

Greenpower Energy Limited

ABN 22 000 002 111

Consolidated Annual Report

For the Year Ended 30 June 2018

Greenpower Energy Limited

ABN 22 000 002 111

For the Year Ended 30 June 2018

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Greenpower Energy Limited

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Directors' Report

30 June 2018

Your directors present their report on the Company and its controlled entities for the financial year ended 30 June 2018.

Directors

The following persons were Directors of Greenpower Energy Limited for part of the financial year and up to the date of this report:

Names

Mr. Gerard King
Mr. Edwin Bulseco – Resigned 2 June 2018
Mr. Simon Peters
Mr. Matthew Suttling – Appointed 2 June 2018

Information on directors

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 WA State St. John Council Chairman until 2017.

Interest in shares and options

165,785,208 Ordinary Shares and 6,000,000 Unlisted Options

Special responsibilities

Chairman and Executive Director

Other current directorships in listed entities

Gerard King has been a Director of Astron Limited since 5 November 1985.

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Directors' Report

30 June 2018

Information on directors continued

Edwin Bulseco

Qualifications	Bachelor of Commerce
Experience	Edwin Bulseco has a wealth of experience in capital markets and corporate strategic planning. From 2010 to 2014 Edwin served as senior equity research analyst at two of Australia's oldest stockbrokers. Edwin is currently a Director of Corporate Finance at a boutique Corporate Advisory firm gaining exposure to a broad range of sectors including Technology, Energy and Resources. Prior to working in capital markets Edwin held various internal consulting, corporate/strategic planning and commercial roles with Royal Dutch Shell.
Interest in shares and options	Nil Ordinary Shares and 2,000,000 Options
Special responsibilities	Non-Executive Director.
Other current directorships in listed entities	Edwin Bulseco has been a Non-Executive Director of Transcendence Technologies Ltd since 8 June 2017.

Simon Peters

Qualifications	BEng (Mining) MAusIMM (Hons)
Experience	<p>Simon is a highly qualified Mining Engineer and Executive Manager with 16 years international and Australian experience covering mining, feasibility studies, sensitive permitting and approvals, mineral exploration, strategic planning, development resource definition and Project development.</p> <p>More recently Simon was project executive for an ASX listed entity Astron Ltd and a Director of 3 subsidiaries including a joint venture subsidiary involved in funding and commissioning an African mineral sands operation and gold exploration programs. He has gained experience in production of industrial minerals, iron ore and gold and has held senior operational and management positions within Rio Tinto and Henry Walker Eltin. He holds a Bachelor of Engineering (mining) with Honors from Federation University Australia and an unrestricted WA Quarry Managers Certificate.</p> <p>Simon is a partner of Sustainable Project Services which provides strategic & technical management consultancy advice to government, mining and agricultural sectors.</p>
Interest in shares and options	1,228,846 Ordinary Shares and 5,000,000 Unlisted Options
Special responsibilities	Non-Executive Director
Other directorships in listed entities held in the previous three years	Managing Director of E2 Metals Limited since 27 June 2017.

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Directors' Report

30 June 2018

Information on directors continued

Matthew Suttling

Qualifications Chartered Accountant, Bachelor of Economics

Experience Mr Suttling is an experienced professional with a background as a CFO. Mr Suttling brings experience as a CFO for a number of ASX boards and continue to practise as a Chartered Accountant in Public Practise.

Interest in shares and options 4,515,576 Ordinary Shares and 5,000,000 Unlisted Options

Special responsibilities Executive Director.

Other current directorships in listed entities Nil

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Directors' Report

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Principal Activities

The principal activities of the Group during the financial year were the research and development of its Coal to Liquid project, exploration for Lithium in Guyana and the hypersaline Brine project in the Northern Territory.

The specific activities of the Greenpower Energy Limited and its subsidiaries ("Greenpower") during the financial year relating to these were:

Guyana Lithium / Tantalum Project:

- During the year Greenpower funded Phases 2 and 3 within the Guyana Morabisi Project Area, for which exploration was managed by its partner Guyana Strategic Metals Inc ("GSM").
- Phase 3 included drilling 15 holes for 1,990 metres in the Turesi area of interest. The drilling was largely successful and provided valuable information within the Turesi area. GSM and Greenpower are currently discussing the implementation of the next Phase.
- With the completion of the Phase 3 commitments subsequent to year end Greenpower's interest in Guyana Strategic Metals Inc (Guyana Company) is expected to increase from 35% to 51% in accordance with the Heads of Agreement.

Northern Territory – Pretoria Project:

- As at 30 June 2018 Greenpower holds 9 Exploration Licenses (EL-31459 through to EL-31466 and EL 31496) in the Northern Territory. The initial target was to secure title in order to test underground supercritical brine reservoirs, disclosed in previous petroleum exploration, for lithium presence.
- Greenpower had anticipated working with companies drilling in the licence areas which had been delayed due to awaiting approvals from the Northern Territory government for gas exploration fracture drilling. Post year end this approval has been indicated but gas exploration companies have not indicated when any hydrocarbon exploration may recommence, enabling the company to liaise with them on formation water extraction and testing. The company must now decide whether the cost of holding the areas justifies the waiting indefinitely.
- Due to the delays encountered and uncertainty in relation to the future drilling the capitalised exploration expenditure carried forward was fully impaired at 30 June 2018.

Victoria:

- As at 30 June 2018 Greenpower held an application for an Exploration License for an area situated near Moe township, in the Latrobe Valley, Victoria. (Greenpower previously held Exploration Licenses 4500, 4877 and 5227, also in the Latrobe Valley, Victoria).
- The Group then intends to hold the new licence until the Company's coal to liquid technology has been advanced to the degree necessary to resort to this deposit, if necessary by converting to Retention licenses.
- Exploration of the license(s) can also be broadened in the meantime to include other minerals of interest that may be able to be exploited to add value for shareholders.

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Directors' Report

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Coal to Liquid Project 'CTL':

- In November 2013 Greenpower signed a 'research and option' agreement with US-based Thermaquatica Inc., to jointly test and develop the Oxidative Hydrothermal Dissolution (OHD) process for the conversion of coal to liquids. OHD is a patented process for the conversion of coals to liquids, the rights to which are owned by Thermaquatica Inc. The arrangement provided for Greenpower to receive an exclusive license to develop and apply the OHD process on a commercial scale within Australia and New Zealand in exchange for contributing USD \$2m towards research into extraction of the products from the OHD liquid. On 12 May 2016 Greenpower and Thermaquatica signed off on the conversion of the research and option agreement to an exclusive license agreement for Australia and New Zealand.
- OHD is an environmentally friendly technology for the conversion of coal and other solid organic material into low molecular weight, water soluble chemical products, with no greenhouse gases created in the process. Many of the initial products are potentially useful for producing polymers as well as other hydrocarbon-based products. The process works by taking the initial macromolecular solid material such as coal and causing a reaction with small amounts of oxygen in high temperature and high-pressure water.
- During the year Greenpower concentrated on developing its understanding of the potential and marketability of the bio-stimulant output from the OHD process.
 - As such ongoing plant trials are being undertaken by Monash University on behalf of Greenpower. Studies to date have confirmed that the OHD bio-stimulant fertiliser can deliver positive yield results and the studies have concluded that the OHD bio-stimulant enhances reproductive activity in plants that produce flower and seeds. These studies have led Greenpower to continue to focus on crop cereal and horticultural markets.
 - HRL Technology Group ('HRL') in Victoria have provided consulting advice with the detailed designs and costing of an OHD pilot plant in Victoria. HRL are currently working with Thermaquatica and Epic Process Systems in the USA on specific tests designed to further enhance the Process Demonstration Unit being designed and anticipated to be built in the USA for operation in Australia.
 - Greenpower is working with consultants to review the project, the potential design, costings, market scope and co-funding opportunities (including government co-funding) and in so doing the company is working towards a clear path to commercialisation.
 - Thermaquatica are assisting by continuing their research while undertaking to increase the output quantity of liquor to cater for the increased level of testing to be carried out by HRL and the Monash University programs amongst others.
- In undertaking a broad review of the project Greenpower is reviewing all aspects of the project to date including scale, locations and markets.
- In order to develop the project Greenpower will need to raise finance and or issue equity to provide sufficient funding to build the plant.

