Agri Energy Limited

ABN 83 061 375 442

Appendix 4E ASX Listing Rule 4.3A

Results for Announcement to the Market

	30 June 10	30 June 09	Change
	$ '000	$'000	**%**
Revenue from continuing operations	**27**	-	↑
Loss from continuing operations	**(304)**	-	↑
Discontinued operations	**9,073**	(59,253)	(a)
Profit / (Loss) and total comprehensive income attributable to members of Agri Energy Limited	**8,769**	(59,253)	(a)

(a) Explanation of discontinued operations

The profit was as a result of the gain due to the recapitalisation of the company from discontinued operations due to debt defeasance and the costs of the recapitalisation.

Dividends

No Dividends have been declared or paid.

Net Tangible Assets Per Security

	30 June 2010 Cents / Share	30 June 2009 Cents / Share
Net tangible assets per security	0.25	N/A

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

   None

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

   Not applicable – no dividends have been declared or paid

Appendix 4E ASX Listing Rule 4.3A

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

   Not applicable

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

   Not applicable

Audit Status – The accounts have been audited and are attached.

AGRI ENERGY LIMITED

ABN 83 061 375 442

Annual Report

For the Year Ended 30 June 2010

CONTENTS

Corporate Directory

Directors	Gary Steinepreis Executive Patrick Burke Executive Bevan Tarratt Non-executive
Company Secretary	Gary Steinepreis
Registered Office	Level 1, 33 Ord Street West Perth Western Australia 6005 Telephone: 08 94209300
Share Register	Computershare Investor Services Pty Limited Level 2 / 45 St Georges Terrace Perth Western Australia 6000 Telephone: 1300 850505 Overseas: +61 3 94154000 Facsimile: +61 8 93232033
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

DIRECTORS' REPORT

Your directors present their financial report on Agri Energy Limited (Agri or the Company) for the year ended 30 June 2010.

Directors

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

Gary Steinepreis
Patrick Burke appointed on 23 July 2009
Bevan Tarratt appointed on 23 July 2009

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

David Steinepreis appointed on 22 June 2009 and resigned on 23 July 2009.
Stephen Dobson appointed on 22 June 2009 and resigned on 23 July 2009.

Company Secretary

The company secretary is Gary Steinepreis. Mr Steinepreis was appointed to the position of company secretary on 22 June 2009. Mr Steinepreis is also a director of the Company and information on him and his qualifications are included under the information on directors.

Principal Activities

The Company was under external administration during the year and the Deed of Company Arrangement was wholly effectuated and settlement occurred on 1 October 2009. The principal continuing activities of the Company is in the energy and resources sector. The Company is currently developing its Australian Ethanol Business and continues to pursue new projects in the energy and resources sector by way of acquisition or investment, and/or providing consultancy services to the ethanol industry.

Significant Changes in the State of Affairs and Review of Operations

On 13 February 2008, the securities of the Company were suspended from quotation on the Official List of the ASX at the request of the Company whilst the Company pursued restructuring options.
On 12 September 2008 the directors of the Company appointed Kenneth Stout of Boutique Corporate Services as Administrator of the Company pursuant to Section 436A of the Corporations Act.

On 1 December 2008, the Administrator recommended to the creditors that it was in the best interests of creditors to approve the execution of a Deed of Company Arrangement to facilitate the recapitalisation of the Company. The creditors resolved to approve the execution of a Deed of Company Arrangement to facilitate the recapitalisation proposal put forward by Ascent Capital Holdings Pty Ltd (Ascent Capital).

The Deed of Company Arrangement was executed by the Company, the Deed Administrator and Ascent Capital on 19 December 2008. Shareholders approved the recapitalisation proposal on 1 October 2009 and the Deed of Company Arrangement was settled.

Ascent Capital provided the funding to meet the costs associated with the Notice of Meeting and paid $402,500 to the Deed Administrators for the benefit of Creditors. These loan funds were repaid during the financial year.

The Company is involved in energy and resources exploration, along with the development of its Australian Ethanol business. All creditors are bound by the Deed of Company Arrangement and at completion all claims against the Company were released and there are no residual liabilities or potential recovery from former creditors against the Company after completion.

The Company raised equity capital to complete the restructuring and recapitalization and the quotation of its securities were reinstated on ASX.

On 18 December 2009 the Company completed the equity capital raising ($1,804,000) required to complete the restructuring and recapitalisation approved by shareholders. The Company issued and allotted 400,000,000 ordinary shares and 100,000,000 unlisted options as approved by shareholders.

Significant Changes in the State of Affairs and Review of Operations (continued)

The quotation of the Company's securities on ASX was reinstated on 1 February 2010.

Operating Result

The profit for the financial year was $8,769,147 (2009:Loss $59,252,841). Additional information on the operations and financial position of the Company and its business strategies and prospects is set out in this directors' report and the financial report.

Dividends

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

Future Developments, Prospects and Business Strategies

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

Financial Position

During the year the Company was under external administration and its securities suspended from trading on the ASX. The execution of a Deed of Company Arrangement and shareholder approval enabled the Company to be released from external administration. Following a capital raising, the Company had its suspension of the trading of its shares lifted. The reconstruction and recapitalisation of the Company sees it 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 the capital raising has ensured that the Company has sufficient funds to meet its commitments.

After Balance Date Events

Other than as disclosed, there has been no matter or circumstance that has arisen that has significantly affected, or may significantly affect:

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

Environmental Issues

The Company'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

Gary Christian Steinepreis (Executive director, age 44)

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.

Mr Steinepreis is a director of Ascent Capital Holdings Pty Ltd.

Other Current Directorships

Executive Director, Monto Minerals Limited since 26 June 2009:
Non-Executive Director Norseman Gold Plc appointed 30 March 2006 resigned 11 September 2006 and reappointed 3 December 2007;
Non-Executive Director, WAG Limited since 2 November 2006;
Non-Executive Director, Avalon Minerals Ltd since 20 December 2006; and
Non-Executive Director, RMG Limited since 31 January 2006.

INFORMATION ON CURRENT DIRECTORS (continued)

Gary Christian Steinepreis (Executive director, age 44) (continued)

Former Directorships in the Last Three Years

Laguna Resources NL 11 October 2007 to 15 October 2009;
Toodyay Resources Limited 22 December 2005 to 23 October 2007;
Black Fire Energy Ltd 29 November 2006 to 8 September 2009;
Gawler Resources Ltd 17 May 2006 to 27 November 2007;
GB Energy Limited 13 March 2006 to 29 August 2007;
Signature Metals Ltd 1 June 2006 to 27 November 2008; and
Sirius Resources NL 12 July 2007 to 31 August 2009.

