

GREENPOWER ENERGY LIMITED

[ABN 22 000 002 111]

109th ANNUAL REPORT

2008

GREENPOWER ENERGY LIMITED

GREENPOWER'S STRATEGIC INTENT

Greenpower's strategic intent is to become a significant producer of Coal Seam Methane in Western Australia and Victoria, and in New South Wales through our joint venture interest in PEL 428

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IMPORTANT INFORMATION

- Definitions

Some abbreviations are used throughout this Report. Abbreviated terms are generally identifiable by the use of an upper case first letter. All amounts of money are stated in Australian dollars unless otherwise specified.

- Display on website

This Annual Report will be posted on the Company's website at www.greenpowerenergylimited.com.au

- Cautionary Statement

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

GREENPOWER ENERGY LIMITED

CORPORATE DIRECTORY

<p>DIRECTORS:</p> <p>Alan Flavelle (Chairman) Gerard King Ronald McCullough Takanao (Tony) Mitsui</p> <p>COMPANY SECRETARY:</p> <p>Matthew Suttling</p> <p>REGISTERED OFFICE:</p> <p>BDO Corporate Secretarial Services Level 19, 2 Market Street Sydney NSW 2000 Australia Phone: +61-2 9286 5555 Fax: +61-2 9286 5599</p> <p>BUSINESS OFFICE</p> <p>105 Howard Avenue Dee Why NSW 2099</p> <p>POSTAL ADDRESS:</p> <p>PO Box 1664 Fremantle WA 6959</p> <p>WEBSITE:</p> <p>www.greenpowerenergylimited.com.au</p>	<p>INDEPENDENT CONSULTING GEOLOGIST:</p> <p>John Karajas Kjirt Exploration Services Pty. Ltd.</p> <p>SOLICITORS TO THE COMPANY:</p> <p>Price Sierakowski Lawyers Level 24, 44 St Georges Terrace Perth WA 6000 Australia</p> <p>AUDITORS:</p> <p>BDO Kendalls Audit and Assurance (WA) Pty Ltd 128 Hay Street Subiaco WA 6008 Australia</p> <p>SHARE REGISTRY:</p> <p>Computershare Investor Services Pty Limited 452 Johnston Street Yarra Falls VIC 3067 Australia Phone: +61-3-9415 5023 Fax: + 1300 137 341</p> <p>BANKERS</p> <p>Commonwealth Bank of Australia 48 Martin Place Sydney NSW 2000</p>
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LETTER FROM THE CHAIRMAN

30 September 2008

Dear Shareholder

On behalf of the Board, it gives me great pleasure to report to you at the end of our first year in which the Company has been listed on the ASX.

As stated to our shareholders in 2005, Greenpower is intent on becoming an explorer for and producer of 'coal seam natural gas' ('CSG') in Australia. In 2006 the Company entered into contracts for the purchase of two hydrocarbon exploration permits, both in the Perth Basin in Western Australia. In 2007, the Company entered into contracts with Planet Gas Limited ("Planet Gas") to acquire companies holding eight exploration licenses for CSG in Victoria, seven of which are located in the Gippsland Basin and one of which is located in the Otway Basin, with one of the companies also having a contract to purchase two further tenements in the Otway Basin. In addition, the Company has a contract with Planet Gas to acquire a company holding a share in an exploration license located in the Gunnedah Basin in New South Wales and two direct exploration license applications one each in the Eromanga and Willochra Basins in South Australia. With the Company's listing on 5 March this year, and the issuing of all the listed and vendor shares, all of these contracts have now been completed and the Company has now commenced the exploration of these properties for commercial CSG.

As I have said previously CSG (also called 'coal bed methane' (CBM)) production in the USA is now a mature industry and contributes approximately 7% of the USA's natural gas production. Modern exploration and completion techniques have significantly contributed to the exponential growth of CBM production in the United States. CSG is now being actively sought and developed throughout Australia.

The Company's principal goal is the production of this natural gas, coupled with the continued sustainable growth of the Company's assets.

The funds raised from the Prospectus and eventual cashflow from operations will be used for the exploration and appraisal of the Company's extensive holdings. Future acquisitions of other projects with high technical attributes and accessible infrastructure will continue to be targeted.

I very much appreciate your support through what has been a difficult time and look forward to your continued support in the future.

Yours faithfully

Alan Flavelle
Chairman

GREENPOWER'S ORIGINS AND CURRENT PROJECTS:

Greenpower Energy Limited 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. Its present four directors, and consultant – two petroleum geologists, a mining engineer, a company executive and a lawyer – have, together, 160 years of experience in companies engaged in coal, oil and gas exploration and production. Greenpower is now a coal seam natural gas (CSG) (also called 'coal bed methane') exploration and development company, with 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. Specifically, the Company has commenced exploration of, assessment, and, if decided commercially attractive, will develop its projects in the Gippsland and Otway Basins in Victoria, the Eromanga and Willochra Basins in South Australia, the Perth Basin in Western Australia, and the Gunnedah Basin in New South Wales with the aim of extracting, lifting, transporting and selling natural gas to electricity producers and gas marketers. A brief description of each of the Company's Projects follows..

Gippsland Basin, Victoria:

The Gippsland Basin Project is located to the southeast of metropolitan Melbourne, between Dandenong, Wonthaggi, Leongatha and Moe. The Project covers an aggregate surface area of approximately 4,625 square kilometers. The CSG potential lies in the black coals of the Early Cretaceous Strzelecki Group. The Gippsland Basin is a complex rift basin system, with northeast trending structural lineaments composed of anticlines, synclines, monoclines, extensional and compressional faults.