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Directors' Report

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Corporate:

- During the year Greenpower engaged Xcel Capital to provide ongoing advisory services including capital management. During the year Greenpower successfully raised \$3,460,972 net of costs.
- In June 2018 Greenpower advised shareholders that it would conduct a strategic review of its battery metal focus, various projects and management, subsequently Greenpower announced that it was seeking ASX and shareholder approvals to consider both refreshing the Board and a proposed acquisition in Ion Minerals Pty Ltd which would allow Greenpower to acquire Australian cobalt and vanadium exploration projects to be voted on by shareholders on 12 October 2018.

Governance Arrangements

Greenpower seeks to ensure the reporting of Mineral Resources and Ore Reserves is in accordance with Industry best practice and Listing Rules. All current Mineral Resources and Ore Reserves have been compiled by independent consultants recognised for their expertise in the estimation of coal resources and reserves. The Estimates have been reviewed by an independent consultant considered to be a Competent Person under the JORC Code 2012 to ensure that the resource reports comply with the listing rules.

Matter Subsequent to the end of the Financial Year

Subsequent to the year end of the Group:

- On 5 July 2018, it was announced that Greenpower was seeking to acquire high grade Australian cobalt and vanadium focused company Ion Minerals Pty Ltd. This acquisition continues Greenpower's focus as a battery metals company. Due diligence on the proposed acquisition has been concluded and the acquisition will occur once shareholder approval is obtained. Post-acquisition or as part of the acquisition, Cameron McLean and Alistair Williams, experience mining executives will be appointed to the Greenpower board.

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 and Expected Results from Operations

The Company expects to receive external recommendation for the commercialisation plan for the Coal to Liquids project, continue to develop potential OHD markets through its Monash University programs, progress the pilot plan and seek additional funding; determine Phase IV of the Guyana Lithium & Tantalum project; initial exploration in the ION tenements (subject to shareholder approval) and review the Northern Territory drilling opportunities and project.

Non-Audit Services

There were no non-audit services during the year (2017: Nil).

Auditors Independence Declaration

The lead auditors' independence declaration for the year ended 30 June 2018 has been received and can be found on page 15 of the financial report. The auditor William Buck Audit (WA) Pty Ltd continues in office in accordance with Section 327 of the *Corporations Act 2001*.

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Directors' Report

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Environmental Regulations

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 2017 to 30 June 2018 the directors have assessed that there is no current reporting requirements but may be required to do so in the future.

Dividends Paid or Declared

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

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 with broad experience including clients ranging from multinationals to listed public companies, other business financial and taxation services. He is currently in Public Practice.

Business Review

Operating Results

The loss after providing for income tax amounted to \$5,026,320 (2017: \$2,320,120). The loss was impacted by the Turesi exploration program in Guyana and accounting for the equity investment in GSM Guyana. Current year exploration and tenement costs increased over the prior year as anticipated with the Turesi drilling. Administration costs decreased to \$1,069,360 (2017: \$1,105,447) which was impacted by increased consultancy support, reduced share-based payments expenses and higher costs of business.

The Directors are committed to carefully utilising current resources, reviewing potentially markets for output, partners and other funding initiatives.

Meetings of Directors

During the financial year, 6 meetings of directors were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Eligible to attend	Number attended
Mr Gerard King	6	6
Mr Edwin Belseco	6	6
Mr Simon Peters	6	6
Mr Matthew Suttling	-	-

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Directors' Report

30 June 2018

Remuneration Report (AUDITED)

The key management personnel of the Group consisted of the following directors and other persons:

- Gerard King - Executive Chairman
- Edwin Bulseco – Non-Executive Director
- Simon Peters – Non-Executive Director
- Matthew Suttling – Director/CFO/Company Secretary

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

Remuneration Policy

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

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

- The remuneration policy, setting the terms and conditions for the executive directors and other senior executives was developed by the board and legal advisors. All executives receive a base salary (which is based on factors such as length of service and experience) and superannuation where applicable. 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 high calibre of executives and reward them for performance that results in long term growth in shareholder wealth.
- Executives will also be entitled to participate in future employee share and option arrangements.
- The executive directors and executives receive a superannuation guarantee contribution required by the government, which is currently 9.5%, 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 allocated to directors and executives are valued as the difference between the market price of those shares and the amount paid by the director or executive. Options are valued using appropriate methodologies.
- The board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. No such advice was obtained during the year. Fees for non-executive directors are not linked to the performance of the Group. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company and can participate in the employee option plan.

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Service Agreements

Remuneration and other terms of employment for the Executive Directors and other Key Management Personnel are formalised in a Service Agreement. The major provisions of the agreements relating to remuneration are set out below:

	Based Salary	Term of agreement	Notice period
Directors			
Gerard King	\$120,000	Unspecified	Six months
Edwin Bulseco	\$36,000	Unspecified	Six months
Simon Peters	\$36,000	Unspecified	Six months
Matthew Suttling	\$84,000	Unspecified	Six months

Additional Conditions of the Consultancy Agreements which specify:

- The employment conditions with Greenpower and the consultant and their consulting entity;
- That the Consultant is not entitled to annual leave or long service leave entitlements; and
- Termination is dependent on with or without cause where termination payments are limited by the *Corporations Act 2001* or the ASX Listing rules to a maximum of 12 months remuneration with an inclusive 6 month notice period or zero with cause.

Voting and Comments Made at the Company's 2017 Annual General Meeting

The Company passed the motion approving the 2017 remuneration report with 85.36% of the votes received and cast at the meeting (after eliminating excluded votes). The company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

Share-Based Compensation

During the year 8,000,000 (2017: 23,000,000) unlisted options were issued to directors of Greenpower Energy Limited as approved at the AGM held on 27 October 2017. No additional options over shares in Greenpower Energy Limited were granted during the year in accordance with the Company Employee Share Option Plan ("ESOP").

The options are issued to provide long-term incentives for executives and consultants 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.

During the year Nil (2017: 25,010,000) ordinary shares in the company were issued as a result of the exercise of remuneration options to directors of Greenpower Energy Limited or other key management personnel of the group.

Additional information

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

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

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Directors' Report

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Details of Remuneration

Details of remuneration of the directors and key management personnel of the group are set out below:

2018	Short-term benefits				Post employment benefits	Share-based payments		Total
	Cash salary \$	Cash profit share \$	Cash bonus \$	Non-cash benefits \$	Superannuation \$	Equity \$	Options \$	
Gerard King	120,000	-	-	-	-	-	22,985	142,985
Edwin Bulseco 1.	33,000	-	-	-	-	-	22,985	55,985
Simon Peters 3.	36,000	-	-	-	-	-	22,985	58,985
Matthew Suttling	72,000	-	-	-	-	-	22,985	94,985
	261,000	-	-	-	-	-	91,940	352,940

2017	Short-term benefits				Post employment benefits	Share-based payments		Total
	Cash salary \$	Cash profit share \$	Cash bonus \$	Non-cash benefits \$	Superannuation \$	Equity \$	Options \$	
Gerard King	78,000	-	-	-	-	-	58,823	136,823
Edwin Bulseco 1.	24,000	-	-	-	-	-	-	24,000
Timothy Wall 2.	38,000	-	-	-	-	-	209,452	247,452
Simon Peters 3.	21,000	-	-	-	-	-	44,117	65,117
Matthew Suttling	54,166	-	-	-	-	-	44,117	98,283
	215,166	-	-	-	-	-	356,509	571,675

1. Edwin Bulseco appointed as a Director on 28 March 2017 and resigned on 2 June 2018.
2. Timothy Wall was appointed as a Director on 23 May 2016 and resigned on 28 March 2017.
3. Simon Peters was appointed as a Director on 6 December 2016.
4. Matthew Suttling was appointed as a Director on 2 June 2018. Matthew is the Company Secretary.

