

GREENPOWER ENERGY LIMITED

[ABN 22 000 002 111]

113th ANNUAL REPORT

2012

GREENPOWER ENERGY LIMITED

GREENPOWER'S STRATEGIC INTENT

Greenpower's strategic intent is to become a significant producer of energy from environmentally friendly energy sources, such as conventional gas and geothermal sources in Western Australia, and low emission coal liquifaction, in Victoria, and South Australia

IMPORTANT INFORMATION

1. Definitions

Certain abbreviations and other defined terms are used throughout this Report. Defined terms are generally identifiable by the use of an upper case first letter. Details of the definitions and abbreviations used are set out on page [x] of the Report. All amounts of money are stated in Australian dollars unless otherwise specified.

2. Display on website

This Annual Report will be posted on the Company's website at

www.greenpowerenergy.com.au

3. Cautionary Statement

This Report may contain forward looking statements that are subject to risk factors associated with amongst other things, the economic and business circumstances occurring from time to time in the locations, and business sectors in which Greenpower may operate. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a wide range of variables which could cause actual results to differ from those currently projected.

GREENPOWER ENERGY LIMITED
CORPORATE DIRECTORY

DIRECTORS:	CHIEF EXECUTIVE OFFICER & COMPANY PRINCIPAL PLACE OF BUSINESS
Alan Flavelle (Chairman) Gerard King Ronald McCullough (Non-Executive) Takanao (Tony) Mitsui (Non-Executive)	John Watts, B.Sc (Hons, Geo), FAIMM, CP Geo, FIMM, C Eng. 1 st Floor, 46 Ord Street West Perth WA 6005
COMPANY SECRETARY:	AUDITORS:
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BANKERS	SOLICITORS:
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2012 REPORT FROM THE BOARD

OVERVIEW

The year ended 30 June 2012 was Greenpower Energy Limited's ('Greenpower') 113th year and was the 4th full year of operation since listing its shares on the Australian Securities Exchange (ASX), in March 2008.

The highlights of the year under review have been:–

- The substantial completion of the rationalisation and resource assessment of its Latrobe Valley (Victoria) lignite (brown coal) deposit tenements; and
- The near realisation of its objective to secure a workable technology to convert Latrobe Valley lignite into refinable crude oil, in a completely environmentally acceptable way – I.e. with low carbon dioxide emissions.

Additionally:–

- The company's farm-in by UIL to its Western Australian unconventional gas exploration tenement, EP 447 has made substantial progress;
- One of its two South Australian hydrocarbon exploration applications (PEL 145), granted last year, was preliminarily evaluated;
- A government grant to assist exploration of its Western Australian geothermal exploration tenements has been awarded.

THE DIRECT COAL-TO-LIQUIDS TECHNOLOGY QUEST

As previously reported, following the acquisition of its lignite bearing properties in the Latrobe Valley, Greenpower commenced research into possible technologies for the environmentally clean usage of the resource. Many past evaluations had shown clearly that Latrobe Valley lignite was eminently suitable for conversion into hydrocarbon liquids. Amongst these were the trials conducted by Exxon in the 1980s in its Baytown (Texas) laboratories. Other trials have also supported these findings.

Conversion of coal to liquids has been carried out throughout the 20th century, commercially in Germany and South Africa, but in all cases with high emissions of CO₂. Greenpower has spent several years in a search for a process which would substantially reduce or eliminate CO₂ emissions.

Last year we reported on such a process being developed by a North American University which appeared to conform to our requirements and that Greenpower was negotiating for a license to use the technology, when ready to use, in Australia. Greenpower has now suspended negotiations with the university concerned, while it negotiates with another party.

At the same time Greenpower had, since early in the year under review, been examining a patented process for direct conversion of coal to hydrocarbon liquids which has been developed by General Electric Global Research. Subsequent to year end (August 2012) Greenpower announced the signing of an agreement with GE which grants Greenpower the exclusive right in Australia and New Zealand to test then use the GE technology. The steps under the Agreement contemplate that first Greenpower will have Latrobe Valley lignite tested in the GE laboratories for its amenability to the GE process, and then Greenpower will build and operate a pilot plant to test and scale up the process, with potential to then build full scale plants.

This has been a significant development for Greenpower and will become the company's principal focus, from process development to commerciality.

LATROBE VALLEY (VICTORIA) LIGNITE PROPERTIES.

The company continues to hold three exploration licenses in the onshore Gippsland Basin.

These and the work on them during the year are –

- **ELs 4500 and 5227**

EL4500 and EL5227 cover lignite occurrences to the west of Moe Township. Five rotary mud drill holes in 4500 and three in 5227 were completed in September 2011 and two core holes in 4500 were completed in December 2011. The cores were analysed and consultants engaged to complete a JORC Standard Coal Resource – see below. Drilling and down hole geophysical logging from Greenpower's open hole drilling program was used, with drilling and geophysical data from previous explorers to calculate the JORC Resource.

- **EL 4877**

Two air core drill holes have been completed in the north-west part of the tenement. [As announced at the beginning of the year under review, although the whole of EL 4877 had previously been contracted to be sold, the sale arrangements were re-negotiated in July 2011 so that the buyer became Australian Energy Company Ltd. (AEC), and Greenpower retained the right to keep and explore a substantial part of the western end of 4877. Although deposits of \$400,000 were paid under the contracts, AEC did not make the payments due in accordance with the Sale Agreements and thus arrangements are now being implemented to terminate the contract, leaving Greenpower as unencumbered owner of the tenement.]

Resource Definition

EL4500, EL4877 and EL5227 cover lignite occurrences to the west of Moe Township. Previous exploration by other companies has shown substantial lignite tonnages in a discrete basin covered by EL4500 and EL4877 (western part). A small part of this basin is located within EL5210, a tenement owned by other parties. A second basin located to the west of that one is covered entirely by EL5227. A 306Mt lignite Resource has been identified in EL4500 and a 136Mt lignite Resource in EL5227.

The Group thus has a total of 442Mt of JORC compliant Inferred lignite Resource within its tenements in the two basins. These will be added to by the current Resource definition program in EL4877.

[A small exploration license (EL 4860) reported last year, which had been the subject of a joint venture with Regal Resources Ltd. was voluntarily relinquished during the year under review after the joint venture partner, which had funded last year's work on the tenement, decided it did not wish to continue and Greenpower decided this area was not core to our activities.]

OTHER CONTINUING RESOURCE DEVELOPMENTS

Western Australian Unconventional Gas – EP 447

Greenpower holds 100% of the interest in Petroleum Exploration Permit 447, located in the North Perth Basin, encompassing the shut in Walyering tight gas field. As has been reported, the company has entered into a Farm-In Agreement with North American private equity group UIL LLC, which specialises in tight gas exploration and production and which is now working towards commencement of a 2D seismic survey over the eastern and northern section of EP447.

UIL has made preparations for a tenement-wide 2D seismic survey during the first quarter of 2013. Landholder compensation agreements have been signed and access agreements made with the Parmelia pipeline authority. Environmental and heritage surveys are completed and have been submitted to DMP.

UIL is in negotiations with seismic contractors and a survey start-up date is anticipated early next year. An application has been granted by the DMP for a 12 month extension of EP447 until 2013 to allow for statutory requirements for Native Title notification for survey lines which extend beyond the boundaries of EP447 into currently vacant ground. A further 5 year tenure term will be applied for in early 2013.

South East Western Australian Geothermal Exploration GEPs 37 & 38

Greenpower applied for and was awarded two geothermal exploration permits near Esperance in Western Australia. The company signed a government co-funded drilling grant of \$120,000 for its Esperance geothermal project. The grant has been provided on a dollar for dollar basis under the Western Australian Royalties for Regions Exploration Incentive Scheme. The funding will be used for two drill holes to 400m each in Greenpower's tenements.

South Australian Hydrocarbon Exploration – PEL 145 and PELA 146

Since listing, the Company has held two applications for Petroleum Exploration Licenses, one (145) in the Willochra Basin, east of Port Augusta, the other (146) in the Eromanga Basin, immediately south of the Cooper Basin.

This financial year work on PEL 145 has continued and data from groundwater drilling and mineral exploration has been analysed. To the south of PEL 145, analysis of resistivity data shows that tertiary age lignite extends over an area of at least 100km².

A consultant's report on the hydrocarbon potential of PELA 146, located on the southern margin of the Cooper Basin, was commenced during the quarter, and has been released to the ASX.

MANAGEMENT

The Company's executive team – Executive Chairman Alan Flavelle, Managing Director Gerry King and Executive Officer John Watts – have managed all of the company's business activity with able support from Non Executive Directors Ron McCullough and Tony Mitsui, accountant/secretary Matt Suttling together with external consultants John Karajas, Gordon Thomson, Marty Gorbarty and David McLean.

Our officers' individual backgrounds and qualifications are included elsewhere in the Annual Report. Altogether, management is represented by four directors, the secretary and four consultants – which includes three geologists, three engineers, a fuel and a microwave scientist, an accountant and a lawyer – who in aggregate have, hundreds of years of experience in companies engaged in coal, oil and gas exploration and production.

GREENPOWER'S PURPOSE:

Greenpower which was initially incorporated as Gunnedah Colliery Company Limited, mining coal at Gunnedah, NSW, in 1899 (becoming 'Gunnedah Coal Company Ltd' in 1985) and stopped mining coal when it sold the mine in 1997, has now as its mission to become a producer of environmentally friendly energy sources, such as conventional gas in Western Australia and South Australia, geothermal energy in Western Australia, and lignite coal to liquid in Victoria. The primary purpose of the Group now is to develop its licensed technology and explore and develop its existing resources.

Greenpower Energy Limited

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Consolidated Annual Report

For the Year Ended 30 June 2012

Consolidated

Greenpower Energy Limited

ABN 22 000 002 111

For the Year Ended 30 June 2012

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Directors' Report

30 June 2012

Your directors present their report on the company and its controlled entities for the financial year ended 30 June 2012.

Information on directors

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

Alan Flavelle

Qualifications

BSc, FAIMM, MSPE

Experience

1958-1968: Alan was employed by the Bureau of Mineral Resources [a federal government agency] as a geophysicist and worked in all states of Australia, New Guinea, Canada and the USA.

1969-70: He was employed by West Australian Petroleum, a Perth based affiliate of Chevron as an exploration expert in oil exploration activities in Western Australia.

1971-1980: He became the senior partner in the Layton Group, at that time the largest earth science consulting group based in Australia, and worked on projects in Australia, New Guinea, Philippines, Malaysia, Thailand, Taiwan, Japan, India, USA and Argentina.

1981-present: Alan has worked as an independent consultant, resource developer and adviser to companies at the technical director level including jobs like:

Coalbed Methane: Alan became involved in coal seam natural gas (CSG) development in 1984 when he visited USA on a fact finding mission. From 1985-1990 he worked on CSG developments in Queensland and was instrumental in introducing Mitsubishi Gas and Chemical to CSG technology. The company then took over the Queensland assets. From 1991-2000 he investigated a number of CSG development opportunities in Vietnam, South Korea, South Africa, and Japan as well as Australia. From 2001 to the present he has directed a major investigation for CSG opportunities in Europe and Central Asia. Several projects which have been acquired in France and Italy. A second major project aimed at identifying CSG opportunities in Western Australia was started in 2003 and is ongoing.

