# Greenpower Energy Limited

ABN 22 000 002 111

## Consolidated Financial Statements

For the Half Year Ended 31 December 2018

# Greenpower Energy Limited

**ABN 22 000 002 111**

**Consolidated Financial Statements**

**For the Half Year Ended 31 December 2018**

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# Greenpower Energy Limited

**ABN 22 000 002 111**

**Consolidated Financial Statements**

**For the Half Year Ended 31 December 2018**

## CORPORATE DIRECTORY

**DIRECTORS**

Mr Cameron McLean (CEO & Managing Director)
Mr Gerard King (Non-Executive Chairman)
Mr Alistair Williams (Non- Executive Director)
Mr Simon Peters (Non-Executive Director)

**COMPANY SECRETARY**

Mr David Peterson

**REGISTERED OFFICE**

Level 1, 33 Colin Street
WEST PERTH WA 6005
AUSTRALIA

Website: www.greenpowerenergy.com.au

**SHARE REGISTRY**

Computershare Investor Services Pty Ltd
Level 11, 172 St Georges Tce
Perth WA 6000

Telephone: 1300 787 272

**AUDITORS**

William Buck
Level 3, 15 Labouchere Road
South Perth WA 6151

**LEGAL ADVISORS**

Nova Legal
Level 2, 50 Kings Park Road
West Perth WA 6005

**STOCK EXCHANGE**

Australian Securities Exchange Limited
ASX Code: GPP

# Greenpower Energy Limited

**ABN 22 000 002 111**

**Consolidated Financial Statements**

**For the Half Year Ended 31 December 2018**

Your directors present their Report on Greenpower Energy Limited ("the Company" or "GPP") and its subsidiaries ("the Group") for the half year ended 31 December 2018.

## Directors

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

Mr Gerard King
Mr Cameron McLean (appointed 12 October 2018)
Mr Alistair Williams (appointed 12 October 2018)
Mr Simon Peters
Mr Matthew Suttling (resigned 12 October 2018)

## Company Secretary

Mr David Peterson (appointed 1 January 2019)
Mr Matthew Suttling (resigned 1 January 2019)

## Review of operations

The Group's principal businesses are, and during the financial period, were:

- the acquisition of Ion Minerals Pty Ltd ("Ion") and its three projects at Lincoln Springs (Qld), Julia Creek (Qld) and Ashburton (WA) including exploration of the Lincoln Springs Cobalt project;
- further development of its coal to liquid project utilising its exclusive (to Australia) license over the patented Oxidative Hydrothermal Dissolution ("OHD") process;
- mineral exploration, with Guyana Strategic Metals Inc. ("GSM") in Guyana (the "Morabisi" project prospective for Lithium and Tantalum); and
- mineral exploration in the Northern Territory of Australia for hypersaline brine potentially containing lithium-rich salts.

## Operating Results

For the half year ended 31 December 2018 the Group recorded a consolidated loss of $1,863,232 and incurred net cash outflows of $2,422,576. The expenditure reflected the Group's acquisition of Ion Minerals Pty Ltd, commitment to Phase 2 of the Guyana Morabisi project and advancement of the OHD coal to liquid project.

## Corporate

- On 12 October 2018, Matthew Suttling resigned as a Director;
- On 12 October 2018, Cameron McLean was appointed as CEO and Managing Director;
- On 12 October 2018, Alistair Williams was appointed as Non-Executive Director;
- On 18 October 2018, the Company announced appointments of Andrew Jones as an Exploration Manager and Andrew Mounas as Commercialisation Director of Fertiliser Business;

## Projects

### Thermaquatica Coal to Liquid Technology

During the half year ending 31 December 2018, Monash University continued OHD trials. The design of a 5 tonne per day plant was undertaken and budgeted. An investor presentation was prepared in order to raise seed funding and set up a special purpose vehicle to raise seed capital.

