

For personal use only

Greenpower Energy Limited

ABN 22 000 002 111

Consolidated Financial Statements

For the Half Year Ended 31 December 2016

Greenpower Energy Limited

ABN 22 000 002 111

Consolidated Financial Statements

For the Half Year Ended 31 December 2016

CONTENTS

	<u>Page</u>
Financial Statements	
Directors' Report	1-3
Auditor's Independence Declaration	4
Consolidated Statement of Profit or Loss and Other Comprehensive Income	5
Consolidated Statement of Financial Position	6
Consolidated Statement of Changes in Equity	7
Consolidated Statement of Cash Flows	8
Notes to the Consolidated Financial Statements	9-11
Declaration by Directors	12
Independent Review Report	13-14

For personal use only

Greenpower Energy Limited

ABN 22 000 002 111

Consolidated Financial Statements

For the Half Year Ended 31 December 2016

Your directors present their Report on the Company and its subsidiaries (the Group) for the half year ended 31 December 2016.

Directors

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

Mr G King

Mr E. Bulseco (Resigned 6 December 2016)

Mr T Wall

Mr S Peters (Appointed 6 December 2016)

Review of operations

The Group's principal business during the financial period related principally to the development of its Coal to Liquid project which is being developed to produce greenhouse-gas free chemicals and products from coal and explore for other environmentally friendly minerals.

As such the Group has entered into a binding heads of agreement with Guyana Strategic Metals Inc. to acquire (at the company's discretion) percentage interests from 10% up to 74%, depending on exploration results in the Guyanese Morabisi Project prospective for Lithium and Tantalum. Refer to the separate ASX announcement 23 September 2016.

The Group made applications for 8 Exploration Licences in the Northern Territory. These licenses are held for the potential to provide hypersaline brine to produce Potash for the fertilizer market and explore for Lithium rich salts.

The Group continued to rationalise its operations by replacing its Victorian Exploration Licences with a fresh tenement. For the period ended 31 December 2016 the Group recorded a consolidated loss of \$600,394 and incurred net operating cash out flows of \$734,976.

During the half year, with the assistance of Patersons Corporate Finance, the Group raised \$2,708,089 (net of expenses) which has provided the Group with the necessary resources to continue the development of its projects and development of shareholder value.

Projects

Thermaquatica Coal to Liquid Technology

The Group has a Research and Option agreement with US-Thermaquatica Inc., to jointly test and develop the Oxidative Hydrothermal Dissolution (OHD) process for the conversion of coals to liquids. The arrangement allows 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 on extraction of the products from the OHD liquid. This amount has been paid in full.

OHD is a novel and environmentally friendly technology for the conversion of coal and other solid organic material into low molecular weight, water soluble products. The immediate conversion material is a fulvic acid mimic which is a competitive soil bio stimulant, in demand in agriculture. Then many of the eventual 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, high pressure water.

Greenpower aims to utilise Victoria Brown Coal to produce low molecular weight organic compounds from a pilot plant producing in Victoria. Initially, the compound of chemicals is marketable as a soil bio-stimulant, but also able to be distilled into Vanilla, Bio-degradable plastics and Oxygenated Fuels.

Greenpower Energy Limited

ABN 22 000 002 111

Consolidated Financial Statements

For the Half Year Ended 31 December 2016

During the half year ending 31 December 2016 HRL Technology have been engaged on feasibility work and plant design which is ongoing. Further, Monash University has continued its research and development with the assistance of funding support from the Commonwealth Government's Research Connections initiative. This program is focusing on the benefits of the carbonaceous offtake products, as an agricultural bio stimulant.

The Guyana Lithium Project

During the period the Group executed a binding heads of agreement to acquire, in stages, up to 74% of the ownership and control of a lithium-tantalum-rare earths prospect "Morabisi Project" in the Republic of Guyana. Full details were announced on 23 September 2016. The agreement allows the Group to acquire its interest in the tenement via the issuance of shares in Greenpower Energy to Guyana Strategic Metals Inc ('GSM') and the payment of exploration expenses.

The Morabisi Project area is believed by GSM to contain a favourable geological setting for lithium, with widespread presence of LCT Type Pegmatites. Further, historical exploration results also support the possibility that the Project Area may host district-scale tantalum mining potential.

Northern Territory Hypersaline Brine Project

During the period the Group lodged applications for 8 Exploration Licences in the Northern Territory. The Group plans to test the brines for Lithium potential and the opportunity to produce mineral salts. Historical drilling results have indicated the potential for elevated potassium, magnesium and sulphates which support the production of Sulphate of Potash to potentially supply the Australian Fertilizer market.