Interest in shares and options

3,130,160 Ordinary Shares

Special responsibilities

Chairman - Executive Director

Other directorships in listed entities held in the previous three years

Alan Flavelle was formerly a Director in European Gas Limited appointed in December 1999 and resigning on 2 September 2009

Greenpower Energy Limited

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Directors' Report

30 June 2012

Information on directors continued

Gerard King

Qualifications

LLB

Experience

After graduating in law (LLB) from the University of Western Australia in 1963, Gerard commenced articles with (Sir) John Lavan (Lavan & Walsh) in Perth, being admitted as a solicitor in 1965, into the law firm partnership in 1966, and became its senior partner in 1978. Under Gerard, Lavan & Walsh eventually became Phillips Fox, Perth in 1985.

Throughout his career, Gerard has practised in the legal areas of commercial property, banking/finance, revenue/tax, corporate compliance, and mining law. He taught mortgage and other debt security drafting at UWA law school for 5 years, joined the Taxation Institute of Australia, and the Australian Mining and Petroleum Lawyers Association and gave papers on revenue, strata title, prospectuses, document drafting and other topics. Gerard served on the Law Society of WA Council, and its committees. He was involved in the management of his law firm from 1968 to 1991, and attended two law firm management courses at the University of New England.

Gerard has been a company director of Australasian Shopping Centres Property Trust, 1977 to 1980, Australian Mining Investments Ltd., 1983 to 2002, as well as other public companies, and is currently Chairman of Astron Limited, since 1985. He was Chairman of WA St. John Ambulance Service Board 1987 to 1996, and is currently WA State St. John Council Chairman.

Interest in shares and options

21,977,516 Ordinary Shares

Special responsibilities

Executive Director

Other current directorships in listed entities

Gerard King is a Director of Astron Limited since 5 November 1985

Greenpower Energy Limited

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Directors' Report

30 June 2012

Information on directors continued

Ronald McCullough

Qualifications

M.B.A., B.E. (Hons), FAustIMM

Experience

Ronald Hugh McCullough is an Honours graduate in Engineering from the University of Western Australia. He also completed a Master of Business Administration at UWA.

Subsequently, Ron has been involved in civil engineering design, and the construction of various major engineering works in Western Australia, including water supply dams, major water reticulation and suburban infrastructure projects.

Ron has extensive mining experience, including bauxite and coal mining. Ron has investigated the development of a private power station and the exploitation of coal bed methane deposits in the Gunnedah basin on NSW. While involved with the Maitland Main Collieries, which held an authorisation to develop a large coal deposit at Glennies Creek, near Singleton in the Hunter Valley, NSW Ron managed all necessary environmental impact studies, authority compliance requirements, mine construction and operation feasibility studies and then obtained a mining lease for the deposit.

Ron became involved in the sand mining industry in Western Australia with the development, in 1994, and management until 2005 of a silica sand mining and exporting operation at Albany in Western Australia, on behalf of Japanese corporations.

Interest in shares and options

2,487,741 Ordinary Shares

Special responsibilities

Non Executive Director. There are no special responsibilities

Other current directorships in listed entities

Ronald McCullough is a Director of Astron Limited since 21 August 2006

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Directors' Report

30 June 2012

Information on directors continued

Takanao Mitsui

Qualifications

B.Ec MBA

Experience

In April 1965, Tony joined Tomen Corporation, (then called Toyo Menka Kaisha, one of the large, multi-faceted Japanese Trading Houses) in the Steel Department in the Osaka Head Office. From 1968 to 1971 he worked in the Metals and Minerals Department of Toyo Menka. In 1971 he was posted to Toyo Menka's Sydney office, returning to Tokyo in 1973, to join the Coal Department. In 1977 he was posted to the Vancouver, Canada office of Toyo Menka.

In 1981, Tony returned to Tokyo to head the Thermal Coal Section. In 1985 he was appointed General Manager, Metals and Minerals for Tomen Australia. In 1990, he moved to General Manager Coal and Iron Ore Department, Tokyo Head Office of Tomen Corporation. In 1995 he returned to Australia as Managing Director of Tomen Australia. In 2001 he returned to Tokyo as a Corporate Auditor in the Tomen Head Office.

In April 2006, Tomen Corporation merged with Toyota Tsusho, the trading arm of Toyota. Tony remains an adviser to Toyota Tsusho in Tokyo.

Interest in shares and options

120,000 Ordinary Shares

Special responsibilities

Non Executive Director. There are no special responsibilities

Other current directorships in listed entities

Nil

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal Activities

The principal activities of the Group during the financial year were data gathering in respect of, maintenance and management of, and, in some cases, contracting with third parties to explore in joint venture the various resource exploration permits and licenses held by the company or its subsidiaries in Victoria, South Australia and Western Australia.

The highlights of the year under review have been –

- The substantial completion of the rationalisation and resource assessment of its Latrobe Valley (Victoria) lignite (brown coal) deposit tenements. Further to the completion of this work the Group reported its maiden JORC lignite Resource of 442Mt.

Greenpower Energy Limited

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Directors' Report

30 June 2012

Principal Activities continued

- The progression of its objective to secure a workable technology to convert Latrobe Valley lignite into refinable crude oil, in a environmentally acceptable way – I.e. with low carbon dioxide emissions. During the year under review the Group has been examining a patented process for direct conversion of coal to hydrocarbon liquids which has been developed by General Electric Global Research. Subsequent to year end (August 2012) Greenpower announced the signing of an agreement with GE which grants Greenpower the exclusive right in Australia and New Zealand to test, then use the GE technology. The steps under the Agreement contemplate that first Greenpower will have Latrobe Valley lignite tested in the GE laboratories for its amenability to the GE process, then Greenpower may build and operate a pilot plant to test and scale up the process, with potential to then build full scale plants.

This has been a significant development for Greenpower Energy Limited and will become the company's principal focus, from process development to commerciality.

- The company's farm-in by UIL to its Western Australian unconventional gas exploration tenement, EP 447 has made substantial progress. UIL has made preparations for a tenement-wide 2D seismic survey during the first quarter of 2013. Landholder compensation agreements have been signed and access agreements made with the Parmelia pipeline authority. Environmental and heritage surveys are completed and have been submitted to DMP.

- One of its two South Australian hydrocarbon exploration applications (PEL 145), granted last year was preliminarily evaluated and work is ongoing.

- A \$120,000 WA Government grant to assist exploration of its Western Australian geothermal exploration tenements has been awarded.

No significant change in the nature of these activities occurred during the year.

Matter Subsequent to the end of the Financial Year

Subsequent to year end the Group:

- ◆ Announced the signing of an agreement with GE which grants Greenpower Energy Limited the exclusive right in Australia and New Zealand to test, then use the GE developed Coal to Liquids technology.
- ◆ The Group received \$411,373 from the sale of Other Financial Assets to provide working capital and received a loan from a Director Gerard King for a period of up to 12 months on an interest free basis of \$250,000 to provide capital for initial costs associated with the Coal to Liquids project signed with General Electric.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

Greenpower Energy Limited

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Directors' Report

30 June 2012

Likely Developments

Other than information disclosed elsewhere in this annual report, information on likely developments in the operations of the Group and the expected results of those operations in future financial years has not been included in this directors' report because the directors believe, on reasonable grounds, that to include such information would be likely to result in unreasonable prejudice to the Group.

Auditors Independence Declaration

The lead auditors independence declaration for the year ended 30 June 2012 has been received and can be found on page 13 of the financial report. The auditor BDO Audit (WA) Pty Ltd continues in office in accordance with Section 327 of the Corporations Act 2001.

Environmental Issues

The Group's operations to date are not regulated by any significant environmental regulation under the law of the Commonwealth or of a state or territory. The Directors have considered compliance with the National Greenhouse and Energy Reporting Act 2007 which requires entities to report on annual greenhouse gas emissions and energy use. For the measurement period 1 July 2011 to 30 June 2012 the directors have assessed that there are no current reporting requirements, but may be required to do so in the future.

Non-audit services

The board of directors, in accordance with advice from the audit committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non audit services are reviewed and approved by the Directors prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence as set out in APES 110: Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board.

The following fees for non-audit services were paid/payable to the external auditors during the year ended 30 June 2012:

	2012	2011
	\$	\$
Corporate secretarial	-	597
	-	597

Greenpower Energy Limited

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Directors' Report

30 June 2012

Business review

Operating Results

The loss after providing for income tax amounted to \$ 1,516,481 (2011: (\$5,433,629)). The 2012 loss reflecting increased drilling activities together with expenses incurred in the Coal to Liquid project and the Group's policy of expensing exploration and initial expenditures. The loss was adversely affected by the relinquishment of tenements amounting to \$407,312 (2011: \$5,109,807).

Dividends paid or declared

No dividends were paid or declared since the start of the financial year.

Meetings of Directors

During the financial year, 11 meetings of directors were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Eligible to attend	Number attended
Mr Alan Flavelle	11	11
Mr Gerard King	11	11
Mr Ronald McCullough	11	11
Mr Takanao Mitsui	11	11

Company Secretary

Mr Matthew Suttling, B.Ec CA was appointed Company Secretary of Greenpower Energy Limited on 1 May 2007. He is a Chartered Accountant. His experience is broad based including clients ranging from multinationals to listed public companies, audit, other business financial and taxation services. He is currently in Public Practice.

Remuneration Report (AUDITED)

The information provided in this remuneration report has been audited as required by Section 308(3C) of the Corporation Act 2001.

This report details the nature and amount of remuneration for each director of Greenpower Energy Limited, and for the executives of the Group.

Service Agreements

Currently Greenpower Energy Limited does not have any service agreements in place with key management personnel.

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Directors' Report

30 June 2012

Remuneration Report continued (AUDITED)

Share-Based Compensation

No Options over shares in Greenpower Energy Limited were granted during the year in accordance with the Company Employee Share Option Plan ("ESOP") as the ESOP which commenced 17 April 2007 had expired and the new ESOP was not passed at the 2011 AGM. The Directors plan to implement an updated ESOP which will be designed to provide long-term incentives for executives to deliver long-term shareholder returns. Participation in the plan is at the board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

Options granted under the original ESOP carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share. The exercise price of options is based on the price at grant date. No options were exercised during the year.

No ordinary shares in the company were provided as a result of the exercise of remuneration options to any director of Greenpower Energy Limited or other key management personnel of the group.

Details of Options Granted, Vested and Forfeited

Name	Year granted	% Vested	Forfeited / Rescinded
John Watts	2011	100	-
	2010	100	-
Matthew Suttling	2011	100	-
	2010	100	-
	2009	100	-

Additional information

Performance income as a proportion of total compensation.

No performance based bonuses have been paid to key management personnel during the financial year. It is the intent of the board to include performance bonuses as part of remuneration packages when mine production commences.

For non executive Directors the aggregate pool limit approved by shareholders as Directors Fees is \$100,000 as approved at the 2009 Annual General Meeting.

