Option Class	Exercise Price	Vesting Date	Expiry Date
Class A	\$0.02	One year from the date of employment -2012	3 years from the date of grant
Class B	\$0.03	Two years from the date of employment - 2013	4 years from the date of grant

The options will expire on that date which is the earlier of:

- (a) the specified expiry date referred to in the above table; or
- (b) the making by the Board of a determination that the employee has acted fraudulently, dishonestly or in breach of the employee's obligations to the Company or any of its subsidiaries;

and thereafter no party has any claim against any other party arising under or in respect of the options.

- iii The options are exercisable at any time after the vesting date in item (ii) above and on or prior to the expiry date.
- iv Shares issued on exercise of the options rank equally with the then shares of the Company.

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**4 Performance-based Remuneration (continued)**

- v There are no participation 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.
- vi No application for quotation of the options on ASX will be made by the Company.
- vii Vested options are transferable provided that the transfer of the options complies with section 707(3) of the Corporations Act.

The Company has used a Black Scholes option pricing model to value the options issued. Options that have not vested are recognised over the vesting period. The following inputs were used in the calculation:

Stock price	\$0.006	Dividend yield	0
Risk free interest rate	3.127%	Vesting period – Class A	3 years
Exercise price – Class A	\$0.020	Vesting period – Class B	4 years
Exercise price – Class B	\$0.030	Volatility	66.9%

Options are considered to be potential ordinary shares.

<b>30 June 2011</b>		<b>Number of</b>	<b>Exercise</b>	<b>Amount</b>
<b>Date</b>	<b>Details</b>	<b>options</b>	<b>Price</b>	<b>\$</b>
1/7/2010	Unlisted options	<b>100,000,000</b>		<b>223,000</b>
24/2/2011	Options exercised	(98,500,000)	\$0.005	(219,655)
18/3/2011	Options exercised	(1,500,000)	\$0.005	(3,345)
<b>30/06/2011</b>	<b>Balance</b>	<u>-</u>		<u>-</u>

**End of the audited remuneration report.**

**Indemnification and Insurance of Officers and Auditor**

The Company does not currently have directors and / or officers or auditor insurance.

**Directors' Interests in Shares and Options**

At the date of this report, Directors held a relevant interest in the following securities of the Group:

<b>2012</b>	<b>Ordinary</b>	<b>Options</b>
<b>Name</b>	<b>Shares</b>	
Gregory Channon	40,000,000	10,000,000
Dougal Ferguson	40,000,000	10,000,000
Patrick Burke	15,500,000	-
Glenn Whiddon	<u>53,625,000</u>	-

Note: Gary Steinepreis ceased as a director of the Group on 11 June 2012 at which time he held 85,850,000 ordinary shares and no options.

Glenn Whiddon's interest in shares is held indirectly as an unspecified beneficiary of Mimo Strategies Pty Ltd <Mimo A/C>.

<b>2011</b>	<b>Ordinary</b>	<b>Options</b>
<b>Name</b>	<b>Shares</b>	
Gary Steinepreis	85,850,000	-
Patrick Burke	15,500,000	-
Glenn Whiddon	<u>53,625,000</u>	-

Note: Bevan Tarratt ceased as a director of the Company on 21 April 2011 at which time he held 23 million ordinary shares and no options. Joseph Naemi ceased as a director of the Group on 5 July 2011 at which time he held no ordinary shares and no options. Keiran Wulff ceased as a director of the Group on 18 August 2011 at which time he held no ordinary shares and no options.

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## OPTIONS

At the date of this report, share options on issue to take up fully paid Ordinary Shares in the capital of the Company are as follows:

2012	No. of Options Outstanding	Expiry Date	Exercise Price
	10,000,000	23/12/2014	\$0.02
	10,000,000	23/12/2015	\$0.03
<b>TOTAL</b>	<b>20,000,000</b>		
2011	No. of Options Outstanding		
	-		
<b>TOTAL</b>	<b>-</b>		

The company does not have a policy that prohibits those that are granted share-based payments as part of their remuneration from entering into other arrangements that limit their exposure to losses that would result from share price decreases. It is however aware that entering into such arrangements has been prohibited by law since 1 July 2011. The company required all executives and directors to sign annual declarations of compliance with this policy throughout the period.

### 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

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

There were no non-audit services provided during the year.

### Auditor's Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 13 of the annual report.

### Corporate Governance

The directors of the Group support and adhere to the principles of corporate governance, recognising the need for the highest standard of corporate behaviour and accountability. Please refer to the corporate governance statement included with this report.

Signed in accordance with a resolution of the board of directors.



Patrick Burke  
Director  
Perth  
28 September 2012



***Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001***

To: the directors of Agri Energy Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2012 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



KPMG



Grant Robinson  
*Partner*

Perth

28 September 2012

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**Agri Energy Limited**  
**Consolidated Financial Statements**  
**For the year ended 30 June 2012**

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The consolidated financial report is presented in Australian dollars.  
The consolidated financial report covers Agri Energy Limited as a Group and as an individual entity.

Agri Energy Limited is a Company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

**Level 8**  
**225 St. Georges Terrace**  
**Perth WA 6000**

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

The financial report was authorised for issue by the directors on 28 September 2012.

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**Agri Energy Limited**  
**Consolidated Statement of Comprehensive Income**  
For the year ended 30 June 2012

	Note	2012 \$	2011 \$
Revenue		-	-
Expenses	6	(1,266,674)	(859,595)
Loss for the year		(1,266,674)	(859,595)
Finance income - Interest		64,755	49,109
Loss before tax for the year		(1,201,919)	(810,486)
Income tax expense	7	-	-
Loss after tax for the year		(1,201,919)	(810,486)
<b>Profit / (loss) and total comprehensive income / (loss) attributable to the members of Agri Energy Limited</b>		<b>(1,201,919)</b>	<b>(810,486)</b>
<b>Earnings / (loss) per share:</b>		<b>Cents</b>	<b>Cents</b>
Basic profit / (loss) per share	19	<b>(0.184)</b>	<b>(0.173)</b>
Diluted profit / (loss) per share	19	<b>(0.184)</b>	<b>(0.173)</b>

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

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**Agri Energy Limited**  
**Consolidated Statement of Financial Position**  
30 June 2012