Special Responsibilities

Company Secretary

Interests in Shares and Options at year end and date of signing of report

64,100,000 ordinary shares
21,750,000 options

Patrick Burke (Executive director, age 41)

Experience and Expertise

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

Other Current Directorships
Executive Director, WAG Limited since 20 December 2006; and
Executive Director, Monto Minerals Limited since 26 June 2009.

Former Directorships in the Last Three Years

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

Special Responsibilities

None

Interests in Shares and Options at year end and date of signing of report

11,000,000 ordinary shares
4,500,000 options

Bevan Tarratt (Non-Executive director, age 33)

Experience and Expertise

Bevan Tarratt has an extensive background in the accounting industry having worked in various local accounting firms for the past 11 years. Bevan Tarratt is a former Partner at Marlston Taxation & Financial Services. In addition, Bevan Tarratt has a comprehensive practical business background having owned various medium sized retail businesses and is currently involved in Commercial property development. Bevan Tarratt also has extensive experience in primary and secondary capital raisings and corporate strategic consulting.

INFORMATION ON CURRENT DIRECTORS (continued)

Bevan Tarratt (Non-Executive director, age 33) (continued)

Other Current Directorships

Non-Executive Director, Stonehenge Metals Ltd since 12 June 2007

Former Directorships in the Last Three Years

Atom Energy Limited 25 January 2007 to 20 November 2007

Special Responsibilities

None

Interests in Shares and Options at year end and date of signing of report

18,000,000 ordinary shares
5,000,000 options

INFORMATION ON FORMER DIRECTORS

Mr David Steinepreis Appointed 22 June 2009 and resigned on 23 July 2009

David Steinepreis is a Chartered Accountant and former partner of an international accounting firm where he specialised in strategic corporate advice and taxation for listed companies.

Mr Stephen Dobson Appointed 22 June 2009 and resigned on 23 July 2009

Stephen Dobson has more than 20 years experience in corporate finance and international capital management including a range of positions as managing director of leading global investment bank Merrill Lynch & Co.

MEETINGS OF DIRECTORS

Up to 1 October 2009 the Company was subject to a Deed of Company Arrangement and under the control of the Deed Administrators. The powers of the directors were suspended and no meetings of directors were held during the period of administration.

The numbers of meetings of the Company's Board of Directors held during the year ended 30 June 2010, and the numbers of meetings attended by each director were:

Name of Director	Number of Meetings - A	Number of Meetings - B
Gary Steinepreis	4	4
Patrick Burke	4	4
Bevan Tarratt	4	4
David Steinepreis	-	-
Stephen Dobson	-	-

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 current board of the Company following the release from external administration on 1 October 2009. 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

REMUNERATION REPORT – AUDITED (continued)

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

2 Principles used to determine the nature and amount of remuneration (continued)

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

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

Alignment to shareholders' interests:

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

Alignment to program participants' interests:

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

Executive and Non-Executive Directors

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

Retirement allowances and benefits for directors

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

2 Details of Remuneration

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

2010 **Name**	**Director's consulting fees** **$**
Patrick Burke – Executive director	15,000
Gary Steinepreis – Executive director	15,000
Bevan Tarratt – Non executive director	15,000
David Steinepreis - Non executive director	-
Stephen Dobson - Non executive director	-
TOTAL	**45,000**

David Steinepreis and Stephen Dobson resigned as directors on 23 July 2009.

2 Details of Remuneration (continued)

2009	**Salary $**	**Superannuation $**	**Total $**
Name			
G Steinepreis	-	-	-
D Steinepreis	-	-	-
S Dobson	-	-	-
P Anderton	29,167	2,917	32,084
T Lagdon	-	-	-
M Douglas	-	-	-
TOTAL	**29,167**	**2,917**	**32,084**

As a result of the administration process and the circumstances relating to prior year directors and remuneration reports, the directors have used their best endeavours to provide complete and accurate comparative information using the records available, however, there were not adequate books and records sufficiently capable of audit or verification to support the above information for the year ended 30 June 2009.

3 Employment Contracts of Directors and Senior Executives

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

4 Performance-based Remuneration

There is currently no performance based remuneration for Directors.

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 Company:

2010 Name	**Ordinary Shares**	**Options**
Gary Steinepreis	64,100,000	21,750,000
Patrick Burke	11,000,000	4,500,000
Bevan Tarratt	18,000,000	5,000,000

2009 Name	**Ordinary Shares**	**Options**
Gary Steinepreis	-	-
Patrick Burke	-	-
Bevan Tarratt	-	-

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:

2010	**No. of Options Outstanding**	**Expiry Date**	**Exercise Price**
	100,000,000	31/12/2013	$0.005
TOTAL	**100,000,000**		

DIRECTORS' INTERESTS IN SHARES AND OPTIONS (continued)

2009	**No. of Options Outstanding**	**Expiry Date**	**Exercise Price**
	443,332	29/01/2010	$6.75
	333,333	19/01/2010	$6.75
	333,333	12/06/2010	$6.75
TOTAL	**1,109,998**		

The names of persons who currently hold options are entered in a register pursuant to Section 170 of the Corporations Act 2001. No person entitled to exercise any option has or had, by virtue of the option, a right to participate in any share issue of the Company or any other corporation. Subsequent to year end no options have been exercised.

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 10 of the annual report.

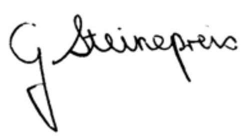
COMPARATIVE FINANCIAL INFORMATION

As a result of the administration process and the circumstances relating to the prior year financial report the directors have used their best endeavours to provide complete and accurate comparative information using the records available, however, there were not adequate books and records sufficiently capable of audit or verification available to the directors for the comparative information in the statement of comprehensive income, statement of changes in equity and cash flow statement and related notes for the Company's financial report for the year ended 30 June 2010. Similarly the prior year comparative information in the remuneration report is not capable of audit or verification.

CORPORATE GOVERNANCE

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

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



Gary Steinepreis
Director
West Perth
31 August 2010

KPMG

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 2010 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

KPMG

Kevin Smout
Partner

Perth

31 August 2010

Contents

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

Level 1
33 Ord Street
West Perth Western Australia WA 6005

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

The financial report was authorised for issue by the directors on 31 August 2010. The Company has the power to amend and reissue the financial report.