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Directors' Report

30 June 2012

Remuneration Report continued (AUDITED)

Details of Remuneration

Details of remuneration of the directors and key management personnel of the group and the highest paid executives of the company and the group are set out below:

2012	Cash, salary & commissions \$	Short-term benefits			Post employment benefits			Share-based payments			Total	Performance Related	
		Cash profit share	Cash Bonus	Non-cash Benefits	Superannuation	Equity	Options	Equity	Options	\$		%	
Alan Flavelle	108,000	-	-	-	-	-	-	-	-	-	108,000	-	-
Gerard King	60,000	-	-	-	-	-	-	-	-	-	60,000	-	-
Ronald McCullough	-	-	-	-	-	-	-	-	-	-	-	-	-
Takanao Mitsui	-	-	-	-	-	-	-	-	-	-	-	-	-
John Watts	158,686	-	-	-	-	-	-	-	-	-	158,686	-	-
	326,686	-	-	-	-	-	-	-	-	-	326,686	-	-

2011	Cash, salary & commissions \$	Short-term benefits			Post employment benefits			Share-based payments			Total	Performance Related	
		Cash profit share	Cash Bonus	Non-cash Benefits	Superannuation	Equity	Options	Equity	Options	\$		%	
Alan Flavelle	100,000	-	-	-	-	-	-	-	-	-	100,000	-	-
Gerard King	60,000	-	-	-	-	-	-	-	-	-	60,000	-	-
Ronald McCullough	-	-	-	-	-	-	-	-	-	-	-	-	-
Takanao Mitsui	-	-	-	-	-	-	-	-	-	-	-	-	-
John Watts	119,656	-	-	-	-	-	-	-	5,000	-	124,656	-	4.01
	279,656	-	-	-	-	-	-	-	5,000	-	284,656	-	-

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Directors' Report

30 June 2012

Remuneration Report continued (AUDITED)

Details of Remuneration (continued)

The following table provides employment details of persons who were, during the financial year, members of key management personnel of the Group. The table also illustrates the proportion of remuneration that was fixed and at risk.

	Fixed Remuneration %	At Risk Long Term Remuneration %
Directors		
Alan Flavelle	100	-
Gerard King	100	-
Ronald McCullough	-	-
Takanao Mitsui	-	-
KMP		
John Watts	100	-

Remuneration Policy

As the Group develops it will be implementing the following remuneration guidelines. The remuneration policy of Greenpower Energy Limited has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Group's financial results. The board of Greenpower Energy Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the Group, as well as create goal congruence between directors, executives and shareholders.

The board's policy for determining the nature and amount of remuneration for the board members and senior executives of the Group is as follows:

- The remuneration policy, setting the terms and conditions for the executive directors and other senior executives was developed by the board. All executives receive a base salary (which is based on factors such as length of service and experience) and superannuation. The board reviews executive packages annually by reference to the Group's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.
- The board may exercise discretion in relation to approving incentives, bonuses and options. The policy is designed to attract and retain the highest calibre of executives and reward them for performance that results in long term growth in shareholder wealth.
- Executives will also be entitled to participate in future employee share and option arrangements.

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Directors' Report

30 June 2012

Remuneration Report continued (AUDITED)

Remuneration Policy continued

- The executive directors and executives receive a superannuation guarantee contribution required by the government, which is currently 9%, and do not receive any other retirement benefits. Some individuals may choose to sacrifice part of their salary to increase payments towards superannuation.
- All remuneration paid to directors and executives is valued at the cost to the Group and expensed. Shares given to directors and executives are valued as the difference between the market price of those shares and the amount paid by the director or executive. Options are valued using appropriate methodologies.
- The board policy is to remunerate non executive directors at market rates for comparable companies for time, commitment and responsibilities. The board determines payments to the non executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. No such advice was obtained during the year. Fees for non executive directors are not linked to the performance of the Group. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company and are able to participate in the employee option plan.

Performance-based Remuneration

The Group currently has no performance based remuneration component built into director and executive remuneration packages.

End of Audited Remuneration Report

Indemnifying Officers or Auditors

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the Group.

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Directors' Report

30 June 2012

Options

Unissued shares under option

At the date of this report, the unissued ordinary shares of Greenpower Energy Limited under option are as follows:

Grant Date	Date of Expiry	Exercise Price	Number under Option
30 September 2011	30 September 2016	0.050	450,000
10 August 2010	10 August 2015	0.051	250,000
30 June 2009	30 June 2014	0.100	1,200,000
			<hr/> <hr/> 1,900,000

No shares were issued on exercise of Options during the year.

Proceedings on Behalf of Company

No person has applied for leave of Court under S237 of the Corporations Act 2001 to bring proceedings on behalf of the Company or 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 any part of those proceedings.

The Company was not a party to any such proceedings during the period.

Sign off details

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



Director: Gerard King.....

Dated this 28th day of September 2012

28 September 2012

Greenpower Energy Limited
The Board of Directors
19 Hurtsford Close
PEPPERMINT GROVE WA 6011

Dear Sirs,

DECLARATION OF INDEPENDENCE BY WAYNE BASFORD TO THE DIRECTORS OF GREENPOWER ENERGY LIMITED

As lead auditor of Greenpower Energy Limited for the year ended 30 June 2012, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Greenpower Energy Limited and the entities it controlled during the period.



WAYNE BASFORD
Director

BDO Audit (WA) Pty Ltd
Perth, Western Australia

Greenpower Energy Limited

ABN 22 000 002 111

Consolidated Income Statement

For the Year Ended 30 June 2012

Consolidated

		2012	2011
	Note	\$	Restated \$
Other revenue		32,245	17,807
Other income		148,808	227,156
Occupancy costs		(11,698)	(8,391)
Administrative costs		(389,780)	(315,655)
Exploration and Tenement costs		(647,621)	(461,721)
Loss on disposal of tenements	14	(407,312)	(5,109,807)
Impairment gain/(loss) of other financial assets		(16,666)	(75,805)
Depreciation and amortisation expense		(4,735)	(2,618)
Income (loss) before income taxes		(1,296,759)	(5,729,034)
Income tax (expense)/benefit	4	(219,722)	295,405
Loss before income taxes		(1,516,481)	(5,433,629)
Loss attributable to owners of Greenpower Energy Limited		(1,516,481)	(5,433,629)
Loss per share:			
Basic loss per share (cents)	5	(2.09)	(8.57)

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

Greenpower Energy Limited

ABN 22 000 002 111

Consolidated Statement of Comprehensive Income

For the Year Ended 30 June 2012

Consolidated

	Note	2012 \$	2011 Restated \$
Net loss for the period		(1,516,481)	(5,433,629)
Other comprehensive income:			
Net (loss)/gain on revaluation of financial assets		(725,876)	1,373,408
Other comprehensive income for the year, net of tax		(725,876)	1,373,408
Total comprehensive loss for the year		(2,242,357)	(4,060,221)
Total comprehensive loss attributable to:			
Owners of Greenpower Energy Limited		(2,242,357)	(4,060,221)
		(2,242,357)	(4,060,221)

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

Greenpower Energy Limited

ABN 22 000 002 111

Consolidated Statement of Financial Position

As At 30 June 2012

Consolidated

	Note	2012 \$	2011 Restated \$	1 July 2010 * \$
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	7	319,360	506,184	421,217
Trade and other receivables	8	40,431	95,298	76,663
TOTAL CURRENT ASSETS		359,791	601,482	497,880
NON-CURRENT ASSETS				
Other financial assets	9	3,194,855	4,208,162	2,827,837
Property, plant and equipment	10	4,448	3,030	-
Deferred tax	11	90,682	310,405	15,000
Intangible assets	12	4,804	8,407	-
Exploration and evaluation assets	14	2,125,477	2,732,789	8,012,596
TOTAL NON-CURRENT ASSETS		5,420,266	7,262,793	10,855,433
TOTAL ASSETS		5,780,057	7,864,275	11,353,313
LIABILITIES				
CURRENT LIABILITIES				
Trade and other payables	15	191,693	333,789	80,511
TOTAL CURRENT LIABILITIES		191,693	333,789	80,511
NON-CURRENT LIABILITIES				
Deferred tax	16	90,682	310,405	15,000
TOTAL NON-CURRENT LIABILITIES		90,682	310,405	15,000
TOTAL LIABILITIES		282,375	644,194	95,511
NET ASSETS		5,497,682	7,220,081	11,257,802
EQUITY				
Contributed equity	17	62,466,764	61,946,806	61,946,806
Reserves	18	11,942,691	12,668,567	11,272,659
Accumulated losses	19	(68,911,773)	(67,395,292)	(61,961,663)
TOTAL EQUITY		5,497,682	7,220,081	11,257,802

* For details regarding the restatement as a result of an error refer note

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

Greenpower Energy Limited

ABN 22 000 002 111

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2012

Consolidated

2012

	Contributed Equity \$	Accumulated Losses \$	Capital Profits Reserve \$	Option Reserve \$	Financial Assets Reserve \$	Total \$
Balance at 1 July 2011	61,946,806	(67,395,292)	10,314,793	277,600	2,076,174	7,220,081
Loss for the year	-	(1,516,481)	-	-	-	(1,516,481)
Other comprehensive income	-	-	-	-	(725,876)	(725,876)
Total comprehensive income for the year	-	(1,516,481)	-	-	(725,876)	(2,242,357)
Transactions with owners in their capacity as owners						
Contribution of equity, net of transaction costs	519,958	-	-	-	-	519,958
Sub-total	519,958	(1,516,481)	-	-	(725,876)	(1,722,399)
Balance at 30 June 2012	62,466,764	(68,911,773)	10,314,793	277,600	1,350,298	5,497,682

2011

	Contributed Equity \$	Accumulated Losses \$	Capital Profits Reserve \$	Option Reserve \$	Financial Assets Reserve \$	Total \$
Balance at 1 July 2010	61,946,806	(61,662,307)	10,314,793	255,100	403,410	11,257,802
Adjustment on correction of error (net of tax)	21	(299,356)	-	-	299,356	-
Restated total equity at the beginning of the financial year	61,946,806	(61,961,663)	10,314,793	255,100	702,766	11,257,802
Loss for the year	-	(5,433,629)	-	-	-	(5,433,629)
Other comprehensive income	-	-	-	-	1,373,408	1,373,408
Total comprehensive income for the year	-	(5,433,629)	-	-	1,373,408	(4,060,221)
Transactions with owners in their capacity as owners						
Share based payment transactions	-	-	-	22,500	-	22,500
Sub-total	61,946,806	(67,395,292)	10,314,793	277,600	2,076,174	7,220,081
Balance at 30 June 2011	61,946,806	(67,395,292)	10,314,793	277,600	2,076,174	7,220,081

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

Greenpower Energy Limited

ABN 22 000 002 111

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2012

Consolidated

	Note	2012 \$	2011 \$
Cash from operating activities:			
Receipts from customers		-	64,839
Payments to suppliers and employees		(1,193,543)	(525,699)
Interest received		33,642	17,807
Income taxes received		55,819	-
<hr/>			
Net cash provided by (used in) operating activities	20	(1,104,082)	(443,053)
<hr/>			
Cash flows from investing activities:			
Proceeds from disposal of subsidiary		-	170,000
Purchase of property, plant and equipment		(2,550)	(3,246)
Acquisition of other non current assets		-	(10,809)
Proceeds from disposal of investments		199,850	372,075
Deposit on sale of tenement		200,000	-
<hr/>			
Net cash used by investing activities		397,300	528,020
<hr/>			
Cash flows from financing activities:			
Proceeds from the issue of shares net of transaction costs		519,958	-
<hr/>			
Net cash used by financing activities		519,958	-
<hr/>			
Net cash increase (decreases) in cash and cash equivalents		(186,824)	84,967
Cash and cash equivalents at beginning of year		506,184	421,217
<hr/>			
Cash and cash equivalents at end of year	7	319,360	506,184

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

Greenpower Energy Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2012

Consolidated

1 Corporate Information

The financial report of Greenpower Energy Limited for the year ended 30 June 2012 was authorised for issue in accordance with a resolution of the Directors on 28 September 2012 and covers Greenpower Energy Limited as an individual entity as well as the consolidated entity consisting of Greenpower Energy Limited and its subsidiaries as required by the Corporations Act 2001.