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

	Fixed	At Risk Long
	Remuneration	Term
	%	%
Directors		
Gerard King	84	16
Edwin Bulseco	59	41
Simon Peters	61	39
Matthew Suttling	76	24

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Directors' Report

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Other transactions with Key Management Personnel

Greenpower has engaged Xcel Capital to provide an ongoing corporate advisory role. The corporate advisory services mandate is on essentially the same terms as Greenpower's previous service provider and includes the same team. Director Edwin Bulseco is a principal of Xcel Capital, however is not engaged on the Greenpower account. Greenpower incurred capital raising costs of \$418,712 and advisory fees of \$123,500 during the year. There were no other Key Management personnel related party transactions during the year.

Key Management Personnel Share and Option Holdings

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 resignation date	Balance at end of year
30 June 2018					
Directors					
Gerard King	163,977,516	-	1,807,692	-	165,785,208
Edwin Bulseco	-	-	-	-	-
Simon Peters	75,000	-	1,153,846	-	1,228,846
Matthew Suttling	3,361,730	-	1,153,846	-	4,515,576
	167,414,246	-	4,115,384	-	171,529,630

Net change other are ordinary shares issued through the share purchase plan.

Details of Options Issued During the year:

	Grant Date	Number Granted	Value per Option \$	Value of options at grant date	Number lapsed during the year
30 June 2018					
Directors					
Gerard King	27 October 2017	2,000,000	0.021	22,985	-
Edwin Bulseco	27 October 2017	2,000,000	0.021	22,985	-
Simon Peters	27 October 2017	2,000,000	0.021	22,985	-
Matthew Suttling	27 October 2017	2,000,000	0.021	22,985	-

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30 June 2018	Exercise Price Cents	Vesting and first exercise date	Last exercise date
Directors			
Gerard King	0.03	27 October 2017	27 October 2020
Edwin Bulseco	0.03	27 October 2017	27 October 2020
Simon Peters	0.03	27 October 2017	27 October 2020
Matthew Suttlng	0.03	27 October 2017	27 October 2020

The options granted in the year ended 30 June 2018 were issued and paid at \$Nil and are exercisable at as per the table below. They vested immediately.

The options have been valued using Black Scholes methodology, the Black Scholes assumptions and details are outlined below:

	Unlisted options
Number of options in series	8,000,000
Underlying share price	\$0.021
Exercise price	\$0.03
Expected volatility	99.20%
Option life	3 years
Expiry date	27 October 2020
Dividend yield	0.00%
Interest rate	1.64%

Options Held by KMP

	Opening Balance	Granted as remuneration	On exercise of options	Other #	Balance at Resignation	Vested and Exercisable	Vested and Un- exercisable
Gerard King	4,000,000	2,000,000	-	1,538,460	-	7,538,460	-
Edwin Bulseco	-	2,000,000	-	-	(2,000,000)	-	-
Simon Peters	3,000,000	2,000,000	-	769,230	-	5,769,230	-
Matthew Suttlng	3,000,000	2,000,000	-	769,230	-	5,769,230	-
	10,000,000	8,000,000	-	3,076,920	(2,000,000)	19,076,920	-

On 27 October 2017 8,000,000 KMP Options were issued as approved by the Annual General Meeting held on 27 October 2017.

Directors who participated in the Share Purchase Plan were issued 2 options for each 3 ordinary shares acquired under the Share Purchase Plan on 4 June 2018.

No further Options were issued during the year. No options have been granted to the directors or KMP since the end of the financial year. Options granted carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share. Refer above tables for the exercise price of the options.

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Directors' Report

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Performance-based Remuneration

The Group currently has no performance-based remuneration component built into director and executive remuneration packages due to the stage of the Group's development, as such no link between remuneration and financial performance currently exists.

The table below sets out summary information about the Group's earnings and movement in share price for the five years to 30 June 2018:

	2018	2017	2016	2015	2014
	\$	\$	\$	\$	\$
Income	14,391	49,659	12,418	31,042	21,982
Net loss before tax	(5,302,286)	(2,411,036)	(2,873,530)	(806,434)	(1,726,517)
Net loss after tax benefit	(5,026,320)	(2,320,120)	(2,873,530)	(701,717)	(1,726,517)
Share Price at end of year (cents)	0.5	0.2	0.5	0.9	0.2
Basic and diluted loss per share	(0.04)	(0.02)	(0.87)	(0.76)	(1.87)

Long Term Benefits and Termination Benefits

The Group's Employee Share and Option Plan aligns remuneration with at-risk long-term benefits. The Group has no long-term benefits payable or termination benefits due.

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.

Auditors' Independence Declaration

The lead auditors' independence declaration for the year ended 30 June 2018 has been received and can be found on page 17 of the financial report.

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.

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Directors' Report

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Options

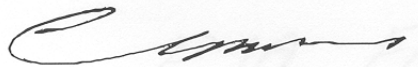
Unissued shares under option

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

Date Options Granted	Expiry Date	Exercise Price Cents	Number under Option	Number of Option Holders
13/10/2016	13/10/2019	1.0	85,100,000	61
23/01/2017	01/01/2019	2.2	28,400,000	11
23/01/2017	23/01/2020	2.5	10,000,000	1
27/10/2017	27/10/2020	3.0	16,000,000	8
04/06/2018	15/12/2021	1.8	185,787,108	195 #
			325,287,108	276

The options were issued as 2 options for each 3 shares acquired in the placement and share purchase plan completed in June 2018.

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



Director:
Gerard King

Dated this 27 September 2018

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE
CORPORATIONS ACT 2001 TO THE DIRECTORS OF GREENPOWER ENERGY
LIMITED**

I declare that, to the best of my knowledge and belief during the year ended 30 June 2018 there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck

William Buck Audit (WA) Pty Ltd
ABN 67 125 012 124

CM

Conley Manifis
Director

Dated this 27th day of September 2018

**CHARTERED ACCOUNTANTS
& ADVISORS**

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williambuck.com

Greenpower Energy Limited

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Consolidated Income Statement

For the Year Ended 30 June 2018

	Note	2018 \$	2017 \$
Other income	4	-	30,613
Interest income		14,391	19,046
Occupancy costs		(12,420)	(12,420)
Administrative costs		(1,069,360)	(1,105,447)
Exploration and tenement costs		(1,752,940)	(1,342,828)
Impairment of tenements	13	(15,732)	-
Fair value adjustment - investments in associates	14	(2,466,225)	-
Profit (loss) before income tax		(5,302,286)	(2,411,036)
Tax benefit	5	275,966	90,916
Loss after income tax		(5,026,320)	(2,320,120)
Loss attributable to owners of Greenpower Energy Limited		(5,026,320)	(2,320,120)
Loss per share:			
Basic loss per share (cents)	6	(0.449)	(0.25)
Diluted loss per share (cents)	6	(0.449)	(0.25)

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

Greenpower Energy Limited

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Consolidated Statement of Comprehensive Income

For the Year Ended 30 June 2018

	2018 \$	2017 \$
Net loss for the year	(5,026,320)	(2,320,120)
Other comprehensive income:		
Items that may be reclassified to profit or loss		
Net gain on revaluation of financial assets	3,333	-
Reclassification adjustment on disposal of available for sale assets	-	375,785
Other comprehensive income for the year, net of tax	3,333	375,785
Total comprehensive loss for the year	(5,022,987)	(1,944,335)
Total comprehensive loss attributable to:		
Owners of Greenpower Energy Limited	(5,022,987)	(1,944,335)
	(5,022,987)	(1,944,335)

