

## **SHAREHOLDER UPDATE YEAR ENDED 30 JUNE 2009**

### **OVERVIEW**

The Company has now completed its first full year with its securities listed on the Australian Securities Exchange. That year, spent in the shadow of the global financial crisis, has, for Greenpower, been mainly devoted to close re-evaluation of each one of our extensive acreage of tenements in the light of our 'strategic intent' (expressed above), and, as a consequence, a sale of one area, initiation of two new joint ventures, some applications for new areas, and, above all, very careful conservation of precious shareholder funds has underpinned the year.

Whilst coal seam gas exploration remains a target, this year the Company has broadened its objectives to look at other 'green' hydrocarbon production, and indeed other 'green' energy production.

Coal seam gas remains the target of the northern New South Wales (Gunnedah Basin) joint venture in PEL 428, lead by Eastern Star Gas, in which Greenpower has a 20% interest, and coal seam gas remains one target in the Western Australian (North Perth Basin) 100% owned EPs 447 & 425, where commercial quantities of conventional gas has previously been produced (in 447), and therefore also remains an important target.

Other 'green' hydrocarbon products which are now going to be sought, in joint venture, on the Company's Victorian (Gippsland Basin) properties are gas produced from coal in situ by the Underground Coal Gasification process (ELs 4368, 4369, 4500, 4811, 4850, 4859, 4861 and 4862), and liquid hydrocarbons produced from coal in situ in the Underground Coal to Liquids process (EL 4860).

Additionally the Company is actively investigating the acquisition of new tenements as prospects for brown coal (lignite) in both Victoria and NSW, conventional oil and gas in W A and geothermal energy (WA).

The past year, as the world slowly emerges from the constraints of the global financial crisis, has required the Company to husband its modest financial resources carefully, and we are pleased to report that our overall financial position, as we progress into the current year, remains nearly as strong as when we listed in March last year.

With its extensive existing holdings and new applications in process, the Company is well positioned to flourish in the forthcoming era of the global search for cleaner and greener means of generating the even greater amounts of energy that will be needed.

The Board looks forward to your continued support.

## MANAGEMENT

The need in the year past for great financial caution has meant that all the directors and the company secretary have managed the Company's business until now, and they have been remunerated only with a very modest issue of share options. However the Company has now engaged a part time administrative and technical consultant, Cyril Geach, who has taken on the role of consultant performing the role of a part time operations manager.

***Cyril Geach** has been involved in the geology, mining and exploration industry throughout Australia and overseas, covering gold, diamonds, base metals, precious metals and alluvial deposits. Since the 1990s, Cyril acted as a geologist which led to being a founding director of four ASX listed companies, Quicksilver Resources NL, Carnegie Minerals NL, Livingstone Resources NL and Jutt Holdings Limited, participating mainly as exploration manager and executive technical director.*

*Cyril has also worked for Anglo American Limited, De Beers Australia Limited and the Magnet Group. In the 1980's he was a director of Gem Exploration and Minerals Ltd and Monarch Petroleum NL, involved in multi-commodities, involving gold and diamond mining, oil and gas projects.*

*In 2007, Cyril was involved in discovering and identifying a VMS base metal resource in the Pilbara region for Jutt Holdings Limited. He has a broad understanding of the mining exploration industry from grass roots to resource identification and testing, incorporating commercial business. A former Licentiate of the Royal Society of Chemistry, he graduated as a geologist from Nottingham University in 1980 and is a member of the Australian Institute of Geoscientists.*

The directors will remain actively involved in day to day management of the Company. Their individual backgrounds and qualifications were set out in the prospectus and the 2009 Financial Report. Its present four directors, and two consultants – three geologists, a mining engineer, a company executive and a lawyer – have, together, 200 years of experience in companies engaged in coal, oil and gas exploration and production.

John Karajas will remain an active consultant on the WA properties.

## **GREENPOWER'S BACKGROUND AND PURPOSE:**

Greenpower 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.

Greenpower is now intending to become a producer of environmentally friendly energy sources, such as conventional gas, coal seam methane and geothermal energy in Western Australia, underground coal gasification, and underground coal to liquid in lignite in Victoria (in joint ventures) and New South Wales, and gas and coal seam methane in New South Wales (through our joint ventures in PEL 428) with its rights to approximately 1.6 million hectares of potential CSG tenements across Australia.

The primary purpose of the Company now is to explore and develop its CSG projects, and develop new areas it has applied for.

A brief description of each of the Company's Projects follows.

## **GREENPOWER'S RESOURCE PROPERTIES**

We now report on the current status and actions in relation to the Company's investments during the year under review.

### **VICTORIA**

#### **Gippsland Basin:**

The Gippsland Basin is located to the southeast of metropolitan Melbourne, between Dandenong, Wonthaggi, Leongatha and Moe. The Gippsland Basin is a complex rift basin system, with northeast trending structural lineaments composed of anticlines, sinclines, monoclines, extensional and compressional faults.

The relevant Gippsland Basin tenements were, on acquisition:

EL 4500	2635 Blocks
EL 4807	26 Blocks
EL 4859	79 Blocks
EL 4860	439 Blocks
EL 4861	46 Blocks
EL 4862	32 Blocks
EL 4877	1651 Blocks

These covered an aggregate surface area of approximately 4,625 square kilometers.

Planet Gas, from whom Greenpower purchased these tenements, collected data on the whole area and developed exploration programmes, and registered Work Plans for the each of these exploration licenses. The coal seam gas (CSG) potential was presumed to lie in the black coals of the Early Cretaceous Strzelecki Group.

Last financial year Greenpower entered into information sharing arrangements with two exploration companies exploring for geothermal energy in areas overlying Greenpower's tenements.

In the year under review, the following actions have been taken:

1. The Company carried out a non intrusive study on the former black coal mined areas (Wonthaggi etc.) to examine their potential for coal seam methane in commercial quantities in the black coal, and as a consequence discontinued expenditure at this stage on further exploration of that nature.
2. The Company entered into a joint venture with Clean Global Energy Limited (CGE) in relation to ELs 4500, 4850, 4859, 4861 and 4862. (also included are 3 ELs in the Otway Basin, see below). Details of the joint venture were announced to the ASX in August 2009. CGE intends to test all the areas for potential to carry out underground coal gasification. In each of 5 years CGE solely will spend at least the Minimum Work Plan expenditure, and will earn in stages until the fifth year, when its interest will be 75% and Greenpower's 25%, and Greenpower will then become a contributor, or may elect not to contribute to the construction of a UCG plant in which case its interest reduce to 15%;
3. The above ELs will be required to be reduced in area on their respective anniversary dates;
4. The Company is in negotiation with another party for a joint venture in relation to EL 4860 (which will also have to be reduced);
5. The Company will surrender EL 4807 as it is small and not considered to be prospective enough for further expenditure;
6. As also announced to the ASX in September 2009, the Company has agreed to sell EL 4877 to Latrobe Fuels Limited for \$200,000 deposit payable on signing, \$1,600,000 payable 12 months from the lodgement of the buyer's revised Work Plan, and \$1,000,000 payable if and when a mining lease is granted to replace the EL, plus a 3.5% net smelter royalty.

The Company has also made application for 2 new exploration licenses over potential lignite bearing areas at Moe Swamp and Yarragon as possible sources for underground coal gasification.

#### **Otway Basin:**

The Otway Basin is the westerly extension of the Gippsland/Bass Basin system, situated to the west of the Bass and Gippsland Basins, on-shore and off-shore in the south-west of Victoria, extending into the south-east of South Australia. The Basin contains thick seams of lignite near the surface and thin seams of black coal at depth, demonstrated by conventional oil and gas wells drilled on the Project area and in the region.

The relevant Otway Basin tenements were, on acquisition:

EL 4811	778 Blocks
EL 4368	550 Blocks
EL 4369	289 Blocks

Greenpower's Otway Basin tenements are adjacent to the South Australian border, and alongside the route of the South East Australian gas pipeline. The tenements covers a surface area of approximately 1503 square kilometers.

In the year under review –

- The Company commissioned and had completed a report on the various mineral potential of these 3 tenements; and
- these tenements were included in the joint venture entered into with Clean Global Energy Limited.

## **WESTERN AUSTRALIA**

### **Perth Basin:**

The Perth Basin is a north to south, onshore and offshore sedimentary basin extending about 1300 km along the southwestern margin of the Australian continent. This is a large (172,300 km<sup>2</sup>), structurally complex basin that formed during the separation of Australia and Greater India in the Permian to Early Cretaceous periods. It includes a significant onshore component and extends offshore to the edge of continental crust in water depths of up to 4500m.

Greenpower holds a 100% interest in

- EP 477, an area of 76,500 hectares situated approximately 130 km north of Perth, acquired, from European Gas. EP 447 contains the Walyering gas field which was in production in the early 70s. There is also substantial amounts of gassy coal in the Upper Coal Member of the Early to Middle Jurassic Cattamarra Coal Measures and which occur over most of the Permit. The Walyering No 4, well, drilled in 2001, encountered over 20 metres net of gassy coal in the interval 2850-2950 metres The Walyering gas field is estimated to contain 389 bcf of gas and is a typical tight gas reservoir.
- EP 425, lying along the Western Australian coast at Green Head, within 21 onshore and offshore graticular blocks (62,000 hectares), situated near Green Head. EP 425 contains a substantial coal seam methane (CSM) resource in Permian-aged coals of the Irwin River Coal Measures. Evidence of this is provided by the WAPET oil exploration well Jurien No 1 as well as by the Amax coal exploration drill holes GHD 1 and GHD 3..

During the year under review:

### **Walyering & GreenHead**

A structural study of the Walyering trend was undertaken for Greenpower by Prodemas International Limited, in the northern part of EP447 and identified substantial potential for coal seam methane and gas and oil. The structural study has identified a coal seam methane (CSM) prospect as well as a conventional gas and oil prospect It has highlighted a zone called the Charbon area, previously identified by the Company's

consultant John Karajas (Kjirt Exploration Services), as having a contingent CSM resource potential of EP 447 of 1.63 TCF of gas hosted by coal seams.