The financial report is presented in the Australian currency.

Greenpower Energy Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

2 Summary of Significant Accounting Policies

(a) Basis of Preparation

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

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

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

(b) Principles of Consolidation

Subsidiaries

The consolidated financial statements comprise the financial statements of Greenpower Energy Limited and its subsidiaries at 30 June each year ("the Group"). Subsidiaries are entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. Potential voting rights that are currently exercisable or convertible are considered when assessing control. Consolidated financial statements include all subsidiaries from the date that control commences until the date that control ceases. The financial statements of subsidiaries are prepared for the same reporting period as the parent, using consistent accounting policies.

All intercompany balances and transactions, including unrealised profits arising from intragroup transactions have been eliminated. Unrealised losses are also eliminated unless costs cannot be recovered.

Minority interests in the results and equity of subsidiaries are shown separately in the consolidated income statement and statement of financial position respectively.

Greenpower Energy Limited

ABN 22 000 002 111

Notes to the Financial Statements

For the Year Ended 30 June 2012

Consolidated

2 Summary of Significant Accounting Policies continued

(b) Principles of Consolidation continued

Subsidiaries continued

Subsidiaries are accounted for in the Parent entity financial statements at cost. A list of subsidiary entities is contained in Note 13 to the financial statements. All subsidiaries entities have a 30 June financial year end.

(c) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Directors. The Directors are responsible for allocating resources and assessing the performance of the operating segments.

(d) Revenue and Other Income

Revenue is recognised at the fair value of the consideration received or receivable.

Revenue from the rendering of services is recognised upon the delivery of the service to the customers.

Interest revenue is recognised as interest accrues using the effective interest method. The effective interest method uses the effective interest rate which is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset.

Dividends received are accounted for when received.

All revenue is stated net of the amount of goods and services tax (GST).

(e) Income Tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for all temporary differences, between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. Exceptions are made for certain temporary differences arising on initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit.

Deferred tax assets are only recognised for deductible temporary differences and unused tax losses if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Greenpower Energy Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2012

Consolidated

2 Summary of Significant Accounting Policies continued

(e) Income Tax continued

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, associates and interests in joint ventures where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Greenpower Energy Limited and its wholly owned subsidiaries have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements. Current and deferred tax is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity.

(f) Impairment of Assets

At each reporting date the Group assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, the recoverable amount is determined and impairment losses are recognised in the income statement where the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where it is not possible to estimate the recoverable amount for an individual asset, recoverable amount is determined for the cash generating unit to which the asset belongs.

(g) Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash on hand and at bank, deposits held at call with financial institutions, other short term, highly liquid investments with 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 and bank overdrafts.

(h) Business Combinations

The purchase method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the fair value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Greenpower Energy Limited

ABN 22 000 002 111

Notes to the Financial Statements

For the Year Ended 30 June 2012

Consolidated

2 Summary of Significant Accounting Policies continued

(h) Business Combinations continued

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the Group's share of the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(i) Plant and Equipment

Each class of plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the asset.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over the asset's useful life to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

(j) Non-current Assets Held for Sale and Discontinued Operations

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell.

Assets classified as held for sale are not amortised or depreciated.

Non-current assets classified as held for sale and any associated liabilities are presented separately in the consolidated statement of financial position.

Greenpower Energy Limited

ABN 22 000 002 111

Notes to the Financial Statements

For the Year Ended 30 June 2012

Consolidated

2 Summary of Significant Accounting Policies continued

(k) Intangibles

Intangible assets being website development is recorded at cost, it has a finite life and is carried at cost less any accumulated amortisation and impairment losses. It has an estimated useful life of between one and three years. It is assessed annually for impairment.

Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(l) Exploration, Evaluation and Development Expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. Expenditure incurred during exploration and the early stages of evaluation of new areas of interest is written off as incurred, with the exception of acquisition costs.

Where the Directors decide to progress to development in an area of interest all further expenditure incurred relating to the area will be capitalised. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit or loss in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of any exploration and evaluation asset may exceed its recoverable amount. Impairment indicators include:

- The period for which the Group has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;

- Substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;

- Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the Group has decided to discontinue such activities in the specific area; and

Greenpower Energy Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2012

Consolidated

2 Summary of Significant Accounting Policies continued

(l) Exploration, Evaluation and Development Expenditure continued

- Sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

The recoverable amount of the exploration and evaluation asset (or the cash-generating unit(s)) to which it has been allocated, being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision is made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and is then reclassified to mine properties and development.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

(m) Investments and Other Financial Assets

All investments and other financial assets are initially stated at cost, being the fair value of consideration given plus acquisition costs. Purchases and sales of investments are recognised on trade date which is the date on which the Group commits to purchase or sell the asset. Accounting policies for each category of investments and other financial assets subsequent to initial recognition are set out below.

Available-for-sale Financial Assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term. Impairment testing is performed annually.

Greenpower Energy Limited

ABN 22 000 002 111

Notes to the Financial Statements

For the Year Ended 30 June 2012

Consolidated

2 Summary of Significant Accounting Policies continued

(m) Investments and Other Financial Assets continued

Loans and Receivables

Non current loans and receivables include loans due from related parties repayable within 365 days of reporting date. These are interest bearing using a market rate of interest for a similar instrument with a similar credit rating. They are carried at amortised cost using the effective interest rate method.

(n) Fair Values

Fair values may be used for financial asset and liability measurement as well as for sundry disclosures.

Fair values for financial instruments traded in active markets are based on quoted market prices at reporting date. The quoted market price for financial assets is the current bid price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments.

(o) Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the year end and which are unpaid. These amounts are unsecured and have 30-90 day payment terms.

(p) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(q) Contributed Equity

Ordinary shares are classified as equity.

Costs directly attributable to the issue of new shares are shown as a deduction from the equity proceeds, net of any income tax benefit. Costs directly attributable to the issue of new shares associated with the acquisition of a business are included as part of the purchase consideration.

Greenpower Energy Limited

ABN 22 000 002 111

Notes to the Financial Statements

For the Year Ended 30 June 2012

Consolidated

2 Summary of Significant Accounting Policies continued

(r) Earnings per Share

Basic Earnings per Share

Basic earnings per share is calculated by dividing the profit attributable to owners of Greenpower Energy Limited by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares during the year.

Diluted Earnings per Share

Earnings used to calculate diluted earnings per share are calculated by adjusting the basic earnings by the after tax effect of dividends and interest associated with dilutive potential ordinary shares. The weighted average number of shares used is adjusted for the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

(s) Goods and Services Tax (GST)

Revenues and expenses are recognised net of GST except where GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the cash flow statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(t) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Greenpower Energy Limited

ABN 22 000 002 111

Notes to the Financial Statements

For the Year Ended 30 June 2012

Consolidated

2 Summary of Significant Accounting Policies continued

(u) Standards Issued but not yet effective

A number of Australian accounting standards have been issued or amended and are applicable to the consolidated group but are not yet effective. The new Australian Accounting Standards have not been adopted in the preparation of the financial report at reporting date.

AASB 9: Financial Instruments (issued December 2009 and amended December 2010) (applicable for annual reporting periods commencing on or after 1 January 2015)

This Standard is applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments. The Group has not yet determined any potential impact on the financial statements.

The key changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
- requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

Greenpower Energy Limited

ABN 22 000 002 111

Notes to the Financial Statements

For the Year Ended 30 June 2012

Consolidated

2 Summary of Significant Accounting Policies continued

AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010–2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052] (applicable for annual reporting periods commencing on or after 1 July 2013)

AASB 1053 establishes a revised differential financial reporting framework consisting of two tiers of financial reporting requirements for those entities preparing general purpose financial statements:

- Tier 1: Australian Accounting Standards; and
- Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements.

Tier 2 of the framework comprises the recognition, measurement and presentation requirements of Tier 1, but contains significantly fewer disclosure requirements.

The following entities are required to apply Tier 1 reporting requirements (ie full IFRS):

- for-profit private sector entities that have public accountability; and
- the Australian Government and state, territory and local governments.

Since the Group is a for-profit private sector entity that has public accountability, it does not qualify for the reduced disclosure requirements for Tier 2 entities.

AASB 1054: Australian Additional Disclosures (applies to periods beginning on or after 1 January 2013)

This Standard is as a consequence of phase 1 of the joint Trans-Tasman Convergence project of the AASB and FRSB.

This Standard relocates all Australian specific disclosures from other standards to one place and revises disclosures in the following areas:

- compliance with Australian Accounting Standards;
- the statutory basis or reporting framework for financial statements;
- whether the financial statements are general purpose or special purpose;
- audit fees; and
- imputation credits.

This Standard is not expected to impact the Group.

Greenpower Energy Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2012

Consolidated

2 Summary of Significant Accounting Policies continued

AASB 10: Consolidated Financial Statements (issued August 2011) and applies to periods beginning on or after 1 January 2013

This Standard establishes a new control model that applies to all entities. It replaces parts of AASB 127 Consolidated and Separate Financial Statements dealing with the accounting for consolidated financial statements and Interpretation 112 Consolidation – Special Purpose Entities.

The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control.

This Standard is not expected to impact the Group.

AASB 11: Joint Arrangements (applies to periods beginning on or after 1 January 2013)

This Standard replaces AASB 131 Interests in Joint Ventures and Interpretation 113 Jointly-Controlled Entities – Non-monetary Contributions by Ventures. AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition, AASB 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturers a right to the net assets is accounted for using the equity method. This may result in a change in the accounting for the joint arrangements held by the Group.

AASB 12: Disclosures of Interests in Other Entities (issued August 2011) and applies to periods beginning on or after 1 January 2013

This Standard includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures have been introduced about the judgements made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests. The Group has not yet determined any potential impact on the financial statements.

AASB 13: Fair Value Measurement (issued September 2011) and applies to periods beginning on or after 1 January 2013

This Standard establishes a single source of guidance under AASB for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value under AASB when fair value is required or permitted by AASB. Application of this definition may result in different fair values being determined for the relevant assets. AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined. The Group has not yet determined any potential impact on the financial statements.

