NUPOWER RESOURCES LTD

ABN 91 120 787 859

2011 ANNUAL REPORT

CORPORATE OFFICE

Suite 3.02, 80 Clarence Street
Sydney NSW 2000

T: + 61 2 9262 4235
F: + 61 2 9262 6301
E: info@nupowerresources.com.au

EXPLORATION OFFICE

Level 2, 82 Smith Street
Darwin NT 0800
T: + 61 8 8941 1405
F: + 61 8 8941 1473

Contents and Corporate Directory

FOR THE YEAR ENDED 30 JUNE 2011

Contents

Corporate directory

Directors

RW Owen	Chairman
AL Johnstone	Managing Director
IG (Mick) Muir	Non-Executive Director
IJ Kowalick	Non-Executive Director
JC Jackson	Non-Executive Director

Share registry

Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross WA 6153

Company Secretary

AA Schildkraut
Suite 3.02, 80 Clarence Street
Sydney NSW 2000

Auditor

BDO Audit (NSW-VIC) Pty Ltd
Level 19, 2 Market Street
Sydney NSW 2000

Registered office

Suite 3.02, 80 Clarence Street
Sydney NSW 2000
Telephone: (02) 9262 4235
Facsimile: (02) 9262 6301

Stock exchange listing

Australian Stock Exchange Limited
(Home Branch - Perth)
ASX Code: NUP

Solicitors

Gilbert & Tobin
1202 Hay Street
West Perth WA 6005

Bankers

ANZ Corporation
2/570 Church Street
Richmond VIC 3121

Notice of annual general meeting

The annual general meeting of NuPower Resources Ltd will be held at :the offices of BDO

Level 19
2 Market Street
Sydney, NSW, 2000

Time: 11.00am

Date: Friday, 18th November 2011

Website

www.NuPowerResources.com.au

Chairman's letter to Shareholders

Dear Shareholder,

I am pleased to report to you on the highlights of the past year.

A significant shift in both commercial and political sentiment to the uranium sector occurred in 2011 following the problems in Japan at the Fukushima power plant. This coupled with some disappointing results from the drilling program at the company's Cobar mining licence in the Westmoreland region of the Northern Territory convinced Directors to redirect the company's focus in favour of our highly prospective phosphate projects.

The company's three projects – Arganara, Lucy Creek and Warrabri, are all located within the Georgina Basin phosphate province in the Northern Territory and activities are now centred on the exploration and the further delineation of phosphate mineralisation on these projects.

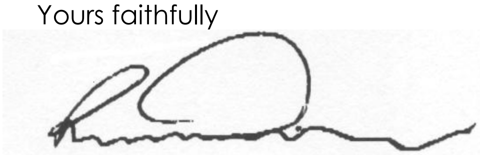
To support these operations the company in May and June 2011 raised $3.2million through the placement of shares to professional investors. A further $2.49 million was raised through a 1:4 non renounceable rights issue which was completed in August. As a result the company is now in a position to undertake a significant drilling program at our phosphate projects in 2011/2012. Exploration of Nupower's uranium and rare earth projects will continue but at a more modest pace.

In June the company announced the appointment of Mr Andrew Johnstone as Managing Director of Nupower, a significant milestone for the company. Mr Johnstone brings with him extensive experience in the mining industry and joins us in time to take charge of the company's phosphate exploration program.

In August, Mr Irvin (Mick) Muir announced he would step down as Chairman of your company. Mick was instrumental in the setting up of Nupower and the acquisition of the company's considerable exploration acreage. His lifetime experience and knowledge of the corporate world and in particular the mining and exploration industries have been invaluable to the company. On behalf of the company and its shareholders, I would like to congratulate Mick on all his successes as Chairman of Nupower and thank him for his enormous contribution to the company. Mick will stay on as a Non-Executive Director of the company.

Nupower has an exciting year ahead of it and I look forward to updating shareholders on our progress throughout the year.

Yours faithfully



Robert Owen
Chairman

Managing Directors Operations Report

Dear Shareholders

I am pleased to report to you on the activities of your company for the financial year ended 30 June 2011.

The year commenced with the company completing its exploration program in the Westmoreland region of the Northern Territory. The exploration program comprised a seven hole drilling program at the Cobar II mining lease, MLN 578, and additional assay work on core samples from the Eva mining lease MLN 585. The results from the drilling indicated that additional exploration at Cobar II is not warranted. Assay results from Eva re-confirmed our understanding of the Eva mineralisation, and provided additional confidence in the Eva Resource, **JORC indicated and inferred: 535,00 tonnes, grading 0.12% U_3O_8 containing 1.43 million Lbs U_3O_8.**

A review of the Company's large contiguous portfolio of exploration tenements in Central Australian was initiated during the first half of the year, with the objective being to facilitate a degree of consolidation across the tenements. The review also revealed a number of opportunities worthy of follow up, including the identification of multi element pegmatite mineralisation on the Strangways Joint Venture tenements SEL 25055 and SEL 25006. At Strangways a limited rock chip sampling program confirmed the presence of significant rare earth elements (REE's) from the **29 samples tested, averaging 0.47% Total Rare Earth Oxides**. Initial assay results show a pattern of light REE's comprising 45.55% Cerium, 22.2% Lanthanum, 18.94% Neodymium, 5.16%, Praseodymium, 2.79% Samarium and 2.14% Yttrium of the total REE content. The Strangway results are significant and NuPower intends to continue exploration on the project in late 2012.

In early January 2011, after significant phosphate discoveries near Arganara were reported by a neighbouring explorer, NuPower decided to focus its remaining exploration efforts for the year on its significant portfolio of phosphate projects: Arganara, Lucy Creek and Warrabri.

At **Lucy Creek** re assay of data from the company's historical exploration drilling resulted in the announcement of the following high grade intersections;

LCRC004	**7m @ 25.4% P2O5** from 31m *including* **4m @ 30.00% P2O5** from 32m
LCRC028	**5m @ 28.0% P2O5** from 37m *including* **4m @ 30.60% P2O5** from 37m
LCRC062	**4m @ 30.9% P2O% from 8m**
LCRC063	**7m @ 27.4% P2O5** from 17m *including* **4m @ 30.90% P2O5** from 19m
LCRC074	**12m @ 29.5% P2O5** from 18m *including* **8m @ 34.2% P2O5** from 22m

(Intersections calculated using a 15% with 2m internal dilution and 25% cut-off with no internal dilution).

At the **Arganara** project, the company announced results of a rock chip sampling program that returned **assays of up to 37.6% P_2O_5**. The results indicated a potential zone of phosphate mineralisation with a strike length of up to 6 km's, remaining open in an easterly and westerly direction.

At **Warrabri** NuPower completed compilation and modelling of geological information, and completed a ground water sampling program. The results show potential to for the project to host phosphate mineralisation below shallow alluvial cover.

The positive results of exploration undertaken at all three phosphate projects has resulted in the development of a flexible exploration strategy across these projects to be the main focus of NuPower's efforts over the next 18 months. Exploration activities have commencing at the Arganara project and will move to Lucy Creek before the end of 2012.

As outlined in our Chairman's letter, the company's activities ended the year with significant capital raising efforts being undertaken to fund our exciting exploration activities. I would like to take this opportunity to thank those existing shareholders who participated in the rights issue for their ongoing support, and welcome the new shareholders.

NuPower has a busy schedule of exploration planned over the coming months. I look forward to reporting these results over the coming year.

Yours Faithfully

Andrew Johnstone
Managing Director

Your directors present their report on NuPower Resources Limited ("the company") for the financial year ended 30 June 2011.

DIRECTORS

The following persons were directors of the company for the Financial Year ended 30 June 2011 and up to the date of this report:

R.W. Owen	**Chairman (appointed 3 August 2011) /Non-Executive Director**
I.G. (Mick) Muir	**Non-Executive Director /Executive Chairman (resigned 3 August 2011)**
A.L. Johnstone	**Managing Director (appointed 7 June 2011)**
I.J. Kowalick	**Non-Executive Director**
J.C. Jackson	**Non-Executive Director**

PRINCIPAL ACTIVITIES

During the period, the principal activity of the company was mineral exploration.