<b>ASSETS</b>	<b>Note</b>	<b>2012</b>	<b>2011</b>
		<b>\$</b>	<b>\$</b>
<b>Current assets</b>			
Cash and cash equivalents		1,220,745	1,844,857
Other receivables	8	53,524	19,232
Other financial assets	9	-	31,042
<b>Total current assets</b>		<b>1,274,269</b>	<b>1,895,131</b>
<b>Non-Current assets</b>			
Financial assets and employee loans		152,643	-
Plant and equipment		1,867	-
<b>Total non-current assets</b>		<b>154,510</b>	<b>-</b>
<b>Total assets</b>		<b>1,428,779</b>	<b>1,895,131</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Other payables	10	207,849	49,801
<b>Total current liabilities</b>		<b>207,849</b>	<b>49,801</b>
<b>Total liabilities</b>		<b>207,849</b>	<b>49,801</b>
<b>NET ASSETS</b>		<b>1,220,930</b>	<b>1,845,330</b>
<b>EQUITY</b>			
Contributed equity	11(a)	3,759,110	3,362,162
Share-based payment reserve		180,571	-
Accumulated losses		(2,718,751)	(1,516,832)
<b>TOTAL EQUITY</b>		<b>1,220,930</b>	<b>1,845,330</b>

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

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**Agri Energy Limited**  
**Consolidated Statement of Changes in Equity**  
For the year ended 30 June 2012

<b>2012</b>	<b>Contributed Equity</b>	<b>Option Reserve</b>	<b>Share Based Payment Reserve</b>	<b>Accumulated Losses</b>	<b>Total</b>
	\$	\$	\$	\$	\$
Balance 1 July 2011	3,362,162	-	-	(1,516,832)	1,845,330
Net loss for the year	-	-	-	(1,201,919)	(1,201,919)
Comprehensive income for the year	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(1,201,919)	(1,201,919)
Transactions with owners recorded directly in equity:					
Placement	200,000	-	-	-	200,000
Share purchase plan	200,000	-	-	-	200,000
Options issued	-	-	7,698	-	7,698
Issue of shares	-	-	172,873	-	172,873
Transaction costs	(3,052)	-	-	-	(3,052)
<b>Balance 30 June 2012</b>	<b>3,759,110</b>	<b>-</b>	<b>180,571</b>	<b>(2,718,751)</b>	<b>1,220,930</b>
<b>2011</b>	<b>Contributed Equity</b>	<b>Option Reserve</b>	<b>Share Based Payment Reserve</b>	<b>Accumulated Losses</b>	<b>Total</b>
	\$	\$	\$	\$	\$
Balance 1 July 2010	1,535,502	223,000	-	(706,346)	1,052,156
Net loss for the year	-	-	-	(810,486)	(810,486)
Comprehensive income for the year	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(810,486)	(810,486)
Transactions with owners recorded directly in equity:					
Placement	975,000	-	-	-	975,000
Share purchase plan	239,850	-	-	-	239,850
Options exercised	223,000	(223,000)	-	-	-
Issue of shares	500,000	-	-	-	500,000
Transaction costs	(111,190)	-	-	-	(111,190)
<b>Balance 30 June 2011</b>	<b>3,362,162</b>	<b>-</b>	<b>-</b>	<b>(1,516,832)</b>	<b>1,845,330</b>

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

**Agri Energy Limited**  
**Consolidated Statement of Cash Flows**  
For the year ended 30 June 2012

	Note	2012 \$	2011 \$
<b>Cash flows from operating activities</b>			
Interest received		64,755	50,750
GST refund received		56,507	28,985
Payments to suppliers and fees paid		<u>(940,364)</u>	<u>(401,223)</u>
<b>Net cash outflow from operating activities</b>	<b>16</b>	<b><u>(819,102)</u></b>	<b><u>(321,488)</u></b>
<b>Cash flows from investing activities</b>			
Payment for merger implementation agreement		<u>(1,958)</u>	<u>(500,000)</u>
<b>Net cash outflow from investing activities</b>		<b><u>(1,958)</u></b>	<b><u>(500,000)</u></b>
<b>Cash flows from financing activities</b>			
Proceeds from the issue of shares and options		200,000	1,714,850
Costs associated with capital raising		<u>(3,052)</u>	<u>(111,189)</u>
<b>Net cash inflow from financing activities</b>		<b><u>196,948</u></b>	<b><u>1,603,661</u></b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(624,112)</b>	<b>782,173</b>
Cash and cash equivalents at 1 July		<u>1,844,857</u>	<u>1,062,684</u>
<b>Cash and cash equivalents at 30 June</b>		<b><u>1,220,745</u></b>	<b><u>1,844,857</u></b>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

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**1 Reporting entity**

Agri Energy Limited (the "Company") is a company domiciled in Australia. The address of the Company's registered office is Level 8, 225 St Georges Terrace Perth WA, 6000. The consolidated financial statements of the Company as at and for the year ended 30 June 2012 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group's entities"). The Group is a for profit-entity involved in the development of its oil and gas business and continues to pursue new projects in the energy and resources sector by way of acquisition or investment.

**2 Basis of preparation**

**(a) Statement of compliance**

The consolidated financial report is a general purpose consolidated financial report that has been prepared in accordance with Australian Accounting Standards, adopted by the Australian Accounting Standards Board ("AASB"), and the *Corporations Act 2001*.

The consolidated financial statements and notes also comply with International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board (IASB). Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The consolidated financial statements were approved by the Board of Directors on 28 September 2012.

**(b) Basis of measurement**

The consolidated financial report has been prepared on an accruals basis and the historical cost concept, modified, where applicable, by the measurement at fair value of selected non – current assets, financial assets and financial liabilities. These consolidated financial statements are presented in Australian dollars ("AUD"), which is the Company's functional currency.

**(c) Going Concern Basis of Accounting**

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The Group has recorded a net loss for the period of \$1,201,919 (30 June 2011: Loss \$810,486) with net cash outflows for the period of \$624,112 (net cash inflows for the year ended 30 June 2011: \$782,173), current assets exceeded current liabilities by \$1,066,420 (30 June 2011: \$1,845,330), and the Group has net assets of \$1,220,930 (30 June 2011: \$1,845,330). The cash balance was \$486,821 on 26 September 2012 after payment of the USD\$800,000 pursuant to the agreement entered into with Statesman Resources Limited (Statesman) (refer note 18).

The Board is aware that the Group's ability to continue as a going concern, and thereby proceed with the agreement entered into with Statesman, and be able to pay its debts as and when they fall due, is dependent on the Group securing further working capital sourced from one or more of the following alternatives towards the required contribution and other conditions set out in note 18:

- Capital market raising through the issue of shares on the ASX anticipated in November 2012; and/or
- Borrowings from third parties.

Should the transaction with Statesman not proceed the Group's ability to continue as a going concern is dependent on:

- The repayment of interim funding ("loan") of USD\$800,000 advanced to Statesman by no later than December 2012; and
- The ability of the Group to scale down its exploration and operating activities to conserve cash (i.e. discretionary spend).

**2 Basis of preparation (continued)**  
**(c) Going Concern Basis of Accounting (continued)**

The Group acknowledges that there are risks that cause uncertainty over the Group's ability to continue operating for at least the next twelve months. However, the Directors believe that the Group will continue as a going concern and base this view on the factors set out below.