Victorian Tenements

In the Latrobe Valley project area of Gippsland the Group decided to relinquish its licenses due to the length of time held and haphazard area shaping that reductions have caused over the years and apply for a fresh license covering the most accessible and geologically well-defined area of the lignite deposit, containing sufficient volume to supply foreseeable needs for the company's coal to liquid plant's feedstock requirements. The Company then intends to hold the fresh licence(s) 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.

Subsequent Events

On 23 January 2017 by way of General Meeting the shareholders provided their approval for

- The Group to acquire up to a 74% interest in the Guyanese Morabisi Project prospective for lithium and tantalum, from Guyana Strategic Metals Inc. The Group may elect to earn-in to the Morabisi Project over four specific stages, and if successful, establish an unincorporated joint venture. The Company was required to seek Shareholder approval in order to earn-in to the Morabisi Project. ASX Listing Rule 11.1.2 requires the Company to seek Shareholder approval where it proposes to make a significant change to the nature or scale of its activities;
- The issue of up to 52,500,500 shares in accordance with the earn in stages of the Morabisi project;
- Ratification of prior issues of shares and a placement issue of up to 25,000,000 shares and an additional allotment of 25,000,000 shares raising net of costs \$869,650; and
- Issue of Options to consultants, contractors and executives of the Group.

There were no other material events subsequent to 31 December 2016.

Greenpower Energy Limited

ABN 22 000 002 111

Consolidated Financial Statements

For the Half Year Ended 31 December 2016

Disclosure Statement

It is recommended that this report is read in conjunction with the annual report for the year ended 30 June 2016 and considered together with any public announcements made by the Company during the half-year ended 31 December 2016 and to the date of this report in accordance with the continuous disclosure requirements of the Australian Securities Exchange ("ASX") Listing Rules.

Auditors Independence Declaration

A copy of the Auditors Independence Declaration by the lead auditor as required under section 307C of the Corporations Act 2001 is included on Page 4 to this half year report.

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



Director:

Mr G.A. King

Dated this 30th day of January 2017

**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 half-year ended 31 December 2016 there have been:

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

William Buck

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

[Signature]
Conly Manifis
Director

Dated this 30th day of January, 2017

**CHARTERED ACCOUNTANTS
& ADVISORS**

Level 3, 15 Labouchere Road
South Perth WA 6151

PO Box 748
South Perth WA 6951

Telephone: +61 8 6436 2888

williambuck.com

For personal use only

Greenpower Energy Limited

ABN 22 000 002 111

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Half Year Ended 31 December 2016

	31 December 2016 \$	31 December 2015 \$
Revenue	14,992	4,918
Administrative expenses	(316,075)	(189,658)
Depreciation and amortisation	(162)	(298)
Occupancy costs	(6,210)	(6,210)
Finance costs	-	(11,415)
Exploration and Tenement costs	(292,939)	(424,557)
Net loss before tax	(600,394)	(627,220)
Income tax (expense)/benefit	-	-
Net loss for the half year after tax	(600,394)	(627,220)
Loss for the half year is attributable to:		
Owners of Greenpower Energy Limited	(600,394)	(627,220)
Other Comprehensive Income		
Items that will be reclassified to profit or loss		
Changes in fair value of available-for-sale financial assets	(26,406)	64,841
Other Comprehensive Income for the half year, net of tax	(26,406)	64,841
Total comprehensive loss for the half year	(626,800)	(562,379)
Total comprehensive loss for the half year attributable to Owners of Greenpower Energy Limited	(626,800)	(562,379)
Attributable to owners of Greenpower Energy Limited:		
Basic loss per share (cents per share)	(0.07)	(0.68)
Diluted loss per share (cents per share)	(0.07)	(0.68)

The above Consolidated Statement of Profit or Loss and Other 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 31 December 2016

		31 December	
	Note	2016	30 June 2016
		\$	\$
ASSETS			
Current assets			
Cash and cash equivalents	6	2,752,282	668,042
Trade and other receivables		42,873	35,017
Total current assets		2,795,155	703,059
Non-current assets			
Available for sale financial assets	8	141,499	268,902
Plant and equipment		1,244	1,407
Total non-current assets		142,743	270,309
TOTAL ASSETS		2,937,898	973,368
LIABILITIES			
Current liabilities			
Trade and other payables		102,907	219,766
Total current liabilities		102,907	219,766
TOTAL LIABILITIES		102,907	219,766
NET ASSETS		2,834,991	753,602
EQUITY			
Contributed Equity	7	67,409,751	64,701,662
Reserves		11,166,805	11,205,611
Accumulated losses		(75,741,565)	(75,153,671)
TOTAL EQUITY		2,834,991	753,602

