GREENPOWER ENERGY LIMITED

ABN 22 000 002 111

112th ANNUAL REPORT

2011

GREENPOWER ENERGY LIMITED

GREENPOWER'S STRATEGIC INTENT

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

IMPORTANT INFORMATION

1. Display on website

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

2. Cautionary Statement

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

GREENPOWER ENERGY LIMITED

CORPORATE DIRECTORY

DIRECTORS:	**CHIEF EXECUTIVE OFFICER & COMPANY PRINCIPAL PLACE OF BUSINESS**
DIRECTORS	**CEO & BUSINESS OFFICE**
Alan Flavelle (Chairman) **Gerard King** **Ronald McCullough** **Takanao (Tony) Mitsui**	**John Watts,B.Sc (Hons, Geo), FAIMM, CP Geo, FIMM, C Eng.** 1st Floor, 46 Ord Street West Perth WA 6005

COMPANY SECRETARY:	**AUDITORS:**
Matthew Suttling P.O. Box 1061, Newport Beach NSW 2106 Australia Phone: +61 4 2521 5349 E-mail: matt@suttling.com	**BDO Kendalls Audit and Assurance (WA) Pty Ltd** 128 Hay Street Subiaco WA 6008 Australia Phone: +61 8 9380 8400 E-mail:

REGISTERED OFFICE:	**SHARE REGISTRY:**
BDO Corporate Secretarial Services Level 19, 2 Market Street Sydney NSW 2000 Australia Phone: +61 2 9286 5555 Fax: +61 2 9286 5599	**Computershare Investor Services Pty Limited** 452 Johnston Street Yarra Falls VIC 3067 Australia Phone: +61 3 9415 5023 Fax: + 1300 137 341

BANKERS	**SOLICITORS:**
Commonwealth Bank of Australia 48 Martin Place Sydney NSW 2000	**Price Sierakowski Lawyers** Level 24, 44 St Georges Terrace Perth WA 6000 Australia

POSTAL ADDRESS:	**WEBSITE:**
PO Box 1664 Fremantle WA 6959	www.greenpowerenergylimited.com.au

2011 REPORT FROM THE BOARD

OVERVIEW

The Company has now completed its third full year with its securities listed on the Australian Securities Exchange. That year, has, for Greenpower, been mainly devoted to further evaluation of each of our tenements in the light of our strategic objectives (expressed above), and, as a consequence, dropping some areas, initiating applications for new areas, and, above all, very careful conservation of shareholder funds.

Whilst coal seam gas exploration has ceased to be a target, this year the Company has changed its objectives to look at other ‘green’ energy production.

In the Western Australia (North Perth Basin) Greenpower’s100% owned EPs 447, where commercial quantities of conventional gas have previously been produced in 447, remains an important target.

Other ‘green’ hydrocarbon products which are now going to be sought, in joint venture, on the Company’s Victorian (Gippsland Basin) properties include liquid hydrocarbons produced from coal. The Company is actively investigating the acquisition of brown coal (lignite) in Victoria, and has commenced development of conventional gas and geothermal energy (WA).

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

MANAGEMENT

The continued need in the year past for financial caution has meant that all the directors, the CEO and secretary have managed the Company's business and they were remunerated modestly for their respective time.

This year Chairman Alan Flavelle and CEO John Watts, together with the other Directors have:

- rationalised the Group eg disposing of non core assets, such as the interest in the Davidson subsidiary, which held the 20% jv interest in NSW csg tenement 428
- commenced drilling operations and obtaining seismic data in the potential lignite bearing tenements in Victoria
- continued to review available documentation relating to our Exploration licences.

Whilst John Watts has assumed the role of CEO, the directors will remain actively involved in day to day management of the Group. Their individual backgrounds and qualifications are included within the 2011 Annual Report. Currently management is represented by four directors and two consultants – which includes three geologists, a mining engineer, a company executive and a lawyer – which in aggregate have, 200 years of experience in companies engaged in coal, oil and gas exploration and production.

GREENPOWER'S BACKGROUND AND PURPOSE:

Greenpower was initially incorporated as Gunnedah Colliery Company Limited, mining coal at Gunnedah, NSW, in 1899 (becoming 'Gunnedah Coal Company Ltd' in 1985) and stopped mining coal when it sold the mine in 1997.

Greenpower is now intending to become a producer of environmentally friendly energy sources, such as conventional gas, and geothermal energy in Western Australia, coal to liquid in lignite in Victoria. The primary purpose of the Group now is to explore and develop its existing projects.

GREENPOWER'S RESOURCE ACTIVITIES

Gippsland Basin, Victoria

Greenpower (being Greenpower Energy Limited and its subsidiaries) has interests in four exploration licences [EL's 4500, 4860, 4877 and 5227] in the onshore part of the Gippsland Basin, all close to current major mining operations. All the areas have proven potential for brown coal [lignite] mining.

In the year under review execution of a drilling programme on all four ELs was commenced. The drilling work has two major objectives; to enable resource calculations to have greater reliability in a JORC context and secondly to obtain core samples for analysis and testing.

EL4860: As previously announced this permit is subject to a joint venture agreement with a subsidiary of Regal Resources Ltd. Three shallow holes have been drilled on this permit all of which intersected lignite seams. The permit expires on 24/08/2011 and a renewal of it is being sought.

EL4877: This permit is subject to a sale agreement with Latrobe Fuels Ltd. The agreement also carries a proviso which allows Greenpower the ability to "earn back" the western part of the permit. To date Greenpower has drilled two holes in the permit. Both have intersected substantial seams of lignite [brown coal].

EL4500/EL5227: These permits cover lignite occurrences which are west of Moe. Previous exploration by the government and Esso shows that a substantial tonnage occurs in three separate basins. These basins are covered by EL4500, EL5227, EL4877 [western part] and with a small part extending into EL5210 [owned by outside parties]. To date four holes have been drilled on EL4500/5227.

Resource Definition: The company has commenced a review of its lignite resources west of Moe and within permits EL4500/5227/4877 and 5210. To carry out the work information from;

- 9684.1 meters of rotary and corehole drilling by Esso Australia Ltd
- 300 line km of gravity surveying by Esso.
- 16.6 line km of seismic surveying by Esso.
- 17 line km of Sirotem surveying.
- Information from over 100 holes [water bores and coal boreholes] drilled by others before the Esso programme.
- Information from our current drilling programme.

Is being accessed and analysed to enable JORC definition. [The company notes that in June 2010 the operators of EL5210 released a report to the ASX claiming "an inferred JORC coal resource of 289 million tonnes of lignite".].

Coal to Liquids Project, Latrobe Valley, Victoria:

The Esso exploration programme in the 1980s included coal to liquid trials carried out at its Baytown [Texas] laboratories. The trials were carried out on lignite obtained from the Morwell mine and showed that the Latrobe Valley [Gippsland] lignite is an excellent feedstock for direct coal to liquids [DCTL] processes.

The Esso results were subjected to detailed analysis and we formed the view that current, improved DCTL processes would be excellent candidates for treating the Latrobe Valley lignite. Many processes were evaluated; only one passed critical environmental guidelines. Application of this process to a sample of Latrobe Valley lignite quality synthetic crude oil could be produced in an environmentally responsible manner for an operating cost of less than $35 per bbl. The exact cost will be dependent on the cost of various inputs.

The process is owned and has been developed by a North American University research group and negotiations are in progress for Greenpower to obtain exclusive licensing for Australia and Zealand. The North American developer has produced detailed engineering specifications for a demonstration plant with a capacity of 2000 bbls per day and it is Greenpower's intention to establish a complex in Gippsland for experimentation and construction of the 2000 bbl/day demonstration plant. The plans for the demonstration plant have been organized so that expansion will be in modular in units of 2000 bbls.

In the medium term we are aiming for a facility with a capacity of 20,000 bbls per day. The company plans to access the feedstock [lignite] from one of the major operating mines in the area and has commenced negotiations for supply with one of the mining operators.

Geothermal: Esperance, Western Australia:

The company has title to two Geothermal Permits near Esperance, Western Australia. The permits cover a part of the Albany/Fraser trend. Existing geological and geophysical information has been examined and analysed and this has resulted in the delineation of a granite north of Mt Ridley. Field work has comprised sample collection and ground truth scintillometer measurements. This work has confirmed that granite body is emitting geothermal heat. It is a prime candidate for geothermal development. In early 2012 two shallow holes will be drilled to measure vertical heat flow gradients.

Perth Basin, Western Australia [EP447]

EP447 is an exploration permit in the northern Perth Basin. It has an area of 765 sq km and has within it the shut in Walyering tight gas field. The Walyering gas field has potential for redevelopment and Greenpower believes that the sparsely explored northern two thirds of the permit has the potential for further tight gas and possibly shale gas.