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 2018

	Note	2018 \$	2017 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	3,421,578	3,714,845
Trade and other receivables	8	334,148	24,569
TOTAL CURRENT ASSETS		<u>3,755,726</u>	<u>3,739,414</u>
NON-CURRENT ASSETS			
Available for sale assets	9	33,333	30,000
Plant and equipment	10	757	1,082
Intangible assets	11	5,547	8,320
Exploration and evaluation assets	13	-	340,732
Investments accounted for using the equity method	14	12,731	-
TOTAL NON-CURRENT ASSETS		<u>52,368</u>	<u>380,134</u>
TOTAL ASSETS		<u>3,808,094</u>	<u>4,119,548</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	15	481,880	208,068
TOTAL CURRENT LIABILITIES		<u>481,880</u>	<u>208,068</u>
NON-CURRENT LIABILITIES			
TOTAL NON-CURRENT LIABILITIES		<u>-</u>	<u>-</u>
TOTAL LIABILITIES		<u>481,880</u>	<u>208,068</u>
NET ASSETS		<u>3,326,214</u>	<u>3,911,480</u>
EQUITY			
Contributed equity	16	74,126,524	69,872,680
Reserves	17	731,523	544,313
Accumulated losses	18	(71,531,833)	(66,505,513)
TOTAL EQUITY		<u>3,326,214</u>	<u>3,911,480</u>

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

Greenpower Energy Limited

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Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2018

2018	Contributed Equity \$	Accumulated Losses \$	Capital Profits Reserve \$	Option Reserve \$	Financial Assets Reserve \$	Total \$
Balance at 1 July 2017	69,872,680	(66,505,513)	-	532,980	11,333	3,911,480
Loss for the year	-	(5,026,320)	-	-	-	(5,026,320)
Revaluation	-	-	-	-	3,333	3,333
Total comprehensive income for the year	-	(5,026,320)	-	-	3,333	(5,022,987)
Shares issued during the year (net of costs)	4,253,844	-	-	-	-	4,253,844
Options issued	-	-	-	183,877	-	183,877
Balance at 30 June 2018	74,126,524	(71,531,833)	-	716,857	14,666	3,326,214
2017						
	Contributed Equity \$	Accumulated Losses \$	Capital Profits Reserve \$	Option Reserve \$	Financial Assets Reserve \$	Total \$
Balance at 1 July 2016	64,701,662	(75,153,671)	10,314,793	473,960	416,858	753,602
Loss for the year	-	(2,320,120)	-	-	-	(2,320,120)
Revaluation	-	-	-	-	(29,740)	(29,740)
Reclassification adjustment on disposal of available for sale assets	-	375,785	-	-	(375,785)	-
Total comprehensive income for the year	-	(1,944,335)	-	-	(405,525)	(2,349,860)
Reclassification adjustment of capital profit reserve	-	10,314,793	(10,314,793)	-	-	-
Shares issued during the year (net of costs)	3,658,341	-	-	-	-	3,658,341
Options exercised	1,512,677	-	-	(240,477)	-	1,272,200
Options expired	-	277,700	-	(277,700)	-	-
Options issued	-	-	-	577,197	-	577,197
Balance at 30 June 2017	69,872,680	(66,505,513)	-	532,980	11,333	3,911,480

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

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Consolidated Statement of Cash Flows

For the Year Ended 30 June 2018

	Note	2018 \$	2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Payments to suppliers and employees		(2,378,622)	(1,834,524)
Other income received		-	8,402
Interest received		14,391	19,046
Income tax benefit received		-	90,916
Net cash provided by (used in) operating activities	19(a)	(2,364,231)	(1,716,160)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisition of exploration assets		-	(15,732)
Purchase of investments in associates		(1,386,687)	-
Purchase of intangible assets		-	(8,320)
Proceeds from disposal of investments		-	231,374
Net cash provided by (used in) investing activities		(1,386,687)	207,322
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issue of shares and options net of transaction costs		3,457,651	4,555,641
Net cash used by financing activities		3,457,651	4,555,641
Net increase (decrease) in cash and cash equivalents held		(293,267)	3,046,803
Cash and cash equivalents at beginning of year		3,714,845	668,042
Cash and cash equivalents at end of financial year	7	3,421,578	3,714,845

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

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Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2018

1 Corporate Information

The financial report of Greenpower Energy Limited for the year ended 30 June 2018 was authorised for issue in accordance with a resolution of the Directors on 27 September 2018 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 for profit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

2 Summary of Significant Accounting Policies

(a) Basis of Preparation

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

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

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of financial assets.

(b) Principles of Consolidation

Subsidiaries

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 30 June 2018. The Parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

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.

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Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2018

(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) Other Income

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

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.

(e) Income Tax

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

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

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

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

Greenpower Energy Limited 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.

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Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2018

(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) Property, Plant and Equipment

Each class of plant and equipment is carried at cost 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.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Depreciation on other assets is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Class of Asset	
Office Equipment	3-4 Years
Office Furniture	10 Years

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Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2018

(i) Exploration and Evaluation Assets

Exploration and evaluation expenditure is generally written off in the year incurred, except for acquisition of exploration properties which is capitalised and carried forward.

When production commences, any accumulated costs for the relevant area of interest which have been capitalised and carried forward will be amortised over the life of the area according to the rate of depletion of the economically recoverable resources.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to the area of interest. The carrying value of any capitalised expenditure is assessed by the Directors each year to determine if any provision should be made for the impairment of the carrying value. The appropriateness of the Group's ability to recover these capitalised costs has been assessed at year end and the Directors are satisfied that the value is recoverable.

The carrying value of capitalised exploration and evaluation expenditure is assessed for impairment at an overall level whenever facts and circumstances suggest that the carrying amount of the assets may exceed recoverable amount. An impairment exists when the carrying amount of the assets exceed the estimated recoverable amount. The assets are then written down to their recoverable amount. Any impairment losses are recognised in the income statement.

(j) Intangible assets

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.

(k) Fair Values

Fair values may be used for financial asset and liability measurement as well as for sundry disclosures. Fair values for financial instruments traded in active markets are based on quoted market prices at reporting date. The quoted market price for financial assets is the current bid price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

(l) Investments and Available for Sale Assets

All investments and available for sale 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 available for sale assets subsequent to initial recognition are set out below.

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Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2018

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.

After initial recognition, available-for-sale investments are measured at fair value. Gains or losses are recognised in other comprehensive income and presented as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in profit or loss.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

(m) Investments in Associates

Associates are entities over which the consolidated entity has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the consolidated entity's share of losses in an associate equal or exceeds its interest in the associate, including any unsecured long-term receivables, the consolidated entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The consolidated entity discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

(n) Provisions

Provisions for legal claims 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.

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Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2018

(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 day payment terms.

(p) 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.

(q) 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.

(r) Critical accounting estimates and judgements

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

Key estimates - 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. The probability of future profit and utilisation of income tax losses will be reliant on the successful development of the group's intellectual property.

Key judgments - exploration and evaluation assets

The Group has not capitalised expenditure relating to exploration and evaluation during the year. At year end an impairment has been brought to account against the carrying value being the initial cost of Exploration Licenses acquired in the Northern Territory.

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Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2018

Key judgments - available-for-sale investments

The Group maintains a portfolio of securities with a carrying value of \$33,333 at the end of the reporting period. Certain individual investments have declined in value and impairment adjustments have been brought to account against the financial assets reserve.