The Company is reviewing options on steps to develop this resource, and is awaiting the published results of the drilling exploration that has been undertaken on the neighbouring Warro area. The company has also similarly reviewed the potential of EP 425.

The Company is also in discussion with possible joint venture or farm-in parties in relation to these two areas.

#### **WA Geothermal:**

The company, after considerable analysis and study has applied for Geothermal rights over two areas in the south west part of Western Australia. The outcome of these applications is not expected for several months.

#### **WA Hydrocarbon Greenfields**

During the year under review the Company has also commenced to investigate the hydrocarbon potential of as yet relatively unexplored areas in WA

### **NEW SOUTH WALES**

#### **Gunnedah Basin:**

The Gunnedah Basin is in northern New South Wales, due south of the Bowen/Surat Basin, where large quantities of methane are being produced from coal seams. The Gunnedah Basin has the potential to host significant quantities of methane within relatively thick permeable coal seams that are known to be significantly gassy.

The joint venture interest held by Greenpower is a 20% contributing interest in PEL 428, which covers a surface area of 6,021 square kilometres, and lies immediately north and west of Eastern Star Gas' PEL 238 permit, which contains the Coonarah Gas field, the Wilga Park Power Station and the Bohena coal seam gas pilot.

Orion Petroleum Ltd is the operator and has interests in three other PEL's adjacent to PEL 428..

During the year under review, Greenpower co-signed a farm-in agreement allowing Eastern Star Gas Limited (ESG) to actively assess coal seam gas, natural gas and oil on PEL 428. Tenement operator Orion Energy (OIP) has agreed to the farm-in of this and two other NSW tenements to ESG. ESG has substantial expertise and resources in finding and harnessing coal seam gas and will also seek conventional gas and oil in the tenement.

Coal seam gas (CSG) corehole drilling began on site in April, 2009. ESG, on behalf of tenement operator Orion Petroleum (OIP), contracted the McDermott Rig 27 to perform the drilling operation over a minimum of six weeks. Drilling of the Kurrabooma-1 corehole is part of stage one of the CSG farm-out to ESG.

PEL 428 is one of a number of joint venture investigations being carried out by ESG to realise the CSG resource potential of the Gunnedah Basin and Surat-Bowen Basin in northern NSW. ESG brings a significant wealth of knowledge in the discovery and development of coal seam gas to the project. In addition, Orion intends to search for conventional gas and oil in the tenement. Greenpower will benefit from any discoveries with its 20 per cent holding.

Kurraboomba 1 is a wildcat exploration well is designed to evaluate the coal seam gas potential of coals seams within the Cretaceous coal section, with a number of other targets currently being assessed for drilling by subsequent wells. It reached a total depth of 439m. The well intersected approximately 4.6m of gassy coal within the target Cretaceous coal section. Coal samples have been collected for gas content and isotherm measurements.

The recently announced sale by ESG of its core interests to Santos for land in the Gunnedah Basin adjacent to PEL 428 and Surat – Bowen Basin is observed as reinforcement for the regional gas potential.

### **NSW Lignite Potential**

During the year under review the Company has also initiated an examination of lignite potential in NSW.

### **SOUTH AUSTRALIA**

#### **Willochra and Eromanga Basins:**

The Willochra Basin is located approximately 250 kilometres north of Adelaide, and to the north-east of Port Augusta. The south-east of the Basin is situated approximately 50 kilometres from the main gas pipeline between Moomba and Adelaide.

The Eromanga Basin is a large on shore sedimentary basin that covers south-west Queensland, north-east South Australia and northern New South Wales. The underlying Cooper Basin straddles the border area of south-west Queensland and north-east South Australia. The Cooper Basin has been responsible for large scale conventional gas and oil production.

Greenpower has a 100% interest in two license applications in South Australia, PELAs145 and 146, which cover a surface area of approximately 8,872 square kilometers. These are greenfield projects where no CSG exploration has yet been undertaken.

During the year under review the Company has been in discussion with the authorities in South Australia about the progressing of these applications, but they have not yet been granted.

DIRECTORS:	INDEPENDENT CONSULTANTS
<b>Alan Flavelle (Chairman)</b> <b>Gerard King</b> <b>Ronald McCullough</b> <b>Takanao (Tony) Mitsui</b>	<b>Cyril Geach</b> , BSc Hons MAIG  <b>John Karajas</b> BSc Hons MAIG <b>(Kjirt Exploration Services Pty. Ltd.)</b>
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# **Greenpower Energy Limited**

ABN 22 000 002 111

## **Financial Statements**

For the Year Ended 30 June 2009

# Greenpower Energy Limited

ABN 22 000 002 111

For the Year Ended 30 June 2009

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# Greenpower Energy Limited

ABN 22 000 002 111

## Directors' Report

30 June 2009

Your directors present their report on the company and its controlled entities for the financial year ended 30 June 2009.

### Directors

The names of the directors in office at any time during, or since the end of, the year are:

#### Names

Alan Flavelle  
Gerard King  
Ronald McCullough  
Takanao Mitsui

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 the acquisition of mining tenements. The company did not trade during the period.

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

### Matter Subsequent to the end of the Financial Year

- ◆ On 15 August 2009 Greenpower Energy Limited (ASX:GPP) ("Greenpower") announced that it has entered into a Heads of Agreement ("HOA") with Clean Global Energy Pty Ltd ("CGE"), to allow CGE to explore and evaluate Greenpower's Victorian coal tenements.

The HOA allows CGE (and IRH) in their opinion to select a priority area or areas suitable for UCG development, then if appropriate, in joint venture with Greenpower, to select a site or sites within selected joint venture area/s to build a UCG pilot plant/s and in due course a UCG commercial plants.

Upon completion of the initial site analysis and characterisation, CGE and Greenpower intend to enter into a joint venture agreement whereby CGE will commit to expend \$1,250,000 within a 5 year period to earn a 75% interest in the selected coal tenements for UCG. This expenditure will go towards any initial works in preparation for the construction and commissioning of a 1Pj per annum UCG Syngas Plant.

- ◆ On 9 September 2009, the Company announced that it has agreed to sell EL 4877 to Latrobe Fuels Limited for \$200,000 deposit payable on signing, \$1,600,000 payable 12 months from the lodgement of the buyer's revised Work Plan, and \$1,000,000 payable if and when a mining lease is granted to replace the EL, plus a 3.5% net smelter royalty.
- ◆ Subsequent to year end the market value of the other financial assets has increased by \$1,069,884.

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 Group, the results of those operations or the state of affairs of the Group in future financial years.

# Greenpower Energy Limited

ABN 22 000 002 111

Directors' Report

30 June 2009

## 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 auditor's independence declaration for the year ended 30 June 2009 has been received and can be found on page 20 of the financial report. The auditor BDO Kendalls Audit & Assurance (WA) Pty Ltd continues in office in accordance with Section 327 of the Corporations Act 2001.

## Environmental Issues

The company's operations to date are not regulated by any significant environmental regulation under a 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 annual greenhouse gas emissions and energy use. For the first measurement period 1 July 2008 to 30 June 2009 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 the Institute of Chartered Accountants in Australia and CPA Australia's APES 110: Code of Ethics for Professional Accountants.

The following fees for non-audit services were paid/payable to the external auditors during the year ended 30 June 2009:

	2009	2008
	\$	\$
Corporate secretarial	7,075	10,230
IPO services	-	7,149
Taxation services	3,702	-
	<b>10,777</b>	<b>17,379</b>

# Greenpower Energy Limited

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Directors' Report

30 June 2009

## Business review

## Operating Results

The loss after providing for income tax amounted to \$ (855,762) (2008: (\$1,547,285)). The loss was adversely affected by the fair value adjustment to the carrying value of listed investments \$443,354.

## Dividends paid or declared

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

## Director Information

### Information on Directors

Alan Flavelle	Chairman
Qualifications	BSc, FAIMM, MSPE
Experience	<p>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.</p> <p>1969-70: he was employed by West Australian Petroleum, a Perth based affiliate of Chevron as an explorationist in oil exploration activities in Western Australia.</p> <p>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.</p> <p>1981-present: Alan has worked as an independent consultant, resource developer and adviser to companies at the technical director level.</p> <p>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 instrumental in introducing Mitsubishi Gas and Chemical to CSG technology and that company then took over the Queensland assets. From 1991-2000 he investigated a number of CSG development opportunities in Vietnam, S Korea, S 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.</p>
Interest in Shares and Options	1,930,160 Ordinary shares 1,200,000 Options
Special Responsibilities	Other than Chairman there are no special responsibilities
Directorships held in other listed entities	Alan Flavelle is a Director of European Gas Limited

# Greenpower Energy Limited

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## Directors' Report

30 June 2009

Gerard King

Qualifications

Experience

LLB

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 and 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, and other public companies, and is currently Chairman of Astron Limited, since 1985. He was Chairman of WA St. John Ambulance Service Board 1987 – 1996, and is currently WA State St. John Council Chairman.

Interest in Shares and Options

Special Responsibilities

Directorships held in other listed entities

21,977,516 Ordinary shares

200,000 Options

There are no special responsibilities

Gerard King is a Director of Astron Limited

# Greenpower Energy Limited

ABN 22 000 002 111

## Directors' Report

30 June 2009

Ronald McCullough

Qualifications

Experience

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

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

Special Responsibilities

Directorships held in other listed entities

2,487,741 Ordinary shares

200,000 Options

There are no special responsibilities

Ronald McCullough is a Director of Astron Limited

# Greenpower Energy Limited

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## Directors' Report

30 June 2009

Takanao Mitsui  
Qualifications

In April 1965, Tony joined Tomen Corporation, (then called Toyo Menka Kaisha, and 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, 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.

Experience

B.Ec MBA

Interest in Shares and Options

120,000 Ordinary shares  
200,000 Options

Special Responsibilities

There are no special responsibilities

Directorships held in other listed entities

Takanao Mitsui is not currently a Director in another listed company.