### Ion Minerals Projects

On 5 July 2018, the Company announced that it had entered into a conditional option agreement to acquire Australian battery minerals exploration company, Ion Minerals Pty Ltd with the shareholders' approving the transaction on 12 October 2018 at the Company's General Meeting. The Company completed Phase 1 Earn-In on 23 October 2018 by issuing 110,000,000 shares in GPP, where it earned its 40% interest in Ion Minerals Pty Ltd. With only a minority interest holding as at 31 December 2018, the Company's main focus now is the exploration and development of Ion Minerals Projects where the Company is working toward Phase 2 Earn-In additional interest of 30%. Due to the certainty and the assessment by the Company Directors, the acquisition of Ion Minerals Pty Ltd was determined to be an asset acquisition.

Key terms of the Option Agreement were as follows:

- Greenpower Energy Limited to pay $25,000 non-refundable deposit on execution of the Option Agreement to secure exclusivity of the Option and a 60 day due diligence period;
- Greenpower Energy Limited has the right to earn-in to Ion Minerals over 3 (three) Phases and will be in control and responsible for programs and expenditure on the Ion Projects;
- Greenpower Energy's right to earn-in and acquire shares in Ion Minerals at each Phase may be exercised by Greenpower at its sole and absolute discretion based on exploration results; and
- Ion Minerals nominating 2 (two) directors to join the Board of Greenpower Energy Limited.

<u>Phase 1 Earn-In</u>
After exercise of the Option, Greenpower earned its 40% interest in Ion Minerals. The consideration for Phase 1 earn-in is 110,000,000 shares in GPP (at a deemed issue price of $0.005 per share) with a 6 month voluntary escrow period (subject to prior shareholder approval) and a cash consideration of $510,000 (substantially for re-imbursement of Ion Minerals' previous exploration costs and vendor payment costs in respect of the Lincoln Springs Project earn-in).

Greenpower will be granted Phase 2 earn-in after expending $500,000 on exploration works of Ion Minerals Projects.

<u>Phase 2 Earn-In</u>
Subsequent to obtaining Phase 1 interest, Greenpower can elect to earn-in an additional 30% interest in Ion Minerals (70% cumulative) in consideration for issuing shares in GPP equal to $550,000 (based on the higher of an issue price per share of the previous 30 day VWAP or $0.005 per share) prior to Greenpower's Phase 2 election and with a 6 month voluntary escrow (subject to prior shareholder approval) and a cash consideration of $150,000.

<u>Phase 3 Earn-In</u>
Subsequent to obtaining Phase 2 interest, Greenpower can elect to earn-in the final 30% interest in Ion Minerals (100% cumulative) in consideration for a cash consideration of $150,000. In the event that the Company, as a result on the Ion Projects and the potential economic upside of continued development, elects to progress to Phase 3, the Company will (subject to prior shareholder and regulatory approvals) issue to each of the incoming Directors $525,000 worth of fully paid ordinary shares in GPP (based on the higher of an issue price per share of the previous 30 trading day VWAP or $0.005 per share) prior to the date of Phase 3 election notice, as a performance bonus in respect of the Projects and with a 6 month voluntary escrow from the date of issue. In the event that Greenpower does not give written notice of its election to move to Phase 3, the incoming Directors' entitlements to the performance bonus shares will automatically lapse and expire.

*Lincoln Springs*

Lincoln Springs is a Cobalt exploration project located in North Queensland and is the more advanced of the Ion projects. Initial rock chip sampling prior to the acquisition recorded grades of up to 3.16% Co. During the period additional exploration was carried out in the form of further rock chip sampling, soil sampling and an Induced Polarisation Survey. Applications for three extra licences were submitted during the period, bringing the total area to 780km$^2$.

*Ashburton*

The Ashburton Cobalt project covers an area of approximately 440km2 and is located about 80km south of Paraburdoo with rock chip samples up to 1.89% Co. During the period the Group entered into an option agreement with Zenith Minerals Ltd (ASX: ZNC) to acquire 4 Exploration Licence Applications in Western Australia totalling 223.2 km$^2$. Greenpower has not carried out any further exploration on the project.

*Julia Creek*

The Julia Creek project is a Vanadium project east of Mt Isa in Northern Queensland that consists of one application. A further application was made during the period for a total of 270km$^2$. Greenpower has not carried out any further exploration on the project.