The Walyering discovery well was drilled in 1971. On test the well flowed 382km3/d [13.5MMcfd] and was connected to the Parmelia pipeline in 1972. After five months production the well was shut in due to pressure decline. It was concluded that Walyering #1 was drilled into a small fault block within the much larger Walyering structure. Three further wells have been drilled on Walyering: W2 was drilled down dip from W1, possibly within the same fault block. On test W2 flowed at a maximum rate of 2.5MMcfd. It was not connected to the pipeline. W3 was drilled outside structural closure. W4 was drilled adjacent to W1 but encountered a local facies change zone which destroyed the reservoir.

Our joint venture partner, UIL Ltd plans to carry out a seismic survey later this year covering parts of the northern two thirds of the permit. Land access work in connection with this survey has already started. This survey will strengthen the seismic grid and enable an evaluation of the area for structural development for tight gas.

The company and its partner are giving particular attention to proposed shale gas tests in adjacent parts of the basin. Potentially productive shales occur over a wide area of the Perth Basin including within EP447. We propose to review the very large amount of petrological information which can be extracted from the Walyering Data Base, comprising all the technical information from the four wells drilled at Walyering.

Willochra Basin [PEL145], South Australia:

PEL145 covers the entire area of the Willochra Basin, situated east of Port Augusta in the southern part of the Flinders Ranges. The Willochra Basin is a shallow sedimentary feature which contains Tertiary and younger sediments. Analysis of information from existing bores shows that lignite is present at depth in the southern part of the basin. Private company geophysical surveys in the same area show that the lignite occurrence extends over at least 100 sq km. Analysis of the very extensive data base is still in progress and drilling plus detailed geophysics is planned for 2013.

Greenpower Energy Limited

ABN 22 000 002 111

Consolidated Annual Report

For the Year Ended 30 June 2011
Consolidated

Greenpower Energy Limited

ABN 22 000 002 111

For the Year Ended 30 June 2011

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Greenpower Energy Limited

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Directors' Report

30 June 2011

Your directors present their report on the consolidated entity (the Group) consisting of Greenpower Energy Limited (the Company) and its controlled entities for the financial year ended 30 June 2011.

Information on directors

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

Alan Flavelle

Qualifications	BSc, FAIMM, MSPE
Experience	1958-1968: Alan was employed by the Bureau of Mineral Resources [a federal government agency] as a geophysicist and worked in all states of Australia, New Guinea, Canada and the USA. 1969-70: He was employed by West Australian Petroleum, a Perth based affiliate of Chevron as an exploration expert in oil exploration activities in Western Australia. 1971-1980: He became the senior partner in the Layton Group, at that time the largest earth science consulting group based in Australia, and worked on projects in Australia, New Guinea, Philippines, Malaysia, Thailand, Taiwan, Japan, India, USA and Argentina. 1981-present: Alan has worked as an independent consultant, resource developer and adviser to companies at the technical director level including jobs like: Coalbed Methane: Alan became involved in coal seam natural gas (CSG) development in 1984 when he visited USA on a fact finding mission. From 1985-1990 he worked on CSG developments in Queensland and was instrumental in introducing Mitsubishi Gas and Chemical to CSG technology. The company then took over the Queensland assets. From 1991-2000 he investigated a number of CSG development opportunities in Vietnam, South Korea, South Africa, and Japan as well as Australia. From 2001 to the present he has directed a major investigation for CSG opportunities in Europe and Central Asia. Several projects which have been acquired in France and Italy. A second major project aimed at identifying CSG opportunities in Western Australia was started in 2003 and is ongoing.
Interest in shares and options	3,130,160 Ordinary Shares
Special responsibilities	Chairman - Executive Director
Other directorships in listed entities held in the previous three years	Alan Flavelle was formerly a Director in European Gas Limited appointed in December 1999 and resigning on 2 September 2009

Information on directors continued

Gerard King	
Qualifications	LLB
Experience	After graduating in law (LLB) from the University of Western Australia in 1963, Gerard commenced articles with (Sir) John Lavan (Lavan & Walsh) in Perth, being admitted as a solicitor in 1965, into the law firm partnership in 1966, and became its senior partner in 1978. Under Gerard, Lavan & Walsh eventually became Phillips Fox, Perth in 1985. Throughout his career, Gerard has practised in the legal areas of commercial property, banking/finance, revenue/tax, corporate compliance, and mining law. He taught mortgage and other debt security drafting at UWA law school for 5 years, joined the Taxation Institute of Australia, and the Australian Mining and Petroleum Lawyers Association and gave papers on revenue, strata title, prospectuses, document drafting and other topics. Gerard served on the Law Society of WA Council, and its committees. He was involved in the management of his law firm from 1968 to 1991, and attended two law firm management courses at the University of New England. Gerard has been a company director of Australasian Shopping Centres Property Trust, 1977 to 1980, Australian Mining Investments Ltd., 1983 to 2002, as well as other public companies, and is currently Chairman of Astron Limited, since 1985. He was Chairman of WA St. John Ambulance Service Board 1987 to 1996, and is currently WA State St. John Council Chairman.
Interest in shares and options	21,977,516 Ordinary Shares
Special responsibilities	Executive Director
Other current directorships in listed entities	Gerard King is a Director of Astron Limited since 5 November 1985

Information on directors continued

Ronald McCullough	
Qualifications	M.B.A., B.E. (Hons), FAustIMM
Experience	Ronald Hugh McCullough is an Honours graduate in Engineering from the University of Western Australia. He also completed a Master of Business Administration at UWA. Subsequently, Ron has been involved in civil engineering design, and the construction of various major engineering works in Western Australia, including water supply dams, major water reticulation and suburban infrastructure projects. Ron has extensive mining experience, including bauxite and coal mining. Ron has investigated the development of a private power station and the exploitation of coal bed methane deposits in the Gunnedah basin on NSW. While involved with the Maitland Main Collieries, which held an authorisation to develop a large coal deposit at Glennies Creek, near Singleton in the Hunter Valley, NSW Ron managed all necessary environmental impact studies, authority compliance requirements, mine construction and operation feasibility studies and then obtained a mining lease for the deposit. Ron became involved in the sand mining industry in Western Australia with the development, in 1994, and management until 2005 of a silica sand mining and exporting operation at Albany in Western Australia, on behalf of Japanese corporations.
Interest in shares and options	2,487,741 Ordinary Shares
Special responsibilities	There are no special responsibilities
Other current directorships in listed entities	Ronald McCullough is a Director of Astron Limited since 21 August 2006

Information on directors continued

Takanao Mitsui	
Qualifications	B.Ec MBA
Experience	In April 1965, Tony joined Tomen Corporation, (then called Toyo Menka Kaisha, one of the large, multi-faceted Japanese Trading Houses) in the Steel Department in the Osaka Head Office. From 1968 to 1971 he worked in the Metals and Minerals Department of Toyo Menka. In 1971 he was posted to Toyo Menka's Sydney office, returning to Tokyo in 1973, to join the Coal Department. In 1977 he was posted to the Vancouver, Canada office of Toyo Menka. In 1981, Tony returned to Tokyo to head the Thermal Coal Section. In 1985 he was appointed General Manager, Metals and Minerals for Tomen Australia. In 1990, he moved to General Manager Coal and Iron Ore Department, Tokyo Head Office of Tomen Corporation. In 1995 he returned to Australia as Managing Director of Tomen Australia. In 2001 he returned to Tokyo as a Corporate Auditor in the Tomen Head Office. In April 2006, Tomen Corporation merged with Toyota Tsusho, the trading arm of Toyota. Tony remains an adviser to Toyota Tsusho in Tokyo.
Interest in shares and options	120,000 Ordinary Shares
Special responsibilities	There are no special responsibilities
Other current directorships in listed entities	Nil

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

Principal Activities

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

(in Victoria) -

1. at EL 4500 an interim open hole programme has been completed to examine lignite depths and thicknesses and to run down hole geophysical logs. A large diameter core rig is now scheduled to start drilling in October;

2. coal samples for Coal to Liquids assessment by the University of Texas Arlington, Texas, USA have been dispatched and the company is awaiting the test results;

Principal Activities (Continued)

3. as previously announced the sale and purchase agreement in relation to Victorian EL 4877 with Australian Energy Limited (formerly Latrobe Fuels Limited) was extended for an additional $200,000 non-refundable deposit which was received in July 2011;

4. during the year the agreement with Magma Oil Limited (now part of Regal Resources Limited (Regal)) who will explore Victorian EL 4860 for $69,000 reimbursing Greenpower in respect of costs incurred, was extended. Magma Oil Limited has yet to advise whether they will proceed with the farmin as announced on the ASX on 22 November 2009.