### Meetings of Directors

During the financial year, 8 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Eligible to attend	Number attended
Alan Flavelle	8	8
Gerard King	8	8
Ronald McCullough	8	8
Takanao Mitsui	8	2

### 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 qualifying in 1996. His experience is broad based including clients ranging from multinationals to listed public companies, audit and other business financial and tax services. He is currently in Public Practice.



# Greenpower Energy Limited

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Directors' Report

30 June 2009

## Remuneration Report

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 receiving the highest remuneration.

## Remuneration policy

On 30 June 2009 options were issued at nil cost, with an exercise price of 10c, exercisable at any time after 12 months from the issue date (expiring 4 years from issue date) where each option will entitle, by exercise, one ordinary share in the company. This issue remunerates Directors and Officers for services provided to the Group for the period from listing to 30 June 2009 in accordance with the Employee Option Plan set up on 17 April 2007. This issue was considered to align shareholder and director and executives interests while maintaining Group cash.

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.
- 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, however, 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 the Black Scholes methodologies.

# Greenpower Energy Limited

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Directors' Report

30 June 2009

## Remuneration Report continued

### Remuneration policy continued

- 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. At present the only remuneration approved by shareholders for directors is the issue of options under the employee option plan approved in 2007, which allows a maximum of 5% of issued capital of the Company to be issued within any 5 year period. 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.

### Service agreements

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

### Share-based compensation

Options were granted to key management personnel during the year.

On 17 April 2007 an Employee Share Option Plan was set-up. Options granted under the plan carry no dividend or voting rights.

	Number of Options Granted		Number of Options Vested	
	2009	2008	2009	2008
Alan Flavelle	1,200,000	-	-	-
Gerard King	200,000	-	-	-
Ronald McCullough	200,000	-	-	-
Takanao Mitsui	200,000	-	-	-
Matthew Suttling	200,000	-	-	-
<b>Total</b>	<b>2,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Greenpower Energy Limited

ABN 22 000 002 111

Directors' Report

30 June 2009

**Remuneration Report continued**

**Share-based compensation continued**

**Option Inputs:**

- |                             |                              |
|-----------------------------|------------------------------|
| - No Consideration          | - Exercise Price - 10 cents  |
| - Grant Date - 30 June 2009 | - Expiry Date - 30 June 2013 |
| - Share Price - 10 cents    | - Volatility - 71%           |
| - Dividend Yield - 0 cents  | - Risk Free Rate - 23.5%     |

No shares have been issued as a consequence of the exercise of options during the year.

**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.

# Greenpower Energy Limited

ABN 22 000 002 111

Directors' Report

30 June 2009

## Remuneration Report continued

### Key Management Personnel Remuneration Policy

The remuneration committee determines the proportion of fixed and variable compensation for each key management personnel. Refer below.

	Short-term benefits				Post employment benefits		Share-based payments		Total	Performance Related %
	Cash, salary & commissions	Cash profit share	Cash Bonus	Non-cash Benefits	Super-annuation	Options	Equity	Options		
2009										
Alan Flavelle	\$ -	-	\$ -	\$ -	\$ -	-	\$ -	\$ 60,000	\$ 60,000	-
Gerard King	-	-	-	-	-	-	-	10,000	10,000	-
Ronald McCullough	-	-	-	-	-	-	-	10,000	10,000	-
Takanao Mitsui	-	-	-	-	-	-	-	10,000	10,000	-
Matthew Suttling	-	-	-	-	-	-	-	10,000	10,000	-
	-	-	-	-	-	-	-	100,000	100,000	-
2008										
Alan Flavelle	\$ -	-	\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ -	-
Gerard King	-	-	-	-	-	-	-	-	-	-
Ronald McCullough	-	-	-	-	-	-	-	-	-	-
Takanao Mitsui	-	-	-	-	-	-	-	-	-	-
Matthew Suttling	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-

# Greenpower Energy Limited

ABN 22 000 002 111

Directors' Report

30 June 2009

## 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.

## Options

### Details of Options issued

For details of options issued to directors and executives as remuneration, refer to the Remuneration Report.

### 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 June 2009	30 June 2013	0.10	3,000,000
			<hr/>
			3,000,000
			<hr/> <hr/>

## Proceedings on Behalf of Company

No person has applied for leave of Court 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 30th day of September 2009

# Greenpower Energy Limited

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## Corporate Governance Statement For the Year Ended 30 June 2009

Greenpower Energy Limited ("the Company") is committed to implementing the highest standards of corporate governance. In determining what those high standards should involve, the Company has turned to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations. The Company is pleased to advise that the Company's practices are largely consistent with those ASX guidelines. As consistency with the guidelines has been a gradual process, where the Company did not have certain policies or committees recommended by the ASX Corporate Governance Council ("the Council") in place during the reporting period, we have identified such policies or committees.

Where the Company's corporate governance practices do not correlate with the practices recommended by the Council, the Company is working towards compliance. However, it does not consider that all the practices are appropriate for the Company due to the size and scale of the Company's operations. The company has departed from the ASX guidelines relating to corporate governance with respect to the establishment of Audit and Risk Committees and Remuneration and Nomination Committees which are undertaken by the Board.

### 1.0 Board Composition

#### 1.1 Role of the Board

The Board's role is to govern the Company rather than to manage it. In governing the Company, the Directors must act in the best interests of the Company as a whole. It is the role of senior management to manage the Company in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of management in carrying out these delegated duties. The Board will be responsible for regularly reviewing the performance of its senior management.

In carrying out its governance role, the main task of the Board is to drive the performance of the Company. The Board must also ensure that the Company complies with all of its contractual, statutory and any other legal obligations, including the requirements of any regulatory body. The Board has the final responsibility for the successful operations of the Company. skills, experience and expertise relevant to the position of each director who is in office at the date of the annual report and their term of office are detailed in the director's report.

#### 1.2 Composition of the Board

To add value to the Company, the Board has been formed so that it has effective composition, size and commitment to adequately discharge its responsibilities and duties given its current size and scale of operations. Directors are appointed based on the specific skills required by the Company and on their decision-making and judgment skills.

The Company recognises the importance of Non-Executive Directors and the external perspective and advice that Non-Executive Directors can offer. Alan Flavelle, Ronald McCullough and Takanao Mitsui are Non-Executive Directors. Alan Flavelle is the Chairman. All Non-Executive Directors are independent directors as they meet the following criteria for independence adopted by the Company:

An Independent Director is a Non-Executive Director and:

- Is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- Within the last three years has not been employed in an executive capacity by the Company or another group member, or been a Director after ceasing to hold any such employment;

# Greenpower Energy Limited

ABN 22 000 002 111

## Corporate Governance Statement For the Year Ended 30 June 2009

- Within the last three years has not been a principal of a material professional adviser or a material consultant to the Company or another group member or an employee materially associated with the service provided;
- Is not a material supplier or customer of the Company or another group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- Has no material contractual relationship with the Company or other group member other than as a Director of the Company;
- Has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and
- Is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

### 1.3 Responsibilities of the Board

In general, the Board is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. It is required to do all things that may be necessary to be done in order to carry out the objectives of the Company.

Without intending to limit this general role of the Board, the principal functions and responsibilities of the Board include the following.

- **Leadership of the Organisation:** overseeing the Company and establishing codes that reflect the values of the Company and guide the conduct of the Board.
- **Strategy Formulation:** to set and review the overall strategy and goals for the Company and ensuring that there are policies in place to govern the operation of the Company.
- **Overseeing Planning Activities:** the development of the Company's strategic plan.
- **Shareholder Liaison:** ensuring effective communications with shareholders through an appropriate communications policy and promoting participation at general meetings of the Company.
- **Monitoring, Compliance and Risk Management:** the development of the Company's risk management, compliance, control and accountability systems and monitoring and directing the financial and operational performance of the Company.
- **Company Finances:** approving expenses, approving, monitoring acquisitions, divestitures and financial and other reporting.
- **Human Resources:** appointing and where appropriate, removing the Managing Director as well as reviewing their performance and monitoring the performance of senior management in their implementation of the Company's strategy.
- **Ensuring the Health, Safety and Well-Being of Employees:** in conjunction with the senior management team, developing, overseeing and reviewing the effectiveness of the Company's occupational health and safety systems to ensure the well-being of all employees.

# Greenpower Energy Limited

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## Corporate Governance Statement For the Year Ended 30 June 2009

- Delegation of Authority: delegating appropriate powers to the Managing Director to ensure the effective day-to-day management of the Company and establishing and determining the powers and functions of the Committees of the Board.

### 1.4 Board Policies

#### 1.4.1 Conflicts of Interest

Directors must:

- Disclose to the Board actual or potential conflicts of interest that may or might reasonably be thought to exist between the interests of the Director and the interests of any other parties in carrying out the activities of the Company; and
- If requested by the Board, within seven days or such further period as may be permitted, take such necessary and reasonable steps to remove any conflict of interest.

If a Director cannot or is unwilling to remove a conflict of interest then the Director must, as per the Corporations Act, absent himself or herself from the room when discussion and/or voting occurs on matters about which the conflict relates.

#### 1.4.2 Commitments

Each member of the Board is committed to spending sufficient time to enable them to carry out their duties as a Director of the Company.

#### 1.4.3 Confidentiality

In accordance with legal requirements and agreed ethical standards, Directors and key executives of the Company have agreed to keep confidential, information received in the course of the exercise of their duties and will not disclose non-public information except where disclosure is authorised or legally mandated.

#### 1.4.4 Continuous Disclosure

The Board has designated the Company Secretary as the person responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX. In accordance with the ASX Listing Rules the Company immediately notifies the ASX of information:

- Concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities; and
- That would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities.

In addition each Director of the Company must provide the Company Secretary with details of any interest notifiable to ASX in accordance with Listing Rule 3.19A including:

- Any relevant interest (within the meaning of section 9 of the Corporations Act) in securities of the Company or a related body Corporate; and



# Greenpower Energy Limited

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## Corporate Governance Statement For the Year Ended 30 June 2009

- Any interest in contracts to which the Director is a party or under which the Director is entitled to benefit, and that confer a right to call for or deliver shares in, debentures of, or interests in a managed investment scheme made available by the Company of a related body corporate.