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2 Summary of Significant Accounting Policies continued

AASB 2011–4: Amendments to Australian Accounting Standards – Remove Individual Key Management Personnel Disclosure Requirements (issued July 2011) and applicable for annual reporting periods commencing on or after 1 July 2013.

The main change arising from this Standard is to remove individual key management personnel (KMP) disclosure requirements from AASB 124 to eliminate duplicated information required under the Corporation Act 2001.

This Standard affects presentation only and is therefore not expected to significantly impact the Group.

AASB 2011–9: Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income (issued September 2011) and applicable for annual reporting periods commencing on or after 1 July 2012.

The main change arising from this Standard is the requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently.

This Standard affects presentation only and is therefore not expected to significantly impact the Group.

AASB 2012–5: Annual Improvements to Australian Accounting Standards 2009-2011 Cycle – Non-urgent but necessary changes to IFRSs (IAS1, IAS 16 & IAS 32) (issued June 2012) and applicable for annual reporting periods commencing on or after 1 July 2013.

The main change arising from this Standard is the requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently.

This Standard affects presentation only and is therefore not expected to significantly impact the Group.

AASB 119: Employee Benefits (reissued September 2011) and applicable for annual reporting periods commencing on or after 1 January 2013.

These Standards introduce a number of changes to accounting and presentation of defined benefit plans. The Group does not have any defined benefit plans and so is not impacted by the amendment.

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2 Summary of Significant Accounting Policies continued

AASB 119 includes changes to:

- a. require only those benefits that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service to be classified as short-term employee benefits. All other employee benefits are to be classified as other long-term employee benefits, post-employment benefits or termination benefits, as appropriate; and
- b. the accounting for termination benefits that require an entity to recognise an obligation for such benefits at the earlier of:
 - c. for an offer that may be withdrawn – when the employee accepts;
 - d. for an offer that cannot be withdrawn – when the offer is communicated to affected employees; and
 - e. where the termination is associated with a restructuring of activities under AASB 137: Provisions, Contingent Liabilities and Contingent Assets, and if earlier than the first two conditions – when the related restructuring costs are recognised.

The Group has not yet been able to reasonably estimate the impact of these changes to AASB 119.

(v) Going Concern

For the year ended 30 June 2012 the Group incurred a net loss of \$1,516,481 (2011: \$5,433,629). At 30 June 2012, the cash balance was \$319,360 (2011: \$506,184). The accounts have been prepared on a going concern basis. The Directors have determined that future capital raisings and/or asset sales will be required in order to continue the exploration and development of the Group's mining tenements to achieve a position where they can prove exploration reserves.

The ability of the Group to continue as a going concern is dependent upon the Group raising further capital or realising funds from the sale of assets sufficient to meet the Group's expenditure commitments.

The Directors have prepared a cash flow forecast for the foreseeable future reflecting the above mentioned expectations and their effect upon the Group. The achievement of the forecast is dependent upon the future capital raising and/or sale of assets, the outcome of which is uncertain.

In the event that sufficient capital raising and/or asset sales at an amount and timing necessary to meet the future budgeted operational and investing activities of the Group is unfavourable the Directors believe that they will be able to contain the operating and investment activities sufficiently to ensure that the Group can meet its debts as and when they become due and payable.

In the event that the events referred to above results in a negative outcome, then the going concern basis of accounting may not be appropriate with the result that the Group may have to realise its assets and extinguish its liabilities other than in the normal course of business and in amounts different from that stated in the financial report.

The financial report does not include any adjustments relating to the recoverability or classification of recorded amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

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2 Summary of Significant Accounting Policies continued

(w) Critical accounting estimates and judgements

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and based on current trends and economic data, obtained both externally and from within the Group.

Key estimates - Impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

The carrying amount of exploration assets is deemed recoverable based on expected development or sale.

Key estimates - income taxes

The Group has not recognised deferred tax assets relating to carried forward tax losses as utilisation of the tax losses also depends on the ability of the group to satisfy certain tests at the time the losses are recouped. Due to the recent capital raising of the parent entity, there are some concerns that the entity may fail to satisfy the continuity of ownership test and therefore has to rely on the same business test.

Key judgments - exploration and evaluation expenditure

The Group has not capitalised expenditure relating to exploration and evaluation during the year however has carried forward the initial cost of certain Exploration Licenses where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded. Such capitalised expenditure is carried at the end of the reporting period at \$ 2,125,477.

Key judgments - available-for-sale investments

The Group maintains a portfolio of securities with a carrying value of \$ 3,194,855 at the end of the reporting period. Certain individual investments have declined in value and impairment adjustments have been brought to account.

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3 Auditors' Remuneration

	Note	2012 \$	2011 \$
Remuneration of the auditor of the parent entity for:			
- Audit or review		28,311	27,815
- Total remuneration for audit services		28,311	27,815
- Secretarial services		-	597
- Total remuneration for non-audit services		-	597

4 Income Tax Expense

(a) The components of tax expense/(benefit) comprise:

	Note	2012 \$	2011 \$
Current tax		-	-
Other deferred tax		219,722	(295,405)
		219,722	(295,405)

(b) The prima facie tax benefit/(expense) from the loss before income tax is reconciled to the income tax as follows:

	2012 \$	2011 \$
Prima facie tax benefit on loss from ordinary activities before income tax at 30% (2011: 30%)		
- the Group	391,166	1,852,364
	391,166	1,852,364
Add/Less tax effect of:		
- losses not brought to account	171,444	2,147,769
Income tax attributable to parent entity	(219,722)	295,405

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4 Income Tax Expense continued

(c) Unrecognised temporary differences

	2012	2011
	\$	\$
Deferred Tax Assets (at 30%)	6,000	20,902
Losses not brought to account	831,732	489,680

Deferred tax assets are only recognised for deductible temporary differences and unused tax losses if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Availability of losses is subject to passing the required tests under the ITAA 1997/1936.

5 Earnings per Share

(a) Reconciliation of Earnings used to calculate Earnings per share

	2012	2011
	\$	\$
Loss	1,516,481	5,433,629
Loss used to calculate basic EPS	1,516,481	5,433,629

(b) Weighted average number of ordinary shares (diluted):

	2012	2011
Weighted average number of ordinary shares outstanding during the year No used in calculating basic EPS and dilutive EPS	72,569,252	63,420,120
	72,569,252	63,420,120

6 Key Management Personnel Compensation

(a) Key Management Personnel Compensation

The totals of remuneration paid to key management personnel of the Group during the year are as follows:

	2012	2011
	\$	\$
Short-term employee benefits	326,686	279,656
Share-based payments	-	5,000
	326,686	284,656

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6 Key Management Personnel Compensation continued

(a) Key Management Personnel Compensation continued

The Remuneration Report contained in the Directors' Report contains details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2012.

(b) Key Management Personnel Shareholdings

The number of ordinary shares in Greenpower Energy Limited held by each key management person of the Group during the financial year is as follows:

	Balance at beginning of year	On exercise of options	Net Change Other *	Balance at end of year
30 June 2012				
Directors				
Alan Flavelle	3,130,160	-	-	3,130,160
Gerard King	21,977,516	-	-	21,977,516
Ronald McCullough	2,487,741	-	-	2,487,741
Takanao Mitsui	120,000	-	-	120,000
Other KMP				
John Watts	120,000	-	60,224	180,224
	<u>27,835,417</u>	<u>-</u>	<u>60,224</u>	<u>27,895,641</u>

	Balance at beginning of year	On exercise of options	Net Change Other *	Balance at end of year
30 June 2011				
Directors				
Alan Flavelle	3,130,160	-	-	3,130,160
Gerard King	21,977,516	-	-	21,977,516
Ronald McCullough	2,487,741	-	-	2,487,741
Takanao Mitsui	120,000	-	-	120,000
Other KMP				
John Watts	-	-	120,000	120,000
	<u>27,715,417</u>	<u>-</u>	<u>120,000</u>	<u>27,835,417</u>

* Net change other refers to shares purchased or sold during the financial year.

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6 Key Management Personnel Compensation continued

(c) Key management personnel options and rights holdings

Details of options provided as remuneration and shares issued on the exercise of such options together with terms and conditions of the options can be found in the Remuneration Report within the Director's Report.

	Balance at beginning of year	Granted as remuneration	Exercised	Other changes	Balance at the end of year	Vested during the year	Unvested and exercisable
30 June 2012							
Directors							
Alan Flavelle	-	-	-	-	-	-	-
Gerard King	-	-	-	-	-	-	-
Ronald McCullough	-	-	-	-	-	-	-
Takanao Mitsui	-	-	-	-	-	-	-
Other KMP							
John Watts	200,000	-	-	-	200,000	-	200,000
	200,000	-	-	-	200,000	-	200,000

	Balance at beginning of year	Granted as remuneration	Exercised	Other changes	Balance at the end of year	Vested during the year	Unvested and exercisable
30 June 2011							
Directors							
Alan Flavelle	1,450,000	-	-	(1,450,000)	-	-	-
Gerard King	400,000	-	-	(400,000)	-	-	-
Ronald McCullough	400,000	-	-	(400,000)	-	-	-
Takanao Mitsui	400,000	-	-	(400,000)	-	-	-
Other KMP							
John Watts	100,000	100,000	-	-	200,000	-	200,000
	2,750,000	100,000	-	(2,650,000)	200,000	-	200,000

(d) Option Inputs

No Options issues for the year ended 30 June 2012.

Option Inputs for the year ended 30 June 2011:

- No Consideration
- Grant Date - 30 September 2011
- Share Price - 5.0 cents
- Dividend Yield - 0 cents
- Exercise Price - 5.0 cents
- Expiry Date - 30 September 2016
- Volatility - 160%
- Risk Free Rate - 5%

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6 Key Management Personnel Compensation continued

(e) Loans to Key Management Personnel

There were no loans to key management personnel during the year.

7 Cash and Cash Equivalents

		2012	2011
	Note	\$	\$
Cash at bank		171,104	368,523
Short-term bank deposits	7(a)	148,256	137,661
		319,360	506,184

Reconciliation of Cash

	2012	2011
	\$	\$
Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the statement of financial position as follows:		
Cash and cash equivalents	319,360	506,184
	319,360	506,184

The effective interest rate on short-term bank deposits was 3.5% (2011: 3.8%); these deposits are at call.

(a) Short term deposit

Short term deposits are held as a security for various bank guarantees.

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8 Trade and Other Receivables

	Note	2012 \$	2011 \$
CURRENT			
Other receivables	8(a)	40,431	95,298
		40,431	95,298

(a) Other Receivables

Other receivable represent receivables due from the Australian Taxation Office and other amounts which are not impaired and will be receivable.

(b) Past due but not impaired

As at 30 June 2012, other receivables were past due but not impaired. Other receivables are GST credits and other prepaid company tax balances which will be received subsequent to year end.

9 Available-for-Sale Financial Assets

Available-for-Sale Financial Assets Comprise:

	2012 \$	2011 \$
Listed investments		
shares in listed corporations	3,194,855	4,208,162
	3,194,855	4,208,162
Total other financial assets at fair value	3,194,855	4,208,162

Other financial assets comprise of investments in the ordinary issued capital of various entities. There are no fixed returns or fixed maturity date attached to these investments. The impairment loss for this year was \$16,666 (2011: \$75,805).