(in South Australia) -

1. PEL 145 which covers the entire Willorcha Basin was granted in late 2010. Legacy data shows that Lignite deposits over an area in excess of 100 sq km and it is expected that a comprehensive report thereon will be in October 2011.

(in Western Australia) -

1. detailed analysis of the geophysical data is underway with drilling sites expected to be selected in October 2011 for Quarter 1 2012 drilling campaign on GEP37/38;

2. UIL LLS, a US private equity group specialising in tight gas exploration, signed a farm-in on 27 October 2010. UIL has completed its data review of EP 447, Walyering in the Perth Basin and UIL plan to commence a 2D seismic survey in the later part of 2011.

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

Matter Subsequent to the end of the Financial Year

Subsequent to 30 June 2011 the Company issued 9,513,018 ordinary shares at 5.5 cents a share to raise $532,756.00. Astron Limited has purchased these shares and will hold 13.04% of GPP's increased issued capital of 72,933,138 ordinary shares. Greenpower made the placement to provide working capital and in particular to assist funding its coals to liquids project involving technology developed at the University of Texas.

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

Likely Developments

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

Auditors Independence Declaration

The lead auditors independence declaration for the year ended 30 June 2011 has been received and can be found on page 17 of the financial report. The auditor BDO Audit (WA) Pty Ltd continues in office in accordance with Section 327 of the Corporations Act 2001.

Environmental Issues

The Group's operations to date are not regulated by any significant environmental regulation under the law of the Commonwealth or of a state or territory. The Directors have considered compliance with the National Greenhouse and Energy Reporting Act 2007 which requires entities to report on annual greenhouse gas emissions and energy use. For the measurement period 1 July 2010 to 30 June 2011 the directors have assessed that there are no current reporting requirements, but may be required to do so in the future.

Non-audit services

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

- all non audit services are reviewed and approved by the Directors prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and

- the nature of the services provided do not compromise the general principles relating to auditor independence as set out in APES 110: Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board.

The following fees for non-audit services were paid/payable to the external auditors during the year ended 30 June 2011:

	2011	2010
	$	$
Corporate secretarial	**597**	2,598
	597	2,598

Business review

Operating Results

The loss after providing for income tax amounted to $ 6,174,546 (2010: ($592,911)). The 2011 loss was adversely affected by the relinquishment of tenements amounting to $5,072,369. The 2010 loss was affected by the relinquishment of four exploration tenements with a holding value of $193,404 expensed.

Dividends paid or declared

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

Meetings of Directors

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

	Directors' Meetings	
	Eligible to attend	Number attended
Mr Alan Flavelle	8	8
Mr Gerard King	8	8
Mr Ronald 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. His experience is broad based including clients ranging from multinationals to listed public companies, audit, other business financial and taxation services. He is currently in Public Practice.

Remuneration Report (AUDITED)

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

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

Service Agreements

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

Remuneration Report continued

Share-Based Compensation

Options over shares in Greenpower Energy Limited were granted during the year in accordance with the Company Employee Share Option Plan which commenced 17 April 2007. The Employee Option Plan is designed to provide long-term incentives for executives to deliver long-term shareholder returns. Participation in the plan is at the board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

The terms and conditions of each grant of options affecting remuneration in the current or a future reporting period are as follows:

Grant date	Date vested and exercisable	Expiry date	Exercise price	Value per option at grant date	Performance achieved	% Vested
30 June 2009	30 June 2010	30 June 2013	$ 0.100	$ 0.100	n/a	$ 100
10 August 2010	10 August 2011	10 August 2015	0.051	0.051	n/a	100
30 Septemb 2011	30 Septemb 2012	30 Septemb 2016	$ 0.050	$ 0.050	n/a	$ 100

Options granted under the plan carry no dividend or voting rights.

When exercisable, each option is convertible into one ordinary share. The exercise price of options is based on the price at grant date. No options were exercised during the year.

Details of options over ordinary shares in the company provided as remuneration to each director of Greenpower Energy Limited and each of the key management personnel of the parent entity and the group are set out below. Further information on the options is set out in note 6 to the financial statements.

	No of options granted during year	Value of options at grant date	No of options vested during year	No of options lapsed/rescinded during year	Value at lapse date
Name					
Alan Flavelle *	-	-	-	1,450,000	-
Gerard King *	-	-	-	400,000	-
Ronald McCullough *	-	-	-	400,000	-
Takanao Mitsui *	-	-	-	400,000	-
Matthew Suttling	150,000	7,500	150,000	-	-
John Watts	100,000	5,000	100,000	-	-
*** denotes Director**	**250,000**	**12,500**	**250,000**	**2,650,000**	**-**

The value at grant date was calculated in accordance with AASB 2 Share-based Payment of options granted during the year as part of remuneration.

Fair values at grant date are determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date, expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

Remuneration Report continued

On 30 September 2011 options were issued at nil cost, with an exercise price of 5c, exercisable at any time after 12 months from the issue date (expiring 5 years from issue date) where each option will entitle, by exercise, one ordinary share in the company. This issue remunerates certain Officers for services provided to the Group for the year ended 30 June 2011 in accordance with the Employee Option Plan set out on 17 April 2007. This issue was implemented to align shareholder and director and executives interests while maintaining Group cash.

Technical defects in the procedures to issue the directors options issued in past years were noticed during the year under review and referred for legal advice, as a result of which all options issued to directors were cancelled. It is the company's intention to correctly reinstate those options during the current financial year however a cash salary was agreed to be paid to Alan Flavelle and Gerard King to reflect their efforts during the period.

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

Details of Options Granted, Vested and Forfeited

Name	Year granted	% Vested	Forfeited / Rescinded
Alan Flavelle	2011	-	100
	2010	100	-
	2009	100	-
Gerard King	2011	-	100
	2010	100	-
	2009	100	-
Ronald McCullough	2011	-	100
	2010	100	-
	2009	100	-
Takanao Mitsui	2011	-	100
	2010	100	-
	2009	100	-
Matthew Suttling	2011	100	-
	2010	100	-
	2009	100	-
John Watts	2011	100	-
	2010	100	-

Additional information

Performance income as a proportion of total compensation.

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

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

Remuneration Report continued

Details of Remuneration

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

2011	Short-term benefits				Post employment benefits	Share-based payments		Total	Performance Related
	Cash, salary & commissions	Cash profit share	Cash Bonus	Non-cash Benefits	Superannuation	Equity	Options		%
	$	$	$	$	$	$	$	$	$
Alan Flavelle	100,000	-	-	-	-	-	-	100,000	-
Gerard King	60,000	-	-	-	-	-	-	60,000	-
Ronald McCullough	-	-	-	-	-	-	-	-	-
Takanao Mitsui	-	-	-	-	-	-	-	-	-
Matthew Suttling	25,000	-	-	-	-	-	7,500	32,500	-
John Watts	119,656	-	-	-	-	-	5,000	124,656	-
	304,656	-	-	-	-	-	12,500	317,156	

2010	Short-term benefits				Post employment benefits	Share-based payments		Total	Performance Related
	Cash, salary & commissions	Cash profit share	Cash Bonus	Non-cash Benefits	Superannuation	Equity	Options		%
	$	$	$	$	$	$	$	$	$
Alan Flavelle	-	-	-	-	-	-	12,500	12,500	-
Gerard King	-	-	-	-	-	-	10,000	10,000	-
Ronald McCullough	-	-	-	-	-	-	10,000	10,000	-
Takanao Mitsui	-	-	-	-	-	-	10,000	10,000	-
Matthew Suttling	20,000	-	-	-	-	-	7,500	27,500	-
John Watts	58,975	-	-	-	-	-	5,100	64,075	-
	78,975	-	-	-	-	-	55,100	134,075	-

Remuneration Report continued

Details of Remuneration (continued)

The following table provides employment details of persons who were, during the financial year, members of key management personnel of the Group, and to the extent different, among the five executives of the Company receiving the highest remuneration. The table also illustrates the proportion of remuneration that was fixed and at risk.

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

Remuneration Policy

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

The board's policy for determining the nature and amount or 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.

Remuneration Report continued

Remuneration Policy continued

- The executive directors and executives receive a superannuation guarantee contribution required by the government, which is currently 9%, and do not receive any other retirement benefits. Some individuals may choose to sacrifice part of their salary to increase payments towards superannuation.

- All remuneration paid to directors and executives is valued at the cost to the Group and expensed. Shares given to directors and executives are valued as the difference between the market price of those shares and the amount paid by the director or executive. Options are valued using the Black Scholes methodologies.

- The board policy is to remunerate non executive directors at market rates for comparable companies for time, commitment and responsibilities. The board determines payments to the non executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. At present the only remuneration approved by shareholders for directors is the issue of options under the employee option plan approved in 2007, which allows a maximum of 5% of issued capital to be issued within any 5 year period. Fees for non executive directors are not linked to the performance of the Group. However, to align directors’ interests with shareholder interests, the directors are encouraged to hold shares in the Company and are able to participate in the employee option plan.