The Group's cash flow forecast supports the Directors opinion that the Group's working capital position will remain positive for at least the next twelve months from the date of these financial statements. However, this cash flow forecast is dependent on successfully achieving funding through one or more of the above funding alternatives principally a capital raising. The Directors are presently in the process of preparing a prospectus to raise up to approximately \$5million. The timing of raising additional working capital will depend on a variety of factors but will be required within the next twelve months. Whilst there is uncertainty regarding the outcomes of the funding alternatives set out above, the Group has, since administration had a history of successfully raising capital to fund its exploration and operating activities. The Directors are confident that one or more of these necessary alternatives will be realised. Despite this, however, there is an inherent uncertainty about the achievement of future funding on which the assessment of going concern is based.

The Directors have reviewed the operating outlook for the Group and are of the opinion that the use of the going concern basis of accounting is appropriate as they believe the Group will achieve the matters set out above. In the event that the Group is unable to continue as a going concern, it may be required to realise assets and extinguish liabilities other than in the normal course of business and at amounts different to those stated in this financial report.

**3 Significant accounting policies**

**(a) Basis of consolidation**

**(i) Subsidiaries**

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

**(ii) Loss of control**

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary.

Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

**(iii) Transactions eliminated on consolidation**

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee,

Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

**(b) Financial Instruments**

**(i) Non-derivative financial assets**

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

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**3 Significant accounting policies (continued)**

**(b) Financial Instruments (continued)**

**(i) Non-derivative financial assets (continued)**

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial assets: cash and cash equivalents, receivables and available-for-sale financial assets.

*Receivables*

Receivables are recognised initially at fair value and subsequently measured at amortised cost, less any impairment losses. Receivables are due for settlement no more than 30 days from the date of recognition. Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off.

A provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the impairment 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 impairment is recognised in the income statement.

*Cash and cash equivalents*

Cash and cash equivalents comprise 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.

*Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale. Available-for-sale financial assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses are recognised in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit or loss.

Available-for-sale financial assets comprise equity securities.

**(ii) Non-derivative financial liabilities**

*Other financial liabilities comprise other payables*

Other financial liabilities are recognised initially on the trade date. These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Other financial liabilities are recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using effective interest method.

**(c) Segment Reporting**

The Group determines and presents operating segments based on the information provided by the Board of directors who collectively are the Group's Chief Operating Decision Maker.

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**3 Significant accounting policies (continued)**

**(c) Segment Reporting (continued)**

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses that relate to transactions with any of the Group's other components.

All operating segments' operating results are regularly reviewed by the Board of directors to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

**(d) Income Tax**

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the temporary difference on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**(e) Impairment of Assets**

**Non-derivative financial assets**

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount, due to the Group, on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy and the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

*Receivables*

Receivables are recognised initially at fair value and subsequently measured at amortised cost, less any impairment losses. Receivables are due for settlement no more than 30 days from the date of recognition. Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off.

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

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**3 Significant accounting policies (continued)**

**(e) Impairment of Assets (continued)**

**Non-derivative financial assets (continued)**

is recognised in the income statement. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the profit and loss.

*Available-for-sale financial assets*

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity, to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss. Changes in impairment provisions attributable to application of the effective interest method are reflected as a component of interest income.

If, in a subsequent period, the fair value of an impaired available-for-sale debt assets and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

**(f) Issued Capital**

Ordinary shares are classified as equity. Directly attributable costs associated with the issue of new shares or options are shown in equity as a deduction from the proceeds net of any tax effects. Proceeds from options issued for no consideration to shareholders under the share and option prospectus were allocated between shares and options using the Black Scholes options pricing model to value the options and allocate the balance amount to shares. Upon the exercise of the options the attributed value was has been transferred from the option reserve back to share capital.

**(g) 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 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 EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

**(h) Goods and Services Tax ("GST")**

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.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented 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 flow.

**3 Significant accounting policies (continued)**

**(i) Employee Benefits**

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

**(j) Share Based Payments**

The Company may provide benefits to employees (including directors) of the Company in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value of these payments is determined using a Black-Scholes option pricing model.

Rights over shares (options) using a Black-Scholes option pricing model takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option. The fair value of the options granted is adjusted to, excludes the impact of any non-market and service vesting conditions. Non-market vesting and service conditions, if any, are included in assumptions about the number of options likely to be exercisable.

Shares issued under the employee share acquisition plan have been valued using a modified Black-Scholes option pricing model. The model takes into account the price at which the shares are issued, the price at which the shares traded on ASX on the date of issue, the term of the agreement, the impact of any discount given, and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the agreement.

Loans provided to director's as part of the share based payment plan are recognized at their fair value, which takes the present value of cash receipts over the life of the loan into account. The loans only accrue interest over the restriction period and this will only become payable in the event the director's were to leave prior to the three year restriction period. The accrued interest is treated as a share based payment expense. Subsequent to initial recognise, the loans will be carried at amortised cost, with interest income accreted at the original effective interest rate.

Once recognized, the loans will only be derecognized if the AASB 139 derecognition criteria are met. If there is evidence that the loan, or some portion of it is uncollectible, then impairments will be recognized on the balance.

The grant date fair value of employee share acquisition plan shares granted under the plan is recognised as an expense in the statement of comprehensive income with a corresponding increase in equity, share based payments reserve over the vesting period that the employees unconditionally become entitled to the awards.

The Company has issued shares under the plan to directors of the Company as part of their executive service agreements entered into by the relevant directors and the Company.

**(k) Financial income and expense**

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance expenses comprise interest expense on borrowings, changes in the fair value of financial assets at fair value through profit or loss and impairment losses recognised on financial assets. All borrowing costs are recognised in profit or loss using the effective interest method.

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**3 Significant accounting policies (continued)**

**(l) 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.

A key assumption underlying the preparation of the consolidated financial statements is that the group will continue as a going concern. A group is a going concern when it is considered to be able to pay its debts as and when they fall due, and to continue in operation without any intention or necessity to liquidate or otherwise wind up its operations. The going concern assessment regarding whether the entity is a going concern as set out in Note 2(c).

The valuation of payments made with regard to entering the MIA and the associated put and call options are also subject to critical accounting estimates. Please refer to note 9 for further detail.

No further critical accounting estimates and/or assumptions have been made during the preparation of the financial report other than as disclosed elsewhere in this financial report.

**(m) New standards and interpretations not yet adopted**

The following standards, amendments to standards and interpretations have been identified as those which may impact the Group in the period of initial application. They are available for early adoption at 30 June 2012, but have not been applied in preparing the consolidated financial report.