This information must be provided to the Company Secretary as soon as the Director becomes aware of the circumstances referred to above.

### 1.4.5 Education and Induction

It is the policy of the Company that new Directors undergo an induction process in which they are given a full briefing on the Company. Where possible this includes meetings with key executives, tours of the premises, an induction package and presentations. Information conveyed to new Directors includes:

- Details of the roles and responsibilities of a Director;
- Formal policies on Director appointment as well as conduct and contribution expectations;
- Guidelines on how the Board processes function;
- Details of past, recent and likely future developments relating to the Board;
- Background information on and contact information for key people in the organisation;
- An analysis of the Company;
- A synopsis of the current strategic direction of the Company; and
- A copy of the Constitution of the Company.

In order to achieve continuing improvement in Board performance, all Directors are encouraged to undergo continual professional development. Specifically, Directors are provided with the resources and training to address skills gaps where they are identified.

### 1.4.6 Independent Professional Advice

The Board collectively and each Director has the right to seek independent professional advice at the Company's expense, up to specified limits, to assist them to carry out their responsibilities, subject to the prior approval of the Chairman whose approval will not be unreasonably withheld.

### 1.4.7 Related Party Transactions

Related party transactions include any financial transaction between a Director and the Company. Unless there is an exemption under the Corporations Act from the requirement to obtain shareholder approval for the related party transaction, the Board cannot approve the transaction.

# Greenpower Energy Limited

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## Corporate Governance Statement For the Year Ended 30 June 2009

### 1.4.8 Shareholder Communication

The Company respects the rights of its shareholders and to facilitate the effective exercise of those rights the Company is committed to:

- Communicating effectively with shareholders through releases to the market via ASX, information mailed to shareholders and the general meetings of the Company;
- Giving shareholders ready access to balanced and understandable information about the Company and corporate proposals;
- Making it easy for shareholders to participate in general meetings of the Company; and
- Requesting the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

The Company also makes available a telephone number and email address for shareholders to make enquiries of the Company.

### 1.4.9 Trading in Company Shares

Due to the size of the Company, the Board does not consider it appropriate to implement a Share Trading Policy. Rather, it reminds directors, officers and employees of the prohibition in the Corporations Act 2001 concerning trading in the Company's securities when in possession of "inside information".

### 1.4.10 Performance Review/Evaluation

It is the policy of the Board to conduct evaluation of its performance. The objective of this evaluation will be to provide best practice corporate governance to the Company.

### 1.4.11 Attestations by Chairman and Non Executive Director

It is the Board's policy, that one of the Non-Executive Directors will be appointed to make the attestations recommended by the ASX Corporate Governance Council as to the Company's financial condition prior to the Board signing the Annual Report.

# Greenpower Energy Limited

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## Corporate Governance Statement For the Year Ended 30 June 2009

### 2.0 Board Committees

#### 2.1 Audit and Finance Committee

Due to the size and scale of operations of the Company the full Board undertakes the role of the Audit and Finance Committee. Below is a summary of the role and responsibilities of an Audit and Finance Committee.

##### 2.1.1 Role

The Audit and Finance Committee is responsible for reviewing the integrity of the Company's financial reporting and overseeing the independence of the external auditors.

##### 2.1.2 Responsibilities

The Audit and Finance Committee reviews the audited annual and half-yearly financial statements and any reports which accompany published financial statements and recommends their approval to the members.

The Audit and Finance Committee each year reviews the appointment of the external auditor, their independence, the audit fee, and any questions of resignation or dismissal.

The Audit and Finance Committee is also responsible for establishing policies on risk oversight and management.

##### 2.1.3 Risk Management Policies

The Board is responsible for ensuring there is a sound system for overseeing and managing risk. As the whole Board only consists of four (4) members, the Company does not have a Risk Management Committee because it would not be a more efficient mechanism than the full Board for focusing the Company on specific issues.

### 2.2 Code of Conduct

The company has developed a statement of values and a Code of Conduct ("the Code") which has been fully endorsed by the board and applies to all directors and employees. The Code is regularly reviewed and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism and practices necessary to maintain confidence in the Group's integrity.

The Directors require that at all times all company personnel act with the utmost integrity, objectivity and in compliance with the spirit of the law and company policies.

The Code requires employees who are aware of unethical practices within the Group or breaches of the company's trading policy to report these using the company's whistleblower program. This can be done anonymously.

The Directors are satisfied that the Group has complied with its policies on ethical standards, including trading in securities.

# Greenpower Energy Limited

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## Corporate Governance Statement For the Year Ended 30 June 2009

### 2.3 Remuneration Committee

#### 2.3.1 Role

The role of a Remuneration Committee is to assist the Board in fulfilling its responsibilities in respect of establishing appropriate remuneration levels and incentive policies for employees.

As the whole Board only consists of four (4) members, the Company does not have a remuneration committee because it would not be a more efficient mechanism than the full Board for focusing the Company on specific issues.

#### 2.3.2 Responsibilities

The responsibilities of a Remuneration Committee include setting policies for senior officers' remuneration, reviewing and making recommendations to the Board on the Company's incentive schemes and superannuation arrangements, reviewing the remuneration of both Executive and Non-Executive Directors and making recommendations on any proposed changes and undertaking reviews of the Managing Director's performance, including, setting with the Managing Director goals and reviewing progress in achieving those goals.

#### 2.3.3 Remuneration Policy

Directors' Remuneration for the majority of directors is approved at a Board meeting from time to time.

##### 2.3.3.1 Senior Executive Remuneration Policy

The Company is committed to remunerating its senior executives in a manner that is market-competitive and consistent with best practice as well as supporting the interests of shareholders. Consequently, under the Senior Executive Remuneration Policy the remuneration of senior executives may be comprised of the following:

- Fixed salary that is determined from a review of the market and reflects core performance requirements and expectations;
- A performance bonus designed to reward actual achievement by the individual of performance objectives and for materially improved Company performance;
- Participation in any share/option scheme with thresholds approved by shareholders; and
- Statutory superannuation.

By remunerating senior executives through performance and long-term incentive plans in addition to their fixed remuneration the Company aims to align the interests of senior executives with those of shareholders and increase Company performance.

# Greenpower Energy Limited

ABN 22 000 002 111

## Corporate Governance Statement For the Year Ended 30 June 2009

The value of shares and options were they to be granted to senior executives would be calculated using the Black and Scholes method.

The objective behind using this remuneration structure is to drive improved Company performance and thereby increase shareholder value as well as aligning the interests of executives and shareholders.

The Board may use its discretion with respect to the payment of bonuses, stock options and other incentive payments.

### 2.3.3.2 Non-Executive Director Remuneration Policy

Non-Executive Directors are to be paid their fees out of the maximum aggregate amount approved by shareholders for the remuneration of Non-Executive Directors. Non-Executive Directors do not receive performance based bonuses.

Non-Executive Directors are entitled to but not necessarily paid statutory superannuation.

### 2.3.4 Current Director Remuneration

Full details regarding the remuneration of Directors, is included in the Directors' Report.

## 2.4 Nomination Committee

### 2.4.1 Role

The role of a Nomination Committee is to help achieve a structured Board that adds value to the Company by ensuring an appropriate mix of skills are present in Directors on the Board at all times.

As the whole Board only consists of four (4) members, the Company does not have a nomination committee because it would not be a more efficient mechanism than the full Board for focusing the Company on specific issues.

### 2.4.2 Responsibilities

The responsibilities of a Nomination Committee include devising criteria for Board membership, regularly reviewing the need for various skills and experience on the Board and identifying specific individuals for nomination as Directors for review by the Board. The Nomination Committee also oversees management succession plans and evaluates the Board's performance and make recommendations for the appointment and removal of Directors. Currently the Board as a whole performs this role.

### 2.4.3 Criteria for selection of Directors

Directors are appointed based on the specific governance skills required by the Company. Given the size of the Company and the business that it operates, the Company aims at all times to have at least two Directors with experience appropriate to the Company's target market. In addition, Directors should have the relevant blend of personal experience in accounting and financial management and Director-level business experience.



BDO Kendalls

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ABN 79 112 284 787

30 September 2009

The Directors  
Greenpower Energy Limited  
PO Box 1664  
FREMANTLE WA 6959

Dear Sirs

**DECLARATION OF INDEPENDENCE BY CHRIS BURTON TO THE DIRECTORS OF GREENPOWER ENERGY LIMITED**

As lead auditor of Greenpower Energy Limited for the year ended 30 June 2009, 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.

**Chris Burton**  
Director

BDO Kendalls

**BDO Kendalls Audit & Assurance (WA) Pty Ltd**  
Perth, Western Australia.

# Greenpower Energy Limited

ABN 22 000 002 111

## Income Statements

For the Year Ended 30 June 2009

	Note	Consolidated		Parent	
		2009	2008	2009	2008
		\$	\$	\$	\$
Dividend income		120,027	-	-	-
Other income		55,978	74,470	55,978	74,470
Administrative expenses		(221,714)	(63,398)	(221,715)	(63,398)
Exploration and Tenement costs		(376,699)	(498,386)	-	-
Impairment loss of receivables	8	-	-	(541,243)	(1,558,356)
Impairment loss of other financial assets	9	(433,354)	(1,059,970)	-	-
<b>Loss before income tax</b>		<b>(855,762)</b>	<b>(1,547,284)</b>	<b>(706,980)</b>	<b>(1,547,284)</b>
Income tax expense	4	-	-	-	-
<b>Loss attributable to equity holders of Greenpower Energy Limited</b>		<b>(855,762)</b>	<b>(1,547,284)</b>	<b>(706,980)</b>	<b>(1,547,284)</b>
Earnings Per Share:					
Basic loss per share (cents per share)	5	(1.35)	(4.07)	-	-
Diluted loss per share (cents per share)		(1.35)	(4.07)	-	-