Planet Gas, from whom Greenpower purchased the Project, collected data on the Project area and developed exploration programmes to lead to drilling, and has registered Work Plans for the exploration licenses comprising the Project area. Planet Gas had planned to drill 24 stratigraphic holes totalling up to 22,000 metres on the Project area, to depths up to 1000 metres. Greenpower has entered into information sharing arrangements with two exploration companies exploring for geothermal energy. These two companies' areas overly GPP's areas and information obtained will be considered before the implementation of Planet Gas's exploration programmes.

Otway Basin, Victoria:

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.

Greenpower's Otway Basin Project is adjacent to the South Australian border, and alongside the route of the South East Australian gas pipeline. The Project covers a surface area of approximately 1503 square kilometers. Planet Gas had lodged a Work Plan allowing for the drilling of up to four 1,200 metre stratigraphic test holes, and Greenpower is reviewing that programme.

Willochra and Eromanga Basins, South Australia:

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 purchased a 100% interest in two license applications in South Australia, PELAs 145 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.

Perth Basin, Western Australia:

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 km²), 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 now holds a 100% interest in EP 425, lying along the Western Australian coast, within 21 onshore and offshore graticular blocks (62,000 hectares), situated near Green Head, and has acquired, from European Gas, a 100% interest in EP 477, 76,500 hectares situated at Walyering.

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. EP 447 is in the central Perth Basin and covers an area which contains substantial amounts of gassy coal in the Upper Coal Member of the Early to Middle Jurassic Cattamarra Coal Measures. The Walyering No 4, well, drilled in 2001, encountered over 20 metres net of gassy coal in the interval 2850-2950 metres.

Gunnedah Basin, New South Wales:

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 the principal interest in the PEL 428 joint venture which it is earning funding Comet Ridge Limited's expenditure commitment to gain a 60% interest in the Project, leaving Comet Ridge with the remaining 20%.

Details of Tenements Held

Below is a table showing all the tenements in which Greenpower holds an interest:

Project*	Location	Area Gross	GEL's Interest
Victoria			
EL 4500	Gippsland Basin,	2635 Blocks	100%
EL 4807	Gippsland Basin,	26 Blocks	100%
EL 4859	Gippsland Basin,	79 Blocks	100%
EL 4860	Gippsland Basin,	439 Blocks	100%
EL 4861	Gippsland Basin,	46 Blocks	100%
EL 4862	Gippsland Basin,	32 Blocks	
EL 4877	Gippsland Basin,	1651 Blocks	
EL 4811	Otway Basin	778 Blocks	100%
EL 4368	Otway Basin	550 Blocks	100%
EL 4369	Otway Basin	289 Blocks	100%
South Australia			
SAPELA 145	Willochra Basin	6197 Km ²	100%
SAPELA 146	Eromanga Basin	2679 Km ²	100%
Western Australia			
EP 425	Perth Basin	21 Blocks	100%
EP 477	Perth Basin	15 Bocks	100%
New South Wales			
PEL 428	Gunnedah Basin	81 Blocks	20%

GREENPOWER'S TEAM – BOARD, MANAGEMENT AND CONSULTANTS

The current Board of Directors and the Consultant are experienced resource industry professionals who will continue with the ongoing direction and management of the Company.

The Company intends to employ other staff and engage consultants and contractors to carry out geological, administrative and field operation functions.

BOARD OF DIRECTORS

The Directors of the Company collectively have significant experience in the resources and corporate sectors. Brief summaries of the backgrounds of the Directors and Secretary are set out in the Directors' Report in the Financial Statements later on.

Alan Flavelle (Non Executive Chairman).

Gerard King (Non-Executive Director).

Ron McCullough (Non-executive director)

Takanao (Tony) Mitsui (Non-Executive Director)

Matt Suttling (Company Secretary).

GREENPOWER'S GEOLOGICAL CONSULTANT

John Karajas (Consultant).

John is the principal of Kjirt Exploration Services Pty. Ltd., which will be engaged by GEL to advise the Company in respect of its Perth Basin project. John graduated from the University of Western Australia in 1970 with a BSc (Honours) degree in geology, and is a member of the Australian Institute of Geologists.

Since 1982 John has been employed by Eagle Resources, IEDC, Omega Oil NL, Kimberley Oil NL, and has consulted to a number of oil companies for periods of varying duration, carrying out wellsite geology, basin studies, source rocks, reservoirs, timing of oil generation and migration, trap identification, operations geology, prospect generation, prospect appraisal, reserves/resources calculations, farm-out, stock market and J/V presentations, drilling and seismic programs, monitoring and appraisal.

From 1988 to 1991 John evaluated the CSG potential of the Vasse Shelf area of the Perth Basin, evaluated the CSG potential of the Gunnedah Basin, NSW and Received intensive indoctrination on CSG in the USA in 1989.

From 1990 to 1995 John identified CSG prospects in the Bowen Basin for Empire Oil and provided them with ongoing consulting, As a partner with Empire Oil, John identified and evaluated CSG prospectively in the Ipswich Basin in Queensland;

From 2003 to 2004 John evaluated CSG prospects in France and Italy held by Kimberley Oil NL, as well as reviewing other CSG opportunities in Europe.

CORPORATE GOVERNANCE

The Board is responsible for the overall corporate governance of the Company, and it recognises the need for the highest standards of ethical behaviour and accountability. The Board is committed to administering its corporate governance structures to promote integrity and responsible decision making. To the extent that they are relevant to the organization, the Company has adopted the ten Corporate Governance Principles and Recommendations ("Recommendations") as published by the ASX Corporate Governance Council. Due to the size of the Company it has not adopted in its entirety all Recommendations, however the Company will continually review the situation.

Further information about the Company's corporate governance practices will be placed on the Company's website at greenpowerenergylimited.com.au in. In accordance with the Recommendations, information published on the Company's website will include charters (for the Board and its sub committees), codes of conduct and other policies and procedures relating to the Board and its responsibilities.

As the Company's activities develop in size, nature and scope, the size of the Board and the implementations of additional corporate governance policies and structures will be given further consideration.