(i) AASB 9 Financial Instruments includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the project to replace AASB 139 Financial Instruments: Recognition and Measurement. AASB 9 will become mandatory for the Group's 30 June 2016 financial statements. Retrospective application is generally required, although there are exceptions, particularly if the group adopts the standard for the year ended 30 June 2012 or earlier. The Group has not yet determined the potential effect of the standard.

(ii) AASB 10 *Consolidated Financial Statements*, which becomes mandatory for the Group's 30 June 2014 financial statements, introduces a new approach to determining which investees should be consolidated. The Group has not yet determined the potential effect of the standard.

(iii) AASB 11 *Joint Arrangements*, which becomes mandatory for the Group's 30 June 2014 financial statements, could change the classification and measurement of investments in jointly controlled entities. The Group has not yet determined the potential effect of the standard.

(iv) AASB 13 *Fair Value Measurement*, which becomes mandatory for the Group's 30 June 2014 financial statements, could change the measurement of fair value for financial assets and liabilities. The Group has not yet determined the potential effect of the standard.

(v) AASB 2011-9 *Presentation of Items of Other Comprehensive Income*, which becomes mandatory for the Group's 30 June 2013 financial statements, could change the grouping of items in other comprehensive income. The Group has not yet determined the potential effect of the standard.

(vi) AASB 119 *Employee Benefits*, which becomes mandatory for the Group's 30 June 2014 financial statements, could change the recognition of termination benefits. The Group has not yet determined the potential effect of the standard.

**4 Financial Risk Management and Employee Loans**

The Group's financial instruments consist of cash and cash equivalents, trade receivables, trade payables and available for sale financial assets.

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

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**4 Financial Risk Management and Employee Loans (continued)**

*Overview*

The Group has exposure to the following risks arising from the use of financial instruments:

- Credit risk
- Liquidity risk
- Interest rate risk
- Market risk
- Other price risk

The Group'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 Group. 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.

*(i) Credit Risk*

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and cash and cash equivalents. The Group has no material exposure to credit risk at 30 June 2011. There are no significant concentrations of credit risk. The Group limits its exposure to credit risk by investing in counterparties that have an acceptable credit rating.

*(ii) Liquidity risk*

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The contractual maturities of financial assets and liabilities (trade receivables and payables) is as disclosed in the statement of financial position as all liabilities are current and are essentially settled in 30-60 days. The employee loans are classified as having full recourse. See note 2(c) for going concern considerations.

*(iii) Interest rate risk*

The Group's financial instruments that are exposed to interest rate risk at 30 June are as follows:

<b>Carrying amount</b>	<b>2012</b>	<b>2011</b>
	\$	\$
<b>Variable rate instruments</b>		
Cash and cash equivalents	1,220,745	1,884,857
Employee Loans	152,643	-

Sensitivity analysis:

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

<b>30 June 2012</b>	<b>Profit or Loss</b>		<b>Equity</b>	
	100bp increase	100bp decrease	100bp increase	100bp decrease
Variable rate instruments	\$ 12,207	\$ (12,207)	-	-
<b>30 June 2011</b>	<b>Profit or Loss</b>		<b>Equity</b>	
	100bp increase	100bp decrease	100bp increase	100bp decrease
Variable rate instruments	\$ 18,849	\$ (18,849)	-	-

**4 Financial Risk Management and Employee Loans (continued)**

(iv) *Market risk*

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Market risk is primarily linked to the Group's MIA payment, which has subsequently been exchanged for shares in Triton, and with that to Triton's tenements in Syria.

(v) *Other price risk*

Other price risk arises from investments measured at fair value through profit or loss. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Board of Directors.

The primary goal of the Group's investment strategy is to develop its oil and gas business and to pursue new projects in the energy and resources sector by way of acquisition or investment.

As part of its stated objective to acquire new projects in the energy and resources sector the Company has negotiated an indirect ongoing interest in petroleum exploration licences in north-western Syria. The circumstances regarding these activities are detailed in the section, "Significant Changes in the State of Affairs and Review of Operations".

To maximise investment returns in accordance with this strategy certain investments are designated at fair value through profit or loss because their performance is actively monitored and they are managed on a fair value basis.

**5 Segment Reporting**

The Group currently operates in one operating segment being the energy and resources sector. The Group is currently developing its oil and gas business and continues to pursue new projects in the energy and resources sector by way of acquisition or investment, and/or providing consultancy services with a primary focus on the oil and gas industry. The Group currently operates in one geographic segment that being Australia. In the prior year the group was focused on the ethanol industry, which has continued into the current year, however is not material.

The directors are of the opinion that the current financial position and performance of the Group as set out in the consolidated statement of financial position and consolidated statement of comprehensive income is equivalent to the operating segment identified above and as such no further disclosure is being provided.

<b>6 Expenses</b>	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Corporate compliance costs	32,196	42,696
Occupancy costs	115,852	74,083
Directors' salaries and consulting fees	338,237	112,000
Directors' share based benefits expense	180,571	-
Payroll – Loan Agreement interest free element	47,357	-
Superannuation	19,266	-
Legal fees	8,505	30,678
MIA costs written off	-	22,069
Administration and project costs	493,648	109,111
Impairment expense – Triton MIA payment*	31,042	468,958
	<b>1,266,674</b>	<b>859,595</b>

\* In 2011 the Company paid \$500,000 as part of the MIA. Upon the termination of the MIA an indirect interest in Triton (5%) was negotiated as part of that termination in recognition of the \$500,000 previously paid. Due to circumstances regarding Triton's ability to raise the necessary funding in order

**6 Expenses (continued)**

to continue its operations (refer note 9) the Board of Agri reviewed the carrying value of the MIA payment and as a result an impairment expense of \$468,958 was booked in 2011 with the balance being written off in the current financial year, reducing the carrying value of the MIA payment to \$Nil.

<b>7 Income Tax Expense</b>	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<b>a. The components of tax expense comprise:</b>		
Current tax	-	-
Deferred tax	-	-
	<u>-</u>	<u>-</u>
<b>b. The prima facie tax payable/(benefit) on profit/(loss) from ordinary activities before income tax is reconciled to the income tax as follows:</b>		
Prima facie tax benefit on loss from activities before income tax at 30% (2010: 30%)	(360,576)	(243,146)
	<u>(360,576)</u>	<u>(243,146)</u>
Add tax effect of:		
- Revenue losses not recognised	212,548	91,664
- Other deferred tax assets not recognised	12,281	151,482
- Share based payments	54,171	-
- Other non-allowable items	81,576	-
	<u>-</u>	<u>-</u>
<b>Income tax expense</b>	<u>-</u>	<u>-</u>
<b>c. Deferred tax recognised:</b>		
<b>Deferred tax liabilities:</b>		
Other	(128)	-
<b>Deferred tax assets:</b>		
Carry forward revenue losses	128	-
<b>Net deferred tax</b>	<u>-</u>	<u>-</u>
<b>d. Unrecognised deferred tax assets:</b>		
Carry forward revenue losses	376,546	163,998
Capital raising costs	39,597	47,199
Provisions and accruals	10,631	9,600
MIA payment	-	149,648
Investments	170,180	-
Other	943	1,708
	<u>597,897</u>	<u>372,153</u>

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

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

The Directors are of the opinion that none of the losses incurred prior to the settlement of the Deed of Company Arrangement are available to be utilised by the Company, accordingly they have not been included in the total unrecognised deferred tax assets above.