	Note	2010 $	2009 $
Continuing operations			
Revenue		-	-
Expenses	4 (a)	(330,541)	-
Loss from continuing operations		(330,541)	-
Finance income - Interest		26,695	-
Loss before tax from continuing operations		(303,846)	-
Income tax expense		-	-
Loss after tax from continuing operations		(303,846)	-
Discontinued operations	4 (b)	9,072,993	(59,252,841)
Profit / (loss) and total comprehensive income / (loss) attributable to the members of Agri Energy Limited		**8,769,147**	**(59,252,841)**
Earnings / (loss) per share:		**Cents**	**Cents**
Basic profit / (loss) per share	16	**3.8**	(23.4)
Diluted profit / (loss) per share	16	**3.4**	(23.4)
Continuing operations:			
Basic loss per share	16	**(0.13)**	-
Diluted loss per share	16	**(0.13)**	-

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

ASSETS	Note	2010 $	2009 $
Current assets			
Cash and cash equivalents		1,062,684	-
Trade and other receivables	6	11,208	-
Total current assets		**1,073,892**	**-**
Total assets		**1,073,892**	**-**
LIABILITIES			
Current liabilities			
Trade and other payables	4(b), 7	21,736	1,688,607
Employee benefits	4(b), 8	-	1,845,315
Interest bearing liabilities	4(b)	-	5,941,571
Total current liabilities		**21,736**	**9,475,493**
Total liabilities		**21,736**	**9,475,493**
NET ASSETS / (LIABILITIES)		**1,052,156**	**(9,475,493)**
EQUITY			
Contributed equity	10(a)	1,535,502	66,925,886
Option reserve		223,000	-
Share based payment reserve	10(e)	-	957,000
Accumulated losses		(706,346)	(77,358,379)
TOTAL EQUITY / (DEFICIENCY)		**1,052,156**	**(9,475,493)**

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

2010	**Contributed Equity**	**Option Reserve**	**Share Based Payment Reserve**	**Accumulated Losses**	**Total**
	$	**$**	**$**	**$**	**$**
Balance 1 July 2009	66,925,886	-	957,000	(77,358,379)	**(9,475,493)**
Net profit for the year	-	-	-	8,769,147	**8,769,147**
Comprehensive income for the year	-	-	-	-	**-**
Total comprehensive income for the year	-	-	-	8,769,147	**8,769,147**
Transactions with owners recorded directly in equity:					
Reduction of share capital	(66,925,886)	-	-	66,925,886	**-**
Shares issued	1,581,000	-	-	-	**1,581,000**
Options issued	-	223,000	-	-	**223,000**
Options expired	-	-	(957,000)	957,000	**-**
Transaction costs	(45,498)	**-**	-	-	**(45,498)**
Balance 30 June 2010	**1,535,502**	**223,000**	**-**	**(706,346)**	**1,052,156**

2009	**Contributed Equity**	**Option Reserve**	**Share Based Payment Reserve**	**Accumulated Losses**	**Total**
	$	**$**	**$**	**$**	**$**
Balance 1 July 2008	66,921,986	-	4,893,291	(22,041,829)	**49,773,448**
Loss for the year	-	-	-	(59,252,841)	**(59,252,841)**
Comprehensive income for the year	-	-	-	-	**-**
Total comprehensive income for the year	-	-	-	(59,252,841)	**(59,252,841)**
Shares issued	3,900	-	-	-	**3,900**
Equity settled share based payment transactions – cancellation	-	-	(3,936,291)	3,936,291	-
Balance 30 June 2009	**66,925,886**	**-**	**957,000**	**(77,358,379)**	**(9,475,493)**

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

	Note	2010 $	2009 $
Cash flows from operating activities			
Interest received		25,053	-
GST refund received		22,360	-
Payments to suppliers and fees paid		(340,731)	(108,686)
Net cash outflow from operating activities	15	**(293,318)**	**(108,686)**
Cash flows from investing activities			
Payment made under a deed of company arrangement		(402,500)	-
Net cash outflow from investing activities		**(402,500)**	**-**
Cash flows from financing activities			
Proceeds from the issue of shares and options		1,804,000	-
Costs associated with capital raising		(45,498)	-
Net cash inflow from financing activities		**1,758,502**	**-**
Net increase in cash and cash equivalents		**1,062,684**	**(108,686)**
Cash and cash equivalents at 1 July		-	108,686
Cash and cash equivalents at 30 June		**1,062,684**	-

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

1 Summary of significant accounting policies

Agri Energy Limited (the "Company") is a company domiciled in Australia. The address of the Company's registered office is Level 1, 33 Ord Street West Perth WA, 6005. The Company is involved in energy and resources exploration, along with the development of its Australian Ethanol business.

(a) Basis of preparation

The financial report is a general purpose 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 financial statements were approved by the Board of Directors on 31 August 2010. The financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

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

These financial statements are presented in Australian dollars ("AUD"), which is the Company's functional currency.

(b) Comparative financial information

On 26 March 2009, the Australian Securities and Investments Commission issued a no action letter with respect to the requirements to prepare, have audited and lodge a financial report and directors' report for the year ended 30 June 2008 and the half-year ended 31 December 2008. The present directors of the Company were appointed on 22 June 2009 and 23 July 2009 to effect the recapitalisation of the Company.

As a result of the administration process and the circumstances relating to the prior year financial report the directors have used their best endeavours to provide complete and accurate comparative information using the records available, however, there were not adequate books and records sufficiently capable of audit or verification available to the directors for the comparative information in the statement of comprehensive income, statement of changes in equity and cash flow statement and related notes for the Company's financial report for the year ended 30 June 2010.

(c) Going Concern Basis of Accounting

The general purpose financial report has been prepared on the basis of a going concern. As a result of the successful recapitalisation, the Company has sufficient working capital. The Company proposes to use its working capital to review, evaluate and develop the Australian Ethanol Business and, being an energy company, pursue new projects in the energy and resources sectors by way of acquisition or investment.

(d) Revenue Recognition

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

Revenue is recognised for the major business activities as follows. Grants received from the government are recognised at their fair value where there is reasonable assurance that the grant will be received and the Company will comply with all the attached conditions.