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Greenpower Energy Limited

ABN 22 000 002 111

Consolidated Statement of Changes in Equity

For the Half Year Ended 31 December 2016

31 December 2016

	Ordinary Shares \$	Accumulated Losses \$	Capital Realisation 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 half year	-	(600,394)	-	-	-	(600,394)
Other comprehensive income:						
- Revaluation	-	-	-	-	(26,406)	(26,406)
Total comprehensive income for the half year	-	(600,394)	-	-	(26,406)	(626,800)
Shares issued during the year (net of costs)	2,483,089	-	-	-	-	2,483,089
Options exercised	225,000	-	-	-	-	225,000
Options expired	-	12,500	-	(12,500)	-	-
Issue of options	-	-	-	100	-	100
Balance as at 31 December 2016	67,409,751	(75,741,565)	10,314,793	461,560	390,452	2,834,991

31 December 2015

	Ordinary Shares \$	Accumulated Losses \$	Capital Realisation Reserve \$	Option Reserve \$	Financial Assets Reserve \$	Total \$
Balance at 1 July 2015	63,398,286	(72,280,141)	10,314,793	277,600	374,829	2,085,367
Loss for the half year	-	(627,220)	-	-	-	(627,220)
Other comprehensive income:						
- Revaluation	-	-	-	-	64,841	64,841
Total comprehensive income for the half year	-	(627,220)	-	-	64,841	(562,379)
Transactions with owners in their capacity as owners	-	-	-	-	-	-
Balance as at 31 December 2015	63,398,286	(72,907,361)	10,314,793	277,600	439,670	1,522,988

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Greenpower Energy Limited

ABN 22 000 002 111

Consolidated Statement of Cash Flows

For the Half Year Ended 31 December 2016

	31 December 2016	31 December 2015
Note	\$	\$
Cash generated from operating activities:		
Payments to suppliers and employees	(739,939)	(657,026)
Interest received	4,963	4,918
Income tax benefit received	-	104,905
Net cash outflow in operating activities	(734,976)	(547,203)
Cash flows from investing activities:		
Proceeds from disposal of investments	111,027	-
Net cash outflow/inflow from investing activities	111,027	-
Cash flows from financing activities:		
Proceeds from the issues of shares and options net of transaction costs	2,708,189	-
Net cash outflow/inflow from financing activities	2,708,189	-
Net increase/(decreases) in cash and cash equivalents	2,084,240	(547,203)
Cash and cash equivalents at beginning of period	668,042	864,780
Cash and cash equivalents at end of period	6 2,752,282	317,577

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Greenpower Energy Limited

ABN 22 000 002 111

Consolidated Statement of Cash Flows

For the Half Year Ended 31 December 2016

1 Basis of Preparation

These general purpose financial statements for the half year reporting period ended 31 December 2016 have been prepared in accordance with Accounting Standard AASB 134: *Interim Financial Reporting* and the Corporations Act 2001. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34: *Interim Financial Reporting*.

These half year financial statements do not include all the notes of the type normally included in the annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial statements. Accordingly, these half year financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2016 and any public announcements made by Greenpower Energy Limited during the half year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the Australian Securities Exchange Listing Rules.

The same accounting policies and methods of computation have generally been followed in these half year financial statements as compared with the most recent annual financial statements; except for the adoption of the following new and revised accounting standards.

Standards and Interpretations adopted in the current year:

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to their operations and are effective for the current financial reporting period, being the half year ended 31 December 2016. In adopting these new and revised pronouncements, the Group has determined that there has been no material impact to the Group's reported position or performance.

2 Contingent Liabilities and Assets

There have been no changes in contingent liabilities or contingent assets since the end of the previous annual reporting period, 31 December 2016.

3 Subsequent Events

On 23 January 2017 by way of General Meeting the shareholders provided their approval for

- The Group to acquire up to a 74% interest in the Guyanese Morabisi Project prospective for lithium and tantalum, from Guyana Strategic Metals Inc. The Group may elect to earn-in to the Morabisi Project over four specific stages, and if successful, establish an unincorporated joint venture. The Company was required to seek Shareholder approval in order to earn-in to the Morabisi Project. ASX Listing Rule 11.1.2 requires the Company to seek Shareholder approval where it proposes to make a significant change to the nature or scale of its activities;
- The issue of up to 52,500,500 shares in accordance with the earn in stages of the Morabisi project;
- Ratification of prior issues of shares and a placement issue of up to 25,000,000 shares and an additional allotment of 25,000,000 shares raising net of costs \$869,650; and
- Issue of Options to consultants, contractors and executives of the Group.