### The Guyana Lithium Project

During the period the Group commenced a review of the "Morabisi Project' in the Republic of Guyana. The review is in order to establish the next steps and revisit the joint venture agreement signed with Guyana Strategic Minerals ("GSM"). CSA Global was engaged to complete an independent report on the technical merits of the project.

### Subsequent Events

- On 1 January 2019, Matthew Suttling resigned as a Company Secretary and CFO;
- On 1 January 2019, David Peterson was appointed as a Company Secretary;
- One additional Lincoln Springs licence application was lodged;
- E08/3020 was granted during the period, which forms part of the Zenith Minerals Ltd projects at Ashburton.
- On 11 February 2019, the Company's interest in Guyana Morabisi Project increased from 35% to 51%;

There were no other material events subsequent to 31 December 2018.

### Disclosure Statement

It is recommended that this report is read in conjunction with the annual report for the year ended 30 June 2018 and considered together with any public announcements made by the Company during the half-year ended 31 December 2018 and to the date of this report in accordance with the continuous disclosure requirements of the Australian Securities Exchange ("ASX") Listing Rules.

# Greenpower Energy Limited

**ABN 22 000 002 111**

**Consolidated Financial Statements**

**For the Half Year Ended 31 December 2018**

**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 6 to this half year report.

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

Director: ..........................................................................................................................................

Mr G.A. King

Dated this 15 March 2019

**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 2018 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

CM

**Conly Manifis**
Director
Dated this 15th day of March 2019

**CHARTERED ACCOUNTANTS & ADVISORS**

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South Perth WA 6151

PO Box 748
South Perth WA 6951

Telephone: +61 8 6436 2888

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# 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 2018**

| | Note | 31 December 2018 $ | 31 December 2017 $ |
|---|---|---|---|
| Revenue | | **12,562** | 8,364 |
| Administrative expenses | | **(904,450)** | (731,513) |
| Depreciation and amortisation | | **(6,257)** | (1,562) |
| Occupancy costs | | **(47,522)** | (6,210) |
| Exploration and Tenement costs | | **(488,230)** | (1,088,292) |
| Fair value change in equity instruments | 11 | **(13,333)** | - |
| Write down in net assets of associates | | **(416,002)** | - |
| **Net loss before tax** | | **(1,863,232)** | (1,819,213) |
| Income tax (expense)/benefit | | **-** | - |
| **Net loss for the half year after tax** | | **(1,863,232)** | (1,819,213) |
| | | | |
| **Other Comprehensive Income** | | | |
| *Items that will not be subsequently recognised in profit or loss* | | | |
| Changes in fair value of available-for-sale financial assets | 11 | **-** | (667) |
| Other Comprehensive Income for the half year, net of tax | | **-** | (667) |
| **Total comprehensive loss for the half year** | | **(1,863,232)** | (1,819,880) |
| **Loss for the period is attributable to:** | | | |
| Owners of the Parent | | **(1,641,324)** | - |
| Non-controlling interest | | **(221,908)** | - |
| | | **(1,863,232)** | - |
| **Total comprehensive loss for the half year attributable to Owners of Greenpower Energy Limited** | | **(1,641,324)** | (1,819,880) |
| | | | |
| **Attributable to owners of Greenpower Energy Limited:** | | | |
| Basic loss per share (cents per share) | 10 | **(0.12)** | (0.17) |
| Diluted loss per share (cents per share) | 10 | **(0.12)** | (0.17) |