(e) Segment Reporting

As of 1 July 2009 the Company determines and presents operating segments based on the information provided by the Board of directors who collectively are the Company's Chief Operating Decision Maker. This change in accounting policy is due to the adoption of IFRS 8 *Operating Segments.* Previously operating segments were determined and presented in accordance with AASB 14 *Segment Reporting*. The new accounting policy in respect of segment operating disclosures is presented as follows.

1 Summary of significant accounting policies (continued)

(e) Segment Reporting (continued)

Comparative segment information has been re-presented in conformity with the transitional requirements of such standard. Since the change in accounting policy only impacts presentation and disclosure aspects, there is no impact on earnings per share.

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

The above change has had no impact on disclosure or comparative financial information.

(f) 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 following temporary difference: 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.

(g) Impairment of Assets

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in profit or loss.

(h) Cash and Cash Equivalents

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

1 Summary of significant accounting policies (continued)

(i) Trade and Other Receivables

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

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

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

(j) Trade and Other Payables

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

(k) 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. Proceeds from options issued for no consideration to shareholders under the share and option prospectus have been allocated between shares and options using the Black Scholes options pricing model to value the options and allocate the balance amount to shares.

(l) 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.

(m) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

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.

(n) Employee Benefits

Provision is made for the company'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. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

1 Summary of significant accounting policies (continued)

(o) Share Based Payments

The Company operated an equity-settled share-based payment employee share and option scheme. The fair value of the equity to which employees became entitled was measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares was ascertained as the market bid price. The fair value of options was ascertained using a Hull-White pricing model which incorporated all market vesting conditions. The fair value of share appreciation rights is measured using the same underlying economic theory as Black-Scholes model. The number of shares and options expected to vest was reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted was based on the number of equity instruments that eventually vested.

(p) Discontinued operations

A discontinued operation is a component of the Company's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative income statement is re-presented as if the operation had been discontinued from the start of the comparative period.

(q) 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.

(r) 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 financial statements is that the entity will continue as a going concern. An entity 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. A significant amount of judgement has been required in assessing whether the entity is a going concern as set out in Note 1 (c).

No 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.

(s) Change in accounting policy

Presentation of financial statements

The Company applies revised AASB 101 *Presentation of Financial Statements* (2007), which became effective as of 1 January 2009. As a result, the Company presents in the statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the statement of comprehensive income. This presentation has been applied in these financial statements as of and for the year ended 30 June 2010.

Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

1 Summary of significant accounting policies (continued)

(t) New standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2010, but have not been applied in preparing this financial report.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 Company's 30 June 2014 financial statements. Retrospective application is generally required, although there are exceptions, particularly if the entity adopts the standard for the year ended 30 June 2012 or earlier. The Company has not yet determined the potential effect of the standard.

AASB 124 *Related Party Disclosures* (revised December 2009) simplifies and clarifies the intended meaning of the definition of a related party and provides a partial exemption from the disclosure requirements for government-related entities. The amendments, which will become mandatory for the Company's 30 June 2012 financial statements, are not expected to have any impact on the financial statements.

AASB 2009-5 *Further amendments to Australian Accounting Standards arising from the Annual Improvements Process* affect various AASB's resulting in minor changes for presentation, disclosure, recognition and measurement purposes. The amendments, which become mandatory for the Company's 30 June 2011 financial statements, are not expected to have a significant impact on the financial statements.

AASB 2009-10 *Amendments to Australian Accounting Standards - Classification of Rights Issue* [AASB 132] (October 2010) clarify that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro-rata to all existing owners of the same class of its own non-derivative equity instruments. The amendments, which will become mandatory for the Company's 30 June 2011 financial statements, are not expected to have any impact on the financial statements.

AASB 2010-3 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project (June 2010)* and AASB 2010-4 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (June 2010)* contain eleven amendments to six standards and to one interpretation. The amendments will become mandatory for the Company's 30 June 2011 and 30 June 2012 financial statements respectively. The Company has not yet determined the potential effect of these amendments.

2 Financial Risk Management

The Company's financial instruments consist of cash and cash equivalents, trade receivables, trade payables and interest bearing liabilities.

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

Overview

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

- Credit risk
- Liquidity risk
- Interest rate risk
- Currency risk

The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. Risk management is carried out by the board of directors under policies approved by the Board. The board identifies and evaluates financial risks and provides written principles for overall risk management.

2 Financial Risk Management (continued)

(i) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and cash and cash equivalents. The Company has no material exposure to credit risk at 30 June 2010. There are no significant concentrations of credit risk. The Company 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 Company will not be able to meet its financial obligations as they fall due. The Company'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 Company'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.

(iii) Interest rate risk

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

Carrying amount	**2010**	**2009**
	$	**$**
Fixed rate instruments		
Interest-bearing liabilities	**-**	5,941,571
Variable rate instruments		
Cash and cash equivalents	**1,062,684**	-

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.

30 June 2010	**Profit or Loss**		**Equity**	
	100bp increase	100bp decrease	100bp increase	100bp decrease
Variable rate	$	$	$	$
instruments	10,627	(10,627)	-	-

30 June 2009	**Profit or Loss**		**Equity**	
	100bp increase	100bp decrease	100bp increase	100bp decrease
Variable rate instruments	-	-	-	-

(iv) Currency risk

The Company's exposure to foreign currency risk at balance date was as follows, based on notional amounts in AUD:

	2010	**2009**
	$	**$**
Interest-bearing liabilities	**-**	5,941,571

3 Segment reporting

The Company currently operates in one operating segment being the energy and resources sector. The Company is currently developing its Australian Ethanol Business and continues to pursue new projects in the energy and resources sector by way of acquisition or investment, and/or providing consultancy services to the ethanol industry. The Company currently operates in one geographic segment that being Australia.