CORPORATE STRUCTURE

Greenpower, as the 'parent' entity owns 100% of:

- GCC Methane Pty. Ltd. (ACN 118 251 497) the holding vehicle for the Perth Basin Project properties; EP 425 and EP 477; and
- GCC Asset Holdings Pty. Ltd. (ACN 003 762 294) which holds the financial investments of the group.
- Greenpower Natural Gas Pty Ltd (ACN 092 403 506) the holding vehicle for two (2) of the Gippsland Basin Project properties and the three Otway Basin properties;
- Sawells Pty. Ltd. (ACN 109 791 077) the holding vehicle for five (5) of the Gippsland Basin Project properties; and
- Davidson Prospecting Pty Ltd (ACN 060 258 031) the holding vehicle for the Gunnedah Basin Joint Venture project property 20% interest.

Greenpower Energy Limited

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Financial Statements

For the Year Ended 30 June 2008

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Greenpower Energy Limited

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Directors' Report

30 June 2008

Your directors present their report on the company and its controlled entities for the financial year ended 30 June 2008.

Directors

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

Names

Mr A. J. Flavelle

Mr G.A. King

Mr R.H. McCullough

Mr 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 28 August 2008 Greenpower agreed to co-sign a farm-in agreement allowing Eastern Star Gas Limited (ESG) to actively assess coal seam gas, natural gas and oil in its partly owned PEL 428 tenement north of Gunnedah NSW. Greenpower, through its 100 per cent subsidiary Davidson Prospecting Pty Ltd, owns 20 per cent rights to the tenement. Tenement operator Orion Energy (OIP) has agreed to the farm-in of this and two other NSW tenements to Eastern Gas. The farm-in agreement will come into effect after regulatory approvals and all parties have signed. Greenpower will contribute 20 per cent of costs in assessing the tenement.

In August 2008 the Group acquired a further 115,000 shares for consideration of \$203,211 in Astron Limited.

Subsequent to year end the market value of the other financial assets has fallen by \$260,606.

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.

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.

Greenpower Energy Limited

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Directors' Report

30 June 2008

Auditors Independence Declaration

The lead auditors independence declaration for the year ended 30 June 2008 has been received and can be found on page 19 of the financial report.

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

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 2008:

	2008	2007
	\$	\$
Corporate secretarial	10,230	2,642
IPO services	7,149	4,432
	<hr/>	<hr/>
	17,379	7,074

Business review

Operating Results

The loss after providing for income tax amounted to \$ (1,547,285) (2007: (\$92,822)). The loss was adversely affected by the fair value adjustment to the carrying value of listed investments \$1,059,970 and the cost of acquiring royalty agreements over EL 4500 for \$440,000.

Dividends paid or declared

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

Greenpower Energy Limited

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Directors' Report

30 June 2008

Director Information

Information on Directors

Mr A. J. Flavelle	Chairman
Qualifications	B.Ph
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
Special Responsibilities	Other than Chairman there are no special responsibilities
Directorships held in other listed entities	Mr Flavelle is a Director of European Gas Limited

Greenpower Energy Limited

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Directors' Report

30 June 2008

Mr G.A. 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

21,977,516 Ordinary shares

Special Responsibilities

There are no special responsibilities

Directorships held in other listed entities

Mr King is a Director of Astron Limited

Greenpower Energy Limited

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Directors' Report

30 June 2008

Mr R.H. 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

2,487,741 Ordinary shares

Special Responsibilities

There are no special responsibilities

Directorships held in other listed entities

Mr McCullough is a Director of Astron Limited

Greenpower Energy Limited

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Directors' Report

30 June 2008

Mr 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

Special Responsibilities

There are no special responsibilities

Directorships held in other listed entities

Mr 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
Mr A. J. Flavelle	8	8
Mr G.A. King	8	8
Mr R.H. McCullough	8	8
Mr 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 2008

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

While the Group does not currently remunerate its directors and executives the Directors 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 either the Black Scholes or Binomial methodologies.

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Directors' Report

30 June 2008

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. The maximum aggregate amount of fees that can be paid to non executive directors is subject to approval by shareholders at the Annual General Meeting. 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

There were no share based remunerations granted to key management personnel during the year.

On 17 April 2007 an Employee Share Option Plan was set-up.

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.

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Directors' Report

30 June 2008

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.

2008

	Short-term benefits				Post employment benefits	Other long-term benefits	Share-based payments	Total	Performance Related
	Cash, salary & commissions	Cash share	Cash Bonus	Non-cash Benefits					
	\$	\$	\$	\$	\$	\$	\$	\$	%
Mr A. J. Flavelle	-	-	-	-	-	-	-	-	-
Mr G.A. King	-	-	-	-	-	-	-	-	-
Mr R.H. McCullough	-	-	-	-	-	-	-	-	-
Mr Takanao Mitsui	-	-	-	-	-	-	-	-	-
Mr M. D. Suttling	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-

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Directors' Report

30 June 2008

Remuneration Report continued

2007

	Short-term benefits				Post employment benefits	Share-based payments			Total	Performance Related
	Cash, salary & commissions	Cash profit share	Cash Bonus	Non-cash Benefits		Equity	Equity	Options		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	%
Mr A. J. Flavelle	-	-	-	-	-	-	-	-	-	-
Mr G.A. King	-	-	-	-	-	-	-	-	-	-
Mr R.H. McCullough	-	-	-	-	-	-	-	-	-	-
Mr Takanao Mitsui	-	-	-	-	-	-	-	-	-	-
Mr M. D. Suttling	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-

Greenpower Energy Limited

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Directors' Report

30 June 2008

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

No options over issued shares or interests in the company or a controlled entity were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

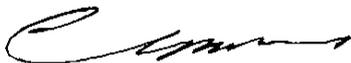
Proceedings on Behalf of Company

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:

Mr G.A. King

Dated this 30th day of September 2008

Greenpower Energy Limited

ABN 22 000 002 111

**Corporate Governance Statement
For the Year Ended 30 June 2008**

Greenpower Energy Limited

ABN 22 000 002 111

**Corporate Governance Statement
For the Year Ended 30 June 2008**

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.