Key judgments - Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

(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 Statement of Cash Flows 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) New Accounting Standards for Application in Future Periods

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2018. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

Title of standard	Nature of change	Impact	Mandatory application date/ Date adopted by Company
AASB 9 Financial Instruments	AASB 9 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, impairment of financial assets and hedge accounting.	Given the nature of the Company's financial assets and financial liabilities, the Company does not expect the impact to be significant.	Must be applied for reporting periods commencing on or after 1 January 2018. Therefore, the application date for the company will be for the reporting period commencing on 1 July 2018.
AASB 15 Revenue from contracts with customers	An entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This means that revenue will be recognised when control of goods or services is transferred, rather than on transfer of risks and rewards as is currently the case under AASB 118 Revenue.	Based on the Company's assessment, the impact is not expected to be significant.	Must be applied for annual reporting periods beginning on or after 1 January 2018. Therefore, the application date for the Company will be for the reporting period commencing on 1 July 2018.

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Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2018

(u) New and Amended Accounting Policies Adopted by the Group

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

(v) Going Concern

For the year ended 30 June 2018 the Group recorded a consolidated loss of \$5,026,321 (2017: \$2,320,120) and at that date the net operating cash out flows were \$2,364,231 (2017: \$1,716,160). The company had net current assets of \$3,273,846 (2017: \$3,531,346).

These conditions could indicate a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern, however notwithstanding this the accounts have been prepared on a going concern basis.

The Directors have assessed the Group's operating and research costs along with future commitments for tenement exploration costs in order to establish the future funding requirements for the Group.

As at 30 June 2018 the Group had cash on hand of \$3,273,846 and while well financed the Directors anticipate significant ongoing expenditure to realise the potential of its projects. As such the Group is likely to seek continued financial support from shareholders and stakeholders.

In the event that this strategy cannot be implemented successfully then the going concern basis of accounting may not be appropriate with the result that the group may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different from that stated in the financial report.

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

3 Auditors' Remuneration

	2018	2017
	\$	\$
Remuneration of the auditor of the parent entity for:		
- Audit or review - William Buck Audit (WA) Pty Ltd	26,590	25,090
- Total remuneration for audit services	<u>26,590</u>	<u>25,090</u>

4 Other Income

	2018	2017
	\$	\$
- Gain on disposal of available for sale investments	-	22,211
- Other income	-	8,402
	<u>-</u>	<u>30,613</u>

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Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2018

5 Tax Expense / (Benefit)

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

	2018	2017
	\$	\$
Research and development refund received/receivable	<u>(275,966)</u>	<u>(90,916)</u>
	<u>(275,966)</u>	<u>(90,916)</u>

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

	2018	2017
	\$	\$
Prima facie tax benefit on loss from ordinary activities before income tax at 27.5% (2017: 27.5%)		
- the Group	<u>(1,458,129)</u>	(663,035)
	<u>(1,458,129)</u>	(663,035)
Add/Less tax effect of:		
- losses not brought to account	1,182,163	753,951
- Research and development refund received/receivable	<u>275,966</u>	90,916
Income tax attributable to parent entity	<u>-</u>	<u>-</u>

(c) Unrecognised temporary differences

	2018	2017
	\$	\$
Deferred Tax Assets at 27.5%	<u>295,306</u>	205,139
Losses not brought to account	<u>1,764,731</u>	1,465,093

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

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Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2018

6 Loss per Share

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

	2018	2017
	\$	\$
Loss	5,026,320	2,320,120
Loss used to calculate basic and diluted EPS	5,026,320	2,320,120

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

	2018	2017
Weighted average number of ordinary shares outstanding during the year number used in calculating:		
Basic EPS	1,118,876,038	911,524,250
Diluted EPS	1,118,876,038	911,524,250

Both the basic and diluted loss per share have been calculated using the loss attributable to shareholders of the Parent Company as the numerator (ie no adjustments to loss were necessary in 2018 or 2017).

The weighted average number of ordinary shares has been utilised in the calculation of basic and diluted loss per share.

146,914,977 of potential ordinary shares have not been considered in calculating Diluted EPS as they are anti-dilutive.

7 Cash and Cash Equivalents

	Note	2018	2017
		\$	\$
Cash at bank		3,262,580	3,559,004
Short-term bank deposits	7(a)	158,998	155,841
		3,421,578	3,714,845

Reconciliation of Cash

	2018	2017
	\$	\$
Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to items in the Statement of Financial Position as follows:		
Cash and cash equivalents	3,421,578	3,714,845
	3,421,578	3,714,845

The effective interest rate on short-term bank deposits was 1.55% (2017: 1.95%).

(a) Short term deposit

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

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Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2018

8 Trade and Other Receivables

	Note	2018 \$	2017 \$
CURRENT			
Other receivables	8(a)	334,148	24,569
		334,148	24,569

(a) Other Receivables

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

9 Available-for-Sale Financial Assets

Available-for-Sale Financial Assets Comprise:

	2018 \$	2017 \$
Listed investments shares in listed corporations	33,333	30,000
Total available for sale assets at fair value	33,333	30,000

Available for sale 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.

Fair Value

Listed investments have been valued at the quoted market bid price at the end of the reporting period.

At 30 June 2018 and 30 June 2017, the aggregate fair values and carrying amounts of financial assets and financial liabilities approximate their carrying amounts.

Available-for-sale financial instruments are recognised in the statement of financial position of the Group according to the hierarchy stipulated in AASB 13.

	2018 \$	2017 \$
Available-for-sale financial assets ASX Listed equity shares – Level 1	33,333	30,000
	33,333	30,000

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

	2018 \$	2017 \$
Opening Balance	30,000	268,902
Net gain/(loss) on revaluation of financial assets	3,333	(7,528)
Proceeds on disposal	-	(231,374)
	33,333	30,000

Greenpower Energy Limited

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Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2018

10 Plant and Equipment

	2018	2017
	\$	\$
<hr/>		
PLANT AND EQUIPMENT		
<hr/>		
Office equipment & furniture		
At cost	5,796	5,796
Accumulated depreciation	(5,039)	(4,714)
Total office equipment & furniture	757	1,082
Total plant and equipment	757	1,082

(a) Movements in Carrying Amounts

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

	Office Equipment \$
Balance at 30 June 2018	
Balance at the beginning of year	1,082
Additions	-
Depreciation expense	(325)
Balance at 30 June 2018	757
Balance at 30 June 2017	
Balance at the beginning of year	1,407
Additions	-
Depreciation expense	(325)
Balance at 30 June 2017	1,082

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Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2018

11 Intangible Assets

	Note	2018 \$	2017 \$
Other intangible assets			
Cost	12(b)	8,320	8,320
Accumulated amortisation and impairment		(2,773)	-
Net carrying value		5,547	8,320
Total Intangibles		5,547	8,320

(a) Movements in Carrying Amounts

	Other intangible assets - Website \$
Year ended 30 June 2018	
Opening balance	8,320
Additions	-
Amortisation	(2,773)
Closing value at 30 June 2018	5,547
Year ended 30 June 2017	
Opening balance	-
Additions	8,320
Amortisation	-
Closing value at 30 June 2017	8,320

(b) Intangible Assets

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

12 Controlled Entities

	Principal Activity	Country of incorporation	Percentage Owned 2018	Percentage Owned 2017
Subsidiaries of parent entity:				
Greenpower Group Ltd	Investment	Australia	100	100
GCC Asset Holdings Pty Ltd	Investment	Australia	100	100
Northern Exploration Pty Ltd	Exploration NT	Australia	100	100
Sawells Pty Ltd	Coal Exploration VIC	Australia	100	100
Greengrowth Bio-Stimulants Pty Ltd	Non-trading	Australia	100	100
Greenpower Chemicals Pty Ltd	Non-trading	Australia	100	100
Greenpower Guyana Pty Ltd #	Investment	Australia	100	-

Greenpower Guyana Pty Ltd was incorporated on 4 August 2017.