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

4 (a) Expenses from continuing operations	**2010**	**2009**
	$	**$**
Corporate compliance costs	68,719	-
Occupancy costs	66,355	-
Corporate management costs	85,000	-
Legal fees	20,167	-
Administration and project costs	90,300	-
	330,541	**-**

4 (b) Discontinued operations

On 13 February 2008, the securities of the Company were suspended from quotation on the Official List of the ASX. On 12 September 2008, the Company appointed an Administrator pursuant to Section 436A of the Corporations Act. Following the second meeting of creditors of the Company held on 1 December 2008, the Deed Administrators considered and put to creditors for approval the Recapitalisation Proposal made by Ascent Capital Holdings Pty Ltd. A Deed of Company Arrangement was executed by the Company and the Administrators on 19 December 2008. The Company lost control of its subsidiaries during the external administration process. On 1 October 2009 Shareholders approved the Recapitalisation Proposal and following the meeting settlement occurred and the Company was released from Administration on 1 October 2009. All creditors are bound by the Deed of Company Arrangement and all claims against the Company have been released as of 1 October 2009 and there are no residual liabilities or potential recovery from former creditors against the Company as of 1 October 2009. The amount of liabilities transferred to the creditors trust was $9,475,493. The discontinued operations within the financial statements were the result of the Administrator taking control of the Beatrice Biodiesel, Swan Hill and European operations and other activities, other than the Australian Ethanol Business.

Results of discontinued operations	**2010**	**2009**
	$	**$**
Other income - debt defeasance	9,475,493	-
Other income	-	37,181
	9,475,493	37,181
Expenses - Payment made under deed of company arrangement	(402,500)	-
Expenses#	-	(59,290,022)
		-
	9,072,993	**(59,252,841)**
Income tax on discontinued operations	-	-
Profit / (loss) for the year	**9,072,993**	**(59,252,841)**

- relate to impairment on loans and financial assets, employee expenses and exchange loss

		2010	**2009**
		cents	**cents**
Basic earnings / (loss) per share	Note 16	3.9	(23.4)
Diluted earnings / (loss) per share	Note 16	3.5	(23.4)

4 (b) Discontinued operations (continued)

Cash flow from discontinued operations	**2010 $**	**2009 $**
Net cash used in operating activities	-	(108,686)
Net cash used in investing activities	(402,500)	-
	(402,500)	**(108,686)**

Effect of discontinued operations on the financial position	
Reduction in trade and other payables	1,688,607
Reduction in employee benefits	1,845,315
Reduction in interest bearing liabilities	5,941,571
Consideration paid	(402,500)
	9,072,993

5 Income Tax Expense

		2010 $	**2009 $**
a.	**The components of tax expense comprise:**		
	Current tax	-	-
	Deferred tax	-	-
		-	**-**
b.	**The prima facie tax payable/(benefit) on profit/(loss) from ordinary activities before income tax is reconciled to the income tax as follows:**		
	Prima facie tax payable/(benefit) on profit/(loss) from continuing activities before income tax at 30% (2009: 30%)	(91,154)	-
	Prima facie tax payable/(benefit) on profit/(loss) from discontinued activities before income tax at 30% (2009: 30%)	2,721,898	(17,775,852)
		2,630,744	**(17,775,852)**
	Add tax effect of:		
	- Revenue losses not recognised	71,843	-
	- Other deferred tax assets not recognised	10,159	-
	- Other non-allowable items	9,153	-
	- Discontinued operations	-	17,775,852
		2,721,898	**-**
	Less tax effect of:		
	- Discontinued operations	2,721,898	-
	Income tax expense	-	-
c.	**Deferred tax recognised at 30 June relates to the following:**		
	Deferred tax liabilities:		
	Other	(492)	-
	Deferred tax assets:		
	Carry forward revenue losses	492	-
	Net deferred tax	**-**	**-**
d.	**Unrecognised deferred tax assets:**		
	Carry forward revenue losses	71,843	-
	Capital raising costs	13,649	-
	Provisions and accruals	10,159	-
		95,651	-

5 Income Tax Expense (continued)

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

(a) the company derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;

(b) the company continues to comply with the conditions for deductibility imposed by law; and

(c) no changes in income tax legislation adversely affect the company in utilising the benefits.

The 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.

6 Trade and other receivables

	2010	2009
Current	**$**	**$**
GST, interest and other receivables	11,208	-
	11,208	**-**

7 Trade and other payables

	2010	2009
Current	**$**	**$**
Trade payables and accrued operating expenses	21,736	1,688,607
	21,736	**1,688,607**

8 Employee benefits

	2010	2009
	$	**$**
Employee entitlements	-	1,845,315
	-	**1,845,315**

9 Interest bearing liabilities

	2010	2009
Current – Unsecured	**$**	**$**
US$ convertible loan	-	5,860,214
Other	-	81,357
	-	**5,941,571**

Convertible Loan US$5 million Agri Energy Limited

YA Global Investments, L.P. (formerly Cornell Capital Partners, L.P.) provided a working capital facility to Agri Energy Limited. As a result of the external administration, Agri Energy Limited defaulted on the terms and conditions and was issued with a demand for the full amount of US$4,643,613 and A$92,281 (**Debt**). The working capital facility could be repaid by payment or the issue of shares. Repayments were due over 16 months commencing in September 2007 and the interest rate was 9%. On 22 June 2009, YA Global Investments, L.P. converted A$3,900 for 39,000,000 ordinary shares (refer note 10) and waived any future right to convert any part of the Debt into ordinary shares. As a result of the completion of the Deed of Company Arrangement $5,860,214 was transferred to the creditors trust with the corresponding credit to retained earnings.

10 Contributed Equity

(a) Share Capital

	2010 Shares	2010 $	2009 Shares	2009 $
Ordinary shares fully paid	**417,392,973**	**1,535,502**	**260,914,813**	**66,925,886**

(b) Movement in Ordinary Share Capital

2010 Date	Details	Number of shares	Issue price	Amount $
1/7/2009	Opening balance	260,914,813	-	66,925,886
1/10/2009	Consolidation 1:15	(243,521,840)	-	-
		17,392,973		66,925,886
18/12/2009	Reduction of share capital	-	-	(66,925,886)
18/12/2009	Issue of shares	40,000,000	$0.0001	4,000
18/12/2009	Issue of shares	360,000,000	$0.005	1,577,000*
	Transaction costs	-		(45,498)
30/06/2010	**Closing balance**	**417,392,973**		**1,535,502**

2009 Date	Details	Number of shares	Issue price	Amount $
1/7/2008	Opening balance	**221,914,813**	-	**66,921,986**
22/6/2009	Issue of shares	39,000,000	$0.0001	3,900
30/6/2009	**Closing balance**	**260,914,813**		**66,925,886**

The share capital was reduced by $66,925,886 pursuant to section 256B and section 258F of the Corporations Act being a portion of the accumulated losses of the Company which is considered to be permanently lost.