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

# Greenpower Energy Limited

ABN 22 000 002 111

## Balance Sheets

As At 30 June 2009

	Note	Consolidated		Parent	
		2009	2008	2009	2008
		\$	\$	\$	\$
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	7	559,226	1,415,126	559,226	1,415,126
Trade and other receivables	8	64,893	9,712	2,638,098	2,277,010
<b>Total current assets</b>		<b>624,119</b>	1,424,838	<b>3,197,324</b>	3,692,136
<b>Non-current assets</b>					
Trade and other receivables	8	-	-	5,906,000	5,906,000
Available for sale financial assets	9	2,573,207	2,267,302	-	-
Other financial assets	10	-	-	2,500,004	2,500,004
Exploration and evaluation assets	11	8,406,000	8,406,000	-	-
<b>Total non-current assets</b>		<b>10,979,207</b>	10,673,302	<b>8,406,004</b>	8,406,004
<b>TOTAL ASSETS</b>		<b>11,603,326</b>	12,098,140	<b>11,603,328</b>	12,098,140
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables	12	51,410	39,242	51,410	39,242
<b>Total current liabilities</b>		<b>51,410</b>	39,242	<b>51,410</b>	39,242
<b>Non-current liabilities</b>					
<b>TOTAL LIABILITIES</b>		<b>51,410</b>	39,242	<b>51,410</b>	39,242
<b>NET ASSETS</b>		<b>11,551,916</b>	12,058,898	<b>11,551,918</b>	12,058,898
<b>EQUITY</b>					
Issued capital	13	61,957,739	61,957,739	61,957,739	61,957,739
Reserves	14	10,663,573	10,314,793	10,514,793	10,314,793
Retained earnings	15	(61,069,396)	(60,213,634)	(60,920,614)	(60,213,634)
<b>TOTAL EQUITY</b>		<b>11,551,916</b>	12,058,898	<b>11,551,918</b>	12,058,898

The above balance sheets should be read in conjunction with the accompanying notes.



# Greenpower Energy Limited

ABN 22 000 002 111

## Statements of Changes in Equity

For the Year Ended 30 June 2009

2009	Consolidated					
	Ordinary Shares	Accumulated Losses	Capital Profits Reserve	Option Reserve	Financial Assets Reserve	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2008	61,957,739	(60,213,634)	10,314,793	-	-	12,058,898
Loss attributable to members	-	(855,762)	-	-	-	(855,762)
Total income and expense recognised for the year	-	(855,762)	-	-	-	(855,762)
Transfers to and from reserves						
- share based payments reserve	-	-	-	200,000	-	200,000
- financial assets reserve	-	-	-	-	148,780	148,780
<b>Sub-total</b>	-	(855,762)	-	200,000	148,780	(506,982)
<b>Balance at 30 June 2009</b>	<b>61,957,739</b>	<b>(61,069,396)</b>	<b>10,314,793</b>	<b>200,000</b>	<b>148,780</b>	<b>11,551,916</b>

2008	Consolidated					
	Ordinary Shares	Accumulated Losses	Capital Profits Reserve	Option Reserve	Financial Assets Reserve	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2007	53,642,430	(58,666,349)	10,314,793	-	-	5,290,874
Loss attributable to members	-	(1,547,285)	-	-	-	(1,547,285)
Total income and expense recognised for the year	-	(1,547,285)	-	-	-	(1,547,285)
Shares issued during the year	8,563,675	-	-	-	-	8,563,675
Transaction costs	(248,366)	-	-	-	-	(248,366)
Transfers to and from reserves						
<b>Sub-total</b>	<b>8,315,309</b>	<b>(1,547,285)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,768,024</b>
<b>Balance at 30 June 2008</b>	<b>61,957,739</b>	<b>(60,213,634)</b>	<b>10,314,793</b>	<b>-</b>	<b>-</b>	<b>12,058,898</b>

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

# Greenpower Energy Limited

ABN 22 000 002 111

## Statements of Changes in Equity

For the Year Ended 30 June 2009

2009	Parent					Total
	Ordinary Shares	Accumulated Losses	Capital Profits Reserve	Option Reserve	Financial Assets Reserve	
	\$	\$	\$	\$	\$	
Balance at 1 July 2008	61,957,739	(60,213,634)	10,314,793	-	-	12,058,898
Loss attributable to members	-	(706,980)	-	-	-	(706,980)
Total income and expense recognised for the year	-	(706,980)	-	-	-	(706,980)
Transfers to and from reserves						
- share based payments reserve	-	-	-	200,000	-	200,000
<b>Sub-total</b>	-	(706,980)	-	200,000	-	(506,980)
<b>Balance at 30 June 2009</b>	<b>61,957,739</b>	<b>(60,920,614)</b>	<b>10,314,793</b>	<b>200,000</b>	<b>-</b>	<b>11,551,918</b>

2008	Parent					Total
	Ordinary Shares	Accumulated Losses	Capital Profits Reserve	Option Reserve	Financial Assets Reserve	
	\$	\$	\$	\$	\$	
Balance at 1 July 2007	53,642,430	(58,666,349)	10,314,793	-	-	5,290,874
Loss attributable to members	-	(1,547,285)	-	-	-	(1,547,285)
Total income and expense recognised for the year	-	(1,547,285)	-	-	-	(1,547,285)
Shares issued during the year	8,563,675	-	-	-	-	8,563,675
Transaction costs	(248,366)	-	-	-	-	(248,366)
Transfers to and from reserves						
<b>Sub-total</b>	<b>8,315,309</b>	<b>(1,547,285)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,768,024</b>
<b>Balance at 30 June 2008</b>	<b>61,957,739</b>	<b>(60,213,634)</b>	<b>10,314,793</b>	<b>-</b>	<b>-</b>	<b>12,058,898</b>

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

# Greenpower Energy Limited

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## Cash Flow Statements

For the Year Ended 30 June 2009

	Note	Consolidated		Parent	
		2009	2008	2009	2008
		\$	\$	\$	\$
<b>Cash from operating activities:</b>					
Payments to suppliers and employees		(441,426)	(133,992)	(385,609)	(133,992)
Dividends received		64,210	-	-	-
Interest received		55,978	74,470	55,978	74,470
<b>Net cash provided by (used in) operating activities</b>	16	<b>(321,238)</b>	<b>(59,522)</b>	<b>(329,631)</b>	<b>(59,522)</b>
<b>Cash flows from investing activities:</b>					
Acquisition of other non current assets		(534,662)	(455,239)	(526,269)	(455,239)
<b>Net cash provided by (used in) investing activities</b>		<b>(534,662)</b>	<b>(455,239)</b>	<b>(526,269)</b>	<b>(455,239)</b>
<b>Cash flows from financing activities:</b>					
Proceeds from the issue of shares		-	1,783,405	-	1,783,405
<b>Net cash provided by (used in) financing activities</b>		<b>-</b>	<b>1,783,405</b>	<b>-</b>	<b>1,783,405</b>
<b>Net increase (decreases) in cash held</b>		<b>(855,900)</b>	1,268,644	<b>(855,900)</b>	1,268,644
Cash at beginning of financial year		1,415,126	146,482	1,415,126	146,482
<b>Cash at end of financial year</b>	7	<b>559,226</b>	1,415,126	<b>559,226</b>	1,415,126

The above cash flow statements 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 2009

### 1 Corporate Information

The financial report of Greenpower Energy Limited for the year ended 30 June 2009 was authorised for issue in accordance with a resolution of the Directors on 30 September 2009 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 report that has been prepared in accordance with Australian equivalents to International Financial Reporting ('AIFRS') and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Compliance with Australian equivalents to (AIFRS) ensures that the consolidated financial statements and notes complies with International Financial Reporting Standards (IFRS).

The financial report has also been prepared on a historical cost basis, except for available for sale financial assets and held for trading investments that have been measured at fair value. Non current assets and disposal groups held for sale are measured at the lower of carrying amounts and fair value less costs to sell.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report.

#### (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 balance sheet respectively.

# Greenpower Energy Limited

ABN 22 000 002 111

## Notes to the Financial Statements

For the Year Ended 30 June 2009

### 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 10 to the financial statements. All subsidiary entities have a June financial year end.

#### (c) Revenue

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).

#### (d) 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.

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

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## Notes to the Financial Statements

For the Year Ended 30 June 2009

### 2 Summary of Significant Accounting Policies continued

#### (d) Income Tax continued

Greenpower Energy Limited and its wholly owned subsidiaries will be implementing the tax consolidation legislation for the whole of the financial year. Greenpower Energy Limited is the head entity in the tax consolidated group. The stand alone taxpayer within a group approach has been used to allocate current income tax expense and deferred tax balances to wholly owned subsidiaries that form part of the tax consolidated group. Greenpower Energy Limited will assume all the current tax liabilities and the deferred tax assets arising from unused tax losses for the tax consolidated group via intercompany receivables and payables because a tax funding arrangement has been in place for the whole financial year. The amounts receivable/payable under tax funding arrangements are due upon notification by the head entity, which is issued soon after the end of each financial year. Interim funding notices may also be issued by the head entity to its wholly owned subsidiaries in order for the head entity to be able to pay tax instalments. These amounts will be recognised as current intercompany receivables or payables.

#### (e) Impairment of Assets

At each reporting date the Group assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, recoverable amount is determined and impairment losses are recognised in the income statement where the asset's carrying value exceeds its recoverable amount. 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 recoverable amount for an individual asset, recoverable amount is determined for the cash generating unit to which the asset belongs.

#### (f) Cash and Cash Equivalents

For the purposes of the Cash Flow Statement, 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.

#### (g) 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

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## Notes to the Financial Statements

For the Year Ended 30 June 2009

### 2 Summary of Significant Accounting Policies continued

#### (g) Business combinations continued

Identifiable assets acquired and 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.

#### (h) Exploration 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 2009

## 2 Summary of Significant Accounting Policies continued

### (h) Exploration 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.

### (i) 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.



# Greenpower Energy Limited

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## Notes to the Financial Statements

For the Year Ended 30 June 2009

### 2 Summary of Significant Accounting Policies continued

#### (i) Investments and Other Financial Assets continued

##### Loans and receivables

Non current loans and receivables include loans due from related parties repayable within 366 days of balance sheet 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.