DIVIDENDS

No dividends were paid during the period and the directors do not recommend the payment of a dividend.

OPERATING AND FINANCIAL REVIEW

The loss of the entity after providing for income tax of $NIL was $2,736,509 (2010 $4,401,351).
An operational review is included in the Managing Director's report.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the company during the year other than the placement of 100 million fully paid ordinary shares in the company raising $3.2 million before capital raising costs.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Other than noted below, there is no matter or circumstance that has arisen since 30 June 2011 which has significantly affected, or may significantly affect:

(a) the entity's operations in future financial years, or

(b) the results of the operations in future financial years, or

(c) the entity's state of affairs in future financial years.

On 3 August 2011 Mr I.G. (Mick) Muir resigned as Executive Chairman to remain on the Board as a Non Executive Director. Mr Robert Owen was elected by the Board as Non Executive Chairman.

On 4 August 2011 the Company finalised the issue of 77,864,621ordinary fully paid shares under a 1 for 4 renounceable rights issue prospectus, raising total of $2,491,668.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The company will continue its mineral exploration and development activities.

Further information on the likely developments in the operations of the company and the expected results of those operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the entity.

ENVIRONMENTAL REGULATIONS

The company is subject to environmental regulations and is compliant with all aspects of environmental regulation of its exploration activities. The directors are not aware of any environmental law that is not being complied with.

INFORMATION ON DIRECTORS

Robert William Owen B Com. GAICD Non- Executive Chairman. Age 59.
Experience and expertise
Mr Owen has qualifications in Commerce and has over 34 years experience in Australian and international financial markets with roles encompassing stockbroking, investment analysis, equity and fixed interest portfolio management and investment strategy development. Mr Owen served as a director of the Consolidated Rutile Limited between 2002 and 2005. He retired from the position of Deputy Chief Investment Officer with the QBE Insurance Group in September 2008.

Other current directorships
None.

Former directorships in the last 3 years
None

Special responsibilities
Chairman of the Board.

Interests in share and options
1,760,419 ordinary shares (indirect)

Irvin Graham (Mick) Muir BA (Econ) – Non-Executive Director. Age 75.
Experience and expertise
Mr Muir is a Western Australian businessman with over 30 years experience in the mining industry. He is an economics graduate and has worked in the securities industry and for the Western Australian Chamber of Mines in Kalgoorlie.

Other current directorships
Non-executive director of Arafura Resources Limited since 1997

Former directorships in the last 3 years
None

Interests in share and options
6,812,500 ordinary shares (direct)
660,420 ordinary shares (indirect)

Ian John Kowalick BSc(Hons), BEc. Non-Executive Director. Age 66.
Experience and expertise
Mr Kowalick has qualifications in science, engineering, economics and finance. In the private sector, he has worked in technical and project consulting, economic and business analysis for resource companies, banking and investment. From 1995 to 2000 he held the most senior management position in the South Australian public sector, providing him with an extensive understanding of Government relations and the management of their regulatory and planning requirements.

Other current directorships
Non-executive Chairman of Playford Capital Limited since 2001
Deputy Chairman /Non Executive Director of Arafura Resources Limited since 2002
Trustee of the Adelaide Festival Centre Trust
Non Executive Chairman Syngas Limited

Former directorships in the last 3 years
None.

Interests in share and options
1,333,335 ordinary shares (indirect)

Andrew Lorne Johnstone B Science(Hons). Managing Director . Age 39
Experience and expertise
Mr Johnstone has a B.SC (Hon) Economic Geology and Geophysics and a Graduate Diploma in Applied Finance and Investment, Equity Investment Analysis. He is a member of the Australian Institute of Geoscientists (MAIG) and a Fellow of the Financial Services Institute of Australia (FFin). He has previously held senior management positions at a number of ASX listed companies including Discovery Metals Limited and Gulf Industrials Limited.

Other current directorships
Non Executive Director Bora Bora Limited.

Former directorships in the last 3 years
Executive Director of Titus Resources Limited – resigned August 2010

Special responsibilities
Managing Director.

Interests in share and options
1,000,000 ordinary shares (indirect)

John Carl Jackson B Science(Hons). Non-Executive Director. Age 47. (Appointed 8 July 2009)
Experience and expertise
Mr Jackson has qualifications in exploration geology and geophysics. With over 20 years experience in the resource industry, Mr Jackson has worked in technical, management roles for a number of companies including MIM, Sons of Gwalia, Inco and most recently Exploration Manager Australia for Vale. He is a member of the Australian Institute of Geoscientists and the Australian Society of Exploration Geophysicists.

Other current directorships
None

Former directorships in the last 3 years
None

Interests in share and options
193,750 ordinary shares (indirect)

COMPANY SECRETARY

Abraham Anthony Schildkraut B Bus, CPA. Age 49.

Mr Schildkraut has qualification in Economics, Finance and Accounting. He is a member of the Australian Society of Accountants. He has over 20 years experience in the banking and mining industries and operates a consultancy providing management and company secretarial services to resource companies.

Interests in share and options
1,462,500 ordinary shares (indirect)

MEETINGS OF DIRECTORS

The number of meetings of the company's Board of Directors and of each Board Committee held during the year ended 30 June 2011, including the number of meetings attended by each director were:

Directors	Number of directors' meetings held whilst a director	Number of directors' meetings attended	Number of audit committee meetings held whilst a director*	Number of audit committee meetings attended	Number of remuneration committee meetings attended	Number of nomination committee meetings attended
I.G (Mick) Muir	6	6	-	-	1	1
R.W Owen	6	6	-	-	1	1
A.L Johnstone	1	1	-	-	1	-
I.J Kowalick	6	6	-	-	1	1
J.C Jackson	6	5	-	-	-	1

* The full board carries out the role of audit committee in the ordinary course of director meetings.

REMUNERATION REPORT (AUDITED)

The remuneration report is set out under the following main headings:

A Principles used to determine the nature and amount of remuneration
B Details of remuneration
C Service agreements
D Share-based compensation

The information provided under headings A-D includes remuneration disclosures that are required under section 300A of the Corporations Act and associated regulation. These disclosures have been transferred from the financial report and have been audited.

A Principles used to determine the nature and amount of remuneration (audited)

The company's executive remuneration framework aligns executive remuneration with the achievement of strategic objectives and the creation of value for shareholders and conforms to market best practice for delivery of reward. The Board ensures that the executive remuneration is competitive, reasonable and acceptable to shareholders and aligned with performance.

All compensation arrangements for directors and senior executives are determined at Board level after taking into account the competitive rates prevailing in the market place.

Remuneration levels of the directors and senior executives are set by reference to other similar sized mining and exploration companies with similar risk profiles. They are set to attract and retain executives capable of managing the company's operations. Remuneration of non-executive directors is determined by the Board within the maximum approved by the shareholders from time to time. The Board undertakes an annual review of its performance against goals set at the start of the period. No bonuses are paid to non-executive directors.

Non-executive directors

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of the directors. Non-executive directors' fees and payments are reviewed annually by the Board. The Board has received advice of independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The Chairman's fee is determined independently to the fees of non-executive directors based on comparative roles in the external market. The Chairman is not present at any discussion relating to the determination of his own remuneration.

Non-executive directors currently receive $48,000 per annum plus statutory superannuation. The Executive Chairman received $146,000 per annum plus statutory superannuation.

There is no direct link between remuneration paid to any non-executive directors and corporate performance. There are no termination or retirement benefits for non-executive directors other than statutory superannuation.

The current base remuneration was last reviewed with effect from 3 November 2009. The former Executive Chairman's and non-executive directors' remuneration are inclusive of committee fees.

Executive pay

The executive pay and reward framework has four components;

- base pay and benefits;
- short-term performance incentives;
- long-term incentives through participation in the NuPower Resources Ltd Employee Share Option Plan; and
- other remuneration.

A combination of these comprises the executive's total remuneration.

Base pay and benefits

The base pay is inclusive of statutory superannuation and is structured as a total employment cost package, which may be delivered as a mix of cash and prescribed non-financial benefits at an executive's discretion.