*Consistent with the share and option Prospectus, in certain instances at Director's discretion, the subscription amount has been allocated between shares and/or options. In the instance where the options were issued, they were issued for no additional consideration. The total consideration has been allocated to Issued Capital or option reserve in accordance with the relative fair values. Refer to Note 10(d). Under the deed of company arrangement and as part of the reconstruction and recapitalisation process the equity securities of the Company were consolidated on the basis of 1:15.

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 2010	Expiry Date	Exercise Price	Number under option
Unlisted options	31/12/2013	$0.005	100,000,000
			100,000,000

30 June 2009	Expiry Date	Exercise Price	Number under option
Unlisted options	19/01/2010	$0.45	5,000,000
Unlisted options	29/01/2010	$0.45	6,650,000
Unlisted options	12/06/2010	$0.45	5,000,000
Unlisted options	30/11/2009	$0.45	11,350,000
			28,000,000

10 Contributed Equity (continued)

(c) Other Equity Securities (continued)

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

2010 Date	Details	Number of options	Exercise Price	Amount $
1/7/2009	Opening balance	28,000,000	$0.45	-
1/10/2009	Consolidation 1:15	(26,133,335)	-	-
		1,866,665	$6.75	-
30/11/2009	Options expired	(756,667)	$6.75	-
18/12/2009	Options issued	100,000,000	$0.005	223,000
19/1/2010	Options expired	(333,333)	$6.75	-
29/1/2010	Options expired	(443,332)	$6.75	-
12/6/2010	Options expired	(333,333)	$6.75	-
30/06/2010	**Balance**	**100,000,000**		**223,000**

Under the deed of company arrangement and as part of the reconstruction and recapitalisation process the equity securities of the Company were consolidated on the basis of 1:15.

At the date of signing this report, there are 100,000,000 options on issue at an exercise price of $0.005 that expire on 31 December 2013 they were valued using the Black-Scholes options pricing model with the following inputs:.

Stock price	$0.005
Volatility	50%
Risk free rate	4.81%
Term	5 years
Fair value at grant date	$0.0023

(e) Movements in the Share Based Payment Reserve	2010 $	2009 $
Balance at the beginning of the year	957,000	4,893,291
Cancellation due to cessation of employment and expiration of options	(957,000)	(3,936,291)
Balance at the end of the year	**-**	**957,000**

11 Dividends

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

12 Key Management Personnel Disclosures

(a) Directors

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

Gary Steinepreis
Patrick Burke appointed on 23 July 2009
Bevan Tarratt appointed on 23 July 2009

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

David Steinepreis appointed on 22 June 2009 and resigned on 23 July 2009.
Stephen Dobson appointed on 22 June 2009 and resigned on 23 July 2009.

12 Key Management Personnel Disclosures (continued)

(a) Directors (continued)

The key management personnel compensation included in 'corporate management costs' (2009: 'employee expenses') is as follows:

	2010 $	2009 $
Directors consulting fees	45,000	-
Short term employee benefits - Cash	-	29,167
Post-employment benefits	-	2,917
	45,000	**32,084**

(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:

2010 Name	Held at 1/7/2009	Options issued	Held at 30/6/2010	Vested & exercisable 30/6/2010
Gary Steinepreis	-	21,750,000	21,750,000	21,750,000
Patrick Burke	-	4,500,000	4,500,000	4,500,000
Bevan Tarratt	-	5,000,000	5,000,000	5,000,000
Total	-	**31,250,000**	**31,250,000**	**31,250,000**

2009 Name	1/7/2008	Granted as compensation	Other changes *	Held at 30/6/2009	Vested and exercisable 30/6/2009
G Steinepreis	-	-	-	-	-
D Steinepreis	-	-	-	-	-
S Dobson	-	-	-	-	-
P Anderton	7,000,000	-	(7,000,000)	-	-
T Lagdon	-	-	-	-	-
M Douglas	400,000	-	(400,000)	-	-
R Payne	400,000	-	(400,000)	-	-
D Lymburn	400,000	-	(400,000)	-	-
Total	**8,200,000**	-	**(8,200,000)**	-	-

* cancelled as a result of resignation as a director during the period.

(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:

2010 Name	1/7/2009	Shares issued	Other changes *	Balance 30/6/2009
Gary Steinepreis	-	64,100,000	-	64,100,000
Patrick Burke	-	11,000,000	-	11,000,000
Bevan Tarratt	-	18,000,000	-	18,000,000
	-	**93,100,000**	-	**93,100,000**

12 Key Management Personnel Disclosures (continued)

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

2009 Name	1/7/2008	Shares issued	Other changes *	Balance 30/6/2009
G Steinepreis	-	-	-	-
D Steinepreis	-	-	-	-
S Dobson	-	-	-	-
P Anderton	2,150,000	-	(2,150,000)	-
T Lagdon	600,000	-	(600,000)	-
M Douglas	200,000	-	(200,000)	-
	2,950,000	-	**(2,950,000)**	-

* cancelled as a result of resignation as a director during the period.

(c) Other Transactions with Key Management Personnel

An amount of $31,500 and $50,000 was paid to Ascent Capital Holdings Pty Ltd, a company jointly controlled by Gary Steinepreis for office rental and work performed in the reconstruction of the Company respectively. There is no formal agreement for occupancy. The Company rents the office space on a month to month basis on commercial terms.

13 Remuneration of Auditors

Audit fees of $31,000 (2009:$23,750) relating to the review and audit for the half year ended 31 December 2009 and year ended 30 June 2010 respectively were incurred during the year. In addition, $23,750 was incurred in relation to the audit for the year ended 30 June 2009.