Performance-based Remuneration

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

The following table shows the gross revenue, profits and dividends for the last five years for the Group, as well as the share prices at the end of the respective financial years.

	2007	2008	2009	2010	2011
	$	$	$	$	$
Revenue	-	-	-	-	-
Net Profit	(92,822)	(1,547,284)	(855,762)	(592,911)	(6,174,546)
EPS	-	(4.00)	(1.00)	(1.00)	(10.00)
Share Price (cents)	-	15	10	5	5

End of Audited Remuneration Report

Indemnifying Officers or Auditors

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

Options

Unissued shares under option

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

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

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

Proceedings on Behalf of Company

No person has applied for leave of Court under S237 of the Corporations Act 2001 to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

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

Sign off details

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

Director: ....

Dated this 30th day of September 2011

Unless disclosed below, all the best practice recommendations of the ASX Corporate Governance Council have been applied for the entire financial year ended 30 June 2011.

Board Composition

The 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.

The name of independent directors of the company are:

Ronald McCullough

Takanao Mitsui

When determining whether a non-executive is independent the director must not fail any of the following materiality thresholds:

- less than 10% of company shares are held by the director and any entity or individual directly or indirectly associated with the director;

- no sales are made to or purchase made from any individual or entity directly or indirectly associated with the director; and

- none of the director's income or the income of an individual or entity directly or indirectly associated with the director is derived from a contract with any member of the Group other than income derived as a director or the entity.

Independent directors have the right to seek independent professional advice in the furtherance of their duties as directors at the company's expense. Written approval must be obtained from the chair prior to incurring any expense on behalf of the company.

The company has departed from the ASX guidelines relating to corporate governance with respect to the establishment of Audit and Risk Committees, Remuneration and Nomination Committees which are undertaken by the Board.

Ethical Standards

The Board acknowledges and emphasises the importance of all directors and employees maintaining the highest standards of corporate governance practice and ethical conduct.

A code of conduct has been established requiring directors and employees to:

- act honestly and in good faith;
- exercise due care and diligence in fulfilling the functions of office;
- avoid conflicts and make full disclosure of any possible conflict of interest;
- comply with the law;
- encourage the reporting and investigating of unlawful and unethical behaviour; and
- comply with the share trading policy outlined in the Code of Conduct.

Directors are obliged to be independent in judgement and ensure all reasonable steps are taken to ensure due care is taken by the Board in making sound decisions.

Trading Policy

The company's policy regarding directors and employees trading in its securities is set by the Board. The policy restricts directors and employees from acting on material information until it has been released to the market and adequate time has been given for this reflected in the security's prices.

Performance Evaluation

An annual performance evaluation of the Board and all board members was conducted by the Board for the financial year ended 30 June 2011.

The chairman also speaks to each director individually regarding their role as director.

Board Roles and Responsibilities

The Board is first and foremost accountable to provide value to its shareholders through delivery of timely and balanced disclosures.

The Board is ultimately responsible for ensuring its actions are in accordance with key corporate governance principles.

Shareholder Rights

Shareholders are entitled to vote on significant matters impacting on the business, which include the election and remuneration of directors, changes to the constitution and receipt of annual and interim financial statements. Shareholders are strongly encouraged to attend and participate in the Annual General Meetings of Greenpower Energy Limited, to lodge questions to be responded by the Board and/or the CEO, and are able to appoint proxies.

Risk Management

The Board considers identification and management of key risks associated with the business as vital to maximise shareholder wealth. A yearly assessment of the business's risk profile is undertaken and reviewed by the Board, covering all aspects of the business from the operational level through to strategic level risks. The Chairman has been delegated the task of implementing internal controls to identify and manage risks for which the Board provides oversight. The effectiveness of these controls is monitored and reviewed regularly. The current economic environment has emphasised the importance of managing and reassessing its key business risks.

Remuneration Policies

The remuneration policy, which sets the terms and conditions for the key management personnel, was developed by the Board. Executives receive a mix of time based fees and options. The Board reviews executive packages annually by reference to company performance, executive performance, comparable information from industry sectors, other listed companies and independent advice. The performance of executives is reviewed annually. The policy is designed to attract the highest calibre executives and reward them for performance which results in long-term growth in shareholder value.

Executives are also entitled to participate in the employee share and option arrangements.

The amount of remuneration for all key management personnel for the company and the five highest paid executives, including all monetary and non-monetary components, are detailed in the directors report on page 10. All remuneration paid to executives is valued at the cost to the company and expensed. Options are valued using the Black-Scholes methodology.

The Board expects that the remuneration structure implemented will result in the company being able to attract and retain the best executives to run the Greenpower Energy Limited. It will also provide executives with the necessary incentives to work to grow long-term shareholder value.

The payment of bonuses, options and other incentive payments are reviewed by the Board annually as part of the review of executive remuneration. All bonuses, options and incentives must be linked to predetermined performance criteria. The Board can exercise its discretion in relation to approving incentives, bonuses and options and can recommend changes to the committee's recommendations. Any changes must be justified by reference to measurable performance criteria.

Other Information

Further information relating to the company's corporate governance practices and policies have been made publicly available on the company's website.

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38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

30 September 2011

Greenpower Energy Limited
The Board of Directors
PO Box 1664
Fremantle WA 6959

Dear Sirs,

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

As lead auditor of Greenpower Energy Limited for the year ended 30 June 2011, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

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

C Burton

Chris Burton
Director

BDO

BDO Audit (WA) Pty Ltd
Perth, Western Australia

Greenpower Energy Limited

ABN 22 000 002 111

Consolidated Income Statement

For the Year Ended 30 June 2011

Consolidated

	Note	2011 $	2010 $
Other revenue		**17,807**	19,886
Other income		**64,839**	-
Occupancy costs		**(8,391)**	-
Administrative costs		**(315,654)**	(159,994)
Exploration and Tenement costs		**(458,797)**	(259,399)
Loss on disposal of tenements	13	**(5,109,807)**	(193,404)
Impairment loss of other financial assets		**(344,000)**	-
Loss on disposal of other financial assets		**(17,925)**	-
Depreciation and amortisation expense		**(2,618)**	-
Loss before income taxes		**(6,174,546)**	(592,911)
Income tax expense/(benefit)	4	**-**	-
Loss attributable to owners of Greenpower Energy Limited		**(6,174,546)**	(592,911)

	Note	2011	2010
Loss per share:			
Basic loss per share (cents)	5	**(9.74)**	(0.94)

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

Greenpower Energy Limited

ABN 22 000 002 111

Consolidated Statement of Comprehensive Income

For the Year Ended 30 June 2011

Consolidated

	Note	2011 $	2010 $
Net loss for the period		**(6,174,546)**	(592,911)
Other comprehensive income:			
Net gain on revaluation of financial assets	9(a)	**2,114,325**	254,630
Other comprehensive income for the year, net of tax		**2,114,325**	254,630
Total comprehensive loss for the year		**(4,060,221)**	(338,281)
Total comprehensive loss attributable to:			
Owners of Greenpower Energy Limited		**(4,060,221)**	(338,281)
		(4,060,221)	(338,281)

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

Greenpower Energy Limited

ABN 22 000 002 111

Consolidated Statement of Financial Position

As At 30 June 2011

Consolidated

	Note	2011 $	2010 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	**506,184**	421,217
Trade and other receivables	8	**95,298**	76,663
TOTAL CURRENT ASSETS		**601,482**	497,880
NON-CURRENT ASSETS			
Other financial assets	9	**4,208,162**	2,827,837
Property, plant and equipment	10	**3,030**	-
Intangible assets	11	**8,407**	-
Exploration and evaluation assets	13	**2,732,789**	8,012,596
TOTAL NON-CURRENT ASSETS		**6,952,388**	10,840,433
TOTAL ASSETS		**7,553,870**	11,338,313
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	**333,789**	80,511
TOTAL CURRENT LIABILITIES		**333,789**	80,511
NON-CURRENT LIABILITIES			
TOTAL LIABILITIES		**333,789**	80,511
NET ASSETS		**7,220,081**	11,257,802
EQUITY			
Contributed equity	15	**61,946,806**	61,946,806
Reserves	16	**13,110,128**	10,973,303
Accumulated losses	17	**(67,836,853)**	(61,662,307)
TOTAL EQUITY		**7,220,081**	11,257,802