There were no other material events subsequent to 31 December 2016.

Greenpower Energy Limited

ABN 22 000 002 111

Consolidated Statement of Cash Flows

For the Half Year Ended 31 December 2016

4 Capital Commitments

	31 December 2016	30 June 2016
Capital expenditure commitments contracted for:	\$	\$
Exploration Permits	275,862	-
CTL	80,053	-
Total	355,915	-

	31 December 2016	30 June 2016
Exploration Commitments Payable:	\$	\$
- not later than 12 months	355,915	-
- between 12 months and 5 years	-	-
Total	355,915	-

5 Related Party Transactions

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.

6 Cash and Cash Equivalents

	31 December 2016	30 June 2016
Cash and Cash Equivalents:	\$	\$
Cash at bank	2,598,102	515,594
Short term deposits	154,180	152,448
Total	2,752,282	668,042

As at 31 December 2016 there is a restriction on available cash of \$154,180. The Group has a number of short term deposits held as a security for various exploration licenses on released tenements. The Group anticipates that the securities should be released shortly.

Greenpower Energy Limited

ABN 22 000 002 111

Consolidated Statement of Cash Flows

For the Half Year Ended 31 December 2016

7 Issued Capital

	31 December 2016		30 June 2016	
	No	\$	No	\$
Ordinary shares				
- Opening balance 1 July	608,899,976	64,701,662	92,465,787	63,398,286
- Shares issued in half year	305,000,000	3,100,000	-	-
- Shares issued in year	-	-	516,434,189	1,549,303
- Cost of listing shares	-	(391,911)	-	(245,927)
Total as at 31 December	913,899,976	67,409,751	608,899,976	64,701,662

8 Fair Value

(a) Carrying Value versus Fair Value

The Group considers that the carrying amount of the financial assets and financial liabilities are a reasonable approximation of their fair value.

The following table compares the carrying amounts and fair values of the Group's financial assets and financial liabilities as at 31 December 2016.

	As at 31 December 2016		As at 30 June 2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	\$	\$	\$	\$
Financial Assets				
Available-for-sale-investments	141,499	141,499	268,902	268,902
Total	141,499	141,499	268,902	268,902

(b) Fair value Hierarchy

(i) Available-for-sale-investments

All the Available-for-sale-investments are classified as Level 1 investments where the Group uses the closing market price as at reporting date per share multiplied by the number of shares held.

There have been no transfers between the levels in the period.

9 Disclosure Statement

It is recommended that this report is read in conjunction with the annual report for the year ended 30 June 2016 and considered together with any public announcements made by the Company during the half-year ended 31 December 2016 and to the date of this report in accordance with the continuous disclosure requirements of the Australian Securities Exchange ("ASX") Listing Rules.

10 Segment Reporting

The Group operates predominantly in one business and geographical segment being Exploration activities throughout Australia. Subsequent to shareholder approval on 23 January 2017 the Group segments will include expenditure on the Morabisi project in Guyana.

Greenpower Energy Limited

ABN 22 000 002 111

Declaration by Directors

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 5 to 11 are in accordance with the Corporations Act 2001 and:
 - (a) give a true and fair view of the financial position of the consolidated entity as at 31 December 2016 and of its performance as represented by the results of its operations and cash flows for the half year ended on that date; and
 - (b) comply with Accounting Standard AASB 134: Interim Financial Reporting, Corporations Regulations 2001 and other mandatory professional reporting requirements; and
2. 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 signed in accordance with a resolution of the Board of Directors.



Director
Mr G.A. King

Dated 30 January 2017

For personal use only

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF GREENPOWER ENERGY LIMITED AND CONTROLLED ENTITIES

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Greenpower Energy Limited (the company) and the entities it controlled at the half-year's end or from time to time during the half year (the consolidated entity) on pages 5 to 12, which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including:

- giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and
- complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

As the auditor of Greenpower Energy Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

CHARTERED ACCOUNTANTS & ADVISORS

Level 3, 15 Labouchere Road
South Perth WA 6151
PO Box 748
South Perth WA 6951
Telephone: +61 8 6436 2888
williambuck.com

For personal use only

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF GREENPOWER ENERGY LIMITED AND CONTROLLED ENTITIES (CONT)

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Greenpower Energy Limited on pages 5 to 12 is not in accordance with the Corporations Act 2001 including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half year ended on that date; and
- b) complying with Australian Accounting Standard 134 Interim Financial Reporting and the Corporations Regulations 2001.

William Buck

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



Conley Manifis
Director

Dated this 30th day of January, 2017

For personal use only