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<b>8 Other receivables</b>	<b>2012</b>	<b>2011</b>
<b>Current</b>	<b>\$</b>	<b>\$</b>
GST, interest and other receivables	53,524	19,232
	<u><b>53,524</b></u>	<u><b>19,232</b></u>

<b>9 Other financial assets</b>	<b>2012</b>	<b>2011</b>
<b>Current</b>	<b>\$</b>	<b>\$</b>
MIA payment	-	31,042
	<u><b>-</b></u>	<u><b>31,042</b></u>

On 21 December 2010, the Company entered into a Merger Implementation Agreement (MIA) to acquire 100% of Triton Petroleum Pte Limited (Triton).

The Company simultaneously entered into various put and call option agreements, effectively for a payment of \$500,000, with the majority shareholders of Triton, whereby the Company had the right to buy the shares from Triton's major shareholders and the major shareholders had the right to sell their shares to the Company on matching terms.

The transaction was conditional upon and subject to the satisfaction of all conditions under the MIA. On 5 July 2011 the Company announced that the MIA, with an effective date of 30 June 2011, pursuant to which the Company was to acquire Triton had been terminated due to the failure to satisfy the pre-conditions in the MIA.

Based on the termination of the MIA, the current political situation in Syria and the value of Triton, the Board has determined to write down the value of the MIA payment to zero.

<b>10 Other payables</b>	<b>2012</b>	<b>2011</b>
<b>Current</b>	<b>\$</b>	<b>\$</b>
Other payables and accrued operating expenses	207,849	49,801
	<u><b>207,849</b></u>	<u><b>49,801</b></u>

Hemisphere Corporate Services Pty Ltd a related party of Glenn Whiddon is owed \$86,191 (2011: \$nil) of the \$207,849 (2011: \$49,801).

Ascent Capital Holdings Pty Ltd a related party of Gary Steinepreis is owed \$3,080 (2011: \$1,950) of the \$207,849 (2011: \$49,801).

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**11 Contributed Equity**

(a) Share Capital	2012 Shares	2012 \$	2011 Shares	2011 \$
Ordinary shares fully paid	<b>690,842,973</b>	<b>3,759,110</b>	610,842,973	3,362,162

**(b) Movement in Ordinary Share Capital**

2012 Date	Details	Number of shares	Issue price	Amount \$
1/7/2011	Opening balance	<b>610,842,973</b>		<b>3,362,162</b>
23/12/2011	Placement	40,000,000	\$0.005	200,000
23/12/2011	Share purchase plan	40,000,000	\$0.005	200,000
	Transaction costs			(3,052)
<b>30/06/2012</b>	<b>Closing balance</b>	<b>690,842,973</b>		<b>3,759,110</b>
2011 Date	Details	Number of shares	Issue price	Amount \$
1/7/2010	Opening balance	<b>417,392,973</b>		<b>1,535,502</b>
24/2/2011	Option exercise	-		219,655
18/3/2011	Option exercise	-		3,345
24/2/2011	Issue on option exercise	98,500,000	\$0.005	492,500
18/3/2011	Issue on option exercise	1,500,000	\$0.005	7,500
21/4/2011	Placement	75,000,000	\$0.013	975,000
30/5/2011	Share purchase plan	18,450,000	\$0.013	239,850
	Transaction costs	-		(111,190)
<b>30/06/2011</b>	<b>Closing balance</b>	<b>610,842,973</b>		<b>3,362,162</b>

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.

On 23 December 2011, the Company received shareholder approval to issue 20,000,000 shares to Greg Channon (a director) and 20,000,000 shares to Dougal Ferguson (a director). The shares were issued at \$0.005 per share. The Company received \$100,000 from each of Mr Channon and Mr Ferguson. The shares were issued at a discount to market price. The discount was treated as a share based payment and expensed to the statement of comprehensive income and the corresponding entry booked to equity (share based payment reserve) on the statement of financial position.

On 23 December 2011, the Company received shareholder approval to issue 20,000,000 shares to Greg Channon (a director) and 20,000,000 shares to Dougal Ferguson (a director) under the employee share acquisition plan. The shares were issued at \$0.005 per share. The Company provided interest free, full recourse loan funds in the amount of \$100,000 to each of Mr Channon and Mr Ferguson pursuant to the terms of the employee share acquisition plan and associated loan agreements.

The shares were issued at a discount to market price. The discount was treated as a share based payment and expensed to the statement of comprehensive income and the corresponding entry booked to equity (share based payment reserve) on the statement of financial position.

The shares issued under the employee share acquisition plan provide the directors with a deemed benefit as they are interest free. The Company has valued that deemed benefit and recorded an expense to the statement of comprehensive income and the corresponding entry to equity (share based payment reserve) on the statement of financial position.



**11 Contributed Equity (continued)**

**(b) Movement in Ordinary Share Capital (continued)**

The shares issued under the employee share acquisition plan are restricted securities pursuant to the plan rules and the terms of issue and will become unrestricted securities in accordance with the following timetable:

Restriction periods (sale restriction)	Acquisition date	Number of shares
On the first anniversary of the acquisition of the shares	23/12/2011	10,000,000
On the second anniversary of the acquisition of the shares	23/12/2011	15,000,000
On the third anniversary of the acquisition of the shares	23/12/2011	15,000,000
		<u>40,000,000</u>

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.

**(c) Other Equity Securities**

30 June 2012	Expiry Date	Exercise Price	Number under option
Options	23/12/2014	\$0.02	10,000,000
Options	23/12/2015	\$0.03	10,000,000
			<u>20,000,000</u>

30 June 2011	Expiry Date	Exercise Price	Number under option
<b>Options</b>			<u>-</u>
			<u>-</u>

Options are considered to be potential ordinary shares. The options have been included in the determination of diluted earnings per share.

**(d) Movement in other equity securities**

2012 Date	Details	Number of options	Exercise Price	Amount \$
1/7/2011	Opening balance	-		-
23/12/2011	Options issued	10,000,000	\$0.002	5,136
23/12/2011	Options issued	10,000,000	\$0.003	2,562
30/06/2012	<b>Balance</b>	<u>20,000,000</u>		<u>7,698</u>

2011 Date	Details	Number of options	Exercise Price	Amount \$
1/7/2010	Opening balance	100,000,000		223,000
24/2/2011	Options exercised	(98,500,000)	\$0.005	(219,655)
18/3/2011	Options exercised	(1,500,000)	\$0.005	(3,345)
30/06/2011	<b>Balance</b>	<u>-</u>		<u>-</u>

**11 Contributed Equity (continued)**

**(d) Movement in other equity securities (continued)**

Performance Options were granted to the executive Directors during the year.