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. External remuneration consultants provide analysis and advice to ensure the base pay is set to reflect the employment market for a comparable role. Base pay for senior executives is reviewed annually to ensure the executive's pay is competitive with the market. An executive's pay is also reviewed upon promotion.

There are no guaranteed base pay increases fixed in any senior executive's contracts.

Short-term incentives

Short term bonuses may be paid to encourage and reward superior performance. The bonuses are at the discretion of the Board and there is no guarantee that bonus payments will be made. No Bonus's were paid for the financial year ended 30 June 2011 (30 June 2010: $30,000) There are no specific performance conditions as the directors feel they are not appropriate given the nature of mineral exploration.

Other performance-linked remuneration is designed for rewarding executive directors, officers and senior management for their role in achieving corporate objectives and is directly linked to the creation of shareholder value.

REMUNERATION REPORT (AUDITED) (CONTINUED)

Long-term incentives
Long term performance-linked remuneration is designed for rewarding executive directors, officers and senior management for their role in achieving corporate objectives and is directly linked to the creation of shareholder value.

These incentives are provided as options issued either under the terms and conditions of the company's Employee Share Option Plan or otherwise under the terms and conditions determined at the time of issue by the Board.

Under the company's Employee Share Option Plan, the Board has absolute discretion to:

- invite eligible persons to apply for a specified number of options;
- set performance criteria; and
- set option exercise prices and expiry dates.

Under the terms and conditions of the plan, options lapse in a number of circumstances including cessation as an employee or for fraudulent or dishonest actions.

Relationship between Remuneration and Company Performance

	2011	2010	2009	2008	2007
Profit attributable to shareholders of the company	($2,736,509)	($4,401,351)	($5,852,436)	(3,935,288)	(7,218,193)
Dividends Paid	-	-	-	-	-
Change in share Price	$0.001	$0.006	($0.034)	($0.39)	($0.22)

Details of the nature and amount of the major elements of the remuneration for each director and key management personnel (as defined in AASB 124 Related Party Disclosures) who have authority and responsibility for planning, directing and controlling the activities of the company during the financial year are detailed below:

(a) Directors

The following persons were directors of NuPower Resources Ltd during the financial year:

- RW Owen, Non Executive Chairman (appointed 3 August 2011)/Non-Executive Director
- IG (Mick)Muir, Non-Executive Director /Executive Chairman (resigned 3 August 2011)
- AL Johnstone Managing Director (appointed 7 June 2011)
- IJ Kowalick, Non-Executive Director
- JC Jackson, Non-Executive Director

Company Executives

- AA Schildkraut, CFO/Company Secretary

Other key management personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly, during the financial period:

- W J Rafferty, Exploration Manager (resigned 25 May 2011)

REMUNERATION REPORT (AUDITED) (CONTINUED)

2011	Short-term benefits Directors' fees $	Salary and wages $	Cash Bonuses $	Post-employment Super contributions $	Share-based payment Options $	Total $
Executive Chairman						
IG (Mick) Muir	146,000	-	-	13,140	-	159,140
Non-Executive Director						
IJ Kowalick	48,000	-	-	4,320	-	52,320
RW Owen	48,000	-	-	4,320	-	52,320
JC Jackson	48,000	-	-	4,320	-	52,320
Executive Director						
AL Johnstone	-	20,025	-	1,802	-	21,827
Other key management personnel						
WJ Rafferty – Exploration Manager	-	220,760	-	14,543	-	235,303
AA Schildkraut-Company Secretary*	-	177,450	-	-	-	177,450
Total	**290,000**	**418,235**	**-**	**42,445**	**-**	**750,680**
2010						
Executive Chairman						
IG (Mick) Muir	146,000	-	-	13,140	-	159,140
Non-Executive Director						
IJ Kowalick	48,000	-	-	4,320	-	52,320
RW Owen	48,000	-	-	4,320	-	52,320
JC Jackson	48,000	-	-	4,320	-	52,320
Executive Director						
DR O'Neill**	-	18,369	-	215	-	18,584
Other key management personnel						
WJ Rafferty – Exploration Manager	-	180,000	30,000	16,200	56,057	282,257
AA Schildkraut-Company Secretary*	-	231,700	-	-	-	231,700
	290,000	**430,069**	**30,000**	**42,515**	**56,057**	**848,641**

* Mr Schildkraut is retained as a consultant; as such no superannuation contributions are made by NuPower.
** Resigned 4 July 2010

REMUNERATION REPORT (AUDITED) (CONTINUED)

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows;

	Fixed Remuneration		At Risk – STI		At Risk - LTI	
Name	**2011**	**2010**	**2011**	**2010**	**2010**	**2009**
Directors						
I.G. (Mick) Muir	100%	100%	-	-	-	-
A.L. Johnstone	100%	-	-	-	-	-
I.J .Kowalick	100%	100%	-	-	-	-
R. W. Owen	100%	100%	-	-	-	-
D.R. O'Neill	-	100%	-	-	-	-
J.C. Jackson	100%	100%	-	-	-	-
Executives						
A.A. Schildkraut	100%	100%		-	-	-
W.J .Rafferty	100%	86%	-	14%	-	-

In compliance with AASB2 (share based payments), employee options issued are recorded at their fair value using an option pricing model. The recognition of the executive option valuations represented 20% of Mr Rafferty's remuneration for 2010. This does not represent a cash payment to Mr Rafferty. All employee options lapsed on the 31 December 2010.

C Service agreements (audited)

The company has entered into service agreements with the following key management personnel.

A.L. Johnstone

- No term of agreement.
- Base salary, exclusive of superannuation, for the period ended 30 June 2012 of $220,000.
- Payment of termination benefit on early termination by the employer, other than for gross misconduct, equal to twelve months of the base salary.
- Either Party is required to give at least ninety days notice of their intention to terminate the agreement.

W.J. Rafferty, Exploration Manager - Resigned 25 May 2011

- No term of agreement.
- Base salary, exclusive of superannuation, for the period ended 30 June 2011of $180,000.
- Payment of termination benefit on early termination by the employer, other than for gross misconduct, equal to three months of the base salary.
- Performance bonus of up to 25% to be paid annually dependent on the achievement of incentive milestones of superior management of exploration data, liaison with key stakeholders and managing the exploration program agreed in advance with the Managing Director and the Board.
- Either Party is required to give at least one month's notice of their intention to terminate the agreement.
- Payment of termination benefit on the position becoming redundant, equal to 12 months of the base salary and repatriation costs from Darwin to New Zealand.

REMUNERATION REPORT (AUDITED) (CONTINUED)

Certain key management personnel and executives are also entitled to a short term cash incentive based on performance criteria described in section (a) to this Remuneration Report. No payments of this nature were made in the financial year ending 30 June 2011. No short term incentives were recognised as remuneration, forfeited or available for vesting in future financial years.

D Share-based compensation (audited)

Options

Options may be granted by the Board as an incentive to key employees.
No Executive options were granted to Directors, Executives or other key management personnel during the year.
All granted executive options expired on 31 December 2010.
There are no executive options outstanding as at 30 June 2011.

Shares provided on exercise of remuneration options

During the year, no Directors, Executives or other key management personnel exercised any existing options granted as remuneration.

End of Audited Remuneration Report

UNLISTED SHARE OPTIONS

No options were exercised during the period up and to the date of the director's report.
The company issued 5,000,000 options on 15 June 2011. These options are for the issue of fully paid ordinary shares in the company at an exercise price of 3.5 cents on or before 15 June 2013. These options remain unexercised at the date of the director's report.

INSURANCE OF OFFICERS

During the financial period, the company has paid an insurance premium in respect of Directors' and Officers' Liability Insurance Contract and a Working Directors Insurance Contract. The insurance premium relates to liabilities that may arise from an officer's position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain personal advantage.

The officers covered by the insurance policies are directors and officers of the company.

The contract of insurance prohibits the disclosure of the nature of the liabilities and the amount of premium.

NON-AUDIT SERVICES

During the period, the company's auditor, BDO Audit (NSW-VIC) Pty Ltd, performed no other services in addition to their statutory duties.