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. Mr. Gerard King, Mr. Alan Flavelle, Mr. Ron McCullough and Mr. Takanao Mitsui are Non-Executive Directors. Mr. Alan Flavelle is the Chairman. All Non-Executive Directors are independent directors as they meet the following criteria for independence adopted by the Company:

Greenpower Energy Limited

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Corporate Governance Statement For the Year Ended 30 June 2008

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;
- 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 and approving and monitoring acquisitions, divestitures and financial and other reporting.

Greenpower Energy Limited

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Corporate Governance Statement For the Year Ended 30 June 2008

- 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.
- 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.

Greenpower Energy Limited

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Corporate Governance Statement For the Year Ended 30 June 2008

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
- 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.

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Corporate Governance Statement For the Year Ended 30 June 2008

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.

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 2008

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 2008

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

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Corporate Governance Statement For the Year Ended 30 June 2008

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.

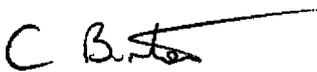
Greenpower Energy Limited

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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 2008, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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



Chris Burton
BDO Kendalls Audit & Assurance (WA) Pty Ltd

Perth, 30 September 2008

Greenpower Energy Limited

ABN 22 000 002 111

Income Statements

For the Year Ended 30 June 2008

	Note	Consolidated		Parent	
		2008	2007	2008	2007
		\$	\$	\$	\$
Other income		74,470	-	74,470	-
Administrative expenses		(63,399)	(35,579)	(63,399)	(35,579)
Tenement costs		(498,386)	(57,243)	(498,386)	(57,243)
Impairment loss of financial assets	9	(1,059,970)	-	(1,059,970)	-
Loss before income tax		(1,547,285)	(92,822)	(1,547,285)	(92,822)
Income tax expense	4	-	-	-	-
Loss attributable to equity holders of Greenpower Energy Limited		(1,547,285)	(92,822)	(1,547,285)	(92,822)
Earnings Per Share:					
Basic loss per share (cents per share)	5	(4.07)	(0.23)	(4.07)	(0.23)
Diluted loss per share (cents per share)		(4.07)	(0.23)	(4.07)	(0.23)

The accompanying notes form part of the financial statements.

Greenpower Energy Limited

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Balance Sheet

As At 30 June 2008

		Consolidated		Parent	
	Note	2008	2007	2008	2007
		\$	\$	\$	\$
ASSETS					
Current assets					
Cash and cash equivalents	7	1,415,126	146,482	1,415,126	146,482
Trade and other receivables	8	9,712	97,373	2,277,010	97,369
Total current assets		1,424,838	243,855	3,692,136	243,851
Non-current assets					
Other financial assets	11	-	-	2,500,004	4
Available for sale financial assets	9	2,267,302	-	-	-
Exploration and evaluation assets	12	8,406,000	5,106,000	5,906,000	5,106,000
Total non-current assets		10,673,302	5,106,000	8,406,004	5,106,004
TOTAL ASSETS		12,098,140	5,349,855	12,098,140	5,349,855
LIABILITIES					
Current liabilities					
Trade and other payables	13	39,242	58,981	39,242	58,981
Total current liabilities		39,242	58,981	39,242	58,981
TOTAL LIABILITIES		39,242	58,981	39,242	58,981
NET ASSETS		12,058,898	5,290,874	12,058,898	5,290,874
EQUITY					
Issued capital	14	61,957,739	53,642,430	61,957,739	53,642,430
Reserves	15	10,314,793	10,314,793	10,314,793	10,314,793
Accumulated losses	16	(60,213,634)	(58,666,349)	(60,213,634)	(58,666,349)
TOTAL EQUITY		12,058,898	5,290,874	12,058,898	5,290,874

The accompanying notes form part of the financial statements.

Greenpower Energy Limited

ABN 22 000 002 111

Statements of Changes in Equity

For the Year Ended 30 June 2008

	Ordinary Shares \$	Accumulat ed Losses \$	Parent Capital Profits Reserve \$	Asset Revaluatio n Reserve \$	Total \$
Balance at 1 July 2006	48,237,481	(59,939,255)	10,314,793	1,365,728	(21,253)
Shares issued during the year	5,404,949	-	-	-	5,404,949
Transfer from asset revaluation reserve	-	1,365,728	-	(1,365,728)	-
Loss attributable to members	-	(92,822)	-	-	(92,822)
Balance at 30 June 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)
Transactions with Equity holders in their capacity as Equity holders					
Shares issued during the year	8,563,675	-	-	-	8,563,675
Share issue costs	(248,366)	-	-	-	(248,366)
Balance as at 30 June 2008	61,957,739	(60,213,634)	10,314,793	-	12,058,898

	Ordinary Shares \$	Accumulat ed Losses \$	Consolidated Capital Profits Reserve \$	Asset Revaluatio n Reserve \$	Total \$
Balance at 1 July 2006	48,237,481	(59,939,255)	10,314,793	1,365,728	(21,253)
Shares issued during the year	5,404,949	-	-	-	5,404,949
Transfer from the asset revaluation reserve	-	1,365,728	-	(1,365,728)	-
Loss attributable to members	-	(92,822)	-	-	(92,822)
Balance as at 30 June 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)
Transactions with Equity holders in their capacity as Equity holders					
Shares issued during the year	8,563,675	-	-	-	8,563,675
Share issue costs	(248,366)	-	-	-	(248,366)
Balance as at 30 June 2008	61,957,739	(60,213,634)	10,314,793	-	12,058,898

The accompanying notes form part of the financial statements.