30 June 2012	Expiry Date	Exercise Price	Number under option	Amount \$
Unlisted options – Class A	23/12/2014	\$0.02	10,000,000	2,562
Unlisted options – Class B	23/12/2015	\$0.03	10,000,000	5,136
			<b>20,000,000</b>	<b>7,698</b>

Greg Channon and Dougal Ferguson were granted 5,000,000 options of Class A and 5,000,000 of Class B each. The fair value at the grant date, 23 December 2011, of the Class A and Class B shares was \$0.001.

**13 Dividends**

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

**14 Key Management Personnel Disclosures**

**(a) 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:

**Greg Channon** appointed 1 December 2011  
**Dougal Ferguson** appointed 1 December 2011  
**Patrick Burke** appointed 23 July 2009  
**Glenn Whiddon** appointed 18 August 2011

The names of each person who were directors during the year and resigned prior to the date of this report are:

**Gary Steinepreis** appointed 22 June 2009 resigned 11 June 2012  
**Joseph Naemi** appointed 21 December 2010 resigned 5 July 2011  
**Dr Keiran Wulff** appointed 21 April 2011 resigned 18 August 2011

The key management personnel compensation included in 'corporate management costs' is as follows:

	2012	2011
	\$	\$
Directors' salaries and consulting fees	338,237	112,000
Directors' Superannuation	19,266	-
Interest – free element of Directors loans	47,357	-
Directors share based benefits expense	180,571	-
	<b>585,431</b>	<b>112,000</b>

Information regarding individual directors and executives compensation and some equity instruments disclosures as required by Corporations Regulation 2M.3.03 is provided in the remuneration report section of the directors' report.

Apart from the details disclosed in this note, no director has entered into a material contract with the Group since the end of the previous financial year and there were no material contracts involving directors' interests existing at the year-end.

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

**(i) Option holdings**

Details of options held directly, indirectly or beneficially by key management personnel and their related parties are as follows:

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**14 Key Management Personnel Disclosures (continued)**  
**(b) Equity Instrument Disclosures Relating to Key Management Personnel (continued)**  
**(i) Option holdings (continued)**

<b>2012</b>	<b>Held at</b>	<b>Options exercised</b>	<b>Held at</b>	<b>Vested &amp; exercisable</b>
<b>Name</b>	<b>1/7/2011</b>		<b>30/6/2012</b>	<b>30/6/2012</b>
Greg Channon	-	-	10,000,000	10,000,000
Dougal Ferguson	-	-	10,000,000	10,000,000
Gary Steinepreis	-	-	-	-
Patrick Burke	-	-	-	-
Glenn Whiddon	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>20,000,000</b>	<b>20,000,000</b>

<b>2011</b>	<b>Held at</b>	<b>Options exercised</b>	<b>Held at</b>	<b>Vested &amp; exercisable</b>
<b>Name</b>	<b>1/7/2010</b>		<b>30/6/2011</b>	<b>30/6/2011</b>
Gary Steinepreis	21,750,000	21,750,000	-	-
Patrick Burke	4,500,000	4,500,000	-	-
Bevan Tarratt	5,000,000	5,000,000	-	-
Glenn Whiddon	-	-	-	-
Joseph Naemi	-	-	-	-
Keiran Wulff	-	-	-	-
<b>Total</b>	<b>31,250,000</b>	<b>31,250,000</b>	<b>-</b>	<b>-</b>

Glenn Whiddon became a director on 18 August 2011 and prior to this date was not required to report his interests in securities.

**(ii) Shareholdings**

Details of equity instruments (other than options and rights) held directly, indirectly, or beneficially by key management personnel and their related parties are as follows:

<b>2012</b>	<b>Shares</b>	<b>Other</b>	<b>Balance</b>
<b>Name</b>	<b>1/7/2011</b>	<b>issued (&amp; changes *</b>	<b>30/6/2012</b>
Greg Channon	-	40,000,000	40,000,000
Dougal Ferguson	-	40,000,000	40,000,000
Gary Steinepreis	85,850,000	- (85,850,000)	-
Patrick Burke	15,500,000	-	15,500,000
Glenn Whiddon	53,625,000	-	53,625,000
	<b>154,975,000</b>	<b>80,000,000 (85,850,000)</b>	<b>149,125,000</b>

<b>2011</b>	<b>Shares</b>	<b>Other</b>	<b>Balance</b>
<b>Name</b>	<b>1/7/2010</b>	<b>issued (&amp; changes *</b>	<b>30/6/2011</b>
Gary Steinepreis	64,100,000	21,750,000	85,850,000
Patrick Burke	11,000,000	4,500,000	15,500,000
Bevan Tarratt	18,000,000	5,000,000 (23,000,000)	-
Glenn Whiddon	-	53,625,000	53,625,000
Joseph Naemi	-	-	-
Keiran Wulff	-	-	-
	<b>93,100,000</b>	<b>31,250,000 30,625,000</b>	<b>154,975,000</b>

**14 Key Management Personnel Disclosures (continued)**

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

**(ii) Shareholdings (continued)**

\* Gary Steinepreis resigned as a director on 11 June 2012 and therefore he is no longer a member of Key Management Personnel.

\* Bevan Tarratt's holdings cancelled as a result of his resignation as a director during the period.

\* Glenn Whiddon became a director on 18 August 2011 and prior to this date was not required to report his interests in securities. His interest in shares is held indirectly as an unspecified beneficiary of Mimo Strategies Pty Ltd <Mimo A/C>.

(&) = Shares issued upon the exercise of options.

**(c) Other Transactions with Key Management Personnel**

An amount of \$35,000 (2011:\$42,000) for office rental and \$25,270 (2011: \$32,083) for office outgoings was paid to Ascent Capital Holdings Pty Ltd. Gary Steinepreis has an indirect interest in Ascent Capital Holdings Pty Ltd through Oakhurst Enterprises Pty Ltd of which he is a sole director and a 50% shareholder. There is no formal agreement for occupancy. The Group rents the office space on a month to month basis on commercial terms.

An amount of \$12,815 (2011:\$nil) for office rental and \$7,922 (2011: \$nil) for office outgoings and labour was paid to Hemisphere Corporate Services Pty Ltd. Glenn Whiddon has a direct interest in Hemisphere Corporate Services Pty Ltd as a 50% shareholder. There is a formal agreement for occupancy and corporate services. The Group rents the office space and receives corporate services on commercial terms.