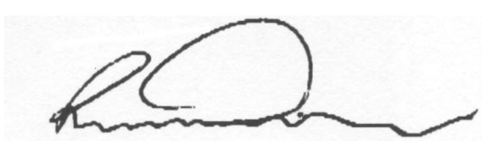
Details of the amounts paid to the auditor of the company, BDO Audit (NSW-VIC) Pty Ltd, and its related practices for audit and non-audit services provided during the year are set out below:

	2011 $	2010 $
Statutory audit		
Audit and review of financial reports , BDO Audit (NSW-VIC) Pty Ltd	**45,050**	**43,250**

AUDIT INDEPENDENCE DECLERATION

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out below.

Signed in accordance with a resolution of the directors.



R W Owen
Chairman

A L Johnstone
Managing Director

Sydney, New South Wales
21 September 2011

Tel: +61 2 9286 5555
Fax: +61 2 9286 5599
www.bdo.com.au

Level 19, 2 Market St
Sydney NSW 2000
GPO Box 2551 Sydney NSW 2001
Australia

DECLARATION OF INDEPENDENCE BY LOUISE WORSLEY TO THE DIRECTORS OF NUPOWER RESOURCES LIMITED

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

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

LWorsley

Louise Worsley
Director

BDO
BDO Audit (NSW-VIC) Pty Ltd

Sydney, 21 September 2011

Approach to Corporate Governance

NuPower Resources Limited (**Company**) has adopted systems of control and accountability as the basis for the administration of corporate governance. Some of these policies and procedures are summarised in this statement. Commensurate with the spirit of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 2nd edition (**Principles & Recommendations**), the Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. In compliance with the "if not, why not" regime, where, after due consideration, the Company's corporate governance practices depart from a recommendation, the Board has offered full disclosure and an explanation for the adoption of its own practice.

Further information about the Company's corporate governance practices may be found on the Company's website at www.nupowerresources.com.au, under the section marked "Investor Information - Corporate Governance".

The Company reports below on how it has followed (or otherwise departed from) each of the Principles & Recommendations during the 2010/2011 financial year (**Reporting Period**). The Principles & Recommendations were amended in 2010 and these amendments apply to the Company's first financial year commencing on or after 1 January 2011. Accordingly, disclosure against the Principles & Recommendations as amended in 2010 will be made in relation to the Company's financial year ending 30 June 2012. The report below is made against the Principles & Recommendations prior to their amendment in 2010.

Board

Roles and responsibilities of the Board and Senior Executives
(Recommendations: 1.1, 1.3)

The Company has established the functions reserved to the Board, and those delegated to senior executives and has set out these functions in its Board Charter.

The Board is collectively responsible for promoting the success of the Company through its key functions of overseeing the management of the Company, providing overall corporate governance of the Company, monitoring the financial performance of the Company, engaging appropriate management commensurate with the Company's structure and objectives, involvement in the development of corporate strategy and performance objectives and reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance.

Senior executives are responsible for supporting the Managing Director and assisting the Managing Director in implementing the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board. Senior executives are responsible for reporting all matters which fall within the Company's materiality thresholds at first instance to the Managing Director or, if the matter concerns the Managing Director, directly to the Chair or the lead independent director, as appropriate.

The Company's Board Charter is available on the Company's website.

Skills, experience, expertise and period of office of each Director
(Recommendation: 2.6)

A profile of each Director setting out their skills, experience, expertise and period of office is set out in the Directors' Report.

Director independence
(Recommendations: 2.1, 2.2, 2.3, 2.6)

The Board has a majority of directors who are independent.

The independent directors of the Company are John Jackson, Robert Owen and Ian Kowalick (deemed independent). Messrs Owen and Jackson are independent as they are non-executive directors who are not members of management and who are free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgment.

Mr Kowalick is a director of Arafura Resources Limited, a significant shareholder of the Company. Therefore Mr Kowalick does not satisfy paragraph 1 of the independence criteria set out in the Board's Policy on Assessing the Independence of Directors. Mr Kowalick satisfies all other aspects of the independence criteria set out in the Board's policy on Assessing the Independence of Directors. The Board (in the absence of Mr Kowalick) considers he is capable of and demonstrates that he consistently makes decisions and take actions which the Board believes to be in the best interest of the Company. Further, the Board believes that Mr Kowalick is able to bring independent judgement to his decision making and is aware of his statutory responsibilities and obligations in relation to conflicts of interest and acts accordingly. Therefore, the Board considers Mr Kowalick to be independent.

The Board considers the independence of directors having regard to the relationships listed in Box 2.1 of the Principles & Recommendations and the Company's materiality thresholds. The Board has agreed on, and set out in the Company's Board Charter, the following guidelines for assessing the materiality of matters:

- Balance sheet items are material if they have a value of more than 20% of pro-forma net asset.
- Profit and loss items are material if they will have an impact on the current year operating result of 20% or more.
- Items are also material if they impact on the reputation of the Company, involve a breach of legislation, are outside the ordinary course of business, could affect the Company's rights to its assets, if accumulated would trigger the quantitative tests, involve a contingent liability that would have a probable effect of 20% or more on balance sheet or profit and loss items, or will have an effect on operations which is likely to result in an increase or decrease in net income or dividend distribution of more than 20%.
- Contracts will be considered material if they are outside the ordinary course of business, contain exceptionally onerous provisions in the opinion of the Board, impact on income or distribution in excess of the quantitative tests, there is a likelihood that either party will default and the default may trigger any of the quantitative or qualitative tests, are essential to the activities of the Company and cannot be replaced or cannot be replaced without an increase in cost which triggers any of the quantitative tests, contain or trigger change of control provisions, are between or for the benefit of related parties, or otherwise trigger the quantitative tests.

The non-independent directors of the Company are Irvin (Mick) Muir and Andrew Johnstone.

For majority of the Reporting Period, the roles of Chair and Chief Executive Officer were carried out by the same person, Mr Muir. The Board considered that Mr Muir was the appropriate person to take on the role of Executive Chair given the size and operations of the Company. However, the Board had appointed Robert Owen to act as lead independent director when any conflicts of interest arose. Since the appointment of Andrew Johnstone on 7 June 2011, the role of Managing Director is now carried out by Mr Johnstone. Subsequent to the end of the financial year ending 30 June 201, Mr Muir stood down as the executive Chair and Mr Robert Owen was elected by the board as Non executive Chairman. Mr Muir remains on the Board as a Non executive Director.

Independent professional advice
(Recommendation: 2.6)

To assist directors with independent judgement, it is the Board's policy that if a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a director then, provided the director first obtains approval from the Chair for incurring such expense, the Company will pay the reasonable expenses associated with obtaining such advice.

Selection and (Re) Appointment of Directors
(Recommendation: 2.6)

In determining candidates for the Board, the Nomination Committee (or equivalent) follows a prescribed process whereby it evaluates the mix of skills, experience and expertise of the existing Board. In particular, the Nomination Committee (or equivalent) is to identify the particular skills that will best increase the Board's effectiveness. Consideration is also given to the balance of independent directors. Potential candidates are identified and, if relevant, the Nomination Committee (or equivalent) recommends an appropriate candidate for appointment to the Board. Any appointment made by the Board is subject to ratification by shareholders at the next general meeting.

The Board recognises the impact of Board tenure on succession planning and that Board renewal is critical to performance. Each director other than the Managing Director, must not hold office (without re-election) past the third annual general meeting of the Company following the director's appointment or three years following that director's last election or appointment (whichever is the longer). However, a director appointed to fill a casual vacancy or as an addition to the Board must not hold office (without re-election) past the next annual general meeting of the Company. At each annual general meeting a minimum of one director or one third of the total number of directors must resign. A director who retires at an annual general meeting is eligible for re-election at that meeting and the re-appointment of directors is not automatic.

The Company's Policy and Procedure for the Selection and (Re) Appointment of Directors is available on the Company's website.