Impairment

Available for sale financial assets represent shares listed on the ASX, the impairment represents the reduction in market valuation of the financial assets as at 30 June 2012.

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9 Available-for-Sale Financial Assets continued

(a) Reconciliation of Available-for-Sale Financial Assets

	2012	2011
	\$	\$
Opening Balance	4,208,162	2,827,837
Impairment	(16,666)	(75,805)
Disposal	(209,769)	(390,000)
Net (loss)/gain on revaluation of financial assets	(786,872)	1,846,130
	<u>3,194,855</u>	<u>4,208,162</u>

10 Property, Plant and Equipment

	2012	2011
	\$	\$
<u>PLANT AND EQUIPMENT</u>		
Office equipment		
At cost	5,796	3,246
Accumulated depreciation	(1,348)	(216)
Total office equipment	<u>4,448</u>	<u>3,030</u>
Total plant and equipment	<u>4,448</u>	<u>3,030</u>
Total property, plant and equipment	<u>4,448</u>	<u>3,030</u>

(a) Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Office Equipment \$
Balance at 30 June 2012	
Balance at the beginning of year	3,030
Additions	2,550
Depreciation expense	(1,132)
Balance at 30 June 2012	<u>4,448</u>
Balance at 30 June 2011	
Balance at the beginning of year	-
Additions	3,246
Depreciation expense	(216)
Balance at 30 June 2011	<u>3,030</u>

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11 Deferred Tax Assets

	2012	2011
	\$	\$
The balance comprises temporary differences attributable to:		
Tax losses	90,682	310,405

12 Intangible Assets

	Note	2012	2011
		\$	\$
Other intangible assets			
Cost	12(b)	10,809	10,809
Accumulated amortisation and impairment		(6,005)	(2,402)
Net carrying value		4,804	8,407
Total Intangibles		4,804	8,407

(a) Movements in Carrying Amounts

	Other intangible assets \$
Year ended 30 June 2011	
Opening balance	-
Additions	10,809
Amortisation	(2,402)
Closing value at 30 June 2011	8,407
Year ended 30 June 2012	
Opening balance	8,407
Additions	-
Amortisation	(3,603)
Closing value at 30 June 2012	4,804

(b) Intangible Assets

Intangible assets are represented by capitalised costs of the Group's website development.

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13 Controlled Entities

	Country of incorporation	Percentage Owned 2012	Percentage Owned 2011	Cost 2012 \$	Cost 2011 \$
Subsidiaries of parent entity:					
GCC Asset Holdings Pty Ltd	Australia	100	100	2	2
GCC Methane Pty Ltd	Australia	100	100	2	2
Greenpower Natural Gas Pty Ltd	Australia	100	100	301,000	301,000
Sawells Pty Ltd	Australia	100	100	2,000,000	2,000,000
		-	-	2,301,004	2,301,004

14 Exploration and Evaluation Assets

NON-CURRENT

Exploration permits **2,125,477** 2,732,789

Movements in Other Assets

	Exploration permits \$	Total \$
Year ended 30 June 2011		
Opening balance	8,012,596	8,012,596
Disposal of Tenement	(207,438)	(207,438)
Relinquishment of Tenements	(5,072,369)	(5,072,369)
Balance at 30 June 2011	2,732,789	2,732,789
Year ended 30 June 2012		
Opening balance	2,732,789	2,732,789
Deposit on Tenement	(200,000)	(200,000)
Relinquishment of Tenements	(407,312)	(407,312)
Balance at 30 June 2012	2,125,477	2,125,477

The Directors determined that the information available did not justify seeking renewal of Exploration licence EL 4860 in Victoria, the carrying value of \$407,312 has now been expensed.

Exploration permits

Current permits as at 30 June 2012:

- Victoria - EL4500, EL 4877 and EL 5227
- South Australia - SAPELA 145 and 146
- Western Australia - EP 447, GEP 37 and GEP 38

Ultimate realisation of the value of the above tenements is dependent upon successful exploitation or sale.

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15 Trade and Other Payables

	2012	2011
	\$	\$
CURRENT		
Trade payables	156,927	84,789
Other payables	34,766	249,000
	<u>191,693</u>	<u>333,789</u>

16 Deferred Tax Liabilities

	2012	2011
	\$	\$
The balance comprises temporary differences attributable to:		
Financial assets at fair value through profit or loss	90,682	310,405

17 Issued Capital

	2012	2011
	\$	\$
72933138 (2011: 63420120) Ordinary Shares	62,466,764	61,946,806
	<u>62,466,764</u>	<u>61,946,806</u>

The Company has no authorised share capital amounting to no par value.

Movements in ordinary share capital

	Note	No. of shares	\$
Year ended 30 June 2012			
At the beginning of year		63,420,120	61,946,806
Shares issued during the year		9,513,018	523,216
Cost of listing shares		-	(3,258)
Balance at 30 June 2012		72,933,138	62,466,764
Year ended 30 June 2011			
At the beginning of year		63,420,120	61,946,806
Shares issued during the year		-	-
Balance at 30 June 2011		63,420,120	61,946,806

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At the shareholders meetings, each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

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17 Issued Capital continued

Capital Risk Management

The Group's and the parent entity's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may pay dividends to shareholders, return capital to shareholders, issue new shares or sell assets.

Consistently with others in the industry, the Group and the parent entity monitor capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'borrowings' and 'trade and other payables' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position (including minority interest) plus net debt.

During 2012, the Group's strategy, which was unchanged from 2011, was to maintain nil borrowings outside of trade and other payables.

	2012	2011
	\$	\$
Total payables	191,693	337,940
Less: cash and cash equivalents	(319,360)	(506,184)
Net debt	(127,667)	(168,244)
Total equity	5,497,682	7,220,081
Total capital	5,370,015	7,051,837

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18 Reserves

	2012	2011
	\$	\$
Capital Realisation Reserve	10,314,793	10,314,793
Share Based Payments Reserve	277,600	277,600
Available For Sale Asset Reserve	1,350,298	2,076,174
	11,942,691	12,668,567

	2012	2011
	\$	\$
Capital Realisation Reserve		
Opening balance	10,314,793	10,314,793
	10,314,793	10,314,793
Share Based Payments Reserve		
Opening balance	277,600	255,100
Transfers in	-	22,500
	277,600	277,600
Available For Sale Asset Reserve		
Opening balance	2,076,174	702,766
Fair value adjustment	(945,598)	1,668,813
Deferred tax expense/(benefit)	219,722	(295,405)
	1,350,298	2,076,174
Total reserves	11,942,691	12,668,567

Capital Realisation Reserve

The capital realisation reserve records revaluation of capital.

Share Based Payments Reserve

The share based payments reserve records items recognised as expenses on valuation of employee share options.

Available For Sale Asset Reserve

The financial assets reserve recognises movements in fair value of available for sale financial assets.

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19 Accumulated Losses

	2012	2011
	\$	\$
Accumulated losses		
Opening balance	(67,395,292)	(61,961,663)
Net loss for the period	(1,516,481)	(5,433,629)
Total	(68,911,773)	(67,395,292)

20 Cash Flow Information

Reconciliation of Cash Flow from Operations with Loss after Income Tax

	2012	2011
	\$	\$
Net loss for the year	(1,516,481)	(5,433,629)
Cash flows excluded from loss attributable to operating activities		
Non-cash flows in loss		
Amortisation	3,603	2,402
Depreciation	1,132	216
Fair value adjustment	16,666	75,805
Loss on relinquishment of tenement	407,312	5,109,807
Net (gain)/loss on disposal of investments	(148,808)	(159,393)
Share options expensed	-	22,500
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
Decrease/(Increase) in receivables	54,867	(18,635)
(Decrease)/Increase in trade payables and accruals	(142,095)	253,279
Increase/(decrease) in deferred taxes	219,722	(295,405)
Net cash (outflow) from operating activities	(1,104,082)	(443,053)

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21 Correction Of Error Prior Year

(a) The Group has corrected an error from the prior year where the Other Financial Asset Reserve was brought to account without the potential impact of tax. In addition to this a correction was performed in relation to an impairment and a gain realised on disposal of Other Financial Assets.

The aggregate effect of the correction of this error on the annual financial statements is as follows:

	30 June 2011	Increase / Decrease	30 June 2011 Restated	30 June 2010	Increase / Decrease	1 July 2010 Restated
	\$	\$	\$	\$	\$	\$
Balance Sheet (extract)						
Deferred tax asset	-	310,405	310,405	-	15,000	15,000
Deferred tax liability	-	(310,405)	(310,405)	-	(15,000)	(15,000)
Reserves	(13,110,128)	441,561	(12,668,567)	(10,973,303)	(299,356)	(11,272,659)
Retained earnings	67,836,853	(441,561)	67,395,292	61,662,307	299,356	61,961,663
Total equity	7,220,081	-	7,220,081	11,257,802	-	11,257,802
Income Statement (extract)						
Impairment of other financial assets	-	(268,195)	(268,195)	-	-	-
Gain on sale of other financial assets	-	(183,167)	(183,167)	-	-	-
	-	(451,362)	(451,362)	-	-	-
Loss before income tax	6,174,546	(445,512)	5,729,034	-	-	-
Income tax (benefit)/expense	-	(295,405)	(295,405)	-	-	-
Loss for the year	6,174,546	(740,917)	5,433,629	-	-	-

22 Capital Commitments

Capital Expenditure Commitments

	2012	2011
	\$	\$
Capital expenditure commitments contracted for:		
Exploration Permits	30,092,550	45,410,000
	30,092,550	45,410,000
Payable:		
- not later than 12 months	927,800	1,500,000
- between 12 months and 5 years	29,164,750	27,910,000
- greater than 5 years	-	16,000,000
	30,092,550	45,410,000

Greenpower Energy Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2012

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23 Related Party Transactions

(a) Parent entity

The ultimate parent entity within the Group is Greenpower Energy Limited.

(b) Subsidiaries

Interests in subsidiaries are set out in note 13.

(c) Key management personnel

Disclosures relating to key management personnel are set out in note 6.

(d) Transactions and balances with related parties

All transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

(e) Beneficial Holdings

The direct, indirect and beneficial holding of directors and their director-related entities in the share and share options of the company as at 30 June 2012 was:

Shares: 30,365,417 (2011: 30,365,417) Ordinary

Greenpower Energy Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2012

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24 Financial Risk Management

(a) Financial Risks

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

The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate un-utilised borrowing facilities are maintained.

(b) Net Fair Values

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the consolidated statement of financial position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

All financial assets and liabilities have been recognised at the balance date at amounts approximating their carrying value which estimates their fair value less any provision for impairment.

In order to determine fair value measurements the Group uses quotes prices in active markets for identical assets and liabilities.

	2012		2011	
	Net Carrying Value	Net Fair value	Net Carrying Value	Net Fair value
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	319,360	319,360	506,184	506,184
Trade and other receivables	40,431	40,431	95,298	95,298
Available-for-sale financial assets:				
at fair value				
- listed investments	3,194,855	3,194,855	4,208,162	4,208,162
Total financial assets	3,554,646	3,554,646	4,809,644	4,809,644
Financial liabilities				
Trade and other payables	191,693	191,693	333,789	333,789
Total financial liabilities	191,693	191,693	333,789	333,789

(c) Foreign Currency Risk

The group is not exposed to fluctuations in foreign currencies.