14 Events Occurring After the Balance Sheet Date

Other than as disclosed, there has been no matter or circumstance that has arisen that has significantly affected, or may significantly affect:

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

15 Reconciliation of Profit /(Loss) After Income Tax to Net Cash Outflow from Operating Activities

	2010 $	2009 $
Profit / (loss) for the year	8,769,147	(59,252,841)
Non cash items:		
Unrealised foreign exchange loss	-	809,129
Impairment of financial and non-financial assets	-	33,960,104
Impairment of loans to subsidiaries	-	22,958,632
Changes in operating assets and liabilities:		
Net movement in employee benefits	-	1,562,157
Net movement in other liabilities	(7,384,886)	-
Net movement in trade receivables and trade payables	(1,678,079)	(145,867)
Net cash outflow from operating activities	**(293,318)**	**(108,686)**

16 Earnings Per Share

	2010 $	2009 $
Basic profit / (loss) per share		
(a) Overall Operations		
Profit / (loss) for the year	8,769,147	(59,252,841)
Profit / loss attributable to the ordinary equity holders of the Company	**8,769,147**	**(59,252,841)**
(b) Continuing Operations		
Loss for the year	(303,846)	-
Loss attributable to the ordinary equity holders of the Company	**(303,846)**	**-**
(c) Discontinued Operations		
Profit / loss for the year	9,072,993	(59,252,841)
Profit / loss attributable to the ordinary equity holders of the Company	9,072,993	(59,252,841)

Weighted Average Number of Shares Used as the Denominator	**2010 Number #**	**2009 Number #**
Issued shares at 1 July	19,730,284*	251,736,280
Effect of own shares issued	212,602,740	969,664
Weighted average number of ordinary shares used as the denominator in calculating basic loss per share	**232,333,024**	**252,705,944**

* - shares have been adjusted for reconstruction.
# - shares have been adjusted for bonus issue.

	2010 $	2009 $
Diluted profit / (loss) per share		
(a) Overall Operations		
Profit / (loss) for the year	8,769,147	(59,252,841)
Profit / loss attributable to the ordinary equity holders of the Company	**8,769,147**	**(59,252,841)**
(b) Continuing Operations		
Loss for the year	(303,846)	-
Loss attributable to the ordinary equity holders of the Company	**(303,846)**	**-**
(c) Discontinued Operations		
Profit / loss for the year	9,072,993	(59,252,841)
Profit / loss attributable to the ordinary equity holders of the Company	9,072,993	(59,252,841)

Weighted Average Number of Shares Used as the Denominator	**2010 Number**	**2009 Number**
Weighted average number of ordinary shares (basic)	232,333,024	252,705,944
Effect of share options on issue	26,712,329	-
Weighted average number of ordinary shares used as the denominator in calculating diluted profit per share	**259,045,353**	**252,705,944**

* - shares have been adjusted for reconstruction.

Options

Options are considered to be potential ordinary shares. The options have not been included in the determination of diluted loss per share as they are not considered to be dilutive.

The Directors' of the Company declare that, subject to the effect of the external administration process and Note 1 (b) and (c) and Note 4 (b) of the financial statements:

1 The financial statements and notes as set out on pages 11 to 28 are in accordance with the *Corporations Act 2001*, and

(i) comply with Accounting Standards and the *Corporations Regulations 2001*; and

(ii) give a true and fair view of the financial position of the Company as at 30 June 2010 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 Company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;

(ii) the financial statements and notes for the financial year comply with the accounting standards; and

(iii) the financial statements and notes for the financial year give a true and fair view.

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

4 The 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 1 (a) to the financial statements, which includes a statement of compliance with International Financial Reporting Standards.

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

G. Steinepreis

Gary Steinepreis
Director
West Perth
31 August 2010

KPMG

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 statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a description of significant accounting policies and other explanatory notes 1 to 16 and the directors' declaration.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 1(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial report, comprising the financial statements and notes, complies 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 and fair presentation of the financial report 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 (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the Company'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.

Independence

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

Basis for Qualified Opinion

As set out in Note 1 (b), the Company entered voluntary administration on 12 September 2008. On 26 March 2009, the Australian Securities and Investments Commission issued a no action letter with respect to the requirements to prepare, have audited and lodge a financial report and directors' report for the year ended 30 June 2008 and the half-year ended 31 December 2008. The present directors of the Company were appointed on 22 June 2009 and 23 July 2009 to effect the recapitalisation of the Company.

As a result of the administration process and the circumstances relating to prior year financial reports, there were not adequate books and records sufficiently capable of audit or verification to support the Company's statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended 30 June 2009. Our audit opinion on the financial report for the year ended 30 June 2009 was modified accordingly. Our opinion on the current period's financial report is also modified because of the possible effect of this mater on the comparability of the current period's figures and the corresponding figures.

Qualified Opinion

Due to the limitation in the scope of our work as described in the qualification section above, and the effect of such adjustments, if any, as might have been deemed necessary had the limitation on scope not existed, we are unable to and do not express an opinion on the comparative financial information in relation to the statement of comprehensive income, statement of changes in equity and statement of cash flows contained in the 30 June 2010 financial report of Agri Energy Limited.

In our opinion, except for the effect of the qualifications referred to in the qualification section above:

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

(i) giving a true and fair view of the Company's financial position as at 30 June 2010 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1(a).

Report on Other Legal and Regulatory Requirements on comparative information

Due to the matter described in the Qualified Opinion paragraph, the Directors have not been able to provide us with all information, explanation and assistance necessary for the conduct of the audit of the comparative information required for the 30 June 2010 financial report; and the Company has not kept:

(a) financial records sufficient to enable the financial report to be prepared and audited; and

(b) other records and registers as required by the *Corporations Act 2001*.

Report on the remuneration report

We have audited the remuneration report included in pages 5 to 7 of the directors' report for the year ended 30 June 2010. 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.

Basis for Qualified Opinion

As set out in Note 1 (b), the Company entered voluntary administration on 12 September 2008. On 26 March 2009, the Australian Securities and Investments Commission issued a no action letter with respect to the requirements to prepare, have audited and lodge a financial report and directors' report for the year ended 30 June 2008 and the half-year ended 31 December 2008.

As a result of the administration process and the circumstances relating to prior year directors and remuneration reports, there were not adequate books and records sufficiently capable of audit or verification to support the Company's remuneration report for the year ended 30 June 2009. Our audit opinion on the remuneration report for the year ended 30 June 2009 was modified accordingly. Our opinion on the current period's remuneration report is also modified because of the possible effect of this mater on the comparability of the current period's figures and the corresponding figures.

Qualified Opinion

Due to the limitation in the scope of our work as described in the qualification section above, and the effect of such adjustments, if any, as might have been deemed necessary had the limitation on scope not existed, we are unable to and do not express an opinion on the comparative financial information in relation to the Agri Energy Limited remuneration report for 30 June 2010.

In our opinion, except for the effect of the qualifications referred to in the qualification section above, the remuneration report of Agri Energy Limited for the year ended 30 June 2010, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

Kevin Smout
Partner

Perth

31 August 2010

Corporate Governance Statement

Following 1 October 2009, the Company was released from external administration. These corporate governance policies apply from this date.