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

Greenpower Energy Limited

ABN 22 000 002 111

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2011

Consolidated

2011

	Contributed Equity	Accumulated Losses	Capital Profits Reserve	Option Reserve	Financial Assets Reserve	Total
	$	$	$	$	$	$
Balance at 1 July 2010	**61,946,806**	**(61,662,307)**	**10,314,793**	**255,100**	**403,410**	**11,257,802**
Total comprehensive income for the year	**-**	**(6,174,546)**	**-**	**-**	**2,114,325**	**(4,060,221)**
Transactions with owners in their capacity as owners:						
- share options	**-**	**-**	**-**	**22,500**	**-**	**22,500**
Sub-total	**-**	**(6,174,546)**	**-**	**22,500**	**2,114,325**	**(4,037,721)**
Balance at 30 June 2011	**61,946,806**	**(67,836,853)**	**10,314,793**	**277,600**	**2,517,735**	**7,220,081**

2010

	Contributed Equity	Accumulated Losses	Capital Profits Reserve	Option Reserve	Financial Assets Reserve	Total
	$	$	$	$	$	$
Balance at 1 July 2009	61,957,739	(61,069,396)	10,314,793	200,000	148,780	11,551,916
Total comprehensive income for the year	-	(592,911)	-	-	254,630	(338,281)
Shares - transaction costs	(10,933)	-	-	-	-	(10,933)
Transactions with owners in their capacity as owners:						
- share options	-	-	-	55,100	-	55,100
Sub-total	(10,933)	(592,911)	-	55,100	254,630	(294,114)
Balance at 30 June 2010	61,946,806	(61,662,307)	10,314,793	255,100	403,410	11,257,802

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

Greenpower Energy Limited

ABN 22 000 002 111

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2011

Consolidated

	Note	2011 $	2010 $
Cash from operating activities:			
Receipts from customers		**64,839**	-
Payments to suppliers and employees		**(525,699)**	(346,962)
Interest received		**17,807**	19,886
Net cash used in operating activities	18	**(443,053)**	(327,076)
Cash flows from investing activities:			
Proceeds from disposal of subsidiary		**170,000**	-
Purchase of property, plant and equipment		**(3,246)**	-
Acquisition of other non current assets		**(10,809)**	-
Proceeds from disposal of investments		**372,075**	-
Net cash provided by investing activities		**528,020**	-
Cash flows from financing activities:			
Transaction costs on the listing of shares		**-**	(10,933)
Deposit on sale of tenement		**-**	200,000
Net cash provided by financing activities		**-**	189,067
Net increase (decreases) in cash held		**84,967**	(138,009)
Cash at beginning of financial year		**421,217**	559,226
Cash at end of financial year	7	**506,184**	421,217

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

1 Corporate Information

The financial report of Greenpower Energy Limited for the year ended 30 June 2011 was authorised for issue in accordance with a resolution of the Directors on 30 September 2011 and covers Greenpower Energy Limited as an individual entity as well as the consolidated entity consisting of Greenpower Energy Limited and its subsidiaries as required by the Corporations Act 2001.

The financial report is presented in the Australian currency.

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

2 Summary of Significant Accounting Policies

(a) Basis of Preparation

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

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

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

(b) Principles of Consolidation

Subsidiaries

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

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

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

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 12 to the financial statements. All subsidiaries entities have a 30 June financial year end.

(c) Segment Reporting

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

(d) Revenue and Other Income

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

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

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

Dividends received are accounted for when received.

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

(e) Income Tax

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

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

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

Greenpower Energy Limited

ABN 22 000 002 111

Notes to the Financial Statements

For the Year Ended 30 June 2011

Consolidated

2 Summary of Significant Accounting Policies continued

(e) Income Tax continued

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

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

(f) Impairment of Assets

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

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

(g) Cash and Cash Equivalents

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

(h) Business Combinations

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

2 Summary of Significant Accounting Policies continued

(h) Business Combinations continued

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

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

(i) Plant and Equipment

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

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

Depreciation

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

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

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

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

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

2 Summary of Significant Accounting Policies continued

(k) Intangibles

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

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

(l) Exploration, Evaluation and Development Expenditure

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

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

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

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

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

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

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

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

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

2 Summary of Significant Accounting Policies continued

(l) Exploration, Evaluation and Development Expenditure continued

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

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

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

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

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

(m) Investments and Other Financial Assets

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

Available-for-sale Financial Assets

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

2 Summary of Significant Accounting Policies continued

(m) Investments and Other Financial Assets continued

Loans and Receivables

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

(n) Fair Values

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

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

(o) Trade and Other Payables

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

(p) Provisions

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

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

(q) Contributed Equity

Ordinary shares are classified as equity.

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

2 Summary of Significant Accounting Policies continued

(r) Earnings per Share

Basic Earnings per Share

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

Diluted Earnings per Share

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

(s) Goods and Services Tax (GST)

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

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

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

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

(t) Comparative Figures

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

2 Summary of Significant Accounting Policies continued

(u) Standards Issued but not yet effective

A number of Australian accounting standards have been issued or amended and are applicable to the 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.

AASB 9: Financial Instruments (December 2010) (applicable for annual reporting periods commencing on or after 1 January 2013)

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

The key changes made to accounting requirements include:

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

2 Summary of Significant Accounting Policies continued

(u) Standards Issued but not yet effective continued

AASB 124: Related Party Disclosures (applicable for annual reporting periods commencing on or after 1 January 2011)

This Standard removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities and clarifies the definition of a “related party” to remove inconsistencies and simplify the structure of the Standard.

No changes are expected to materially affect the Group.

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

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

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

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

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

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

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

AASB 2009–12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011)

This Standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. The Standard also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. The amendments are not expected to impact the Group.

2 Summary of Significant Accounting Policies continued

(u) Standards Issued but not yet effective continued

AASB 2009–14: Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement [AASB Interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2011)

This Standard amends Interpretation 14 to address unintended consequences that can arise from the previous accounting requirements when an entity prepays future contributions into a defined benefit pension plan.

This Standard is not expected to impact the Group.

AASB 2010–4: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13] (applicable for annual reporting periods commencing on or after 1 January 2011)

This Standard details numerous non-urgent but necessary changes to Accounting Standards arising from the IASB's annual improvements project. Key changes include:

- clarifying the application of AASB 108 prior to an entity's first Australian-Accounting-Standards financial statements;
- adding an explicit statement to AASB 7 that qualitative disclosures should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments;
- amending AASB 101 to the effect that disaggregation of changes in each component of equity arising from transactions recognised in other comprehensive income is required to be presented, but is permitted to be presented in the statement of changes in equity or in the notes;
- adding a number of examples to the list of events or transactions that require disclosure under AASB 134; and
- making sundry editorial amendments to various Standards and Interpretations.

This Standard is not expected to impact the Group.

AASB 2010–5: Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042] (applicable for annual reporting periods beginning on or after 1 January 2011)

This Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. However, these editorial amendments have no major impact on the requirements of the respective amended pronouncements.

2 Summary of Significant Accounting Policies continued

(u) Standards Issued but not yet effective continued

AASB 2010–6: Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7] (applicable for annual reporting periods beginning on or after 1 July 2011)

This Standard adds and amends disclosure requirements about transfers of financial assets, especially those in respect of the nature of the financial assets involved and the risks associated with them. Accordingly, this Standard makes amendments to AASB 1: First-time Adoption of Australian Accounting Standards, and AASB 7: Financial Instruments: Disclosures, establishing additional disclosure requirements in relation to transfers of financial assets.

This Standard is not expected to impact the Group.

AASB 2010–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] (applies to periods beginning on or after 1 January 2013)

This Standard makes amendments to a range of Australian Accounting Standards and Interpretations as a consequence of the issuance of AASB 9: Financial Instruments in December 2010. Accordingly, these amendments will only apply when the entity adopts AASB 9.

As noted above, the Group has not yet determined any potential impact on the financial statements from adopting AASB 9.

AASB 2010–8: Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112] (applies to periods beginning on or after 1 January 2012)

This Standard makes amendments to AASB 112: Income Taxes.

The amendments brought in by this Standard introduce a more practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model under AASB 140: Investment Property.

Under the current AASB 112, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. The amendments introduce a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

The amendments brought in by this Standard also incorporate Interpretation 121 into AASB 112.

The amendments are not expected to impact the Group.

2 Summary of Significant Accounting Policies continued

(u) Standards Issued but not yet effective continued

AASB 2010–9: Amendments to Australian Accounting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters [AASB 1] (applies to periods beginning on or after 1 July 2011)

This Standard makes amendments to AASB 1: First-time Adoption of Australian Accounting Standards.

The amendments brought in by this Standard provide relief for first-time adopters of Australian Accounting Standards from having to reconstruct transactions that occurred before their date of transition to Australian Accounting Standards.

Furthermore, the amendments brought in by this Standard also provide guidance for entities emerging from severe hyperinflation either to resume presenting Australian-Accounting-Standards financial statements or to present Australian-Accounting-Standards financial statements for the first time.