**15 Remuneration of Auditors**

Auditor fees of \$46,650 (2011:\$32,000) relating to the review and audit for the half year ended 31 December 2011 and year ended 30 June 2012 respectively were incurred during the year.

<b>16 Reconciliation of Loss After Income Tax to Net Cash</b>	<b>2012</b>	<b>2011</b>
<b>Outflow from Operating Activities</b>	<b>\$</b>	<b>\$</b>
Loss for the year	(1,201,919)	(810,486)
<b>Changes in operating assets and liabilities:</b>		
Impairment expense financial asset	31,042	468,958
Increase in other receivables	7,977	(8,025)
Share-based payments	180,571	-
Increase in other payables	163,227	28,065
<b>Net cash outflow from operating activities</b>	<b>(819,102)</b>	<b>(321,488)</b>

**17 Group entities**

**Significant subsidiaries**

	Country of incorporation	Ownership interest	
		2012	2011
Agri Energy Share Plan Pty Ltd	Australia	100	-

**18 Subsequent Events**

On 5 July 2012, the Company announced that it had signed a Letter Agreement ("Agreement") with Canadian listed Statesman Resources Limited ("Statesman") to pursue oil and gas opportunities in Africa. Pursuant to the Agreement, Agri will acquire for a nominal consideration a 49.9% shareholding in Statesman Africa Limited ("SAL"). A wholly owned subsidiary of SAL, Statesman Resources Limited BVI, has recently been awarded a 75% Working Interest in the 100,000 km<sup>2</sup> Block 14 in north west Sudan.

**18 Subsequent Events (continued)**

Under the terms of the Agreement, Agri will fund its 49.9% share of the costs of the activities of SAL, including but not limited to the work program for Block 14. The minimum expenditure over the three year term of the Exploration Production Sharing Agreement for Block 14 is US\$12 million, with two further optional funding requirements of US\$12million and US\$14million over two subsequent 18 month periods respectively. Agri's required contribution towards the initial committed expenditure is US\$5million over the three year term. The Directors are presently in the process of preparing a prospectus to raise up to approximately \$5million in November 2012. Additionally, the Company has advanced Statesman US\$0.8million interest free interim funding which is refundable if:

- a) Agri shareholder approval and re-compliance with Chapters 1 & 2 of the ASX Listing Rules are not obtained; or
- b) On completion of Agri's acquisition of 49.9% of SAL.

The Agreement to jointly pursue other oil and gas opportunities in Africa leverages off Statesman's operating capability and contacts in Africa. The board of the Company considers the growing international interest in African oil and gas activity as a key growth area for the Company and by entering the Agreement with Statesman, provides it with access to significant opportunities in the region. The Agreement to jointly pursue opportunities in Africa is for an initial period of 12 months.

Block 14 is situated in the remote and un-inhabited north western corner of Sudan, directly adjacent to the border with Egypt and Libya. The block is approximately 100,000 km<sup>2</sup> in area, and is significantly under-explored with only partial gravity coverage, 1,200km of vintage 2D seismic and one shallow stratigraphic well in the block. Sudan is in the heart of the north eastern Africa oil province. To the north, Egypt has proved reserves of 4.4 billion barrels, while Libya, also a neighbour, holds 47 billion barrels of proved reserves and a long production history.

Block 14 will be managed through a Joint Operating Company ("JOC") based in Sudan. Statesman will take an operational lead in the JOC and will be supported technically by Agri. The JOC will consist of:

Statesman Resources Limited BVI	75%;
Express Petroleum	15%;
Sudapet (carried)	10%.

Express Petroleum is a private Nigerian company active in oil and gas exploration in Africa with net production of 5,000 barrels of oil per day. They have been present in Sudan for a number of years, and also hold other joint venture positions in Sudan. Sudapet is the Sudanese national oil company.

The acquisition will constitute a change in the nature and/or scale of the activities of Agri in accordance with Chapter 11 of the ASX Listing Rules. As such, Agri will be required to re-comply with the admission requirements of Chapters 1 & 2 of the ASX Listing Rules.

On 21 September 2012 that it had raised \$300,000 through the issue of 60 million shares at 0.5c per share to assist in the funding of the transaction.

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<b>19 Earnings Per Share</b>	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<b>Basic profit / (loss) per share</b>		
<b>(a) Overall Operations</b>		
Loss for the year	(1,201,919)	(810,486)
Loss attributable to the ordinary equity holders of the Company	<u>(1,201,919)</u>	<u>(810,486)</u>
<b>Weighted Average Number of Shares Used as the Denominator</b>		
	<b>2012</b>	<b>2011</b>
	<b>Number</b>	<b>Number</b>
Issued shares at 1 July	292,069,728	417,392,973
Effect of own shares issued	360,522,401	50,380,685
Weighted average number of ordinary shares used as the denominator in calculating basic loss per share	<u>652,592,129</u>	<u>467,773,658</u>
<b>Diluted profit / (loss) per share</b>		
	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Overall Operations</b>		
Loss for the year	(1,201,919)	(810,486)
Loss attributable to the ordinary equity holders of the Company	<u>(1,201,919)</u>	<u>(810,486)</u>
<b>Weighted Average Number of Shares Used as the Denominator</b>		
	<b>2012</b>	<b>2011</b>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares (basic)	652,592,129	467,773,658
Effect of share options on issue	-	-
Weighted average number of ordinary shares used as the denominator in calculating diluted profit per share	<u>652,592,129</u>	<u>467,773,658</u>

**Options**

Options are considered to be potential ordinary shares. When the Company is in a loss making position options are not included in the determination of diluted loss per share as they are not considered to be dilutive. There are 20m options in issue as at the date of this report.

**Contingent Liabilities**

There are no contingent liabilities at the date of signing of this report.

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**20 Parent entity disclosures**

As at, and throughout, the financial year ending 30 June 2012 the parent entity of the Group was Agri Energy Limited.

	<b>2012</b>	<b>2011</b>
	\$	\$
<b>Result of parent entity</b>		
<b>Total comprehensive loss for the period</b>	<u><b>(1,201,919)</b></u>	<u><b>(810,486)</b></u>
<b>Financial position of parent entity at year end</b>		
Current assets	1,274,269	1,895,131
Total assets	1,428,779	1,895,131
Current liabilities	207,849	49,801
Total liabilities	207,849	49,801
<b>Total equity of the parent entity comprising of:</b>		
Share capital	3,759,110	3,362,162
Share-based payment reserve	180,571	-
Accumulated losses	<u>(2,718,751)</u>	<u>(1,516,832)</u>
<b>Total equity</b>	<u><b>1,220,930</b></u>	<u><b>1,845,330</b></u>

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The Directors' of the Company declare that:

- 1 The consolidated financial statements and notes as set out on pages 14 to 37 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 Group's financial position as at 30 June 2012 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 declare that:
  - (i) The financial records of the Group 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 Group will be able to pay its debts as and when they become due and payable.
- 4 The remuneration disclosures included in the remuneration report as part of the Directors' Report, comply with section 300A of the *Corporations Act 2001*.
- 5 The directors draw attention to Note 2(a) to the financial statements which include a statement of compliance with International Financial Reporting Standards.