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

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	✓	

Disclosure – Principles & Recommendations - financial year 2010

Principle 1 – Lay solid foundations for management and oversight

Recommendation 1.1:

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

Disclosure:

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

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

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

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

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

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

Recommendation 1.2:

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

Disclosure:

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

There was no performance evaluation of the senior executives during the financial year as the Company was under external administration.

Principle 2 – Structure the board to add value

Recommendation 2.1:

A majority of the Board should be independent directors.

Disclosure:

The Company does not have a majority of independent directors.

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

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

Recommendation 2.2:

The Chair should be an independent director.

Disclosure:

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

Recommendation 2.3:

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

Disclosure:

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

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

Recommendation 2.4:

The Board should establish a Nomination Committee.

Disclosure:

A nomination committee has not been established.

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

Recommendation 2.5:

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

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

Statement concerning availability of Independent Professional Advice

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

Principle 3 – Promote ethical and responsible decision-making

Recommendation 3.1:

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

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

Disclosure:

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

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

Recommendation 3.2:

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

Disclosure:

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

Principle 4 – Safeguard integrity in financial reporting

Recommendation 4.1

The Board should establish an Audit Committee.

Disclosure:

An audit committee has not been established.

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

Recommendation 4.2:

The Audit Committee should be structured so that it:

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

Disclosure:

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

Recommendation 4.3:

The Audit Committee should have a formal charter.

Disclosure:

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

Recommendation 4.4:

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

Disclosure:

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

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

Principle 4 – Safeguard integrity in financial reporting (continued)

Recommendation 4.4 (continued)

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

Principle 5 – Make timely and balanced disclosure

Recommendation 5.1:

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

Disclosure:

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

Principle 6 – Respect the rights of shareholders

Recommendation 6.1:

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

Disclosure:

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

Principle 7 – Recognise and manage risk

Recommendation 7.1:

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

Disclosure:

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

1. Assessing the internal processes for determining and managing key risk areas, particularly:
   - non-compliance with laws, regulations, standards and best practice guidelines, including environmental and industrial relations laws;
   - litigation and claims; and
   - relevant business risks other than those that are dealt with by other specific Board Committees.
2. Ensuring that the Company has an effective risk management system and that major risks to the Company are reported at least annually to the Board.
3. Receiving from management reports on all suspected and actual frauds, thefts and breaches of laws.

Principle 7 – Recognise and manage risk (continued)

Recommendation 7.1: (continued)

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 as at the date of this report.

Recommendation 7.3:

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

Disclosure:

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

Principle 8 – Remunerate fairly and responsibly

Recommendation 8.1:

The Board should establish a Remuneration Committee.

Disclosure:

A Remuneration Committee has not been established.

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

Recommendation 8.2:

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

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.

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

1 Distribution of Equity Securities (Current as at 31 July 2010)

Analysis of numbers of ordinary shareholders by size of holding:

			Number of Shareholders
1	-	1,000	2,530
1,001	-	5,000	630
5,001	-	10,000	120
10,001	-	100,000	140
100,001	and over		114
			3,534

There were 3,384 shareholders holding less than a marketable parcel of shares as at 30 June 2010.

2 Unquoted Equity Securities – Options (Current as at 25 August 2010)

	Number on issue	Number of holders
Options exercisable at $0.005 on or before 31 December 2013	100,000,000	13

Holder of 20% or more of unquoted options:

Name:	Number of securities held:
Nefco Nominees Pty Ltd	24,625,000

3 Substantial Holders of Equity Securities (Current as at 11 August 2010)

Ordinary Shares Name	Number held	Percentage of issued shares
MIMO STRATEGIES PTY LTD <MIMO A/C>	29,000,000	6.95
ASCENT CAPITAL HOLDINGS PTY LTD, GARY STEINEPREIS AND DAVID STEINEPREIS	118,600,000	28.4
NAUTICAL HOLDINGS WA PTY LTD <WHIDDON SUPER FUND A/C>	40,000,000	9.58

4 Voting Rights

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

1 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.

2 Options

These securities have no voting rights.

5 Equity Security Holders (Current as at 11 August 2010)

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

Ordinary Shares

Rank	Name	Units	%
1.	NAUTICAL HOLDINGS WA PTY LTD <WHIDDON SUPER FUND A/C>	40,000,000	9.58
2.	NEFCO NOMINEES PTY LTD	38,000,000	9.10
3.	OAKHURST ENTERPRISES PTY LTD	37,600,000	9.01
4.	MIMO STRATEGIES PTY LTD <MIMO A/C>	29,000,000	6.95
5.	MR DAVID CHRISTIAN STEINEPREIS	27,500,000	6.59
6.	BNS INVESTMENTS (WA) PTY LTD	18,000,000	4.31
7.	LEISUREWEST CONSULTING PTY LTD <LEISUREWEST A/C>	15,000,000	3.59
8.	MR KEVIN NOEL LANE + MRS ELSIE ANN LANE <KEVIN LANE SUPER FUND A/C>	11,550,000	2.77
9.	ROWAN HALL PTY LTD <ROWAN HALL TRADING A/C>	11,000,000	2.64
10.	MR JAMES PETER ALLCHURCH <MANSTEIN HOLDINGS A/C>	10,500,000	2.52
11.	EMSLEY INVESTMENTS PTY LTD <CDM AUSTRALIA P/L SUPER FUND A>	10,000,000	2.40
12.	MR PAUL ROBERT HEARNE <THE PRH A/C>	10,000,000	2.40
13.	N&J MITCHELL PTY LTD <ORD ST PROPERTIES>	10,000,000	2.40
14.	WILDVILLE ENTERPRISES PTY LTD <MCMULLEN FAMILY A/C>	10,000,000	2.40
15.	N & J MITCHELL HOLDINGS PTY LTD <ORD STREET PROPERTIES A/C>	9,500,000	2.28
16.	ASCENT CAPITAL HOLDINGS PTY LTD	9,000,000	2.16
17.	LEILANI INVESTMENTS PTY LTD <RICE FAMILY INVESTMENT A/C>	8,218,977	1.97
18.	IAN SANDOVER & ASSOCIATES PTY LTD <SANDOVER SUPER A/C>	6,000,000	1.44
19.	MS LINDA LOUISE STEINEPREIS	5,000,000	1.20
20.	TEMPEST RESOURCES (WA) PTY LTD	5,000,000	1.20
		320,868,977	**76.87**

6 On-Market Buy-Back

There is no current on-market buy-back.