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 2018**

| | Note | 31 December 2018 $ | 30 June 2018 $ |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 7 | **999,002** | 3,421,578 |
| Trade and other receivables | | **120,682** | 334,148 |
| **Total current assets** | | **1,119,684** | 3,755,726 |
| **Non-current assets** | | | |
| Other financial assets | 11 | **20,000** | 33,333 |
| Plant and equipment | | **128,381** | 757 |
| Intangible assets | | **2,774** | 5,547 |
| Exploration and evaluation assets | 13 | **1,073,132** | - |
| Investment Accounted for using equity method | | **21,036** | 12,731 |
| **Total non-current assets** | | **1,245,323** | 52,368 |
| **TOTAL ASSETS** | | **2,365,007** | 3,808,094 |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Trade and other payables | | **363,419** | 481,880 |
| **Total current liabilities** | | **363,419** | 481,880 |
| **TOTAL LIABILITIES** | | **363,419** | 481,880 |
| **NET ASSETS** | | **2,001,588** | 3,326,214 |
| **EQUITY** | | | |
| Contributed Equity | 9 | **74,665,130** | 74,126,524 |
| Reserves | | **716,857** | 716,857 |
| Accumulated losses | | **(73,158,491)** | (71,517,167) |
| Equity attributable to owners of the Parent Entity | | **2,223,496** | 3,326,214 |
| Non-controlling interest | | **(221,908)** | - |
| **TOTAL EQUITY** | | **2,001,588** | 3,326,214 |

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 2018**

**31 December 2018**

| | Note | Ordinary Shares $ | Option Reserve $ | Financial Assets Reserve $ | Accumulated Losses $ | Attributable to Owners of Parent $ | Non-controlling Interest $ | Total $ |
|---|---|---|---|---|---|---|---|---|
| Balance at 1 July 2018 | | 74,126,524 | 716,857 | 14,666 | (71,531,833) | 3,326,214 | - | 3,326,214 |
| New accounting standard adjustment to opening balance (note 1(b)) | | - | - | (14,666) | 14,666 | - | - | - |
| **Restated at 1 July 2018** | | 74,126,524 | 716,857 | - | (71,517,167) | 3,326,214 | - | 3,326,214 |
| Loss for the half year | | - | - | - | (1,863,232) | (1,641,324) | (221,908) | (1,863,232) |
| Other comprehensive income: | | | | | | | | |
| - Revaluation | | - | - | - | - | - | - | - |
| **Total comprehensive income for the half year** | | **-** | **-** | **-** | **(1,863,232)** | **(1,641,324)** | **(221,908)** | **(1,863,232)** |
| *Transaction with owners, recorded directly in equity* | | | | | | | | |
| Shares issued during the year to Ion Minerals Pty Ltd (net of costs) | 13 | 538,606 | - | - | - | 538,606 | - | 538,606 |
| **Balance as at 31 December 2018** | | **74,665,130** | **716,857** | **-** | **(73,380,399)** | **2,223,496** | **(221,908)** | **2,001,588** |

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

**31 December 2017**

| | Ordinary Shares $ | Accumulated Losses $ | 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 half year | - | (1,819,213) | - | - | (1,819,213) |
| Other comprehensive income: | | | | | |
| - Revaluation | - | - | - | (667) | (667) |
| Total comprehensive income for the half year | - | (1,819,213) | - | (667) | (1,819,880) |
| Shares issued during the year (net of costs) | 471,193 | - | - | - | 471,193 |
| Options exercised | - | - | - | - | - |
| Issue of options | - | - | 183,877 | - | 183,877 |
| Balance as at 31 December 2017 | 70,343,873 | (68,324,726) | 716,857 | 10,666 | 2,746,670 |

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 2018**

| | Note | 31 December 2018 $ | 31 December 2017 $ |
|---|---|---|---|
| **Cash generated from operating activities:** | | | |
| Payments to suppliers and employees | | **(1,289,628)** | (1,727,154) |
| Interest received | | **12,562** | 8,364 |
| **Net cash outflow in operating activities** | | **(1,277,066)** | (1,718,790) |
| **Cash flows from investing activities:** | | | |
| Acquisition of exploration assets | | **(1,157,460)** | (125,703) |
| Acquisition of PPE | | **(131,108)** | - |
| Other – Cash on acquisition of subsidiary | 13 | **210,021** | - |
| **Net cash outflow/inflow from investing activities** | | **(1,078,547)** | (125,703) |
| **Cash flows from financing activities:** | | | |
| Proceeds from the issues of shares and options | | **-** | - |
| Transaction costs | | **(66,963)** | - |
| **Net cash outflow/inflow from financing activities** | | **(66,963)** | - |
| **Net (decreases)/increases in cash and cash equivalents** | | **(2,422,576)** | (1,844,493) |
| Cash and cash equivalents at beginning of period | | **3,421,578** | 3,714,845 |
| **Cash and cash equivalents at end of period** | 7 | **999,002** | 1,870,352 |

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

## 1 Summary of Accounting Policies

### (a) Basis of Preparation

These general purpose financial statements for the half year reporting period ended 31 December 2018 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 2018 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 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.