Board committees

Nomination Committee
(Recommendations: 2.4, 2.6)

The Company has not established a separate Nomination Committee. Given the current size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a separate Nomination Committee. Accordingly, the Board performs the role of the Nomination Committee. Items that are usually required to be discussed by a nomination committee are marked as separate agenda items at Board meetings when required. When the Board convenes as the Nomination Committee it carries out those functions which are delegated to it in the Company's Nomination Committee Charter. The Board deals with any conflicts of interest that may occur when convening in the capacity of the Nomination Committee by ensuring the director with conflicting interests is not party to the relevant discussions.

The full Board, in its capacity as the Nomination Committee, held one meeting during the Reporting Period. Details of attendance at the Nomination Committee meetings are set out in the Directors' Report.

The Company has adopted a Nomination Committee Charter which describes the role, composition, functions and responsibilities of the Nomination Committee. The Company's Nomination Committee Charter is available on the Company's website.

Audit Committee
(Recommendations: 4.1, 4.2, 4.3, 4.4)

The Board has not established a separate Audit Committee and therefore the Company is not in compliance with Recommendation 4.2 regarding the composition of the audit committees. Given the current size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a separate Audit Committee. Accordingly, the Board performs the role of Audit Committee. Items that are usually required to be discussed by an audit committee are marked as separate agenda items at Board meetings when required. When the Board convenes as the Audit Committee it carries out those functions which are delegated to it in the Company's Audit Committee Charter. The Board deals with any conflicts of interest that may occur when convening in the capacity of the Audit Committee by ensuring that the director with conflicting interests is not party to the relevant discussions.

The full Board, in its capacity as the Audit Committee, held six meetings during the Reporting Period. Details of the attendance at Audit Committee meetings are set out in the Directors' Report. When the Board met as the Audit Committee, Mr Owen Chairs' the meeting.

Details of each of the director's qualifications are set out in the Directors' Report.

The Company has established procedures for the selection, appointment and rotation of its external auditor. The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as recommended by the Audit Committee (or its equivalent). Candidates for the position of external auditor must demonstrate complete independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Audit Committee (or its equivalent) and any recommendations are made to the Board.

The Company's Audit Committee Charter and the Company's Procedure for Selection, Appointment and Rotation of External Auditor are available on the Company's website.

Remuneration Committee
(Recommendations: 8.1, 8.2, 8.3)

The Company has not established a separate Remuneration Committee. Due to the current size and structure of the Board, a separate Remuneration Committee is not considered to add any efficiencies to the process of determining the levels of remuneration for directors and key executives. When considering matters of remuneration, the Board functions in accordance with the Remuneration Committee Charter. Further, no director participates in any deliberations regarding their own remuneration or related issues.

The full Board, in its capacity as the Remuneration Committee, held one meeting during the Reporting Period. Details of the attendance at the Remuneration Committee meeting are set out in the Directors' Report. To assist the Board to fulfil its function as the Remuneration Committee, the Company has adopted a Remuneration Committee Charter which describes the role, composition, functions and responsibilities of the Remuneration Committee.

Details of remuneration, including the Company's policy on remuneration, are contained in the "Remuneration Report" which forms part of the Directors' Report. The Company's policy is to remunerate non-executive directors at market rates (for comparable companies) for time, commitment and responsibilities. Fees for non-executive directors are not linked to the performance of the Company. The Company does not issue options to non-executive directors.

Pay and rewards for executive directors and senior executives consists of: base pay and benefits; short term performance incentives; long term performance incentives through participation in the NuPower Resources Ltd Employee Share Option Plan; and other remuneration. Executives are offered a competitive level of base pay at market rates and are reviewed annually to ensure market competitiveness.

There are no termination or retirement benefits for non-executive directors (other than for superannuation).

The Company's Remuneration Committee Charter includes a statement of the Company's policy on prohibiting transactions in associated products which limit the risk of participating in unvested entitlements under any equity based remuneration schemes.

The Company's Remuneration Committee Charter is available on the Company's website.

Performance evaluation

Senior executives
(Recommendations: 1.2, 1.3)

The Managing Director is responsible for evaluating the performance of senior executives.

During the Reporting Period an evaluation of senior executives took place. The evaluations were conducted by the Chair on an informal basis.

Board, its committees and individual directors
(Recommendations: 2.5, 2.6)

The Chair is responsible for evaluation of the Board and, when deemed appropriate, Board committees and individual directors. The Nomination Committee is responsible for evaluating the Managing Director.

During the Reporting Period an evaluation of the Board was conducted via round table discussions. It was not considered to be beneficial to create a procedure given the size and composition of the Board and the nature of the Company's operations. However, the Board is currently in the process of creating a formal procedure for future evaluations.

Ethical and responsible decision making

Code of Conduct
(Recommendations: 3.1, 3.3)

The Company has established a Code of Conduct as to the practices necessary to maintain confidence in the Company's integrity, the practices necessary to take into account its legal obligations and the reasonable expectations of its stakeholders, and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

A summary of the Company's Code of Conduct is available on the Company website.

Policy for Trading in Company Securities
(Recommendations: 3.2, 3.3)

The Company has established a Policy for Trading in Company Securities by directors, officers and employees, and their connected persons (which includes spouses and controlled entities).

A copy of the Company's Policy for Trading in Company Securities is available on the Company's website.

Continuous Disclosure
(Recommendations: 5.1, 5.2)

The Company has established written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and accountability at a senior executive level for that compliance.

A summary of the Company's ASX Listing Rule Compliance are available on the Company's website.

Shareholder Communication

(Recommendations: 6.1, 6.2)

The Company has designed a communications policy for promoting effective communication with shareholders and encouraging shareholder participation at general meetings.
The Company's Shareholder Communication Policy is available on the Company's website.

Risk Management

Recommendations: 7.1, 7.2, 7.3, 7.4)

The Board has adopted a Risk Management Policy, which sets out the Company's risk profile. Under the policy, the Board is responsible for approving the Company's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

Under the policy, the Board delegates' day-to-day management of risk to the Managing Director**,** who is responsible for identifying, assessing, monitoring and managing risks. The Managing Director is also responsible for updating the Company's material business risks to reflect any material changes, with the approval of the Board.

In fulfilling the duties of risk management, the Managing Director may have unrestricted access to Company employees, contractors and records and may obtain independent expert advice on any matter they believe appropriate, with the prior approval of the Board.

The Audit Committee receives a full set of accounts at each meeting it holds and these are reviewed and commented on before adoption by the Board.

In addition, the following risk management measures have been adopted by the Board to manage the Company's material business risks:

- the Board has established authority limits for management, which, if proposed to be exceeded, requires prior Board approval;
- the Board has adopted a compliance procedure for the purpose of ensuring compliance with the Company's continuous disclosure obligations; and
- the Board has adopted a corporate governance manual which contains other policies to assist the Company to establish and maintain its governance practices.

The Company has a formalised approach to risk management which includes documenting all material business risks in a risk register and allocating ownership for material business risks to the Managing Director and management of individual material business risks to senior management and individuals within the organisation. The risk register is reviewed by management and updated on an annual basis and presented to the board. All risks identified in the risk register are reviewed and assessed by management and the board at least annually.

The broad risk categories developed by the company include market related risk, financial control and reporting risk, operation risk, environmental risk, human resource risk, occupational health and safety risk, technological risk, legal and compliance risk.

The Board has required management to design, implement and maintain risk management and internal control systems to manage the Company's material business risks. The Board also requires management to report to it confirming that those risks are being managed effectively. The Board has received a report from management as to the effectiveness of the Company's management of its material business risks for the Reporting Period.

The Managing Director and the Chief Financial Officer have provided a declaration to the Board in accordance with section 295A of the Corporations Act and have assured the Board that such declaration is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

A summary of the Company's Risk Management Policy is available on the Company's website.