Greenpower Energy Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2012

Consolidated

24 Financial Risk Management continued

(d) Credit Risk

The Group has no significant concentrations of credit risk other than cash at bank which is held with the Commonwealth Bank of Australia and Westpac Bank both AAA rated Australian banks. The maximum exposure to credit risk at reporting date is the carrying amount (net of provision of doubtful debts) of those assets as disclosed in the statement of financial position and notes to the financial statements.

As the Group does not presently have any debtors, lending, significant stock levels or any other credit risk, a formal credit risk management policy is not maintained.

(e) Liquidity risk

Liquidity risk is the risk that the Group may encounter difficulties raising funds to meet commitments associated with financial instruments (e.g. borrowing repayments). The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

Maturity analysis

	Carrying Amount	Contractual Cash flows	< 6 mths
	\$	\$	\$
Year ended 30 June 2012			
Trade and other payables	191,693	191,693	191,693
	191,693	191,693	191,693
Year ended 30 June 2011			
Trade and other payables	333,789	333,789	333,789
	333,789	333,789	333,789

Greenpower Energy Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2012

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24 Financial Risk Management continued

(f) Interest Rate Risk

The Group manages its interest rate risk by monitoring available interest rates while maintaining an overriding position of security whereby the majority of cash and cash equivalents are held in AA-rated bank accounts.

The Groups' exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the tables below:

	Weighted Average Effective Interest Rate		Floating Interest Rate		Maturing within 1 Year		Non-interest Bearing		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	%	%	\$	\$	\$	\$	\$	\$	\$	\$
Financial Assets:										
Cash and cash equivalents	3.5	3.8	164,215	362,588	148,256	137,661	6,889	5,935	319,360	506,184
Receivables	-	-	-	-	-	-	40,431	95,297	40,431	95,297
Total Financial Assets			164,215	362,588	148,256	137,661	47,320	101,232	359,791	601,481
Financial Liabilities:										
Trade and sundry payables	-	-	-	-	-	-	191,693	333,789	191,693	333,789
Total Financial Liabilities			-	-	-	-	191,693	333,789	191,693	333,789

Greenpower Energy Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2012

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24 Financial Risk Management continued

Sensitivity analysis

The following tables show the movements in profit due to higher/lower interest costs from variable interest rate cash balances.

	+ .5% (50 basis points)		- .5% (50 basis points)	
	2012	2011	2012	2011
	\$	\$	\$	\$
Cash at bank	1,093	1,813	(1,093)	(1,813)
	1,093	1,813	(1,093)	(1,813)

(g) Price Risk

The Group is exposed to equity securities price risk. This arises from investments held by the Group and classified on the statement of financial position as available-for-sale. Neither the Group nor the parent entity are exposed to commodity price risk.

To manage its price risk arising from investments in equity securities, the Group regularly reviews the holdings and maintains a portfolio which the Directors believe has strong core values. The Group's equity investments are publicly traded and are listed on the ASX.

The maximum exposure to price risk from an income statement perspective at reporting date is the carrying amount of the investments.

	+ 10%		- 30%	
	2012	2011	2012	2011
	\$	\$	\$	\$
Financial Assets	319,486	420,816	(958,457)	(1,262,449)
	319,486	420,816	(958,457)	(1,262,449)

Greenpower Energy Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2012

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25 Segment Reporting

Segment information is presented using a 'management approach', i.e. segment information is provided on the same basis as information used for internal reporting purposes by the Directors who monitor the segment performance based on the operating profit and loss and cash flows which is measured in accordance with the Group's accounting policies.

For management purposes, the Group has identified only one reportable segment as exploration activities undertaken in Australia. This segment includes activities associated with the determination and assessment of the existence of commercial economic reserves from the Group's mineral assets in Australia.

Segment performance is evaluated based on the operating profit and loss and cashflows and is measured in accordance with the Group's accounting policies.

	2012	2011
	\$	\$
Exploration Segment		
Segment revenue	-	-
Reconciliation of segment revenue to total revenue before tax:		
Interest received	32,245	17,807
Other	148,808	227,156
Total revenue	181,053	244,963
Exploration Segment		
Segment results (loss)	(1,054,933)	(5,571,528)
Reconciliation of segment results to net loss before tax:		
Other corporate and administration	(422,879)	(402,469)
Income tax (expense)/benefit	(219,722)	295,405
Net loss after tax	(1,516,481)	(5,433,629)
Exploration Segment		
Segment operating assets	2,125,477	2,732,789
Reconciliation of segment assets:		
Other corporate and administration assets	3,654,580	5,131,486
Total assets	5,780,057	7,864,275
Exploration Segment		
Segment operating liabilities	51,274	44,485
Reconciliation of segment liabilities:		
Other corporate and administration liabilities	231,101	599,709
Total	282,375	644,194

Greenpower Energy Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2012

Consolidated

26 Events After the Reporting Date

Subsequent to year end the Group:

- ◆ Announced the signing of an agreement with GE which grants Greenpower Energy Limited the exclusive right in Australia and New Zealand to test, then use the GE developed Coal to Liquids technology.
- ◆ The Group realised \$411,373 from the sale of Other Financial Assets to provide working capital and received a loan from a Director Gerard King for a period of up to 12 months on an interest free basis of \$250,000 to provide capital for initial costs associated with the Coal to Liquids project signed with General Electric.

Other than this no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial year.

27 Parent entity

The following information has been extracted from the books and records of the parent, Greenpower Energy Limited and has been prepared in accordance with Accounting Standards.

The financial information for the parent entity, Greenpower Energy Limited has been prepared on the same basis as the consolidated financial statements except as disclosed below.

Investments in subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of the parent entity. Dividends received from associates are recognised in the parent entity profit or loss, rather than being deducted from the carrying amount of these investments.

Tax consolidation legislation

Greenpower Energy Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group.

Each entity in the tax consolidated group accounts for their own current and deferred tax amounts. These tax amounts are measured using the 'stand-alone taxpayer' approach to allocation. Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the parent entity.

The tax consolidated group has entered into a tax funding agreement whereby each entity within the group contributes to the income tax payable by the Group in proportion to their contribution to the Group's taxable income. Differences between the amounts of net tax assets and liabilities derecognised and the net amounts recognised pursuant to the funding agreement are recognised as either a contribution by, or distribution to the head entity.

Greenpower Energy Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2012

Consolidated

27 Parent entity continued

	2012	2011
	\$	\$
Consolidated Statement of Financial Position		
Assets		
Current assets	276,815	474,851
Non-current assets	5,122,388	4,927,871
Total Assets	5,399,203	5,402,722
Liabilities		
Current liabilities	191,693	264,788
Total Liabilities	191,693	264,788
Equity		
Issued capital	62,466,764	61,946,806
Accumulated losses	(67,851,647)	(67,401,266)
Capital Realisation Reserve	10,314,793	10,314,793
Share Based Payments Reserve	277,600	277,600
Total Equity	5,207,510	5,137,933
Consolidated Income Statement		
Total profit or loss for the year	(450,381)	(6,335,775)
Total comprehensive income	(450,381)	(6,335,775)

28 Contingent Liabilities

The Directors are not aware of any contingent liabilities at balance date.

29 Company Details

Registered office

The registered office of the company is:

Greenpower Energy Limited
1st Floor, 46 Ord Street
West Perth WA 6005

Principal place of business

The principal place of business is:

Greenpower Energy Limited
1st Floor, 46 Ord Street
West Perth WA 6005

Greenpower Energy Limited

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Directors' Declaration

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 14 to 54, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Accounting Standards, which, as stated in accounting policy note 2 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
 - b. give a true and fair view of the financial position as at 30 June 2012 and of the performance for the year ended on that date of the company and consolidated group.
2. the Chief Executive Officer and Chief Finance Officer have each declared that as required by Section 295A:
 - a. the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
 - b. the financial statements and notes for the financial year comply with the Accounting Standards; and
 - c. the financial statements and notes for the financial year give a true and fair view.
3. in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



Director: Gerard King.....

Dated this 28th day of September 2012

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GREENPOWER ENERGY LIMITED

Report on the Financial Report

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

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

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

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

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

Independence

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

Opinion

In our opinion:

- (a) the financial report of Greenpower Energy Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2(a).

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 2(v) in the notes to the financial statements, which indicates that the consolidated entity incurred a net loss of \$1,516,481 during the year ended 30 June 2012 and will need to raise further equity, issue debt or sell assets in order to continue its operations. This condition, along with other matters as set forth in Note 2(v), indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business at amounts stated in the financial report.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Greenpower Energy Limited for the year ended 30 June 2012 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd



Wayne Basford
Director

Perth, Western Australia
Dated this 28th day of September 2012

Greenpower Energy Limited

ASX Additional Information

For the Year Ended 30 June 2012

Consolidated

ASX Additional Information

Additional information required by the ASX Limited Listing Rules and not disclosed elsewhere in this report is set out below. This information is effective as at 21 September 2012.

Voting Rights

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.

Options

No voting rights.

Distribution Of Equity Security Holders

Holding	Holders	Number of Shares
1 - 1,000	896	178,314
1,001 - 5,000	312	929,333
5,001 - 10,000	217	1,877,390
10,001 - 100,000	269	8,861,099
100,000 and over	51	61,087,002
	<hr/>	<hr/>
	1,745	72,933,138

There were 1,478 holders of less than a marketable parcel of ordinary shares.

20 Largest Optionholders

	Options	
	Number held	% of issued options
Mr John Karajas	1,000,000	52.63
Mr Matthew Suttling	500,000	26.31
Mr John Watts	200,000	10.53
Mr Stephen Menzies	200,000	10.53
	<hr/>	<hr/>
	1,900,000	100.00

Unissued Equity Securities

Options issued 1,900,000.

Greenpower Energy Limited

ASX Additional Information

For the Year Ended 30 June 2012

Consolidated

20 Largest Shareholders

	Ordinary shares	
	Number held	% of issued shares
Lodestar Investments Limited	21,623,216	29.65
Astron Limited	9,513,018	13.04
Narlack Pty Ltd <Piperoglou Pension A/C>	5,482,500	7.52
Mr Alan John Flavelle	3,060,160	4.20
Leibler Superannuation Nominees Pty Ltd <Leibler Super Fund A/C>	1,972,947	2.71
Mr Michael Piperoglou	1,898,615	2.60
Ms Jane Marian Walker	1,750,000	2.40
Mr Ronald Mccullough & Mrs Shirley Mccullough <Demeter Super Fund A/C>	1,340,000	1.84
Manasota Pty Ltd	1,000,000	1.37
Rokeba Nominees Proprietary Limited <Silman Property A/C>	1,000,000	1.37
Mr Michael Bruce Smith + Mrs Kay Smith <M & K Smith S/F A/C>	1,000,000	1.37
JP Morgan Nominees Australia Limited <Cash Income A/C>	825,000	1.13
Mr Warner Lamb	800,000	1.10
Greenearth Energy Limited	785,100	1.08
Mr Israel Goldberg + Mrs Yael Goldberg <I & Y Goldberg S/F A/C>	750,000	1.03
Mr Christopher Hosking + Mrs Marcia Hosking <Hosking Super Fund A/C>	750,000	1.03
Polheim Pty Ltd	540,000	0.74
Mr Geok Khim Goh	500,000	0.69
Mr Simon Andrew Peters + Mrs Emma Frances Vogel <Perseus S/F A/C>	470,461	0.65
HSBC Custody Nominees Australia Limited	440,000	0.60
	<hr/>	
	55,501,017	76.12

Securities exchange

The Company is listed on the Australian Securities Exchange.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE POLICY

The Board of Directors oversees and monitors the business and affairs of the Group. To assist the Board in discharging its responsibilities, the Board has adopted the following principles of corporate governance that are considered, having regards to cost effectiveness, appropriate for the present size and scope of operations of the Group and that unless otherwise explained, follows the Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council which is chaired by the ASX Group (ASX).