### (b) 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 2018. 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.

**New, revised or amending Accounting Standards and Interpretations adopted**

The following standards and amendments became applicable during the current reporting period:

- AASB 9 *Financial Instruments*; and
- AASB 15 *Revenue from Contracts with Customers*.

The impact of the adoption of these standards and the new accounting policies are disclosed below.

*AASB 9: Financial Instruments*
*Classification of financial assets*

AASB 9 *Financial Instruments* ('AASB 9') replaces parts of AASB 139 bringing together all three aspects of the accounting for financial instruments; classification and measurement; impairment; and hedge accounting. The Group has applied AASB 9 retrospectively, with the initial application date being 1 July 2018. The cumulative impact of applying AASB 9 is recognised at the date of initial application as an adjustment to the opening balance or retained earnings. The Group has elected not to adjust comparative information.

AASB 9 introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and are solely payments of principal and interest (SPPI). All other financial instrument assets are to be classified and measured at fair value through profit or loss (FVTPL) unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for trading) in other comprehensive income (OCI).

## 1 Summary of Accounting Policies

### New, revised or amending Accounting Standards and Interpretations adopted (continued)

The Key impacts of adopting AASB 9 are summarised below:

*Classification and measurement*

The Group continued measuring at fair value all financial assets previously held at fair value under AASB 139.

Listed equity investments previously classified as Available-For-Sale financial assets are now classified and measured as financial assets at FVTPL. As a consequence the reclassification of fair value reserve at 1 July 2018 relating to Available-For-Sale financials assets was transferred to retained earnings (see below).

*Impact on statement of financial position*

The following summarises the impact, net of tax, of transition to AASB 9 on reserves and accumulated losses at 1 July 2018.

**Fair value reserve**

| | |
|---|---|
| Closing balance under AASB 139 (30 June 2018) | 14,666 |
| Equity instruments reclassified as financial assets at FVTPL | (14,666) |
| Opening balance under AASB 9 (1 July 2018) | - |

**Accumulated losses**

| | |
|---|---|
| Closing balance under AASB 139 (30 June 2018) | (71,531,833) |
| Equity instruments reclassified as financial assets at FVTPL | 14,666 |
| Opening balance under AASB 9 (1 July 2018) | (71,517,167) |

*Classification of financial assets on the date initial application of AASB 9*

The following table shows the original measurement category under AASB 139 and the new measurement category under AASB 9 for financial assets as at 1 July 2018.

| Financial asset | Original classification under AASB 139 | New classification under AASB 9 | Original carrying amount under AASB 139 | New carrying amount under AASB 9 |
|---|---|---|---|---|
| Equity investment | Available-for-sale | FVTPL | 33,333 | 33,333 |

*Impairment*

AASB 9 mandates the use of an expected credit loss model to calculate impairment losses rather than an incurred loss model, and therefore it is not necessary for a credit event to have occurred before credit losses are recognised. The new impairment model applies to the Group's financial assets. No changes to the impairment provisions were made on transition to AASB 9. Trade and other receivables are generally settled on a short time frame and the Group's other financial assets are due from counterparties without material credit risk concerns at the time of transition.

## 1 Summary of Accounting Policies

### New, revised or amending Accounting Standards and Interpretations adopted (continued)

***AASB 15: Revenue from Contracts with Customers*** ('AASB 15')

The consolidated entity has adopted AASB 15 from 1 July 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period

The implementation of AASB 15 has had no impact on the Group's financial statements as it is currently a pre-revenue business.