	Notes	2011 $	2010 $
Revenue	2	85,058	113,185
Accounting and other professional fees		(74,192)	(7,050)
Finance cost	3	(4,732)	(10,130)
Consultants fees		(284,179)	(490,640)
Computer and software expenses		(15,930)	(15,103)
Depreciation expenses	3	(33,051)	(43,276)
Employee benefits expenses		(960,280)	(920,951)
Exploration Costs Expensed		(1,012,546)	(2,317,166)
Insurance expenses		(46,790)	(46,158)
Legal expenses		(8,207)	(23,267)
Promotional expenses		(4,241)	(49,514)
Rent	3	(91,117)	(114,326)
Share option benefit expense	23(b)	-	(93,527)
Stock exchange fees		(26,624)	(18,439)
Travel and accommodation expenses		(103,219)	(142,845)
Other expenses		(156,459)	(222,144)
Loss before income tax expense		(2,736,509)	(4,401,351)
Income tax expense	4	-	-
Loss attributable to members of NuPower Resources Limited		**(2,736,509)**	**(4,401,351)**
Other Comprehensive Income		-	-
Total Comprehensive Income		**(2,736,509)**	**(4,401,351)**
		Cents	**Cents**
Earnings per share for Loss from continuing operations attributable to owners of NuPower Resources Limited			
Basic earnings per share	18	(0.0097)	(0.0179)
Diluted earnings per share	18	(0.0097)	(0.0179)

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

	Notes	2011 $	2010 $
CURRENT ASSETS			
Cash and cash equivalents	6	2,985,127	2,670,691
Trade and other receivables	7	51,099	51,227
TOTAL CURRENT ASSETS		3,036,226	2,721,918
NON-CURRENT ASSETS			
Trade and other receivables	7	266,403	258,793
Property, plant and equipment	8	128,552	159,899
Available for sale financial assets	9	1	-
TOTAL NON-CURRENT ASSETS		394,956	418,692
TOTAL ASSETS		3,431,182	3,140,610
CURRENT LIABILITIES			
Trade and other payables	10	146,207	97,482
Financial liabilities	11	1,562	20,316
TOTAL CURRENT LIABILITIES		147,770	117,798
NON-CURRENT LIABILITIES			
Financial liabilities	11	-	-
TOTAL LIABILITIES		147,770	117,798
NET ASSETS		3,283,412	3,022,812
EQUITY			
Contributed equity	12	26,601,501	23,669,392
Reserves		65,000	1,543,589
Accumulated losses		(23,383,089)	(22,190,169)
TOTAL EQUITY		3,283,412	3,022,812

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011

	Contributed equity $	Accumulated Losses $	Option reserve $	Total equity $
As at 1 July 2009	21,334,396	(18,393,378)	2,054,622	4,995,640
Total comprehensive income for the year	-	(4,401,351)	-	(4,401,351)
Transactions with owners in their capacity as owners: Share Issue (net of issue costs)	2,334,996	-	-	2,334,996
Share-based payment expense	-		93,527	93,527
Transfer to retained earnings for options no longer exercisable	-	604,559	(604,559)	-
As at 30 June 2010	23,669,392	(22,190,169)	1,543,589	3,022,812
Total comprehensive income for the year	-	(2,736,509)	-	(2,736,509)
Transactions with owners in their capacity as owners: Share Issue (net of issue costs)	2,932,109	-	-	2,932,109
Share-based payment expense	-		65,000	65,000
Transfer to retained earnings for options no longer exercisable	-	1,543,589	(1,543,589)	-
As at 30 June 2011	26,601,501	(23,383,089)	65,000	3,283,412

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2011

	Notes	2011	2010
		$	$
CASH FLOW FROM OPERATING ACTIVITIES			
Interest received		85,058	113,185
Payments to suppliers and employees		(1,435,396)	(2,225,138)
Exploration and Evaluation expenditure		(1,304,266)	(2,317,166)
NET CASH USED IN OPERATING ACTIVITIES	5	(2,654,604)	(4,429,119)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property plant and equipment		(1,704)	(34,543)
Purchase of investments		(1)	-
Amounts deposited for tenement bonds		(7,610)	(258,793)
NET CASH USED IN INVESTING ACTIVITIES		(9,315)	(293,336)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		2,997,109	2,334,996
Proceeds from borrowings		-	37,506
Repayment of borrowings		(18,754)	(72,279)
NET CASH PROVIDED BY FINANCING ACTIVITIES		2,978,355	2,300,223
NET INCREASE (DECREASE) IN CASH HELD		314,436	(2,422,232)
Cash at the beginning of the financial year		2,670,691	5,092,923
CASH AT THE END OF THE FINANCIAL YEAR	6	2,985,127	2,670,691

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

Note 1 Summary of significant accounting policies

The financial statements of NuPower Resources Limited were authorised for issue in accordance with a circular resolution of the directors on 21 September 2011. NuPower Resources Limited is a company limited by shares, incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied from the period of incorporation to 30 June 2011, unless otherwise stated. The company was incorporated on 14 August 2006.

(a) Basis of preparation

The financial statements are general purpose financial statements that have 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 to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below. They have been consistently applied unless otherwise stated.

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

(b) Going Concern

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal activities and realisation of assets and settlement of liabilities in the normal course of business. As is often the case with junior explorers, the ability of the company to continue its exploration and evaluation activities as a going concern including paying its debts when due, settling its liabilities and realising their assets in the normal course of business at amounts stated in the accounts, is dependent upon it deriving sufficient cash from investors.

The directors are of the opinion that the above requirement will be satisfied and accordingly have prepared the financial statements on a going concern basis. The financial statements do not include any adjustments relating to the recoverability or classification of recorded asset amounts or classification of liabilities that might be necessary should the company not be able to continue as a going concern.

(c) Joint Ventures

Details of Joint Ventures are set out in note 22. All Joint ventures are unincorporated and income and expenditure are recognised directly in each of the separate venturers individual company's accounts.

(d) Functional and presentation currency

The financial statements are presented in Australian Dollars which is the functional and presentation currency of the company.

(e) Income tax

Deferred tax is accounted for using the liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited as a profit or loss except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly to other comprehensive income.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefit brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation, and the anticipation that the company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Note 1 Summary of significant accounting policies

(f) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less.

(g) Financial instruments

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by market place convention.

Financial instruments are initially measured at fair value plus transaction costs where the instrument is not classified at fair value through profit or loss. Transaction costs related to instruments classified at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

De-recognition

Financial assets are de-recognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risk and benefits associated with the asset. Financial liabilities are de-recognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Classification and Subsequent Measurement

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments are recognised in other comprehensive income and included in profit or loss as gains or losses from investment securities.

The fair values of quoted investments are based on current bid prices.

The company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of loans and receivables objective evidence of impairment includes confirmation that the company will not be able to collect all amounts due according to the original terms. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on the financial assets previously recognised in the Statement of Comprehensive Income – is removed from other comprehensive income and recognised in profit or loss.

(iii) Financial Liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Note 1 Summary of significant accounting policies

(h) Property, plant and equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

(i) Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

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 been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

(ii) Depreciation

The depreciable amount of all fixed assets including capitalised lease assets, but excluding freehold land, is depreciated on either a diminishing value or straight line basis over their useful lives to the economic entity 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.

The depreciation rates used for each class of depreciable assets are:

Class of fixed asset	Depreciation rate
Office furniture and equipment	37%
Plant and equipment	18.75% to 20%

The asset's residual value and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

(i) Expenditure on exploration and evaluation

(i) Exploration and evaluation

Exploration and evaluation expenditure is expensed in the period it is incurred.

(j) Leased assets

Lease payments for operating leases, where substantially, all the risk and benefits remain with the lessor, are charged as expenses on a straight line basis over the period of the lease.

(k) Impairment of assets

At the end of each reporting date, the company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to profit or loss.

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

(l) Employee benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than twelve months are not discounted if the effect of discounting is immaterial. The amount for the provision is recognised in profit or loss.

Share-based compensation benefits are provided to employees via the NuPower Resources Ltd Employee Share Option Plan.

Note 1 Summary of significant accounting policies

Employee benefits received under this plan are accounted for as an option under AASB2 Share-based Payment. Information in relation to the scheme is set out on note 23.

The fair value of options granted is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date using the Binomial Option Pricing Model.

Upon exercise of options, the balance of the share based payments reserve relating to those options is transferred to share capital.