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



Patrick Burke  
Director  
Perth  
28 September 2012

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## **Independent auditor's report to the members of Agri Energy Limited**

### **Report on the financial report**

We have audited the accompanying financial report of Agri Energy Limited (the Company), which comprises the consolidated statement of financial position as at 30 June 2012, and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

#### *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 2(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group 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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

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

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### *Independence*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

### *Auditor's opinion*

In our opinion:

(a) the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2(a).

### *Material uncertainty regarding continuation as a going concern*

Without modifying our opinion expressed above, attention is drawn to Note 2(c) in the year end financial report. The matters set forth in Note 2(c), indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

### **Report on the remuneration report**

We have audited the Remuneration Report included in pages 7 to 10 of the directors' report for the year ended 30 June 2012. 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 auditing standards.

### *Auditor's opinion*

In our opinion, the remuneration report of Agri Energy Limited for the year ended 30 June 2012, complies with Section 300A of the *Corporations Act 2001*.



  
Grant Robinson  
Partner

Perth

28 September 2012

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**Corporate Governance Statement**

Agri Energy 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.agrienergy.com.au](http://www.agrienergy.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. All these practices, unless otherwise stated, were put in place subsequent to the reconstruction of the Company and the release from external administration. 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	✓	

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**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.

In the event that a CEO is appointed, 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.

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.

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**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 four (4) directors, one of whom is currently considered to be an independent director.

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 Glenn Whiddon 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 Company does not currently have a CEO.

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.

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

**Recommendation 2.5:** (continued)

**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.

**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 is one independent director 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.

**Principle 3 – Promote ethical and responsible decision-making** (continued)

**Recommendation 3.2:**

Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measureable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.

**Disclosure:**

The Company has adopted a diversity policy to address equal opportunities in the hiring, training and career advancement of Directors, officers and employees.

**Recommendation 3.3:**

Companies should disclose in each annual report the measureable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress in achieving them.

**Disclosure:**

The Company has not yet set measurable objectives for achieving diversity. The Board continues to monitor diversity across the organisation and is satisfied with the current level of gender diversity within the Company. Due to the size of the Company, the Board does not consider it appropriate at this time, to formally set objectives for gender diversity.

**Recommendation 3.4:**

Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.

**Disclosure:**

As at 30 June 2012 the Company has no female employees or Board Members.

**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 Best Practice Recommendations.

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**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 will 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.

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**Principle 7 – Recognise and manage risk** (continued)

**Recommendation 7.1:** (continued)

**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.

**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 monthly reporting procedure, 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 Management, 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

**Principle 7 – Recognise and manage risk** (continued)

**Recommendation 7.3:** (continued)

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:**

The remuneration committee should be structured so that it:

- (a) consists of a majority of independent directors;
- (b) is chaired by an independent director; and
- (c) has at least three members

**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 8.3:**

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

**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.

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

**1 Distribution of Equity Securities** (Current as at 19 September 2012)

Analysis of numbers of ordinary shareholders by size of holding:

			<b>Number of Shareholders</b>	<b>Number of Shares</b>
1	-	1,000	281	77,703
1,001	-	5,000	75	176,296
5,001	-	10,000	18	128,695
10,001	-	100,000	126	8,093,848
100,001	and over		301	682,366,431
			<b>801</b>	<b>690,842,973</b>

There were 458 shareholders holding less than a marketable parcel of shares as at 19 September 2012.

**2 Substantial Holders of Equity Securities** (Current as at 19 September 2012)

<b>Ordinary Shares</b>		
<b>Name</b>	<b>Number held</b>	<b>Percentage of issued shares</b>
MIMO STRATEGIES PTY LTD <MIMO A/C>	53,625,000	7.76
ASCENT CAPITAL HOLDINGS PTY LTD, GARY STEINEPREIS AND DAVID STEINEPREIS	156,850,000	22.7
AGRI ENERGY SHARE PLAN PTY LTD <AAE EMPLOYEE SHARE ACQUISITION>	40,000,000	5.8
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	37,085,481	5.37

**3 Voting Rights**

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

**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.

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**4 Equity Security Holders** (Current as at 19 September 2012)

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

**Ordinary Shares**

Rank	Name	Units	%
1.	MIMO STRATEGIES PTY LTD <MIMO A/C>	53,625,000	7.76
2.	MR DAVID CHRISTIAN STEINEPREIS	45,000,000	6.51
3.	OAKHURST ENTERPRISES PTY LTD	37,600,000	5.44
4.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	37,085,481	5.37
5.	LEISUREWEST CONSULTING PTY LTD <LEISUREWEST A/C>	32,500,000	4.70
6.	FISKE NOMINEES LIMITED	27,337,822	3.96
7.	NAUTICAL HOLDINGS WA PTY LTD <ABANDON SHIP SUPER FUND A/C>	22,500,000	3.26
8.	AGRI ENERGY SHARE PLAN PTY LTD <AAE EMPLOYEE SHARE ACQUISITION>	20,000,000	2.90
9.	AGRI ENERGY SHARE PLAN PTY LTD <AAE EMPLOYEE SHARE ACQUISITION>	20,000,000	2.90
10.	MR GREGORY JOHN CHANNON	20,000,000	2.90
11.	MR DOUGAL JAMES FERGUSON	20,000,000	2.90
12.	ROWAN HALL PTY LTD <ROWAN HALL TRADING A/C>	15,500,000	2.24
13.	ASCENT CAPITAL HOLDINGS PTY LTD	13,250,000	1.92
14.	MR PAUL ROBERT HEARNE <THE PRH A/C>	12,500,000	1.81
15.	MR JAMES PETER ALLCHURCH <MANSTEIN HOLDINGS A/C>	10,000,000	1.45
16.	AMBERGATE NOMINEES PTY LTD <AMBERGATE SUPER FUND A/C>	10,000,000	1.45
17.	EMSLEY INVESTMENTS PTY LTD <CDM AUSTRALIA P/L SUPER FUND A>	10,000,000	1.45
18.	N&J MITCHELL PTY LTD <ORD ST PROPERTIES>	10,000,000	1.45
19.	KSLCORP PTY LTD	9,000,000	1.30
20.	N & J MITCHELL HOLDINGS PTY LTD <ORD STREET PROPERTIES A/C>	8,500,000	1.23
		<b>434,398,303</b>	<b>62.88</b>

**5 On-Market Buy-Back**

There is no current on-market buy-back.

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