### (c) Revenue recognition

The consolidated entity recognises revenue as follows:

*Interest*

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

### (d) Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

## 2 Going Concern

For the period ended 31 December 2018 the Group recorded a consolidated loss of $1,863,232 and incurred net cash outflows of $2,422,576. The expenditure reflected the Group's acquisition of Ion Minerals Pty Ltd, commitment to Phase 2 of the Guyana Morabisi project and advancement of the OHD coal to liquid project.

## 2 Going Concern (continued)

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. Based on this assessment there are indications that it may not have sufficient working capital to realise its assets and extinguish its liabilities in the normal course of business.

As at 31 December 2018 the group has cash of $999,002. The Group anticipates performing a capital raising during the first half of 2019 to enable it to fund further exploration of its tenements and ongoing development of its Coal to Liquid project. Should the Company be unable to raise the required funding, there is a material uncertainty that may cast significant doubt on whether the Company will be able to continue as a going concern and therefore, whether it will be able to realise its assets and extinguish its liabilities in the normal course of business and at the amount 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 Contingent Liabilities and Assets

There have been no changes in contingent liabilities or contingent assets since the end of the previous annual reporting period, 30 June 2018.

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).

## 4 Subsequent Events

- On 1 January 2019, Matthew Suttling resigned as a Company Secretary and CFO;
- On 1 January 2019, David Peterson was appointed as a Company Secretary
- One additional Lincoln Springs licence application was lodged;
- E08/3020 was granted during the period, which forms part of the Zenith Minerals Ltd projects at Ashburton;
- On 11 February 2019, the Company's interest in Guyana Morabisi Project increased from 35% to 51%;

There were no other material events subsequent to 31 December 2018.

## 5 Capital Commitments

| | 31 December 2018 | 30 June 2018 |
|---|---|---|
| **Capital expenditure commitments :** | **$** | **$** |
| Exploration Permits | **262,941** | 327,862 |
| CTL | - | - |
| **Total** | - | 327,862 |

| | 31 December 2018 | 30 June 2018 |
|---|---|---|
| **Exploration Commitments Payable:** | **$** | **$** |
| - not later than 12 months | **212,600** | 327,862 |
| - between 12 months and 5 years | **50,341** | - |
| **Total** | **262,941** | 327,862 |

## 6 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.

## 7 Cash and Cash Equivalents

| | 31 December 2018 | 30 June 2018 |
|---|---|---|
| **Cash and Cash Equivalents:** | **$** | **$** |
| Cash at bank | **838,580** | 3,262,580 |
| Short term deposits | **160,422** | 158,998 |
| **Total** | **999,002** | 3,421,578 |

As at 31 December 2018 there is a restriction on available cash of $160,422. The Group has a number of short term deposits held as a security for various Victorian exploration licenses on released tenements. The Group anticipates that the securities should be released shortly.

## 8 Segment Reporting

The Group operates predominantly in one business and geographical segment being Exploration activities throughout Australia.

The Group via a heads of agreement was funding exploration in Guyana undertaken by Greenpower's exploration partner and operator Guyana Strategic Minerals Inc.

## 9 Issued Capital

| | 31 December 2018 | | 30 June 2018 | |
|---|---|---|---|---|
| | No | $ | No | $ |
| **Ordinary shares** | | | | |
| - Opening balance 1 July | **1,455,370,361** | **74,126,524** | 1,025,999,976 | 69,872,680 |
| - Shares issued to Ion Minerals Pty Ltd during the period | **110,000,000** | **550,000** | 429,370,385 | 4,782,850 |
| - Cost of listing shares | **-** | **(11,394)** | - | (529,006) |
| **Closing Balance** | **1,565,370,361** | **74,665,130** | 1,455,370,361 | 74,126,524 |

## 10 Earnings Per Share

Both the basic and diluted earnings per share have been calculated using the loss attributable to shareholders of the Parent Company as the numerator, i.e., no adjustments to loss were necessary during the six months period to 31 December 2018 and 31 December 2017.