Upon expiry of any unexercised options, that portion of the balance of the share based payments reserve relating to those options is transferred from share capital reserve and written back to Accumulated Losses.

The dilutive effect of outstanding vested options is reflected as additional share dilution on the computation of earnings per share.

(m) Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(n) Revenue recognition

Revenue is recognised and measured at fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the company and the revenue can be measured reliably.

Interest revenue is recognised as it accrues using the effective interest rate method.

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

(o) Goods and services tax (GST)

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

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(p) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business, are not included in the cost of the acquisition as part of the purchase consideration.

If the entity reacquires its own equity instruments, e.g. as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled.

No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

(q) Earnings per share

(i) Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Note 1 Summary of significant accounting policies

(r) Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed in the following section.

(i) The company has made a judgment not to recognise the deferred tax assets disclosed in note 4 (c) as the directors remain uncertain as to their future eligibility for application against any future taxable income.

(ii)Continued recognition of mining expense

Details of the company's policy regarding the capitalisation of mining expenditure are found in note 1(i). The carrying amount at 30 June 2010 is $nil (2009: $nil.)

(iii) Employee Share Option Plan

IFRS requires options issued to employees to be recorded at their fair value using an option pricing model. This requires various assumptions to be made in order to make the necessary calculations.

(s) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the full Board

(t) Comparatives

Comparisons are made with the twelve months trading for the year ended 30 June 2010.

(u) Prior year reclassification

In the prior year $258,793 was incorrectly classified as cash disclosed within current assets. This has been reclassified in the comparatives as a non-current receivable and the statement of cash flows has also been amended to show an adjusted opening position. The impact of this reclassification is not material to financial statements prior to June 2010, therefore, there is no requirement to show a third statement of financial position.

Note 1 Summary of significant accounting policies

(v) New accounting standards issued but not yet effective

The following new/amended accounting standards have been issued, but are not mandatory for financial period ended 30 June 2011. They have not been adopted in preparing the financial statements for the year ended 30 June 2011 and are expected to impact the group in the period of initial application. In all cases the group intends to apply these standards from the mandatory application date as indicated in the table below.

Standards likely to have a financial impact

AASB reference	Title and Affected Standard(s):	Nature of Change	Application date:	Impact on Initial Application
AASB 9 (issued December 2009)	Financial Instruments	Amends the requirements for classification and measurement of financial assets	Periods beginning on or after 1 January 2013	Adoption is only mandatory for the 31 December 2013 year end, the company has not yet made an assessment of the impact of these amendments.
AASB 2011-9 (issued September 2011)	*Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income*	Amendments have been released to align the presentation of items of other comprehensive income (OCI) in IFRS with US GAAP. These include various name changes to the statement of comprehensive income, and the requirement to classify items of OCI into two groups as follows: • Items that can be reclassified to profit or loss in subsequent periods; and • Items that can never be reclassified to profit or loss in subsequent periods.	Periods beginning on or after 1 July 2012	These changes will result in some reformatting of financial statements from 30 June 2013 onwards.
AASB 119 (issued September 2011)	*Employee Benefits*	• Subtle amendments to the timing for recognition of liabilities for termination benefits, in many cases deferring recognition • Liabilities for employee benefits being calculated based on date of expected settlement, rather than the date when settlement is due. This may result in liabilities for annual leave being discounted for employees with significant balances of annual leave outstanding where they are not expected to take all their leave in the next 12 months, i.e. lower annual leave liabilities.	Annual periods beginning on or after 1 January 2013	Adoption is only mandatory for the 30 June 2014 year end, the group has not yet made an assessment of the impact of these amendments
AASB 1054 (issued May 2011)	*Australian Additional Disclosures*	Effectively moves Australian specific disclosure requirements for-profit entities from various Australian Accounting Standards into AASB 1054 as a result of the Trans-Tasman Convergence Project.	Periods beginning on or after 1 July 2011	The requirement to disclose each class of capital commitment contracted for at the end of the reporting period (other than commitments for the supply of inventories) has been removed. However, Information regarding finance and operating lease commitments are still required by AASB 117 Leases and will still need to be disclosed.
AASB 11	*Joint Arrangements*	Joint arrangements will either be classified as 'joint operations' (where parties with joint control have rights to assets and obligations for liabilities), i.e. combining the existing concepts of jointly controlled assets and jointly controlled operations) or 'joint ventures' (where parties with joint control have rights to the net assets of the joint arrangement), i.e. existing concept of jointly controlled entities.	Periods beginning on or after 1 January 2013	Adoption is only mandatory for the 30 June 2014 year end, the company has not yet made an assessment of the impact of these amendments.

All other pending standards have no application to the company.

Note 2 Revenue

	2011	2010
	$	$
Interest received	85,058	113,185
Total revenue	85,058	113,185

Note 3 Expenses

Loss before income tax includes the following specific expenses:

	2011	2010
Depreciation		
Office furniture and fittings	11,858	17,444
Plant and equipment	21,193	25,832
	33,051	43,276
Operating Leases		
Office premises	91,117	114,326
Finance costs		
Interest and finance charges paid	4,732	10,130
Employee entitlements		
Annual leave	12,037	-
Defined Contribution Superannuation expense	67,794	62,103

Note 4 Income tax

	2011	2010
(a) Income tax expense	-	-
(b) Loss from continuing operations before income tax expense	(2,736,509)	(4,401,351)
Tax at the Australian tax rate of 30%	(820,953)	(1,320,405)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:	-	-
Employee share scheme	-	28,058
Other non-deductibles	99	237
Other deductible items	(34,166)	(21,973)
Deferred tax assets relating to tax losses and temporary differences not recognised	855,020	1,314,083
Income tax expense	-	-

The franking account balance at year end was $nil (2010: nil).

	2011	2010
(c) Deferred tax assets and liabilities not recognised relate to the following:		
Deferred tax assets		
Tax losses	6,985,433	6,133,026
Other temporary differences	96,444	97,030
Deferred tax liabilities		
Other temporary differences	9,943	10,541
Net deferred tax assets	7,091,820	6,240,597

Note 4 Income tax (continued)

All unused tax losses were incurred by Australian entities.

The net deferred tax assets have not been brought to account as it is not probable within the immediate future that tax profits will be available against which deductible temporary differences and tax losses can be utilised.

Tax losses for the period ending 30 June 2011 not recognised in the Financial Statements are $23.28 Million (2010: $20.443 Million).

The benefit (which has been calculated as 30% of losses and deductions available) will only be obtained if:

(i) The company derives future assessable income of a nature and of an amount sufficient to enable the benefit from deductions for the losses to be realised,.
(ii) The Company continues to comply with the conditions of deductibility imposed by the tax legislation. and
(iii) No changes in the tax legislation adversely affect the Company in raising the benefit from the deduction for the losses.

	2011	2010
	$	$
Note 5 Reconciliation of loss after income tax to net cash (outflows)/ inflows from operating activities		
Loss for the period	(2,736,509)	(4,401,351)
Depreciation	33,051	43,276
Share option benefit expense	-	93,527
Decrease (Increase) in Receivables	129	(33,847)
Increase (Decrease) in payables	48,725	(130,724)
Net cash out flow from operating activities	(2,654,604)	(4,429,119)

Note 6 Cash and cash equivalents

	2011	2010
Cash at bank and on hand	2,985,127	2,670,691
	2,985,127	2,670,691
The above figures are reconciled to cash at the end of the financial period as shown in the statement of cash flows		
Balances as above	2,985,127	2,670,691
Balances as per statement of cash flows	2,985,127	2,670,691

Cash at Bank is interest bearing at prevailing cash rates. - Refer note 13

Note 7 Trade and other receivables

	2011	2010
	$	$
Current		
Prepayments and deposits paid	951	450
GST receivables	50,148	50,777
	51,099	51,227
Non-Current		
Prepayments and deposits paid*	266,403	258,793
	266,403	258,793
No receivables are past due or impaired.	-	-

* Included within prepayments and deposits paid is cash held on deposit as tenement bonds

Note 8 Property, plant and equipment

	2011	2010
Office furniture and equipment		
At cost	114,416	112,712
Accumulated depreciation	(81,197)	(69,339)
	33,219	43,373
Plant and equipment		
At cost	175,727	175,727
Accumulated depreciation	(80,394)	(59,201)
	95,333	116,526
Total property plant and equipment	128,552	159,899

a. Movements in carrying amounts

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current financial year are set out below.