Principle 1: Lay solid foundations for management and oversight.

Board Charter

The Board is responsible for:

- i) developing, approving and monitoring implementation by management of corporate policy, strategy and performance objectives;
- ii) developing and monitoring adoption of appropriate principles of corporate governance;
- iii) reviewing, ratifying and monitoring systems of accountability, risk management and internal control, codes of conduct and legal compliance;
- iv) approving and monitoring management implementation of financial and other reporting;
- v) approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestments delegated to management for implementation;
- vi) reviewing and approving business plans, operating and capital budgets developed by and for implementation by management;
- vii) reviewing, ratifying and monitoring systems implemented by management for health, safety and environment management and controls;
- viii) appointing, removal and evaluating the performance of the chief executive officer and senior executives; and
- ix) selecting and appointing new Directors to the Board, and evaluating the performance of all members of the Board.

The Board delegates responsibility for the day to day operations and administration of the Group to the Managing Director.

Principle 2: Structure the Board to add value

Composition of the Board

The composition of the Board is determined in accordance with the following principles and guidelines:

- i) the Board shall comprise at least three Directors, increasing where additional expertise is considered necessary in certain areas to a maximum of seven Directors;
- ii) Directors are initially appointed by the Board and are subject to re-election at the annual general meeting by shareholders at three-yearly intervals, or at the next annual general meeting after their initial appointment;
- iii) to the extent practicable and having regards to the stage of development of the Company and cost, the Board shall comprise a majority of non-executive and independent Directors with the Chairman being a non-executive and independent person; and
- iv) The Board shall comprise of Directors with a range of skills and experience that are appropriate and can assist the Directors in performing their duties within the scope of the Group's operations.

The Board reviews its composition regularly to ensure that it has the appropriate mix of expertise and experience. Where a vacancy exists, for whatever reason, or where it is considered that the Board would benefit from the services of a new Director with particular skills and expertise, the Board selects that new Director from appropriate candidates with relevant qualifications, skills, expertise and experience.

The Board presently is composed of two Non-Executive Directors, Mr Ronald McCullough and Mr Takanao Mitsui and two Executive Directors, Managing Director, Mr Gerard King and Mr Alan Flavelle (Chairman). Mr Gerard King is a substantial shareholder under the ASX Corporate Governance Council guidance is considered to be not independent. Consequently, the Company is not complying with Principles 2.1 and 2.2 of the Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council at this early stage of development to contain costs. With each Director shareholders and having significant industry experience, the Board has the experience and interest to add value for the benefit of all shareholders.

Nomination

Given the present size of the Group, the existing Board structure is able to meet the needs of the Group in the examination of selection and appointment practices without the establishment of a nomination committee of the Board as recommended under Principle 2.4 of the Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council.

Independent Professional Advice

Directors have the right, in connection with their duties and responsibilities as directors, to seek independent professional advice at the Group's expense. Prior approval of the Chairman is required, which will not be unreasonably withheld.

Performance Assessment

The Board undertakes annual self- assessment of its collective performance and the performance of the Chairman.

The Chairman undertakes an annual assessment of the performance of individual directors. Any deficiency identified in a Director's performance is addressed directly with the relevant Director.

Principle 3: Promote ethical and responsible decision-making

Code of Conduct

Ethical Standards

The Board's policy is for the Directors and management to conduct themselves with the highest ethical standards in addition to compliance with their legal obligations and having regard to the reasonable expectations of the Group's stakeholders. All Directors and employees are expected to act with integrity and objectivity, striving at all times to enhance the reputation and performance of the Group.

In particular, Directors and employees must at all times:

- manage situations where their personal interests may conflict with the interests of the Group;
- not take advantage of property, information or position for personal gain;
- not compete with the Group;
- not use non-public information except where disclosure is authorised or legally mandated;
- deal fairly with customers, suppliers, competitors and employees;
- protect and make proper use of the Group's assets;
- comply with laws and regulations, and actively promote compliance; and
- report any unlawful or unethical behaviour knowing that they will have proper protection by the Board when making such reports in good faith.

Securities Trading

The Board has set a policy on dealing with securities of the Company. Directors and employees, and their family members and close associates, may not buy, sell or subscribe for any securities of the Company, whether on their own account or on behalf of another person while in possession of price sensitive information which is not generally available to the public. They may not deal in the securities of the Company during a two week period before the release to ASX of the quarterly report, the half year or full year financial results, the half year report or the annual report of the Group until one day after the release of those reports or results to ASX. They may not also deal in securities of the Company during the period when a material transaction is being negotiated by the Group or drilling is being carried out until one day after an announcement has been made to ASX on the results.

Diversity Policy

The Board has established a policy concerning diversity recognising the benefits that it can bring to the Group. Diversity includes, but is not limited to, gender, age, ethnicity and cultural background. The Group encourages an environment conducive to the appointment of well qualified employee, consultants, senior management and Board candidates so that there is appropriate diversity to maximise the achievement of corporate goals.

The Board has set the following objectives for achieving diversity in the next few years as the Group's business develops from its current early stage of operations:

- i) 30% female participants in operations and support positions;
- ii) 20% female in senior executive positions;
- iii) 20% female in Board positions.

Principal 4: Safeguard integrity in financial reporting

Audit Committee

The Board has not established an Audit Committee and as such Group is not in compliance with Principle 4.1 of the ASX Corporate Governance Council. The Board considers that the Group is not of a size, nor are its financial affairs of such complexity to justify the formation of an audit committee. The Board as a whole undertakes the selection and proper application of accounting policies, the identification and management of risk and the review of the operation of the internal control systems. The Board considers that the experience and qualifications of the Board will assure the integrity of the financial statements of the Group and the independence of the external auditor.

Audit Committee (cont)

The Board ensures that the auditor is invited to attend all general meetings of shareholders.

The Board in lieu of an Audit Committee is responsible for:

- i) reviewing the quality and integrity of the Group's financial reporting to shareholders, ASX and the Australian Securities and Investments Commission;
- ii) reviewing the accounting policies, internal controls, practices and disclosures to assist the Board in making informed decisions, with direct access to management;
- iii) reviewing the scope and outcome of external audits, with direct access to external auditors;
- iv) nominating external auditors and reviewing the adequacy of existing external audit arrangements;
- v) ensuring the independence of external auditors and reviewing any other services provided by them;
- vi) reviewing the Group's risk management systems; and
- vii) reporting to the Board on its meetings and the results of any assessments and reviews.

The Board has ratified an Audit Policy which states the services that may or may not normally be conducted by the Group's external auditing firm under the following guiding principles:

Acceptable Services

The auditing firm may provide audit and audit-related services that are consistent with the role of auditor, although outside the scope of the audit required under the Corporations Act 2001. These include audit-related services and reviews required by third parties. Examples include:

- financial audits;
- audits of regulatory returns;
- reviews undertaken for trustees of convertible notes, bankers, joint venture partners and owners of royalty and net profit interests; and
- reviews of the adequacy of controls and recommendations for improvements.

Unacceptable Services

The auditing firm should not provide services that are perceived to be materially in conflict with the role of auditor. These include investigations and consulting advice and subcontracting of operational activities normally undertaken by management, and where the auditor may ultimately be required to express an opinion on its own work. Examples include:

- due diligence on potential acquisitions or investments/divestments;
- advice on deal structuring and assistance in deal documentation;
- tax planning and strategy;
- designing or implementing new IT systems or financial controls;
- advice on sales and purchasing contracts;
- book-keeping;
- valuations;
- executive recruitment and appointments;
- senior management secondments; and
- internal audit activities.

Services Subject to Specific Approval

The auditing firm may be permitted to provide non-audit services that are not perceived to be materially in conflict with the role of auditor, subject to the express approval of the Audit Committee. Examples include:

- advice on appropriate accounting standards; and
- review of legislation and advice on its application to the Group.

Exception

An exception can be made to the above policy where the variation is in the interests of the Group and arrangements are put in place to preserve the integrity of the audit of the Group's financial statements. Any such exception requires the approval of the Board.

Principle 5: Make timely and balanced disclosure

The Board's policy is for all investors to have equal and timely access to material information concerning the Group, including its financial position, performance, ownership and governance.

The Board has delegated the function of continuous disclosure under ASX's Listing Rules and the Corporations Act 2001 to the Managing Director to assess the type of information that needs to be disclosed and to ensure that Group's announcements are made in a timely manner with the assistance of the Company Secretary, are factual, do not omit material information and are in compliance with the Listing Rules and Corporations Act 2001. Information which is considered to be price sensitive is approved by the Board before its release.

Principle 6: Respect the rights of shareholders

The Board shall establish practices to facilitate communication with the Company's shareholders. The Managing Director and the Company Secretary oversee this process through the Group's website and direct mailing by email and/or post. Regular briefings are held with professional investors. Prior to such briefings, information to be given is first released to ASX and later broadcast to shareholders/investors who have registered their email address with the Group.

Principle 7: Recognise and manage risk

Business Risk

The Board monitors and receives advice as required on areas of operational and financial risk, and considers appropriate risk management strategies.

Specific areas of risk that are identified are regularly considered by the Board. Included in these areas are performance of activities, human resources, health, safety and the environment, continuous disclosure obligations, asset protection and financial exposures.

Environment, Health and Safety Management

The Board recognises the importance of environmental, occupational health and safety issues, and is committed to the highest standards of performance. All Directors and employees are required to comply with all relevant legislation, continually assess and improve the impact of the Group's operations on the environment, and encourage the adoption of similar standards by the Group's principal suppliers, contractors and joint venture partners.

The Board regularly reviews risk management with the Managing Director who is required to report on its effectiveness.

Financial Report

To assist the Board in approving the Group's financial report, the Managing Director and Financial Controller are required to present a statement with regard to the integrity of the financial statements of the Group to confirm to the Board that the Group's financial statements present a true and fair view in all material respects of the Group's financial position and that operational results are in accordance with applicable accounting standards and the Corporations Act 2001.

Principle 8: Remunerate fairly and responsibly

The Board has not established a Remuneration Committee. The Board reviews the remuneration packages and policies applicable to all Directors and senior executives on an annual basis. The policy is for remuneration levels to be competitively set to retain and/or attract qualified and experienced Directors and senior executives. Where necessary, the Board obtains independent advice on the appropriateness of remuneration packages.