The weighted average number of shares for the purpose of the calculation of diluted earnings per share can be reconciled to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

| | 31 December 2018 | 31 December 2017 |
|---|---|---|
| Weighted average number shares used in basis earnings per share | **1,496,620,361** | 1,036,874,226 |
| **Total** | **1,496,620,361** | 1,036,874,226 |

325,287,500 (six months ended 31 December 2017: 139,500,000) of potential ordinary shares have not been consider in calculating diluted EPS as they are anti-dilutive.

## 11 Other Financial Assets

**Other Financial Assets Comprise:**

| | 31 December 2018 $ | 30 June 2018 $ |
|---|---|---|
| Listed investments | | |
| shares in listed corporations | **20,000** | **33,333** |
| **Total other financial assets at fair value** | **20,000** | **33,333** |

Other 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.

## 11 Other Financial Assets (continued)

### Fair Value

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

At 31 December 2018 and 30 June 2018, the aggregate fair values and carrying amounts of financial assets and financial liabilities approximate their carrying amounts.

Other financial instruments are recognised in the statement of financial position of the Group according to the hierarchy stipulated in AASB 13.

| | **31 December 2018 $** | 30 June 2018 $ |
|---|---|---|
| Other financial assets | | |
| ASX Listed equity shares – Level 1 | **20,000** | 33,333 |
| | **20,000** | 33,333 |

### (a) Reconciliation of Other Financial Assets

| | **31 December 2018 $** | 30 June 2018 $ |
|---|---|---|
| Opening Balance | **33,333** | 30,000 |
| Net gain/(loss) on revaluation of financial assets | **(13,333)** | 3,333 |
| Proceeds on disposal | **-** | - |
| | **20,000** | 33,333 |

Financial Assets at Fair Value through Profit or Loss

The Company has 0.13% (30 June 2018: 0.14%) interest in Vivid Technology Limited, which is a diversified Australian-based renewable energy Company with interests in technology-focused solutions in the industrial energy efficiency and CO2-to-fuel conversion markets in Australia and the Asia Pacific. Vivid Technology Limited is listed on the Australian Securities Exchange (ASX). At the end of the period the Company's investment was $20,000 (30 June 2018: $33,333) which is based on Vivid's quoted share price.

## 12 Interest in Controlled Entities

| | Principal Activity | Country of incorporation | Percentage Owned 31 December 2018 | Percentage Owned 30 June 2018 |
|---|---|---|---|---|
| **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 [1] | Investment | Australia | 100 | 100 |
| Ion Minerals Pty Ltd [2] | Exploration | Australia | 40 | - |

## 13 Asset acquisition

On 5 July 2018, the Company announced that it had entered into a conditional option agreement to acquire Australian battery minerals exploration company, Ion Minerals Pty Ltd with the shareholders' approving the transaction on 12 October 2018 at the Company's General Meeting. The Company completed Phase 1 Earn-In on 23 October 2018 by issuing 110,000,000 shares in GPP, where it earned its 40% interest in Ion Minerals Pty Ltd. With only minority interest holding as at 31 December 2018, the Company's main focus now is the exploration and development of Ion Minerals Projects where the Company is working toward Phase 2 Earn-In additional interest of 30%. Due to the certainty and the assessment by the Company Directors, the acquisition of Ion Minerals Pty Ltd was determined to be an asset acquisition.

Key terms of the Option Agreement were as follows:

- Greenpower Energy Limited to pay $25,000 non-refundable deposit on execution of the Option Agreement to secure exclusivity of the Option and a 60 day due diligence period;
- Greenpower Energy Limited has the right to earn-in to Ion Minerals over 3 (three) Phases and will be in control and responsible for programs and expenditure on the Ion Projects;
- Greenpower Energy's right to earn-in and acquire shares in Ion Minerals at each Phase may be exercised by Greenpower at its sole and absolute discretion based on exploration results; and
- Ion Minerals nominating 2 (two) directors to join the Board of Greenpower Energy Limited.

<u>Phase 1 Earn-In (purchase consideration)</u>
After exercise of the Option, Greenpower earned its 40% interest in Ion Minerals. The consideration for Phase 1 earn-in is 110,000,000 shares in GPP (at a deemed issue price of $0.005 per share) with a 6 month voluntary escrow period (subject to prior shareholder approval) and a cash consideration of $510,000 (substantially for re-imbursement of Ion Minerals' previous exploration costs and vendor payment costs in respect of the Lincoln Springs Project earn-in).