#### (j) 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 balance sheet date. The quoted market price for financial assets is the current bid price and the quoted market 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.

#### (k) 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.

#### (l) 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.

#### (m) 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

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Notes to the Financial Statements

For the Year Ended 30 June 2009

## 2 Summary of Significant Accounting Policies continued

### (n) Earnings per share

#### Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to members 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.

### (o) Goods and Services Tax (GST)

Revenues, 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 balance sheet.

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.

### (p) 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

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Notes to the Financial Statements

For the Year Ended 30 June 2009

## 2 Summary of Significant Accounting Policies continued

### (q) Standards Issued but not yet effective

A number of Australian accounting standards have been issued or amended and are applicable to the parent and 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. Other than additional disclosures required of AASB 101 and AASB 8 it is not anticipated that these new or amended standards will have a material impact on the financial report.

	Title of Affected Standard	Application date for Standard & Company	Impact on Initial Application
AASB 8 (Issued Feb 2007)	Operating Segments	Financial year ending 30 June 2010	As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements. However, disclosures required for the operating segments will be significantly different to what is currently reported (business and geographical segment).
AASB 101 (Revised Sep 2007)	Presentation of Financial Statements	Financial year ending 30 June 2010	As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements. However, there will be various changes to the way the financial statements are presented and various changes to names of individual financial statements.
AASB 2008-7 (issued July 2008)	Amendment to Australian Accounting Standards – Cost of an Investment in a Subsidiary [AASB 1, AASB 118, AASB 121, AASB 127 and AASB 136]	Financial year ending 30 June 2010	Any pre-acquisition dividends received after 1 July 2009 may result in additional impairment charges on investments in subsidiaries. This is because such amounts are currently written off directly against the cost of the investment, whereas in future they will be recognised as revenue which may result in the investment being stated at an amount exceeding recoverable amount.
AASB 3 (reissued March 2008)	Business Combinations	Where the acquisition date is on or after the beginning of the financial year ending 30 June 2010	As there is no requirement to retrospectively restate comparative amounts for business combinations undertaken before this date, there is unlikely to be any impact on the financial statements when this revised standard is first adopted.

However, due to the nature of some of the changes in the revised standard, business combinations that the company should decide to undertake after 1 July 2009 may in future impact negatively on the results of the entity. For example, acquisition costs will have to be expensed instead of being recognised as part of goodwill. Specific changes in respect of step acquisitions or sell downs, should the company decide to undertake any of these in the future, may introduce situations whereby adopting the revised standard may improve profitability. Also, potential deferred tax assets that do not satisfy recognition criteria when a business combination is initially accounted for, but do subsequently qualify for recognition post acquisition date, would be recognised as a credit to the income statement and there would be no consequential write-down of goodwill for a similar amount, provided that the deferred tax assets are recognised outside the initial measurement period of 12 months from acquisition date.

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## Notes to the Financial Statements

For the Year Ended 30 June 2009

### 2 Summary of Significant Accounting Policies continued

#### (r) Critical accounting estimates and judgments

The directors evaluate estimates and judgments 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 within the company.

##### *Key estimates - Impairment*

The company assesses impairment at each reporting date by evaluating conditions specific to the company 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.

### 3 Auditors' Remuneration

	Note	Consolidated		Parent	
		2009	2008	2009	2008
		\$	\$	\$	\$
Remuneration of the auditor of the parent entity for:					
- audit or review		<b>42,691</b>	11,518	<b>42,691</b>	11,518
- Total remuneration for audit services		<b>42,691</b>	11,518	<b>42,691</b>	11,518
- IPO services		-	7,149	-	7,149
- Taxation services		<b>3,702</b>	-	<b>3,702</b>	-
- Secretarial services		<b>7,075</b>	10,230	<b>7,075</b>	10,230
- Total remuneration for non-audit services		<b>10,777</b>	17,379	<b>10,777</b>	17,379

# Greenpower Energy Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2009

## 4 Income Tax Expense

### (a) The components of tax expense comprise:

Note	Consolidated		Parent	
	2009	2008	2009	2008
	\$	\$	\$	\$
Current tax	-	-	-	-

### (b) The prima facie tax on loss before income tax is reconciled to the income tax as follows:

	Consolidated		Parent	
	2009	2008	2009	2008
	\$	\$	\$	\$
Prima facie tax payable on loss from ordinary activities before income tax at 30% (2008: 30%)				
- economic entity	256,729	464,186	-	-
- parent entity	-	-	212,094	464,186
	256,729	464,186	212,094	464,186
Less tax effect of:				
- fair value adjustments not subject to income tax	130,006	317,991	49,363	317,991
- share based payments	30,000	-	30,000	-
- deferred tax assets not brought to account	96,723	146,195	132,731	146,195
Income tax attributable to entity	-	-	-	-

### (c) Unrecognised temporary differences

	Consolidated		Parent	
	2009	2008	2009	2008
	\$	\$	\$	\$
<b>Deferred Tax Assets (at 30%)</b>				
On Income Tax Account				
Deferred Tax	306,384	209,661	342,393	209,661

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.

# Greenpower Energy Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2009

## 5 Earnings per Share

(a) Reconciliation of Earnings to Profit or Loss

	Consolidated	
	2009	2008
	\$	\$
Loss	(855,762)	(1,547,285)
Loss used to calculate basic EPS	(855,762)	(1,547,285)
Loss used in calculation of dilutive EPS	(855,762)	(1,547,285)

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

	Consolidated	
	2009	2008
Weighted average number of ordinary shares outstanding during the year.		
No.used in calculating basic EPS and dilutive EPS	63,420,120	63,420,120
	63,420,120	63,420,120

# Greenpower Energy Limited

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## Notes to the Financial Statements

For the Year Ended 30 June 2009

### 6 Key Management Personnel Compensation

#### (a) Key Management Personnel Compensation

During the year the key management personnel were remunerated for their services through the issue of options, no other compensation was received for their services.

#### (b) Loans to Key Management Personnel

There were no loans to key management personnel during the year. Loans provided to Greenpower Energy Limited by related parties of Mr G King were repaid during the year ended 30 June 2007 by the issue of shares.

#### (c) Shareholdings

2009 Number of Shares held by Key Management Personnel

	Balance 1/07/2008	Options Exercised	Net Change Other*	Balance 30/06/2009
Key Management Personnel				
Alan Flavelle	1,930,160	-	-	1,930,160
Gerard King	21,977,516	-	-	21,977,516
Ronald McCullough	2,487,741	-	-	2,487,741
Takanao Mitsui	120,000	-	-	120,000
Matthew Suttling	-	-	139,146	139,146
	26,515,417	-	139,146	26,654,563

2008 Number of Shares held by Key Management Personnel

	Balance 1/07/2007	Options Exercised	Net Change Other*	Balance 30/06/2008
	\$	\$	\$	\$
Key Management Personnel				
Alan Flavelle	70,000	-	1,860,160	1,930,160
Gerard King	9,477,516	-	12,500,000	21,977,516
Ronald McCullough	2,487,741	-	-	2,487,741
Takanao Mitsui	100,000	-	20,000	120,000
Matthew Suttling	-	-	-	-
<b>Total</b>	12,135,257	-	14,380,160	26,515,417

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

# Greenpower Energy Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2009

## 6 Key Management Personnel Compensation continued

### (d) Options and Rights Holdings

The number of options over ordinary shares held by each key management personnel of the Group during the financial year is as follows:

	Balance at beginning of year	Granted as remuneration during the year	Exercised during the year	Other changes during the year	Balance at end of year	Vested during the year	Vested and exercisable	Vested and unexercisable
<b>30 June 2009</b>								
Alan Flavelle	-	1,200,000	-	-	1,200,000	-	-	-
Gerard King	-	200,000	-	-	200,000	-	-	-
Ronald McCullough	-	200,000	-	-	200,000	-	-	-
Takanao Mitsui	-	200,000	-	-	200,000	-	-	-
Matthew Suttlng	-	200,000	-	-	200,000	-	-	-
	-	2,000,000	-	-	2,000,000	-	-	-

	Balance at beginning of year	Granted as remuneration during the year	Exercised during the year	Other changes during the year	Balance at end of year	Vested during the year	Vested and exercisable	Vested and unexercisable
<b>30 June 2008</b>								
Alan Flavelle	-	-	-	-	-	-	-	-
Gerard King	-	-	-	-	-	-	-	-
Ronald McCullough	-	-	-	-	-	-	-	-
Takanao Mitsui	-	-	-	-	-	-	-	-
Matthew Suttlng	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-



# Greenpower Energy Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2009

## 7 Cash and Cash Equivalents

	Note	Consolidated		Parent	
		2009	2008	2009	2008
		\$	\$	\$	\$
Cash at bank		548,562	1,405,126	548,562	1,405,126
Short-term bank deposits	7(a)	10,664	10,000	10,664	10,000
		<b>559,226</b>	1,415,126	<b>559,226</b>	1,415,126

### Reconciliation of Cash

	Consolidated		Parent	
	2009	2008	2009	2008
	\$	\$	\$	\$
Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:				
Cash and cash equivalents	559,226	1,415,126	559,226	1,415,126
	<b>559,226</b>	1,415,126	<b>559,226</b>	1,415,126

The effective interest rate on short-term bank deposits was 1.5% (2008: 6.9%); these deposits are at call.

#### (a) Short term deposit

Short term deposits are held as a security for a bank guarantee.

# Greenpower Energy Limited

ABN 22 000 002 111

## Notes to the Financial Statements

For the Year Ended 30 June 2009

### 8 Trade and Other Receivables

	Note	Consolidated		Parent	
		2009	2008	2009	2008
		\$	\$	\$	\$
<b>CURRENT</b>					
Other receivables	8(a)	64,893	9,712	9,076	9,708
Amounts receivable from:					
- loans to related parties		-	-	4,230,235	3,825,658
- provision for impairment - loans to related parties		-	-	(1,601,213)	(1,558,356)
		<b>64,893</b>	<b>9,712</b>	<b>2,638,098</b>	<b>2,277,010</b>

	Note	Consolidated		Parent	
		2009	2008	2009	2008
		\$	\$	\$	\$
<b>NON-CURRENT</b>					
Amounts receivable from:					
- loans to related parties		-	-	5,906,000	5,906,000
		-	-	<b>5,906,000</b>	<b>5,906,000</b>

#### (a) Other Receivables

Other receivable represent receivables due from the Australian Taxation Office which are not impaired and will be receivable upon finalisation of the 2009 Income taxes.