Greenpower Energy Limited

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Cash Flow Statement

For the Year Ended 30 June 2008

	Note	Consolidated		Parent	
		2008 \$	2007 \$	2008 \$	2007 \$
Cash from operating activities:					
Payments to suppliers and employees		(133,992)	(134,113)	(133,992)	(134,113)
Interest received		74,470	-	74,470	-
Net cash provided by (used in) operating activities	17	(59,522)	(134,113)	(59,522)	(134,113)
Cash flows from investing activities:					
Acquisition of other non current assets		-	(106,000)	-	(106,000)
Acquisition of other non current assets	12	(455,239)	-	(455,239)	-
Net cash provided by (used in) investing activities		(455,239)	(106,000)	(455,239)	(106,000)
Cash flows from financing activities:					
Proceeds from the issue of shares		1,783,405	100,000	1,783,405	100,000
Net cash provided by (used in) financing activities		1,783,405	100,000	1,783,405	100,000
Net increase (decreases) in cash held		1,268,644	(140,113)	1,268,644	(140,113)
Cash at beginning of financial year		146,482	286,595	146,482	286,595
Cash at end of financial year	7	1,415,126	146,482	1,415,126	146,482

The accompanying notes form part of the financial statements.

Greenpower Energy Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2008

1 Corporate Information

The financial report of Greenpower Energy Limited for the year ended 30 June 2008 was authorised for issue in accordance with a resolution of the directors on 30 September 2008 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

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Notes to the Financial Statements

For the Year Ended 30 June 2008

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 and are accounted for in the Parent entity financial statements at cost.

(c) Revenue

Revenue is recognised at the fair value of the consideration received or receivable. Revenue from the sale of goods is recognised upon the delivery of goods to customers.

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.

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 2008

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/separate 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.

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Notes to the Financial Statements

For the Year Ended 30 June 2008

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 (refer to note 11). 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

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Notes to the Financial Statements

For the Year Ended 30 June 2008

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.

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Notes to the Financial Statements

For the Year Ended 30 June 2008

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.

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Notes to the Financial Statements

For the Year Ended 30 June 2008

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.

(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.

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Notes to the Financial Statements

For the Year Ended 30 June 2008

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

	Consolidated		Parent	
	2008	2007	2008	2007
	\$	\$	\$	\$
Remuneration of the auditor of the parent entity for:				
- audit or review	11,518	5,000	11,518	5,000
- Total remuneration for audit services	11,518	5,000	11,518	5,000
- IPO services	7,149	4,432	7,149	4,432
- secretarial services	10,230	2,642	10,230	2,642
- Total remuneration for non-audit services	17,379	7,074	17,379	7,074

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Notes to the Financial Statements

For the Year Ended 30 June 2008

4 Income Tax Expense

(a) The components of tax expense comprise:

	Note	Consolidated		Parent	
		2008	2007	2008	2007
		\$	\$	\$	\$
Current tax		-	-	-	-

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

	Consolidated		Parent	
	2008	2007	2008	2007
	\$	\$	\$	\$
Prima facie tax payable on loss from ordinary activities before income tax at 30% (2007: 30%)				
- economic entity	464,186	27,847	-	-
- parent entity	-	-	464,186	27,847
	464,186	27,847	464,186	27,847
Less tax effect of:				
- fair value adjustments not subject to income tax	317,991	-	317,991	-
- deferred tax assets not brought to account	146,195	27,847	146,195	27,847
Income tax attributable to entity	-	-	-	-

(c) Unrecognised temporary differences

	Consolidated		Parent	
	2008	2007	2008	2007
	\$	\$	\$	\$
Deferred Tax Assets (at 30%)				
On Income Tax Account				
Carry forward tax losses	209,661	63,466	209,661	63,466

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.

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Notes to the Financial Statements

For the Year Ended 30 June 2008

5 Earnings per Share

(a) Reconciliation of Earnings to Profit or Loss

	Consolidated	
	2008	2007
	\$	\$
Loss	(1,547,285)	(92,822)
Loss used to calculate basic EPS	(1,547,285)	(92,822)
Loss used in calculation of dilutive EPS	(1,547,285)	(92,822)

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

	Consolidated	
	2008	2007
Weighted average number of ordinary shares outstanding during the year. No. used in calculating basic EPS and dilutive EPS	37,996,056	20,365,315

6 Key Management Personnel Compensation

(a) Key Management Personnel Compensation

During the year the key management personal did not received any compensation 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

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				
Mr A. J. Flavelle	70,000	-	1,860,160	1,930,160
Mr G.A. King	9,477,516	-	12,500,000	21,977,516
Mr R.H. McCullough	2,487,741	-	-	2,487,741
Mr Takanao Mitsui	100,000	-	20,000	120,000
Mr M Suttling	-	-	-	-
	12,135,257	-	14,380,160	26,515,417

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

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Notes to the Financial Statements

For the Year Ended 30 June 2008

6 Key Management Personnel Compensation continued

(c) Shareholdings continued

2007 Number of Shares held by Key Management Personnel

	Balance 1/07/2006	Options Exercised	Net Change Other*	Balance 30/06/2007
	\$	\$	\$	\$
Key Management Personnel				
Mr A J Flavelle	70,000	-	-	70,000
Mr G A King	3,477,516	-	6,000,000	9,477,516
Mr R H McCullough	1,487,741	-	1,000,000	2,487,741
Mr Takanao Mitsui	100,000	-	-	100,000
Mr M Suttling	-	-	-	-
Total	5,135,257	-	7,000,000	12,135,257

7 Cash and Cash Equivalents

	Note	Consolidated		Parent	
		2008	2007	2008	2007
		\$	\$	\$	\$
Cash at bank		1,405,126	146,482	1,405,126	146,482
Short-term bank deposits	7(a)	10,000	-	10,000	-
		1,415,126	146,482	1,415,126	146,482

Reconciliation of Cash

	Note	Consolidated		Parent	
		2008	2007	2008	2007
		\$	\$	\$	\$
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		1,415,126	146,482	1,415,126	146,482
		1,415,126	146,482	1,415,126	146,482

The effective interest rate on short-term bank deposits was 6.9% (2007: 4.1%); these deposits are at call.