This Standard is not expected to impact the Group.

AASB 2010–10: Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters [AASB 2009–11 & AASB 2010–7] (applies to periods beginning on or after 1 January 2013)

This Standard makes amendments to AASB 2009–11: Amendments to Australian Accounting Standards arising from AASB 9, and AASB 2010–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010).

The amendments brought in by this Standard ultimately affect AASB 1: First-time Adoption of Australian Accounting Standards and provide relief for first-time adopters from having to reconstruct transactions that occurred before their transition date.

[The amendments to AASB 2009–11 will only affect early adopters of AASB 2009–11 (and AASB 9: Financial Instruments that was issued in December 2009) as it has been superseded by AASB 2010–7.]

This Standard is not expected to impact the Group.

2 Summary of Significant Accounting Policies continued

(u) Standards Issued but not yet effective continued

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

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

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

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

This Standard is not expected to impact the Group.

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

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

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

This Standard is not expected to impact the Group.

2 Summary of Significant Accounting Policies continued

(u) Standards Issued but not yet effective continued

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

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

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

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

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

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

AASB 7: Financial Instruments: Disclosure (applies to periods beginning on or after 1 January 2011)

This Standard deletes various disclosures relating to credit risk, renegotiated loans and receivables and the fair value of collateral held. This Standard is not expected to impact the Group.

2 Summary of Significant Accounting Policies continued

(v) Going Concern

For the period ended 30 June 2011 the Group incurred a net loss of $6,174,546 (2010: $592,911). At 30 June 2011, the cash balance was $506,184 (2010: $421,217). The accounts have been prepared on a going concern basis. The Directors have determined that future capital raisings and/or asset sales will be required in order to continue the exploration and development of the Group's mining tenements to achieve a position where they can prove exploration reserves.

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

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

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

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

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

2 Summary of Significant Accounting Policies continued

(w) Critical accounting estimates and judgements

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

Key estimates - Impairment

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

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

Key estimates - income taxes

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

Key judgments - exploration and evaluation expenditure

The Group has not capitalised expenditure relating to exploration and evaluation during the year however has carried forward the initial cost of certain Exploration Licenses where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded. Such capitalised expenditure is carried at the end of the reporting period at $ 2,732,789.

Key judgments - available-for-sale investments

The Group maintains a portfolio of securities with a carrying value of $ 4,208,162 at the end of the reporting period. Certain individual investments have declined in value and impairment adjustments have been brought to account.

3 Auditors' Remuneration

	Note	2011 $	2010 $
Remuneration of the auditor of the parent entity for:			
- Audit or review		**27,815**	24,744
- Total remuneration for audit services		**27,815**	24,744
- Secretarial services		**597**	2,598
- Total remuneration for non-audit services		**597**	2,598

4 Income Tax Expense

(a) The components of tax expense comprise:

	Note	2011 $	2010 $
Current tax		**-**	-

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

	2011 $	2010 $
Prima facie tax benefit on loss from ordinary activities before income tax at 30% (2010: 30%)		
- the Group	**1,852,364**	177,873
	1,852,364	177,873
Add/Less tax effect of:		
- relinquishment of tenements	**1,532,942**	-
- deferred tax assets not brought to account	**210,543**	177,873
- fair value adjustments not subject to income tax	**103,200**	-
- other non-allowable items	**5,679**	-
Income tax attributable to entity	**-**	-

4 Income Tax Expense continued

(c) Unrecognised temporary differences

	2011 $	2010 $
Deferred Tax Assets (at 30%)	**20,902**	-
On Income Tax Account		
Deferred Tax Liabilities	**505,769**	273,712

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

5 Earnings per Share

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

	2011 $	2010 $
Loss	**6,174,546**	592,911
Loss used to calculate basic EPS	**6,174,546**	592,911

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

	2011	2010
Weighted average number of ordinary shares outstanding during the year No used in calculating basic EPS and dilutive EPS	**63,420,120**	63,420,120
	63,420,120	63,420,120

6 Key Management Personnel Compensation

(a) Key Management Personnel Compensation

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

	2011 $	2010 $
Short-term employee benefits	**304,656**	78,975
Share-based payments	**12,500**	55,100
	317,156	134,075

6 Key Management Personnel Compensation continued

The Remuneration Report contained in the Directors' Report contains details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2011.

(b) Key Management Personnel Shareholdings

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

	Balance at beginning of year	On exercise of options	Net Change Other *	Balance at end of year
30 June 2011				
Directors				
Alan Flavelle	3,130,160	-	-	3,130,160
Gerard King	21,977,516	-	-	21,977,516
Ronald McCullough	2,487,741	-	-	2,487,741
Takanao Mitsui	120,000	-	-	120,000
Other KMP				
Matthew Suttling	62,933	-	-	62,933
John Watts	-	-	-	-
	27,778,350	-	-	27,778,350

	Balance at beginning of year	On exercise of options	Net Change Other *	Balance at end of year
30 June 2010				
Directors				
Alan Flavelle	1,930,160	-	1,200,000	3,130,160
Gerard King	21,977,516	-	-	21,977,516
Ronald McCullough	2,487,741	-	-	2,487,741
Takanao Mitsui	120,000	-	-	120,000
Other KMP				
Matthew Suttling	139,146	-	(76,213)	62,933
John Watts	-	-	-	-
	26,654,563	-	1,123,787	27,778,350

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

6 Key Management Personnel Compensation continued

(c) Key Management Personnel Options and Rights Holdings

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

	Balance at beginning of year	Granted as remun-erat ion	Exercised	Other changes	Balance at the end of year	Vested during the year	Unvested and exercisable
30 June 2011							
Directors							
Alan Flavelle	1,450,000	-	-	(1,450,000)	-	-	-
Gerard King	400,000	-	-	(400,000)	-	-	-
Ronald McCullough	400,000	-	-	(400,000)	-	-	-
Takanao Mitsui	400,000	-	-	(400,000)	-	-	-
Other KMP							
Matthew Suttling	350,000	150,000	-	-	500,000	150,000	500,000
John Watts	100,000	100,000	-	-	200,000	100,000	200,000
	3,100,000	250,000	-	(2,650,000)	700,000	250,000	700,000

	Balance at beginning of year	Granted as remun-erat ion	Exercised	Other changes	Balance at the end of year	Vested during the year	Unvested and exercisable
30 June 2010							
Directors							
Alan Flavelle	1,200,000	250,000	-	-	1,450,000	250,000	1,450,000
Gerard King	200,000	200,000	-	-	400,000	200,000	400,000
Ronald McCullough	200,000	200,000	-	-	400,000	200,000	400,000
Takanao Mitsui	200,000	200,000	-	-	400,000	200,000	400,000
Other KMP							
Matthew Suttling	200,000	150,000	-	-	350,000	150,000	350,000
John Watts	-	100,000	-	-	100,000	100,000	100,000
	2,000,000	1,100,000	-	-	3,100,000	1,100,000	3,100,000

(d) Option Inputs

Option Inputs for the year ended 30 June 2011

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

6 Key Management Personnel Compensation continued

(e) Loans to Key Management Personnel

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

7 Cash and Cash Equivalents

	Note	2011 $	2010 $
Cash at bank		**368,523**	359,046
Short-term bank deposits	7(a)	**137,661**	62,171
		506,184	421,217

Reconciliation of Cash

	2011 $	2010 $
Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the statement of financial position as follows:		
Cash and cash equivalents	**506,184**	421,217
	506,184	421,217

The effective interest rate on short-term bank deposits was 3.8% (2010: 4.1%); these deposits are at call.

(a) Short term deposit

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

8 Trade and Other Receivables

	Note	2011 $	2010 $
CURRENT			
Other receivables	8(a)	**95,298**	76,663
		95,298	76,663

(a) Other Receivables

Other receivable represent receivables due from the Australian Taxation Office which are not impaired and will be receivable upon the assessment of the Greenpower Energy Limited Income Tax Return.

(b) Past due but not impaired

As at 30 June 2011, other receivables were past due but not impaired. Other receivables are GST credits and other prepaid company tax balances which will be received subsequent to year end.

9 Available-for-Sale Financial Assets

Available-for-Sale Financial Assets Comprise:

	2011 $	2010 $
Listed investments		
shares in listed corporations	**4,208,162**	4,172,380
	4,208,162	4,172,380
Available for sale impairment loss	**-**	(1,344,543)
Total other financial assets at fair value	**4,208,162**	2,827,837

Other financial assets comprise of investments in the ordinary issued capital of various entities. There are no fixed returns or fixed maturity date attached to these investments. The impairment loss for this year was $344,000 (2010: $Nil).

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 2011. Refer note 23 for movements in market value subsequent to year end.