Greenpower Energy Limited

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Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2018

13 Exploration and Evaluation Assets

	Note	2018 \$	2017 \$
NON-CURRENT			
Exploration permits		-	340,732

Movements in Exploration and Evaluation Assets

		Exploration permits \$	Total \$
Year ended 30 June 2018			
Opening balance		340,732	340,732
Transfer to investments in associates	14	(325,000)	(325,000)
Impairment of Tenements		(15,732)	(15,732)
Balance at 30 June 2018		-	-
Year ended 30 June 2017			
Opening balance		-	-
Additions		340,732	340,732
Impairment of Tenements		-	-
Balance at 30 June 2017		340,732	340,732

Exploration permits

Greenpower currently holds one Exploration Licence application in Victoria and 9 Exploration Licences in the Northern Territory.

Greenpower's partner Guyana Strategic Metals Inc hold an exploration licence in the Lithium and Tantalum project area of Morabisi.

14 Investments accounted for using the equity method

		2018 \$	2017 \$
Investment in associate	14(a)	12,731	-
		12,731	-

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Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2018

Greenpower has accounted for its investment in Guyana Strategic Metals Inc ('GSM') in accordance with AASB 128 "Investments in associates" reflecting Greenpower's equity interest in as at 30 June 2018. Greenpower's equity interest as at 30 June 2017 were nil and exploration costs incurred were expensed in accordance with the Group accounting policy.

14(a) Movements in Investments in Associates

	2018	2017
	\$	\$
Opening balance	-	-
Acquisition costs	969,103	-
Acquisition costs transferred from exploration assets	325,000	-
Pre-investment costs	1,184,853	-
Fair value adjustment - acquisition costs	(2,466,225)	-
Net assets in equity investment 30 June 2018	12,731	-

14(b) Interests in associates are accounted for using the equity method of accounting. Information relating to associates that are material to the consolidated entity are set up below:

	2018	2017
	\$	\$
Name	Country of Incorporation	
GSM Inc	Guyana	35% -

Summarised statement of financial position

Assets		
Current assets	55,712	-
Non-current assets	176,808	-
Total Assets	232,520	-
Liabilities		
Current liabilities	196,146	-
Total Liabilities	196,146	-
Net Assets	36,374	-
Loss from continuing operations		
Other comprehensive income	-	-
Total comprehensive loss	385,279	-
Aggregate carrying amount of the Group's interests in associates	12,731	-

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Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2018

15 Trade and Other Payables

	2018 \$	2017 \$
CURRENT		
Trade payables	461,460	82,525
Other payables	20,420	125,543
	481,880	208,068

16 Issued Capital

	2018 \$	2017 \$
1,455,370,361 (2017: 1,025,999,976) Ordinary Shares	74,126,524	69,872,680
	74,126,524	69,872,680

The Company has no authorised share capital or par value in respect of its issued shares.

Movements in ordinary share capital

	No. of shares	\$
Year ended 30 June 2018		
At the beginning of year	1,025,999,976	69,872,680
Shares issued during the year	429,370,385	4,782,850
Cost of listing shares	-	(529,006)
Balance at 30 June 2018	1,455,370,361	74,126,524
Year ended 30 June 2017		
At the beginning of year	608,899,976	64,701,662
Shares issued during the year	417,100,000	5,762,677
Cost of listing shares	-	(591,659)
Balance at 30 June 2017	1,025,999,976	69,872,680

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

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

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Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2018

16 Issued Capital (continued)

Capital Risk Management

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

In order to maintain or adjust the capital structure, the Group may pay dividends to shareholders, return capital to shareholders, issue new shares or sell assets. During 2018, the Group's strategy, which was unchanged from 2017, was to maintain minimum borrowings outside of trade and other payables. During the previous year a loan on commercial terms from a Director was received.

	2018	2017
	\$	\$
Cash and cash equivalents	3,421,578	3,714,845
Less: payables	(481,880)	(208,068)
Net cash	2,939,698	3,506,777
Total equity	3,326,214	3,911,480
Total capital	386,516	404,703

17 Reserves

	2018	2017
	\$	\$
Share Based Payments Reserve	716,857	532,980
Available for Sale Asset Reserve	14,666	11,333
	731,523	544,313
	2018	2017
	\$	\$
Share Based Payments Reserve		
Opening balance	532,980	473,960
Options exercised	-	(240,477)
Options expired	-	(277,700)
Share based payments	183,877	577,197
	716,857	532,980
Available for Sale Asset Reserve		
Opening balance	11,333	416,858
Fair value adjustment	3,333	(29,740)
Reclassification adjustment on disposal of available for sale assets	-	(375,785)
	14,666	11,333
Total reserves	731,523	544,313

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Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2018

17 Reserves (continued)

Capital Realisation Reserve

The capital realisation reserve records profits on revalued assets realised in prior periods.

Available for Sale Asset Reserve

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

Share Based Payments Reserve

The share-based payments reserve records items recognised as expenses on valuation of employee share options. Share options are issued for nil consideration. The exercise price of the share options is determined by the Directors in their absolute discretion and set out in the Offer provided that the exercise price is not less than the average Market Price on ASX on the five trading days prior to the day the Directors resolve to grant the Options. Any options that are not exercised by their expiry date will lapse. Upon exercise, these options will be settled in ordinary fully paid shares of the Company. The Options can be exercised in whole or part at any time up to and including the Expiry Date by lodging and Option Exercise Notice accompanied by the payment of the exercise Price.

	Other Equity Instruments No	Amount Vested to Reserve \$
Options at 1 July 2017	123,500,000	532,980
Issue of options as approved at AGM (KMP and consultants)	16,000,000	183,877
Issue of listed options (June 2018) – exercisable at 1.8 cents by December 2021 – attaching to share purchase and placement plans	165,787,180	-
Issue of listed broker options as approved by shareholders	20,000,000	-
	325,287,180	716,857

Summary of options granted under the Long-Term Incentive Plan

The following table illustrates the number and the weighted average exercise price (WAEP) of and movements in shares options under the long-term incentive plan:

	2018 Number	2018 WAEP	2017 Number	2017 WAEP
Outstanding at the beginning of the year	23,000,000	0.005	45,450,000	0.02
Granted during the year	8,000,000	0.02	23,000,000	0.02
Vested during the year	-	-	-	-
Exercised during the year	-	-	(45,000,000)	-
Lapsed/cancelled during the year	-	-	(450,000)	-
Forfeited during the year	-	-	-	-
Outstanding at the year end	31,000,000		23,000,000	
Exercisable at the year end	31,000,000		23,000,000	

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Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2018

17 Reserves (continued)

Weighted average remaining contractual life of share options

The weighted average remaining contractual life for the share options outstanding as at 30 June 2018 is 2.5 years (2017: 2 years).

Range of exercise price of share options

The exercise price for options outstanding at the end of the year is \$0.022 to \$0.03 (2017: \$0.022 to \$0.025).

Weighted average fair value of share options

The weighted average fair value of options granted during the year is \$0.02 (2017: \$0.02).

Share option valuation

The fair value of the equity-settled share options granted under the LTIP is estimated at the date of grant using a Black Scholes model, which takes into account factors including the options exercise price, the volatility of the underlying share price, the risk-free interest rate, the market price of the underlying shares at grant date, historical and expected dividends and the expected life of the option. The options were valued using Black Scholes with the below assumptions:

	<u>Unlisted options</u>
Number of options in series	8,000,000
Underlying share price	\$0.021
Exercise price	\$0.03
Expected volatility	99.20%
Option life	3 years
Expiry date	27 October 2020
Dividend yield	0.00%
Interest rate	1.64%

Expected volatility has been based on an evaluation of the historical volatility of the share price of similar companies operating in the junior explorer mining industry, particularly over the historical period commensurate with the expected term.