#### (b) Loans to Related Parties

Loans to related parties were understated in the Parent in the prior year by \$5,906,000. As a consequence Exploration and evaluation assets were overstated by \$5,906,000. There was no adjustment to net assets for the Parent and no impact on the Consolidated Balance Sheet. Tenements were acquired by GCC Methane Pty Ltd through the issue of ordinary shares by the Parent in the year ended 30 June 2007.

# Greenpower Energy Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2009

## 9 Available for Sale Financial Assets

Available for Sale Financial Assets Comprise:

	Consolidated		Parent	
	2009	2008	2009	2008
	\$	\$	\$	\$
Listed investments, at cost shares in listed corporations	3,917,750	3,327,272	-	-
	3,917,750	3,327,272	-	-
Available for sale impairment loss	(1,344,543)	(1,059,970)	-	-
<b>Total other financial assets at fair value</b>	<b>2,573,207</b>	<b>2,267,302</b>	<b>-</b>	<b>-</b>

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 \$443,354.

### 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 2009. Refer note 21 for increases in market value subsequent to year end.

## 10 Controlled Entities

	Country of incorporation	Percentage Owned 2009	Percentage Owned 2008	Cost 2009 \$	Cost 2008 \$
<b>Subsidiaries of parent entity:</b>					
Davidson Prospecting Pty Ltd	Australia	100	100	199,000	199,000
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
		-	-	2,500,004	2,500,004

# Greenpower Energy Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2009

## 11 Exploration and Evaluation Assets

	Consolidated		Parent	
	2009	2008	2009	2008
	\$	\$	\$	\$
<b>NON-CURRENT</b>				
Exploration permits	8,406,000	8,406,000	-	-
	<b>8,406,000</b>	<b>8,406,000</b>	<b>-</b>	<b>-</b>

### Movements in Other Assets

	Consolidated		Parent	
	Exploration permits	Total	Exploration permits	Total
	\$	\$	\$	\$
<b>Year ended 30 June 2008</b>				
Opening balance	5,106,000	5,106,000	-	-
Additions	3,300,000	3,300,000	-	-
<b>Balance at 30 June 2008</b>	<b>8,406,000</b>	<b>8,406,000</b>	<b>-</b>	<b>-</b>
<b>Year ended 30 June 2009</b>				
Opening balance	8,406,000	8,406,000	-	-
Additions	-	-	-	-
<b>Balance at 30 June 2009</b>	<b>8,406,000</b>	<b>8,406,000</b>	<b>-</b>	<b>-</b>

### Exploration permits

Current permits as at 30 June 2009:

NSW - PEL 428

Victoria - EL4500, EL 4807, EI 4859, EL 4860, EL4861, EL 4862, EL 4877, EL 4811, EL 4368 and EL 4369

South Australia - SAPELA 145 and 146

Western Australia - EP 425 and EP 447

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

# Greenpower Energy Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2009

## 12 Trade and Other Payables

	Consolidated		Parent	
	2009	2008	2009	2008
	\$	\$	\$	\$
CURRENT				
Trade payables	31,410	34,242	31,410	34,242
Other payables	20,000	5,000	20,000	5,000
	<b>51,410</b>	<b>39,242</b>	<b>51,410</b>	<b>39,242</b>

## 13 Issued Capital

	Consolidated		Parent	
	2009	2008	2009	2008
	\$	\$	\$	\$
63,420,120 (2008: 63,420,120) Ordinary	61,957,739	61,957,739	61,957,739	61,957,739
	<b>61,957,739</b>	<b>61,957,739</b>	<b>61,957,739</b>	<b>61,957,739</b>

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

### Movements in ordinary share capital

	No. of shares	\$
<b>Year ended 30 June 2009</b>		
At the beginning of year	63,420,120	61,957,739
Shares issued during the year	-	-
Balance at 30 June 2009	63,420,120	61,957,739
<b>Year ended 30 June 2008</b>		
At the beginning of year	20,421,110	53,642,430
Capital raising - IPO 1 February 2008		
- Exploration Licences	16,500,000	3,300,000
- Financial Assets	14,360,160	2,872,032
- Cash	10,138,850	2,031,770
- Royalties	2,000,000	400,000
Cost of capital raising	-	(288,493)
<b>Balance at 30 June 2008</b>	<b>63,420,120</b>	<b>61,957,739</b>

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.

# Greenpower Energy Limited

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## Notes to the Financial Statements

For the Year Ended 30 June 2009

### 13 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 paid 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 balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the balance sheet (including minority interest) plus net debt.

During 2009, the Group's strategy, which was unchanged from 2008, was to maintain nil borrowings outside of trade and other payables.

	Consolidated		Parent	
	2009	2008	2009	2008
	\$	\$	\$	\$
Total payables	51,410	39,242	51,410	39,242
Less: cash and cash equivalents	(559,226)	(1,415,126)	(559,226)	(1,415,126)
<b>Net debt</b>	<b>(507,816)</b>	<b>(1,375,884)</b>	<b>(507,816)</b>	<b>(1,375,884)</b>
Total equity	11,551,916	12,058,898	15,551,918	12,058,898
<b>Total capital</b>	<b>11,044,100</b>	<b>10,683,014</b>	<b>15,044,102</b>	<b>10,683,014</b>

# Greenpower Energy Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2009

## 14 Reserves

	Consolidated		Parent	
	2009	2008	2009	2008
	\$	\$	\$	\$
Capital Realisation Reserve	<b>10,314,793</b>	10,314,793	<b>10,314,793</b>	10,314,793
Share Based Payments Reserve	<b>200,000</b>	-	<b>200,000</b>	-
Financial Assets Reserve	<b>148,780</b>	-	-	-
	<b>10,663,573</b>	10,314,793	<b>10,514,793</b>	10,314,793

### Capital Realisation Reserve

The capital realisation reserve revaluation of capital.

### Share Based Payments Reserve

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

### Financial Assets Reserve

The financial assets reserve records items recognises increases in fair value of available for sale financial assets.

## 15 Accumulated losses

	Consolidated		Parent	
	2009	2008	2009	2008
	\$	\$	\$	\$
<b>Distributable reserve</b>				
Opening balance	<b>(60,213,634)</b>	(58,666,349)	<b>(60,213,634)</b>	(58,666,349)
Net income/loss for the period	<b>(855,762)</b>	(1,547,285)	<b>(706,980)</b>	(1,547,285)
<b>Total</b>	<b>(61,069,396)</b>	(60,213,634)	<b>(60,920,614)</b>	(60,213,634)

# Greenpower Energy Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2009

## 16 Cash Flow Information

### Reconciliation of Cash Flow from Operations with Loss after Income Tax

	Consolidated		Parent	
	2009	2008	2009	2008
	\$	\$	\$	\$
Net income/(loss) for the year	(855,762)	(1,547,285)	(706,980)	(487,315)
Cash flows excluded from loss attributable to operating activities				
Non-cash flows in loss				
EP 425 Royalty costs acquired for ordinary shares	-	400,000	-	400,000
Impairment loss	433,354	1,059,970	164,544	1,059,970
Share options expensed	200,000	-	200,000	-
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries				
(Increase)/decrease in receivables	(110,997)	7,457	637	7,457
Increase/(decrease) in trade payables and accruals	12,167	20,336	12,168	20,336
<b>Net cash (outflow) from operating activities</b>	<b>(321,238)</b>	<b>(59,522)</b>	<b>(329,631)</b>	<b>1,000,448</b>

## 17 Capital Commitments

As a consequence of the completion of the IPO Greenpower Energy Limited holds a 20% interest in the EL 428, the current budget for the year ended 30 June 2010 is \$25,000.

### Capital Expenditure Commitments

	Consolidated		Parent	
	2009	2008	2009	2008
	\$	\$	\$	\$
Capital expenditure commitments contracted for:				
Exploration Permits	325,000	656,784	325,000	656,784
	<b>325,000</b>	<b>656,784</b>	<b>325,000</b>	<b>656,784</b>
Payable:				
- not later than 12 months	175,000	395,529	175,000	395,529
- between 12 months and 5 years	150,000	261,255	150,000	261,255
	<b>325,000</b>	<b>656,784</b>	<b>325,000</b>	<b>656,784</b>



# Greenpower Energy Limited

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## Notes to the Financial Statements

For the Year Ended 30 June 2009

### 18 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 10.

**(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.

Mr Alan Flavelle a Director of Greenpower Energy Limited subscribed for 1,860,160 shares at 20c per share being satisfied by the transfer of \$375,032 of shares in European Gas Limited. The shares in European Gas are currently in the process of being transferred from Alan Flavelle to the company after a clerical error occurred during the transfer process. The directors have stated that these shares are held on trust by Alan Flavelle and as such are considered to be the property of the GCC Asset Holdings Pty Limited and has been disclosed as such.

**(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 2009 was:

Shares: 26,515,417 (2008: 26,515,417) Ordinary

# Greenpower Energy Limited

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## Notes to the Financial Statements

For the Year Ended 30 June 2009

### 19 Financial instruments

#### (a) Financial Risks

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

The company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

#### (b) Net Fair Value

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

	Consolidated		Parent	
	2009	2008	2009	2008
	\$	\$	\$	\$
Cash	559,226	1,415,126	559,226	1,415,126
Trade and other receivables	64,893	9,712	9,076	9,708
Available for sale financial assets at fair value	2,573,207	2,267,302	-	-
Loans and receivables	-	-	2,629,022	2,267,302
	<b>3,197,326</b>	<b>3,692,140</b>	<b>3,197,324</b>	<b>3,692,136</b>
Trade and other payables	51,410	39,242	51,410	39,242
	<b>51,410</b>	<b>39,242</b>	<b>51,410</b>	<b>39,242</b>

#### (c) Foreign Currency Risk

The group is not exposed to fluctuations in foreign currencies.