9 Available-for-Sale Financial Assets continued

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

	2011 $	2010 $
Opening Balance	**2,827,837**	2,573,207
Impairment	**(344,000)**	-
Disposal	**(390,000)**	-
Net gain on revaluation of financial assets	**2,114,325**	254,630
	4,208,162	2,827,837

10 Property, Plant and Equipment

	2011 $	2010 $
PLANT AND EQUIPMENT		
Office equipment		
At cost	**3,246**	-
Accumulated depreciation	**(216)**	-
Total office equipment	**3,030**	-
Total plant and equipment	**3,030**	-
Total property, plant and equipment	**3,030**	-

10 Property, Plant and Equipment continued

(a) Movements in Carrying Amounts

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

	Office Equipment $
Balance at 30 June 2011	
Balance at the beginning of year	-
Additions	3,246
Depreciation expense	(216)
Balance at 30 June 2011	3,030
Balance at 30 June 2010	
Balance at the beginning of year	-
Additions	-
Depreciation expense	-
Balance at 30 June 2010	-

11 Intangible Assets

	Note	2011 $	2010 $
Other intangible assets			
Cost	11(b)	10,809	-
Accumulated amortisation and impairment		(2,402)	-
Net carrying value		8,407	-
Total Intangibles		8,407	-

11 Intangible Assets continued

(a) Movements in Carrying Amounts

	Other intangible assets $
Year ended 30 June 2010	
Opening balance	-
Additions	-
Amortisation	-
Closing value at 30 June 2010	-
Year ended 30 June 2011	
Opening balance	**-**
Additions	**10,809**
Amortisation	**(2,402)**
Closing value at 30 June 2011	**8,407**

(b) Intangible Assets

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

12 Controlled Entities

	Country of incorporation	Percentage Owned 2011	Percentage Owned 2010	Cost 2011 $	Cost 2010 $
Subsidiaries of parent entity:					
Davidson Prospecting Pty Ltd	Australia	-	100	-	199,000
GCC Asset Holdings Pty Ltd	Australia	100	100	2	2
GCC Methane Pty Ltd	Australia	100	100	2	2
Greenpower Natural Gas Pty Ltd	Australia	100	100	301,000	301,000
Sawells Pty Ltd	Australia	100	100	2,000,000	2,000,000
		-	-	2,301,004	2,500,004

Disposal of controlled entities

On 27 April 2011, the parent disposed of its 100% interest in Davidson Prospecting Pty Ltd. An operating loss of $ 37,438 after income tax was attributable to members of the parent from the disposal. No remaining interest in the entity was held by any member of the Group. The carrying amount of the net assets of Davidson Prospecting Pty Ltd at the date of disposal were $170,000.

13 Exploration and Evaluation Assets

	2011	2010
	$	$
NON-CURRENT		
Exploration permits	**2,732,789**	8,012,596
	2,732,789	8,012,596

Movements in Other Assets

	Consolidated	
	Exploration permits	Total
	$	$
Year ended 30 June 2010		
Opening balance	8,406,000	8,406,000
Deposit on Tenement	(200,000)	(200,000)
Relinquishment of Tenements	(193,404)	(193,404)
Balance at 30 June 2010	8,012,596	8,012,596
Year ended 30 June 2011		
Opening balance	8,012,596	8,012,596
Disposal of Tenement	(207,438)	(207,438)
Relinquishment of Tenements	(5,072,369)	(5,072,369)
Balance at 30 June 2011	2,732,789	2,732,789

During the year Directors determined that the information available did not justify seeking renewal of Exploration licence EL 425 in Western Australia, the carrying value of $5,000,000 has now been expensed. The additional $72,369 relates to the non renewal of EL's 4861 and 4862 in Victoria.

Exploration permits

Current permits as at 30 June 2011:

Victoria - EL4500, EL 4860, EL 4877*, EL 5227 and EL 5228

South Australia - SAPELA 145 and 146

Western Australia - EP 447*, GEP 37 and GEP 38

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

* The Group is currently undertaking to renew the Exploration licences as noted, the Directors anticipate that the exploration licences will be reissued subsequent to the completion of the financial report.

14 Trade and Other Payables

	2011 $	2010 $
CURRENT		
Trade payables	**84,789**	60,511
Other payables	**249,000**	20,000
	333,789	80,511

15 Issued Capital

	2011 $	2010 $
63,420,120 (2010: 63,420,120) Ordinary Shares	**61,946,806**	61,946,806
	61,946,806	61,946,806

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 2011			
At the beginning of year		63,420,120	61,946,806
Shares issued during the year		-	-
Balance at 30 June 2011		63,420,120	61,946,806
Year ended 30 June 2010			
At the beginning of year		63,420,120	61,957,739
Shares issued during the year		-	-
Cost of listing shares		-	(10,933)
Balance at 30 June 2010		63,420,120	61,946,806

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

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

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.

15 Issued Capital continued

Capital Risk Management continued

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

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

During 2011, the Group's strategy, which was unchanged from 2010, was to maintain nil borrowings outside of trade and other payables.

	2011 $	2010 $
Total payables	**337,940**	80,511
Less: cash and cash equivalents	**(506,184)**	(421,217)
Net debt	**(168,244)**	(340,706)
Total equity	**7,220,081**	11,257,802
Total capital	**7,051,837**	10,917,096

16 Reserves

	2011 $	2010 $
Capital Realisation Reserve	**10,314,793**	10,314,793
Share Based Payments Reserve	**277,600**	255,100
Financial Assets Reserve	**2,517,735**	403,410
	13,110,128	10,973,303

	2011 $	2010 $
Capital Realisation Reserve		
Opening balance	**10,314,793**	10,314,793
	10,314,793	10,314,793
Share Based Payments Reserve		
Opening balance	**255,100**	200,000
Transfers in	**22,500**	55,100
	277,600	255,100
Financial Assets Reserve		
Opening balance	**403,410**	148,780
Fair value adjustment	**2,114,325**	254,630
	2,517,735	403,410
Total reserves	**13,110,128**	10,973,303

Capital Realisation Reserve

The capital realisation reserve records revaluation of capital.

Share Based Payments Reserve

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

Financial Assets Reserve

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

17 Accumulated Losses

	2011 $	2010 $
Accumulated losses		
Opening balance	**(61,662,307)**	(61,069,396)
Net loss for the period	**(6,174,546)**	(592,911)
Total	**(67,836,853)**	(61,662,307)

18 Cash Flow Information

Reconciliation of Cash Flow from Operations with Loss after Income Tax

	2011 $	2010 $
Net loss for the year	**(6,174,547)**	(592,911)
Cash flows excluded from loss attributable to operating activities		
Non-cash flows in loss		
Amortisation	**2,402**	-
Depreciation	**216**	-
Fair value adjustment	**344,000**	-
Loss on relinquishment of tenement	**5,109,807**	193,404
Net loss on disposal of investments	**17,925**	-
Share options expensed	**22,500**	55,100
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
Increase in receivables	**(18,635)**	(11,769)
Increase in trade payables and accruals	**253,279**	29,100
Net cash (outflow) from operating activities	**(443,053)**	(327,076)

19 Capital Commitments

Capital Expenditure Commitments

	2011 $	2010 $
Capital expenditure commitments contracted for:		
Exploration Permits	**45,410,000**	46,739,000
	45,410,000	46,739,000

Payable:		
- not later than 12 months	**1,500,000**	989,000
- between 12 months and 5 years	**27,910,000**	29,750,000
- greater than 5 years	**16,000,000**	16,000,000
	45,410,000	46,739,000

20 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 12.

(c) Key management personnel

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

(d) Transactions and balances with related parties

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

Mr Alan Flavelle a Director of Greenpower Energy Limited subscribed for 1,860,160 shares at 20c per share in accordance with the IPO to be satisfied by the transfer of $375,032 shares in European Gas Limited to the Group. Due to a clerical error the transfer of the shares in European Gas Limited have not been transferred from Alan Flavelle as at 30 June 2011. 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.

20 Related Party Transactions continued

(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 2011 was:

Shares: 30,365,417 (2010: 30,365,417) Ordinary

21 Financial Risk Management

(a) Financial Risks

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

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

(b) Net Fair Values

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

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

	2011		2010	
	Net Carrying Value	Net Fair value	Net Carrying Value	Net Fair value
	$	$	$	$
Financial assets				
Cash and cash equivalents	**506,184**	**506,184**	421,217	421,217
Trade and other receivables	**95,298**	**95,298**	76,662	76,662
Available-for-sale financial assets:				
at fair value				
- listed investments	**4,208,162**	**4,208,162**	2,827,837	2,827,837
Total financial assets	**4,809,644**	**4,809,644**	3,325,716	3,325,716
Financial liabilities				
Trade and other payables	**333,789**	**333,789**	80,510	80,510
Total financial liabilities	**333,789**	**333,789**	80,510	80,510

21 Financial Risk Management continued

(c) Foreign Currency Risk

The group is not exposed to fluctuations in foreign currencies.