(a) Short term deposit

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

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Notes to the Financial Statements

For the Year Ended 30 June 2008

8 Trade and Other Receivables

	Note	Consolidated		Parent	
		2008	2007	2008	2007
		\$	\$	\$	\$
CURRENT					
Other receivables		9,712	97,373	9,708	97,369
- loans to related parties		-	-	3,327,272	-
- provision for impairment - loans to related parties		-	-	(1,059,970)	-
		9,712	97,373	2,277,010	97,369

9 Available for Sale Financial Assets

Available for Sale Financial Assets Comprise:

	Note	Consolidated		Parent	
		2008	2007	2008	2007
		\$	\$	\$	\$
Listed investments, at cost shares in listed corporations		3,327,272	-	-	-
		3,327,272	-	-	-
Available for sale impairment loss		(1,059,970)	-	-	-
		(1,059,970)	-	-	-
Total other financial assets		2,267,302	-	-	-

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.

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 2008. Refer note 22 for reductions in market value subsequent to year end.

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Notes to the Financial Statements

For the Year Ended 30 June 2008

10 Controlled Entities

Name	Note	Country of incorporation	Percentage Owned 2008	Percentage Owned 2007
Subsidiaries of parent entity:				
Davidson Prospecting Pty Ltd	11	Australia	100	
GCC Asset Holdings Pty Ltd		Australia	100	100
GCC Methane Pty Ltd		Australia	100	100
Greenpower Natural Gas Pty Ltd	11	Australia	100	
Sawells Pty Ltd	11	Australia	100	
			2008	2007
			\$	\$
			2,500,004	4

11 Business Combination

(a) Summary of Acquisition

In accordance with the terms of the IPO Greenpower Energy Limited acquired Davidson Prospecting Pty Ltd, Greenpower Natural Gas Pty Ltd and Sawells Pty Ltd from Planet Gas Limited for consideration of 12,500,000 shares in Greenpower Energy Limited.

The companies were acquired with Exploration Licences at a value of \$2,500,000 and as such no Goodwill arises on the acquisition, no cash was paid and there were no additional acquisition costs.

(b) Assets Acquired

The acquisitions had the following effect on the consolidated entity's assets and liabilities.

Acquiree's net assets at the acquisition date	Recognised values	Fair value adjustment	Carry amount
	\$	\$	\$
Exploration Licences	2,500,000	-	2,500,000
Net identifiable assets and liabilities	2,500,000	-	2,500,000
Consideration satisfied for shares in IPO	2,500,000		

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Notes to the Financial Statements

For the Year Ended 30 June 2008

12 Other Assets

	Consolidated		Parent	
	2008	2007	2008	2007
	\$	\$	\$	\$
NON-CURRENT				
Exploration permits	8,406,000	5,106,000	5,906,000	5,106,000
	8,406,000	5,106,000	5,906,000	5,106,000

Movements in Other Assets

	Consolidated		Parent	
	Exploration permits	Total	Exploration permits	Total
	\$	\$	\$	\$
Year ended 30 June 2007				
Opening balance	-	-	-	-
Additions	5,106,000	5,106,000	5,106,000	5,106,000
Balance at 30 June 2007	5,106,000	5,106,000	5,106,000	5,106,000
Year ended 30 June 2008				
Opening balance	5,106,000	5,106,000	5,106,000	5,106,000
Additions	3,300,000	3,300,000	800,000	800,000
Balance at 30 June 2008	8,406,000	8,406,000	5,906,000	5,906,000

Exploration permits

In accordance with the terms of the IPO Greenpower Energy Limited acquired Exploration Permits in lieu of equity (refer to note 17).

Current permits:

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

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Notes to the Financial Statements

For the Year Ended 30 June 2008

13 Trade and Other Payables

	Consolidated		Parent	
	2008	2007	2008	2007
	\$	\$	\$	\$
CURRENT				
Trade payables	34,242	53,982	34,242	53,981
Other payables	5,000	5,000	5,000	5,000
	39,242	58,982	39,242	58,981

14 Issued Capital

	Consolidated		Parent	
	2008	2007	2008	2007
	\$	\$	\$	\$
63,420,120 (2007: 20,421,110) Ordinary	61,957,739	53,642,430	61,957,739	53,642,430
	61,957,739	53,642,430	61,957,739	53,642,430

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

Movements in ordinary share capital

	Note	No. of shares	\$
Year ended 30 June 2007			
At the beginning of year		103,719,921	48,237,481
Shares issued during the year			
1 July 2006 capital raising at 1c per share		30,490,868	304,949
5th September 2006 capital restructure 1 for 10 plus rounding		(120,789,679)	-
5th October 2006 shares issued in consideration of two exploration permits		6,000,000	5,000,000
26 June 2007 1,000,000 shares issued at 10c per share		1,000,000	100,000
Balance at 30 June 2007		20,421,110	53,642,430
Year ended 30 June 2008			
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)
Balance at 30 June 2008		63,420,120	61,957,739

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Notes to the Financial Statements

For the Year Ended 30 June 2008

14 Issued Capital continued

Movements in ordinary share capital continued

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.

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 2008, the Group's strategy, which was unchanged from 2007, was to maintain any borrowings outside of trade and other payables.