18 Accumulated Losses

	<u>2018</u>	<u>2017</u>
	<u>\$</u>	<u>\$</u>
Accumulated losses		
Opening balance	(66,505,513)	(75,153,671)
Net loss for the period	(5,026,320)	(2,320,120)
Reclassification adjustments:		
- Options lapsed transferred from reserves	-	277,700
- Reclassification adjustment of profits earned in prior periods	-	10,314,793
- Available for sale assets reserve transferred	-	375,785
Total	(71,531,833)	(66,505,513)

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Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2018

19 Cash Flow Information

(a) Reconciliation of Cash Flow from Operations with Loss after Income Tax

	2018	2017
	\$	\$
Net loss for the year	(5,026,320)	(1,944,335)
Cash flows excluded from loss attributable to operating activities		
Non-cash flows in loss		
Amortisation	2,773	-
Depreciation	325	325
Loss on impairment of tenement	-	-
Share based payments	200,070	627,097
Fair value adjustment	2,478,956	(375,785)
Impairment of exploration assets	15,732	-
Net (gain)/loss on disposal of investments	-	(22,211)
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
Decrease/(Increase) in receivables	(309,579)	10,448
(Decrease)/Increase in trade payables and accruals	273,812	(11,699)
Net cash (outflow) from operating activities	(2,364,231)	(1,716,160)

20 Capital Commitments

Capital Expenditure Commitments

	2018	2017
	\$	\$
Capital expenditure commitments contracted for:		
Exploration Permits (Morabisi)	327,862	-
Coal to Liquids	-	-
	327,862	-
Payable:		
- not later than 12 months	327,862	-
- between 12 months and 5 years	-	-
	327,862	-

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Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2018

21 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) Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	2018	2017
	\$	\$
Short-term employee benefits	261,000	215,166
Post-employment benefits	-	-
Long-term benefits	-	-
Share-based payments	91,940	356,509
	352,940	571,675

(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.

- Greenpower has engaged Xcel Capital to provide an ongoing corporate advisory role. The corporate advisory services mandate is on essentially the same terms as Greenpower's previous service provider and includes the same team. Director Edwin Bulseco is a principal of Xcel Capital, however is not engaged on the Greenpower account. Greenpower incurred capital raising costs of \$418,712 (2017: \$63,598) and advisory fees of \$123,500 (2017: \$28,500) during the year. As at 30 June 2018 \$Nil was due and payable (2017: \$Nil).
- There were no other Key Management personnel related party transactions during the year.

22 Contingent liabilities and contingent assets

The Group had contingent liabilities at 30 June 2018 in respect of:

(i) Guarantees

The Group has provided bank guarantees in favour of the Minister of Energy and Resources with respect to a security deposit and in favour of Minister of Energy and Resources Victoria with respect to a contract performance at 30 June 2018. The total of these guarantees at 30 June 2018 was \$20,000 with a financial institution (30 June 2017: \$20,000).

23 Financial Risk Management

(a) Financial Risks

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

The Group manages liquidity risk by prudent monitoring of expenditure in line with available funds.

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Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2018

23 Financial Risk Management (continued)

(b) Net Fair Values

Fair Value Measurement

The Group's fair values of financial instruments are categorised by the following levels:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- (b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

(c) Foreign Currency Risk

During the year ended 30 June 2018, as a result of a relationship with Thermaquatica Inc., a company incorporated in the USA and its investment in Guyana (denominated in USD) the financial performance of the Group was affected by movements in the AUD\$/USD\$ exchange rates. Greenpower has sort to hedge this exposure by opening a USD account with the Commonwealth Bank, as at 30 June 2018 this account held USD \$Nil (2017: \$376,500).

There is no formal foreign currency management policy, however the Group monitors its foreign currency expenditure on an ongoing basis.

As at 30 June 2018 there were foreign currency commitments of USD \$510,470 (2017: USD \$Nil) being AUD \$694,347. Of this balance USD \$470,470 being AUD \$639,552 was paid subsequent to year end.

(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 AA- 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.

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Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2018

23 Financial Risk Management continued

(e) Liquidity risk

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

Maturity analysis

	Carrying Amount \$	Contractual Cash flows \$	< 6 months \$	6- 12 months \$	1- 5 years \$	> 5 years \$	Total \$
Year ended 30 June 2018							
Trade and other payables	481,880	481,880	481,880	-	-	-	481,880
	481,880	481,880	481,880	-	-	-	481,880
Year ended 30 June 2017							
Trade and other payables	208,068	208,068	208,068	-	-	-	208,068
	208,068	208,068	208,068	-	-	-	208,068

(f) 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.

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

	+ 50% 2018 \$	2017 \$	- 50% 2018 \$	2017 \$
Financial Assets	16,666	6,000	(16,666)	(6,000)
	16,666	6,000	(16,666)	(6,000)

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Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2018

23 Financial Risk Management continued

(g) 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	
	2018 %	2017 %	2018 \$	2017 \$	2018 \$	2017 \$	2018 \$	2017 \$	2018 \$	2017 \$
Financial Assets:										
Cash and cash equivalents	0.9	0.9	3,262,580	3,559,004	158,998	155,841	-	-	3,421,578	3,714,845
Receivables	-	-	-	-	-	-	334,148	24,569	334,148	24,569
Total Financial Assets			3,262,580	3,559,004	158,998	155,841	334,148	24,569	3,755,726	3,739,414
Financial Liabilities:										
Trade and sundry payables	-	-	-	-	-	-	481,880	208,068	481,880	208,068
Total Financial Liabilities			-	-	-	-	481,880	208,068	481,880	208,068

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)	
	2018 \$	2017 \$	2018 \$	2017 \$
Cash at bank	7,195	10,957	(7,195)	(10,957)
	7,195	10,957	(7,195)	(10,957)

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Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2018

24 Segment Reporting

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The Group predominantly operates in one segment, being exploration activities. This is the basis on which internal reports are provided to the Directors for assessing performance and determining the allocation of resources within the Group. Following the investment in Guyana Strategic Minerals Inc in Guyana, the Group operates in Australia and Guyana. (Guyana exploration costs were incurred via Greenpower's exploration partner Guyana Strategic Minerals Inc., a Canadian registered entity).

Information regarding the non-current assets by geographical location is reported below. Refer Note 27 for segment information for Guyana in relation to revenue and profit or loss for the year ended 30 June 2018.

(a) Reconciliation of Non-current Assets by geographical location	2018	2017
	\$	\$
Australia	39,637	55,134
Guyana	12,731	325,000
	52,368	380,134

25 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.

Investments in subsidiaries

Investments in subsidiaries, are accounted for at cost in the financial statements of the parent entity.

	2018	2017
	\$	\$
Consolidated Statement of Financial Position		
Assets		
Current assets	3,652,567	3,637,877
Non-current assets	6,304	481,671
Total Assets	3,658,871	4,119,548
Liabilities		
Current liabilities	481,880	208,068
Total Liabilities	481,880	208,068
Equity		
Issued capital	74,126,524	69,872,680
Accumulated losses	(71,666,390)	(66,494,180)
Share Based Payments Reserve	716,857	532,980
Total Equity	3,176,991	3,911,480

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Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2018

25 Parent entity continued

Consolidated Income Statement

Total loss for the year	(5,172,119)	(2,349,765)
Total comprehensive loss	(5,172,119)	(2,349,765)

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

Pursuant to ASIC Instrument 2017/785 Greenpower Energy Limited and its wholly owned subsidiaries (refer note 12) entered into a deed of cross guarantee. The effect to the deed is that Greenpower has guaranteed to pay any deficiency in the event of winding up of any controlled entity or if they do not meet their obligations under the terms of any debt subject to the guarantee. The controlled entities have given a similar guarantee in the event that Greenpower is wound up or if it does not meet its obligations under the terms of any debt subject to the guarantee.

Contingent liabilities of the parent entity.

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

Contractual commitments by the parent entity.