(d) Credit Risk

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

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

(e) Liquidity risk

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

Maturity analysis

	Carrying Amount $	Contractual Cash flows $	< 6 mths $
Year ended 30 June 2011			
Trade and other payables	333,789	333,789	333,789
	333,789	333,789	333,789
Year ended 30 June 2010			
Trade and other payables	80,510	80,510	80,510
	80,510	80,510	80,510

Consolidated

21 Financial Risk Management continued

(f) Interest Rate Risk

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

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

	Weighted Average Effective Interest Rate		Floating Interest Rate		Maturing within 1 Year		Non-interest Bearing		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	%	%	$	$	$	$	$	$	$	$
Financial Assets:										
Cash and cash equivalents	**3.8**	4.1	**362,588**	359,046	**137,661**	62,171	**5,935**	76,662	**506,184**	497,879
Receivables	**-**	-	**-**	-	**-**	-	**95,297**	76,662	**95,297**	76,662
Total Financial Assets			**362,588**	359,046	**137,661**	62,171	**101,232**	153,324	**601,481**	574,541
Financial Liabilities:										
Trade and sundry payables	**-**	-	**-**	-	**-**	-	**333,789**	80,510	**333,789**	80,510
Total Financial Liabilities			**-**	-	**-**	-	**333,789**	80,510	**333,789**	80,510

21 Financial Risk Management 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.

	+ .5% (50 basis points)		- .5% (50 basis points)	
	2011	2010	2011	2010
	$	$	$	$
Cash at bank	1,813	1,795	(1,813)	(1,795)
	1,813	1,795	(1,813)	(1,795)

(g) Price Risk

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

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

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

	+ .1% (10 basis points)		- .3% (30 basis points)	
	2011	2010	2011	2010
	$	$	$	$
Financial Assets	420,816	848,351	(1,262,449)	(282,784)
	420,816	848,351	(1,262,449)	(282,784)

22 Segment Reporting

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

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

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

	2011 $	2010 $
Exploration Segment		
Segment revenue	**-**	-
Reconciliation of segment revenue to total revenue before tax:		
Interest received	**17,807**	19,886
Other	**64,839**	-
Total revenue	**82,646**	19,886
Exploration Segment		
Segment results (loss)	**(5,568,604)**	(353,398)
Reconciliation of segment results to net loss before tax:		
Other corporate and administration	**(605,942)**	(259,399)
Net loss before tax	**(6,174,546)**	(612,797)
Exploration Segment		
Segment operating assets	**2,732,789**	8,012,596
Reconciliation of segment assets:		
Other corporate and administration assets	**4,821,081**	3,325,717
Total assets	**7,553,870**	11,338,313
Exploration Segment		
Segment operating liabilities	**44,485**	35,145
Reconciliation of segment liabilities:		
Other corporate and administration liabilities	**289,304**	45,366
Total	**333,789**	80,511

23 Events After the Reporting Date

- Subsequent to 30 June 2011, the Company, applied to the Victorian Department of Primary Industries to reduce the areas of EL's 4500 and 4877.

- Subsequent to 30 June 2011, the Company issued 9,513,018 ordinary shares at 5.5 cents a share raising $532,756 providing working capital and funding for its coals to liquids project involving technology developed at the University of Texas.

- The fair value of the other financial assets as at 30 September 2011 is $4,067,579, (30 June 2011 $4,208,162).

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.

24 Parent entity

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

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

Investments in subsidiaries, associates and joint ventures

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

Tax consolidation legislation

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

Each entity in the tax consolidated group accounts for their own current and deferred tax amounts. These tax amounts are measured using the ‘stand-alone taxpayer’ approach to allocation.

Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the parent entity.

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

24 Parent entity continued

	2011 $	2010 $
Consolidated Statement of Financial Position		
Assets		
Current assets	**474,851**	3,197,324
Non-current assets	**4,927,871**	8,406,004
Total Assets	**5,402,722**	11,603,328
Liabilities		
Current liabilities	**264,788**	80,510
Total Liabilities	**264,788**	80,510
Equity		
Issued capital	**61,946,806**	61,946,806
Accumulated losses	**(67,401,266)**	(61,065,491)
Capital Realisation Reserve	**10,314,793**	10,314,793
Share Based Payments Reserve	**277,600**	255,100
Total Equity	**5,137,933**	11,451,208
Consolidated Income Statement		
Total profit or loss for the year	**(6,335,775)**	(338,281)
Total comprehensive income	**(6,335,775)**	(338,281)

25 Contingent Liabilities

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

26 Company Details

Registered office

The registered office of the company is:

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

Principal place of business

The principal place of business is:

Greenpower Energy Limited
4 Foamcrest Avenue
Newport NSW 2106

Greenpower Energy Limited

ABN 22 000 002 111

Directors' Declaration

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 18 to 61, are in accordance with the *Corporations Act 2001* and:

    a. comply with Accounting Standards, which, as stated in accounting policy note 2 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and

    b. give a true and fair view of the financial position as at 30 June 2011 and of the performance for the year ended on that date of the company and consolidated group.

2. the Chief Executive Officer and Chief Finance Officer have each declared that as required by Section 295A:

    a. the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;

    b. the financial statements and notes for the financial year comply with the Accounting Standards; and

    c. the financial statements and notes for the financial year give a true and fair view.

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

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

Director ....

Dated 30 September 2011

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Australia

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

Report on the Financial Report

We have audited the accompanying financial report of Greenpower Energy Limited, which comprises the consolidated statement of financial position as at 30 June 2011, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the disclosing entity and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independence

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

Opinion

In our opinion:
(a) the financial report of Greenpower Energy Limited is in accordance with the *Corporations Act 2001*, including:
   (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
   (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2(a).

Emphasis of Matter

Without qualifying our opinion expressed above, we draw attention to Note 2(v) in the financial report, which indicates that Greenpower Energy Limited incurred a net loss of $6,174,546 during the year ended 30 June 2011. This condition, along with other matters as set out in Note 2(v), indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business at amounts stated in the financial report.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Greenpower Energy Limited for the year ended 30 June 2011 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO Audit

C Burton

Chris Burton
Director

Perth, Western Australia
Dated this 30th day of September 2011

ASX Additional Information

Additional information required by the ASX Limited Listing Rules and not disclosed elsewhere in this report is set out below. This information is effective as at 25 September 2011.

Voting Rights

Ordinary Shares

On a show of hands, every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Options

No voting rights.

Distribution Of Equity Security Holders

Holding	Holders	Number of Shares
1 - 1,000	894	180,009.00
1,001 - 5,000	318	945,538.00
5,001 - 10,000	232	2,020,144.00
10,001 - 100,000	288	9,600,865.00
100,000 and over	50	60,186,582.00
	1,782	72,933,138.00

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

20 Largest Optionholders

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

Unissued Equity Securities

Options issued 1,900,000.

Greenpower Energy Limited

ASX Additional Information

For the Year Ended 30 June 2011

Consolidated

20 Largest Shareholders

	Ordinary shares	
	Number held	% of issued shares
Lodestar Investments Limited	21,623,216	29.65
Planet Gas Limited	12,500,000	17.14
Astron Limited	9,513,018	13.04
Mr Alan John Flavelle	3,060,160	4.20
Mr Ronald Mccullough & Mrs Shirley Mccullough <Demeter Super Fund A/C>	1,340,000	1.84
Mr Warner Lamb	1,100,000	1.51
Manasota Pty Ltd	1,000,000	1.37
JP Morgan Nominees Australia Limited <Cash Income A/C>	895,000	1.23
Greenearth Energy Limited	785,100	1.08
Mr Geok Khim Goh	500,000	0.69
S & V Hur Pty Ltd <The Hur Family A/C>	500,000	0.69
Mr Simon Andrew Peters + Mrs Emma Frances Vogel <Perseus S/F A/C>	470,461	0.65
HSBC Custody Nominees Australia Limited	440,000	0.60
WM Noall Nominees Proprietary Limited	384,910	0.53
Pandora Nominees Pty Ltd	354,300	0.49
Mr Geoffrey Morgan & Mrs Dorina Morgan <The GCM Super Fund A/C>	320,000	0.44
Mr Neville Middleton <Middleton Management A/C>	263,760	0.36
R Cordina & Son Pty Limited	256,000	0.35
Dr Scott Fraser French + Mrs Julien Alicia French <Fraser Dental SVS S/F A/C>	250,000	0.34
Mr Robert Haertsch	250,000	0.34
	55,805,925	76.54

Securities exchange

The Company is listed on the Australian Securities Exchange.