Greenpower will be granted Phase 2 earn-in after expending $500,000 on exploration works of Ion Minerals Projects.

[1] Greenpower Guyana Pty Ltd was incorporated on 4 August 2017.

[2] Greenpower Energy Limited acquired 40% of Ion Minerals Pty Ltd on 23 October 2018. Refer to Note 13 for details.

## 13 Asset Acquisition (continued)

Phase 2 Earn-In
Subsequent to obtaining Phase 1 interest, Greenpower can elect to earn-in an additional 30% interest in Ion Minerals (70% cumulative) in consideration for issuing shares in GPP equal to $550,000 (based on the higher of an issue price per share of the previous 30 day VWAP or $0.005 per share) prior to Greenpower's Phase 2 election and with a 6 month voluntary escrow (subject to prior shareholder approval) and a cash consideration of $150,000.

Phase 3 Earn-In
Subsequent to obtaining Phase 2 interest, Greenpower can elect to earn-in the final 30% interest in Ion Minerals (100% cumulative) in consideration for a cash consideration of $150,000. In the event that the Company, as a result on the Ion Projects and the potential economic upside of continued development, elects to progress to Phase 3, the Company will (subject to prior shareholder and regulatory approvals) issue to each of the incoming Directors $525,000 worth of fully paid ordinary shares in GPP (based on the higher of an issue price per share of the previous 30 trading day VWAP or $0.005 per share) prior to the date of Phase 3 election notice, as a performance bonus in respect of the Projects and with a 6 month voluntary escrow from the date of issue. In the event that Greenpower does not give written notice of its election to move to Phase 3, the incoming Directors' entitlements to the performance bonus shares will automatically lapse and expire.

The excess consideration as per Phase 1 Earn-In of 40% interest over the net assets of Ion Minerals totalling $1,073,132 is attributed to exploration expenditure and accordingly capitalised at consolidation level in the Statement of Financial Position.

Assets acquired and liabilities assumed through the acquisition of Ion Minerals Pty Ltd do not constitute a business. Therefore, the transaction is not accounted for as a business combination under AASB 3 Business Combinations. Fair value of assets acquired and liabilities assumed at the date of acquisition are:

| **Assets** | **$** |
|---|---|
| **Current Assets** | |
| Cash | 210,021 |
| Other Receivables | 6,363 |
| **Non-Current Assets** | |
| Exploration - tenements | 1,073,132 |
| Property, Plant & Equipment | 1,245 |
| **Total Assets** | **1,290,761** |
| **Liabilities** | |
| **Current Liabilities** | |
| Trade Payables | 43,386 |
| **Non-Current Liabilities** | |
| Loans | 162,369 |
| **Total Liabilities** | **205,755** |
| **Net Assets** | **1,085,006** |
| | |
| Issued Capital | 1,085,006 |
| **Total Consideration** | **1,085,006** |

# Greenpower Energy Limited

**ABN 22 000 002 111**

**Directors' Declaration**

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 7 to 20 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 2018 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 15 March 2019

William Buck

# Greenpower Energy Limited

## Independent auditor's review report to members

# Report on the Review of the Half-Year Financial Report

### Conclusion

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 7 to 21, which comprises the consolidated statement of financial position as at 31 December 2018, 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.

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 7 to 21 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 2018 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*.

### Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the half-year financial report, which indicates that the consolidated entity incurred a net loss of $1,863,232 and incurred net cash outflows of $2,422,576 during the half year ended 31 December 2018. As stated in Note 2, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the consolidated entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

### Responsibilities of the Directors' 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 Responsibilities for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review.

**CHARTERED ACCOUNTANTS & ADVISORS**
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Telephone: +61 8 6436 2888
**williambuck.com**

William Buck

## Independent auditor's review report to members (cont.)

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* ('ASRE 2410'), 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 2018 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*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Greenpower Energy Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

William Buck

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

CM

**Conley Manifis**
Director
Date this 15th day of March 2019