	Consolidated		Parent	
	2008	2007	2008	2007
	\$	\$	\$	\$
Total borrowings	39,242	58,981	39,242	58,981
Less: cash and cash equivalents	(1,415,126)	(146,482)	(1,415,126)	(146,482)
Net debt	(1,375,884)	(87,501)	(1,375,884)	(87,501)
Total equity	60,213,634	53,642,430	60,213,634	53,642,430
Total capital	58,837,750	53,554,929	58,837,750	53,554,929
Gearing ratio	(2.29)	(0.16)	(2.29)	(0.16)

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Notes to the Financial Statements

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15 Reserves

	Consolidated		Parent	
	2008	2007	2008	2007
	\$	\$	\$	\$
Capital Realisation Reserve	10,314,793	10,314,793	10,314,793	10,314,793
	10,314,793	10,314,793	10,314,793	10,314,793

Capital Realisation Reserve

The capital realization reserve revaluation of capital.

16 Accumulated losses

	Consolidated		Parent	
	2008	2007	2008	2007
	\$	\$	\$	\$
Distributable reserve				
Opening balance	(58,666,349)	(59,939,255)	(58,666,349)	(59,939,255)
Transfers in	-	1,365,728	-	1,365,728
Net income/loss for the period	(1,547,285)	(92,822)	(1,547,285)	(92,822)
Total	(60,213,634)	(58,666,349)	(60,213,634)	(58,666,349)

Greenpower Energy Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2008

17 Cash Flow Information

Reconciliation of Cash Flow from Operations with Loss after Income Tax

	Consolidated		Parent	
	2008	2007	2008	2007
	\$	\$	\$	\$
Net income/(loss) for the year	(1,547,285)	(92,822)	(1,547,285)	(92,822)
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	1,059,970	-	1,059,970	-
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries				
(Increase)/decrease in receivables	7,457	(95,582)	7,457	(95,582)
Increase/(decrease) in trade payables and accruals	20,336	54,291	20,336	54,291
Net cash (outflow) from operating activities	(59,522)	(134,113)	(59,522)	(134,113)

Non-cash Financing and Investing Activities

Share issue

Subsequent to the IPO the company issued 43,019,010 shares. Of this 10,138,850 shares raised cash net of costs of \$1,783,405 and the balance of the shares were issued for acquisition of a number of Exploration Permits in Australia and listed share investments.

Acquisition of Subsidiaries

In accordance with the terms of the IPO Greenpower Energy Limited acquired three new subsidiaries from Planet Gas Limited for 12,500,000 shares in Greenpower Energy Limited.

	\$	No
Davidson Prospecting Pty Ltd	199,000	-
Greenpower Natural Gas Pty Ltd	301,000	-
Sawells Pty Ltd	2,000,000	-
Total	2,500,000	-

Acquisition of Other Financial Assets

In accordance with the terms of the IPO Greenpower Energy Limited acquired shares in Astron Limited and European Gas Limited from related parties (Refer note 19) and Greenerth Energy Limited from other than related parties.

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Notes to the Financial Statements

For the Year Ended 30 June 2008

18 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 2009 is \$96,428.

Capital Expenditure Commitments

	Consolidated		Parent	
	2008	2007	2008	2007
	\$	\$	\$	\$
Capital expenditure commitments contracted for:				
Exploration Permits	656,784	-	656,784	-
	656,784	-	656,784	-
Payable:				
- not later than 12 months	395,529	-	395,529	-
- between 12 months and 5 years	261,255	-	261,255	-
	656,784	-	656,784	-

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Notes to the Financial Statements

For the Year Ended 30 June 2008

19 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

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

Transaction with related parties:

In accordance with the terms of the IPO the following share equity transactions occurred:

- Related parties of Mr G King a Director of Greenpower Energy Limited subscribed for 12,500,000 shares at 20c per share being satisfied by the transfer of \$2,500,000 of shares in Astron Limited.

- 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.

- Mr T Mitsui a Director of Greenpower Energy Limited subscribed to 20,000 ordinary shares for consideration of \$4,000.

- Planet Gas Limited subscribed for 12,500,000 shares at 20c per share being satisfied by the transfer of the three subsidiaries refer note 11

(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 2008 was:

Shares: 26,515,417 (2007: 12,135,257) Ordinary

Greenpower Energy Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2008

20 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	
	2008	2007	2008	2007
	\$	\$	\$	\$
Cash	1,415,126	146,482	1,415,126	146,482
Trade and other receivables	9,712	97,373	2,277,010	97,369
Available for sale financial assets at fair value	2,267,298	-	-	-
	3,692,136	243,855	3,692,136	243,851
Trade and other payables	39,242	58,982	39,242	58,982
	39,242	58,982	39,242	58,982

(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. 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.

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Notes to the Financial Statements

For the Year Ended 30 June 2008

20 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 \$
Year ended 30 June 2008						
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
Year ended 30 June 2008						
Trade and other payables	58,981	58,981	58,981	58,981	58,981	58,981
	58,981	58,981	58,981	58,981	58,981	58,981

Greenpower Energy Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2008

20 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 AAA 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
	2008 %	2007 %			2008 \$	2007 \$	
Financial Assets:							
Cash and cash equivalents	6.90	4.10	1,405,126	10,000	146,482	1,415,126	146,482
Receivables	-	-	-	-	97,373	9,712	97,373
Total Financial Assets			1,405,126	10,000	243,855	1,424,838	243,855
Financial Liabilities:							
Trade and sundry payables	-	-	-	-	58,982	39,242	58,982
Total Financial Liabilities			-	-	58,982	39,242	58,982

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Notes to the Financial Statements

For the Year Ended 30 June 2008

20 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)	
	2008	2007	2008	2007	2008	2007	2008	2007
	\$	\$	\$	\$	\$	\$	\$	\$
Cash at bank	104,719	6,592	(104,719)	(6,592)	104,719	6,592	(104,719)	(6,592)
Tax charge of 30%	(31,416)	(1,978)	31,416	1,978	(31,416)	(1,978)	31,416	1,978
	73,303	4,614	(73,303)	(4,614)	73,303	4,614	(73,303)	(4,614)

(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.