#### (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. The maximum exposure to credit risk at balance date is the carrying amount (net of provision of doubtful debts) of those assets as disclosed in the balance sheet 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.

# Greenpower Energy Limited

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## Notes to the Financial Statements

For the Year Ended 30 June 2009

### 19 Financial instruments continued

#### (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

	Consolidated			Parent		
	Carrying Amount	Contractual Cash flows	< 6 mths	Carrying Amount	Contractual Cash flows	< 6 mths
	\$	\$	\$	\$	\$	\$
<b>Year ended 30 June 2009</b>						
Trade and other payables	51,410	51,410	51,410	51,410	51,410	51,410
	51,410	51,410	51,410	51,410	51,410	51,410
<b>Year ended 30 June 2008</b>						
Trade and other payables	39,242	39,242	39,242	39,242	39,242	39,242
	39,242	39,242	39,242	39,242	39,242	39,242

# Greenpower Energy Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2009

## 19 Financial instruments 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- rates 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
	2009	2008	2009	2008	2009	2008	2009	2008	
Cash and cash equivalents	5.7	6.9	548,562	1,405,126	10,664	10,000	-	-	559,226
Receivables	-	-	-	-	-	-	64,893	9,712	64,893
<b>Total Financial Assets</b>			<b>548,562</b>	<b>1,405,126</b>	<b>10,664</b>	<b>10,000</b>	<b>64,893</b>	<b>9,712</b>	<b>624,119</b>
<b>Financial Liabilities:</b>									
Trade and sundry payables	-	-	-	-	-	-	51,410	39,242	51,410
<b>Total Financial Liabilities</b>							<b>51,410</b>	<b>39,242</b>	<b>51,410</b>
									<b>1,424,838</b>

# Greenpower Energy Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2009

## 19 Financial instruments continued

### (f) Interest Rate Risk continued

The Parent's 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	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	%	%	\$	\$	\$	\$	\$	\$	\$	\$
<b>Financial Assets:</b>										
Cash and cash equivalents	5.7	6.9	548,562	1,405,126	10,664	10,000	-	-	559,226	1,415,126
Receivables	-	-	-	-	-	-	9,076	9,708	9,076	9,708
Amounts receivable from related parties	-	-	-	-	-	-	2,629,022	2,267,298	2,629,022	2,267,298
Total Financial Assets	-	-	548,562	1,405,126	10,664	10,000	2,638,098	2,277,006	3,197,324	3,692,132
<b>Financial Liabilities:</b>										
Trade and sundry payables	-	-	-	-	-	-	51,410	39,242	51,410	39,242
Total Financial Liabilities	-	-	-	-	-	-	51,410	39,242	51,410	39,242

# Greenpower Energy Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2009

## 19 Financial instruments continued

### (f) Interest Rate Risk continued

Sensitivity analysis

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

	Consolidated				Parent			
	+ .5% (50 basis points)		- .5% (50 basis points)		+ .5% (50 basis points)		- .5% (50 basis points)	
	2009	2008	2009	2008	2009	2008	2009	2008
Cash at bank	\$ 2,583	\$ 7,075	\$ (2,583)	\$ (7,075)	\$ 2,583	\$ 7,075	\$ (2,583)	\$ (7,075)
	2,583	7,075	(2,583)	(7,075)	2,583	7,075	(2,583)	(7,075)

### (g) Price Risk

The Group is exposed to equity securities price risk. This arises from investments held by the Group and classified on the balance sheet 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 maintain 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.

	Consolidated				Parent			
	+ 30%		- 10%		+ 30%		- 10%	
	2009	2008	2009	2008	2009	2008	2009	2008
	\$ 771,962	\$ 680,190	\$ (257,321)	\$ (226,730)	\$ -	\$ -	\$ -	\$ -
Financial Assets	771,962	680,190	(257,321)	(226,730)	-	-	-	-

# Greenpower Energy Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2009

## 20 Segment Reporting

The Group operates predominately in one business and geographical segment being Australia.

## 21 Events After the Balance Sheet Date

- ◆ On 15 August 2009 Greenpower Energy Limited (ASX:GPP) ("Greenpower") announced that it has entered into a Heads of Agreement ("HOA") with Clean Global Energy Pty Ltd ("CGE"), to allow CGE to explore and evaluate Greenpower's Victorian coal tenements.<sup>1</sup>

The HOA allows CGE (and IRH) in their opinion to select a priority area or areas suitable for UCG development, then if appropriate, in joint venture with Greenpower, to select a site or sites within selected joint venture area/s to build a UCG pilot plant/s and in due course a UCG commercial plants.

Upon completion of the initial site analysis and characterisation, CGE and Greenpower intend to enter into a joint venture agreement whereby CGE will commit to expend \$1,250,000 within a 5 year period to earn a 75% interest in the selected coal tenements for UCG. This expenditure will go towards any initial works in preparation for the construction and commissioning of a 1Pj per annum UCG Syngas Plant.

- ◆ On 9 September 2009, the Company announced that it has agreed to sell EL 4877 to Latrobe Fuels Limited for \$200,000 deposit payable on signing, \$1,600,000 payable 12 months from the lodgement of the buyer's revised Work Plan, and \$1,000,000 payable if and when a mining lease is granted to replace the EL, plus a 3.5% net smelter royalty.
- ◆ Subsequent to year end the market value of the other financial assets has increased by \$1,069,884.

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.

## 22 Contingent Liabilities

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

# Greenpower Energy Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2009

## 23 Company Details

### Registered office

The registered office of the company is:

Greenpower Energy Limited  
Level 19, 2 Market Street  
Sydney NSW 2000

### Principal place of business

The principal places of business are:

Greenpower Energy Limited  
4 Foamcrest Avenue  
Newport NSW 2106



# Greenpower Energy Limited

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## Directors' Declaration

The directors of the Group declare that:

1. The financial statements, comprising the income statement, balance sheet, cash flow statement, statement of changes in equity, accompanying notes, are in accordance with the Corporations Act 2001 and:
  - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
  - (b) give a true and fair view of the financial position as at 30 June 2009 and of the performance for the year ended on that date of the company and the group;
2. In the directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.
3. The remuneration disclosures included in pages 7-10 of the directors' report (as part of audited Remuneration Report), for the year ended 30 June 2009, comply with section 300A of the Corporations Act 2001.
4. The directors have been given the declarations by the managing director and chief financial officer

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



Director .....  
Gerard King

Dated 30 September 2009



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

We have audited the accompanying financial report of Greenpower Energy Limited, which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes 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 and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

### Auditor's Responsibility

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

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

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

### 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* would be in the same terms if it had been given to the directors at the time that this auditor's report was made.

### **Auditor's 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 company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

### **Report on the Remuneration Report**

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2009. 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.

#### *Auditor's Opinion*

In our opinion, the Remuneration Report of Greenpower Energy Limited for the year ended 30 June 2009, complies with section 300A of the *Corporations Act 2001*.

### **BDO Kendalls Audit & Assurance (WA) Pty Ltd**

BDO Kendalls



**Chris Burton**  
Director

Dated this 30<sup>th</sup> day of September 2009  
Perth, Western Australia

# Greenpower Energy Limited

ABN 22 000 002 111

## ASX Additional Information

The shareholder information set out below was applicable as at 23 September 2009.

### 1. Distribution of Shareholders

Analysis of number of shareholders by size of holding.

Category of holding	Number	Number of Shares
- 1,000	900	182,374
1,1 - 5,000	335	997,602
5,1 - 10,000	257	2,254,689
10,1 - 100,000	305	9,393,850
100,1 - shares and over	<u>39</u>	<u>50,591,605</u>
<b>Total</b>	<u><u>1,836</u></u>	<u><u>63,420,120</u></u>

### 2. Twenty Largest Shareholders

The names of the twenty largest holders of quoted shares are:

	Number of Shares	Percentage of total shares
Lodestar Investments Limited	21,623,216	34.10
Planet Gas Limited	12,500,000	19.71
European Gas Limited	4,000,000	6.31
Mr Alan John Flavelle	1,860,160	2.93
Anz Nominees Limited <Cash Income A/C>	1,765,750	2.78
Mr Ronald Hugh McCullough + Mrs Shirley May McCullough <Demeter Super Fund A/C>	1,340,000	2.11
Manasota Pty Ltd	1,000,000	1.58
Greeneearth Energy Limited	785,100	1.24
Mr Geok Khim Goh	500,000	0.79
HSBC Custody Nominees Australia Limited	436,000	0.69
WM Noall Nominees Proprietary Limited	384,910	0.61
Pandora Nominees Pty Ltd	354,300	0.56
R Cordina & Son Pty Limited	256,000	0.40
Dr Scott Fraser French + Mrs Julien Alicia French <Fraser Dental Svs S/F A/C>	250,000	0.39
Alliance Investments Pty Ltd	247,741	0.39
Summertime Holdings Pty Ltd	235,000	0.37
A & Kui Pty Ltd <A & K Super Fund A/C>	200,000	0.32

# Greenpower Energy Limited

ABN 22 000 002 111

## ASX Additional Information

Mr Kenneth Frederick Moore	198,238	0.31
Mr Jacobus Konyyn	174,226	0.27
National Nominees Limited	<u>155,000</u>	<u>0.24</u>
<b>Total</b>	<u><u>48,265,641</u></u>	<u><u>76.10</u></u>

### 3. Twenty Largest Option Shareholders

The names of the twenty largest holders of quoted options are:

	<b>Number of Shares</b>	<b>Percentage of total shares</b>
Mr Alan Flavelle	1,200,000	40.00
Mr John Karajas	1,000,000	33.32
Mr Ron McCullough	200,000	6.67
Mr Gerard King	200,000	6.67
Mr Tony Mitsui	200,000	6.67
Mr Matthew Suttling	<u>200,000</u>	<u>6.67</u>
<b>Total</b>	<u><u>3,000,000</u></u>	<u><u>100.00</u></u>

### 5. Voting Rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

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