	2018	2017
	\$	\$
Capital expenditure commitments contracted for:		
Exploration expenses payable not later than 12 months	327,862	-
Coal to Liquids payable not later than 12 months	-	-
	<u>327,862</u>	<u>-</u>

26 Company Details

Registered office

The registered office of the company is:

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

Principal place of business

The principal place of business is:

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

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Directors' Declaration

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 16 to 46, are in accordance with the *Corporations Act 2001* and:
 - a. comply with *Corporations Regulations 2001* and other mandatory professional reporting requirements, 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 2018 and of the performance for the year ended on that date of the 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 27 September 2018

Greenpower Energy Limited

Independent auditor's report to members

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Greenpower Energy Limited (the Company and its subsidiaries (the Group)), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated income statement, consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2 (v) of the financial statements which indicates that the Company incurred a net loss before income tax of \$5,026,320 and net operating cash out flows were \$2,364,231 for the year ended 30 June 2018. As stated in Note 2 (v), these events or conditions, along with other matters set forth in Note 2 (v),

Independent auditor’s report to members (cont’d.)

indicate a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

SHARE BASED PAYMENTS	
Area of focus Refer also to note 17	How our audit addressed it
<p>The Group has entered into share-based payment arrangements during the year. The options were issued to provide long term incentives for executives and consultants to deliver long term shareholder returns. Participation in the plan was at the board’s discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.</p> <p>The above arrangement required significant judgments and estimations by management, including the following:</p> <ul style="list-style-type: none"> — The evaluation of the grant date of each arrangement, and the evaluation of the fair value of the underlying share price of the Company as at the grant date; — The evaluation of key inputs into the Black Scholes option pricing model, including the significant judgment of the forecast volatility of the share option over its exercise period. <p>The results of these share-based payment arrangements materially affect the disclosures.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> — Evaluating the grant dates based on the terms and conditions of the share-based payment arrangements — Evaluating the fair values of share-based payment arrangements by understanding and documenting the assumptions used. — For the specific application of the Black Scholes model, we assessed the experience of the CFO in preparing these calculations. We retested some of the assumptions used in the model and recalculated those fair values using volatility applied in the model to be appropriately reasonable and within industry norms. <p>We also reconciled the vesting of the share-based payment arrangements to disclosures made in both the key management personnel compensation note and the disclosures in the Remuneration Report.</p>

Independent auditor's report to members (cont'd.)

INVESTMENT IN ASSOCIATE	
Area of focus Refer also to note 14	How our audit addressed it
<p>The group continued its exploration activities in Guyana during the year. As part of the Heads of Agreement with Guyana Strategic Metals Inc., a Canadian incorporated entity, Greenpower were issued a 25% shareholding in Guyana Strategic Metals Inc. ('GSM Guyana'), a Guyanese incorporated entity, during the year, bringing their total shareholding up to 35% on 22 January 2018.</p> <p>On 22 January 2018, Greenpower began accounting for their shareholding in GSM Guyana as an investment in associate using the equity accounting method.</p> <p>Management have assessed the fair value of the net asset and liabilities of the investment in associate at the reporting date. This resulted in a fair value adjustment of \$2,466,225 which has been recognised in the Consolidated Income Statement.</p>	<p>Our audit procedures included the following procedures to assess the key assumptions used in assessing the cost of investment and the fair value of the assets and liabilities at the date on which the investment in associate was acquired. We:</p> <ul style="list-style-type: none"> — obtained and reviewed relevant contracts related to the investment in associate and evaluated management's process for recognising the cost of investment and the identifiable asset and liabilities; — we compared the carrying values of the Group's investment in associate to the financial statements of the entity to ensure these were accurately reflected; — we evaluated management's assumptions utilised when performing their impairment assessment at the reporting date; and — we ensured disclosures meet the requirements of AASB 12 <i>Disclosure of Interests in Other Entities</i>. <p>We concluded that recognition treatment and impairment assessment were in accordance with the relevant Australian Accounting Standards.</p>

Other Information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2018 but does not include the financial report and the auditor's report thereon.

Independent auditor's report to members (cont'd.)

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our independent auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included on pages 8 to 13 of the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Greenpower Energy Limited, for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

William Buck

William Buck Audit (WA) Pty Ltd

ABN 67 125 012 124

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Conley Manifis

Director

Dated this day 27th day of September 2018

Greenpower Energy Limited

ASX Additional Information

For the Year Ended 30 June 2018

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 2018.

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	83	7,916
1,001 - 5,000	15	45,533
5,001 - 10,000	9	81,000
10,001 - 100,000	766	48,739,683
100,000 and over	1,232	1,406,496,229
	2,105	1,455,370,361

There were 957 holders of less than a marketable parcel of ordinary shares.

20 Largest Shareholders

	Ordinary shares	
	Number held	% of issued shares
Pandora Nominees Pty Ltd	135,653,846	9.32
Elstree Capital Pty Ltd	43,200,000	2.97
Mr Gangadhar Bevinakoppa	31,000,000	2.13
Tregear Pty Ltd	30,131,362	2.07
Sacco Developments Australia Pty Limited <The Sacco Family A/C>	29,531,914	2.03
Xcel Capital Pty Ltd	27,000,000	1.86
GLM Koppa Pty Ltd <Koppa Family Super Fund A/C>	26,000,000	1.79
Stoj Invest Pty Ltd <Stoj Invest Super Fund A/C>	17,378,926	1.19
HSBC Custody Nominees Australia Limited	16,623,300	1.14
Mrs Aynur Nihal Deniz + Mr Emre Can Deniz <Densa Super Fund A/C>	16,170,000	1.11
V7 Investment & Development <The Zhou Family A/C>	16,153,846	1.11
Mr Thomas Andrew Wood	14,000,000	0.96
J P Morgan Nominees Australia Limited	13,785,281	0.95
Mrs Christina Marie Hirrell	13,711,538	0.94
Mrs Katie Elizabeth Reece	13,708,707	0.94
First One Realty Pty Ltd	12,307,869	0.85
Mr Niels Mosegaard + Ms Wannee Phetsakare	11,000,000	0.76
Bilim Pty Limited <Superannuation Fund A/C>	10,965,607	0.75
Bontown Pty Ltd	10,500,000	0.72
Mr Poh Seng Tan	10,000,000	0.69
Volta Investments Pty Ltd <Volta A/C>	10,000,000	0.69
	508,822,196	34.96

Greenpower Energy Limited

ASX Additional Information

For the Year Ended 30 June 2018

Securities exchange

The Company is listed on the Australian Securities Exchange.

20 Largest Option holders

	Options	
	Number held	% of issued options
Mr Adrian Cost	20,000,000	6.15
Mrs Simida Cost	18,491,017	5.68
Sacco Developments Australia Pty Limited <The Sacco Family A/C>	17,570,358	5.40
Mr Alan John Flavelle	12,000,000	3.69
Tell Corporation Pty Ltd	11,333,333	3.48
Mr Daniel John Baker	10,200,000	3.14
EFI Management Pty Ltd <EFI Management A/C>	10,000,000	3.07
Mr Bin Liu	8,666,666	2.66
Xcel Capital Pty Ltd	8,000,000	2.46
Mr Paul Robert Dalla-Libera	7,645,735	2.35
Borg Geoscience Pty Ltd	6,000,000	1.84
Pandora Nominees Pty Ltd	6,000,000	1.84
Mr Domenic Marino	5,049,927	1.55
Goffacan Pty Ltd	5,000,000	1.54
Mr Simon Peters	5,000,000	1.54
Mr Matthew Denis Suttling <Suttling Family A/C>	5,000,000	1.54
Cappafield Pty Ltd <Cappafield Super A/C>	4,500,000	1.38
Mr John Adrian + Mrs Judith Margaret Watts <John Watts Super Fund A/C>	4,000,000	1.23
Comsec Nominees Pty Limited	4,000,000	1.23
Mr Nicholas Anthony Di Maggio	3,100,000	0.95
	<hr/>	
	171,557,036	52.74

Unissued Equity Securities

Total options issued 325,287,108.

Total options listed 270,887,108.

Total unlisted options 54,400,000.