Greenpower Energy Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2008

21 Segment Reporting

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

22 Events After the Balance Sheet Date

On 28 August 2008 Greenpower agreed to co-signed a farm-in agreement allowing Eastern Star Gas Limited (ESG) to actively assess coal seam gas, natural gas and oil in its partly owned PEL 428 tenement north of Gunnedah NSW. Greenpower, through its 100 per cent subsidiary Davidson Prospecting Pty Ltd, owns 20 per cent rights to the tenement. Tenement operator Orion Energy (OIP) has agreed to the farm-in of this and two other NSW tenements to Eastern Gas. The farm-in agreement will come into effect after regulatory approvals and all parties have signed. Greenpower will contribute 20 per cent of costs in assessing the tenement.

In August 2008 the Group acquired a further 115,000 shares for consideration of \$203,211 in Astron Limited.

Subsequent to year end the market value of the other financial assets has fallen by \$260,606.

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.

23 Contingent Liabilities

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

24 Company Details

Registered office

The registered office of the company is:

Greenpower Energy Limited
Level 8, 256 St. George's Terrace
Perth WA 6000

Principal place of business 1

The principal places of business are:

Greenpower Energy Limited
Suite 12B, 575 Canning Highway
Alfred Cove, WA 6154

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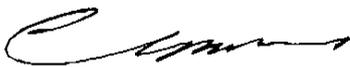
Directors' Declaration

The directors of the company declare that:

1. The financial statements comprising the income statement, balance sheet, cash flow statement, statement of changes in equity and accompanying notes, as set out on pages 20 to 49, are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards and the Corporations Regulations 2001, and other mandatory professional reporting requirements; and
 - (b) give a true and fair view of the financial position as at 30 June 2008 and of the performance for the year ended on that date of the company and economic entity; and
 - (c) the remuneration disclosures set out in the Directors Report (as part of the audited Remuneration Report), for the year ended 30 June 2008, comply with Section 300A of the Corporations Act 2001.
2. As required by Section 295A of the Corporations Act 2001 the Chief Executive Officer and Chief Financial Officer have each declared that:
 - (a) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - (b) the financial statements and notes for the financial year comply with the Accounting Standards; and
 - (c) the financial statements and notes for the financial year give a true and fair view.
3. In the directors opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors, and is signed for and on behalf of the Directors by:

Director



Mr G.A. King

Dated 30 September 2008

Greenpower Energy Limited

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Independent Audit Report

Scope

We have audited financial report of Greenpower Energy Limited and controlled entities for the financial year ended 30 June 2008 as set out on pages 1 to 50.

The financial report includes the consolidated financial statements of the consolidated entity comprising of the company and the entities it controlled at the year's end or from time to time during the financial year. The company's directors are responsible for the financial report. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with our understanding of the company's and consolidated entity's financial position and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Independence

In conducting our audit, we followed the applicable independence requirements of Australian professional and ethical pronouncements and the Corporations Act 2001.

In accordance with ASIC Class order 05/83, we declare to the best of our knowledge and belief that the auditor's independence declaration as set out in the financial report has not changed as at the date of providing our audit opinion.

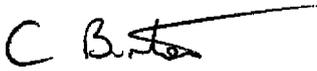
Audit Opinion

In our opinion, the financial report of Greenpower Energy Limited is in accordance with:

- (a) 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 2008 and of their performance for the year ended on that date; and

(ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001;
and

(b) other mandatory professional reporting requirements.

A handwritten signature in black ink, appearing to read "C. Burton", with a long horizontal stroke extending to the right.

Chris Burton

[Enter place of signing]

ASX Additional Information

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 29 September 2008.

(a) Distribution of equity securities

The number of shareholders, by size of holding, in each class of share are:

	Ordinary shares		Escrow shares	
	Number of holders	Number of shares	Number of holders	Number of shares
1 - 1,000	907	185,393	-	-
1,001 - 5,000	334	983,659	-	-
5,001 - 10,000	260	2,282,446	-	-
10,001 - 100,000	317	9,982,170	1	45,000
100,001 and over	30	22,976,195	7	26,965,257
	1,848	36,409,863	8	27,010,257

The number of shareholders holding less than a marketable parcel of shares are:

Number of holders	1,251	Number of shares	1,221,131	Number of holders	-	Number of shares	-
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(b) Twenty largest shareholders

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

	Listed ordinary shares	
	Number of shares	Percentage of ordinary shares
1 Lodestar Investments Limited	12,500,000	19.71
2 Planet Gas Limited	12,500,000	19.71
3 Lodestar Investments Ltd	9,123,216	14.39
4 European Gas Limited	4,000,000	6.31
5 Anz Nominees Limited <Cash Income A/C>	1,946,000	3.07
6 Mr Alan John Flavelle	1,860,160	2.93
7 Mr Ronald Hugh Mccullough + Mrs Shirley May Mccullough <Demeter Super Fund A/C>	1,340,000	2.11
8 Manasota Pty Ltd	1,000,000	1.58
9 Greenerth Energy Limited	785,100	1.24
10 Mr Geok Khim Goh	500,000	0.79
11 Hsbc Custody Nominees Australia Limited	435,000	0.69
12 Wm Noall Nominees Proprietary Limited	384,910	0.61
13 Pandora Nominees Pty Ltd	354,300	0.56
14 R Cordina & Son Pty Limited	256,000	0.40
15 Alliance Investments Pty Ltd	247,741	0.39
16 Summertime Holdings Pty Ltd	235,000	0.37
17 A & Kui Pty Ltd <A & K Super Fund A/C>	200,000	0.32
18 National Nominees Limited	195,000	0.31
19 Dr Scott Fraser French + Mrs Julien Alicia French <Fraser Dental Svs S/F A/C>	169,500	0.27
20 Mr Craig Robert Duncan	160,000	0.25
	48,191,927	76.01

(c) Voting rights

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

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