	Plant & equipment $	Office furniture and equipment $	Total $
Balance at 30 June 2009	**108,715**	**59,917**	**168,632**
Additions	33,643	900	34,543
Transfers	-	-	-
Disposals	-	-	-
Depreciation expense	(25,832)	(17,444)	(43,276)
Balance at 30 June 2010	116,526	43,373	159,899
Additions	-	1,704	1,704
Transfers	-	-	-
Disposals	-	-	-
Depreciation expense	(21,193)	(11,858)	(33,051)
Balance at 30 June 2011	**95,333**	**33,219**	**128,552**

	2011	2010
	$	$
Note 9 Available for sale financial assets		
Shares in UK unlisted entity	235,183	235,183
Write down to recoverable amount*	(235,183)	(235,183)
Shares in an unlisted entity (see note 21b)	1	-
	1	-

* The fair value cannot be reliably determined as the shares are not actively traded. The directors have formed the view that it is prudent to fully provide for a write down of this investment.

**The carrying amount of $1 is deemed to be the fair value of the investment.

Note 10 Trade and other payables

	2011	2010
Trade payables	77,808	16,082
PAYG and Superannuation Payable	30,723	26,619
Annual leave entitlement	37,676	54,781
	146,207	97,482

Note 11 Financial liabilities

Current

	2011	2010
Loan –Secured*	1,562	20,316
	1,562	20,316
Non-Current		
Loan –Secured*	-	-
	-	-

* This is a Loan is for the Acquisition of a Motor Vehicle used for exploration activities. The loan is secured by way of a chattel mortgage over the motor vehicle and bears an interest rate of 8.95% per annum fixed for the term of the loan. The carrying value approximates the fair value of the liability.

Note 12 Contributed equity

	2011 Shares	2011 $	2010 Shares	2010 $
Share capital				
Fully paid ordinary shares	371,458,483	26,601,501	271,458,483	23,669,392

Movements in ordinary share capital over the past period are as follows:

Date	Details	Number of shares	Issue price	$
30 June 2009	**Balance**	**236,050,855**		**21,334,396**
23 March 2010	Placement	35,407,628	$0.07	$2,478,534
23 March 2010	Cost of Issue			($143,538)
30 June 2010	**Balance**	**271,458,483**		**23,669,392**
2 May 2011	Placement	40,000,000	$0.32	1,280,000
10 June 2011	Placement	60,000,000	$0.32	1,920,000
10 June 2011	Cost of Issues			($267,891)
30 June 2011	**Balance**	**371,458,483**		**26,601,501**

Ordinary shareholders are entitled to participate in dividends and the proceeds on winding up of the Company in proportion to the number of, and amounts paid on the shares held. Every ordinary shareholder present at a meeting in person or by proxy is entitled to one vote on a show of hands or by poll.

Capital risk management

The company considers its capital to comprise its ordinary share capital.

The quantative summary of share capital is disclosed as per the table above. In managing its capital, the Company's primary objective is to ensure its continued ability to provide a consistent return for its equity shareholders through capital growth. In order to achieve this objective, the Company seeks to maintain a sufficient funding base to enable the Company to meet its working capital and strategic investment needs.

During the year the company's share capital increased as a result of a two placements being completed.

There have been no other significant changes to the capital management objectives, policies and processes in the year. There has not been any change in what the company considers to be its capital.

Share options

The company issued 5 million options on 15 June 2011 with an exercise date on or before 15 June 2013 at a strike price of 3.5 cents. No shares were issued as a result of exercising any options in the period ending June 2011 (2010: Nil)

Note 13 Financial risk management

In common with all other businesses, the company is exposed to risks that arise from its use of financial instruments. This note describes the company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note. The company has the following financial instruments

- Cash at bank
- Prepayments and deposits held
- Available for Sale unlisted shares
- Trade creditors and accruals
- Borrowings

The Board has overall responsibility for the determination of the company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the company's finance function. The company's risk management policies and objectives are therefore designed to minimise the potential impacts of these risks on the results of the company where such impacts may be material.

The overall objective of the Board is to set polices that seek to reduce risk as far as possible without unduly affecting the company's competitiveness and flexibility. Further details regarding these policies are set out below:

(a) Market risk

Market risk arises from the use of interest bearing, tradeable and foreign currency Financial Instruments. It is the risk that the Fair Value or future cash flows of a Financial Instrument will fluctuate because of charges in interest rate, foreign exchange rates or other market factors. The company is currently only exposed to interest rate risk.

(b) Interest rate risk exposures

The company's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out in the following table. Exposures arise predominantly from assets and liabilities bearing variable interest rates as the entity intends to hold fixed rate assets and liabilities to maturity.

Note 13 Financial risk management (continued)

2011	Floating interest rate $	Fixed interest maturing in: 1 year or less $	over 1 year less than 5 $	more than 5 years $	Non-interest bearing $	Total $
Financial assets						
Cash on hand	-	-	-	-	1,700	1,700
Cash at bank	-	-	-	-	69,045	69,045
Cash at bank on call	2,914,381	-	-	-	-	2,914,381
Deposits and prepayments	-		266,403	-	950	267,353
	2,914,381	-	266,403	-	71,695	3,252,479
Weighted average interest rate	4.41%	-	6.35%	-	-	-
Financial liabilities						
Trade creditors and accruals	-	-	-	-	77,808	77,808
Borrowings	-	1,562	-	-	-	1,562
	-	1,562	-	-	77,808	79,370
Weighted average interest rate	-	8.95%	-	-	-	-
Net financial assets (liabilities)	2,914,381	(1,562)	266,403	-	(6,113)	3,173,109
2010						
Financial assets						
Cash on hand	-	-	-	-	2,142	2,142
Cash at bank	-	-	-	-	17,719	17,719
Cash at bank on call	2,650,830	-		-	-	2,650,830
Deposits and prepayments	-	-	258,793	-	450	259,243
	2,650,830	-	258,793	-	20,311	2,929,934
Weighted average interest rate	3.59%	-	5.92%	-	-	-
Financial liabilities						
Trade creditors and accruals	-	-	-	-	16,082	16,082
Borrowings	-	20,316	-	-	-	20,316
	-	20,316	-	-	16,082	36,398
Weighted average interest rate	-	8.95%	-	-	-	-
Net financial assets (liabilities)	2,650,830	(20,316)	258,793	-	4,229	2,893,536

Note 13 Financial risk management (continued)

The company's policy is to manage its finance costs using a mixture of fixed and variable rates. The company constantly analyses its interest rate exposure.

Sensitivity Analysis

The following tables demonstrate the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the company's (loss)/ profit for the financial years ending 30 June 2011 and 2010:

2011	Carrying amount $	+1% Interest Rate $	-1% Interest Rate $
Cash and cash equivalents	2,914,381	29,143	(29,143)
2010			
Cash and cash equivalents	2,650,830	26,508	(26,508)

The above analysis assumes all other variables remain constant

(c) Credit risk exposures

Credit risk is the risk that the counterparty to a financial instrument will not fulfil their obligation resulting in the company incurring a financial loss.

The credit risk on financial assets of the entity which have been recognised on the Statement of Financial Position, other than investments in shares, is generally the carrying amount, net of any provisions for doubtful debts. The entities concentration of credit risk rests with two parties. Due to the nature and size of these receivables any credit risk is considered to be immaterial. The company only deals with credit worthy third parties. Cash is held at a reputable Australian financial institution, therefore credit risk attached to the cash balances is considered to be mitigated in line with normal business practice.

(d) Liquidity risk exposures

Liquidity risk is the risk that the company may encounter difficulties raising funds to meet commitments associated with financial instruments. It is the policy of the Board of Directors that treasury maintains adequate cash resources to meet the financial demands of the company. The company considers liquidity risk to be immaterial as the company has sufficient cash funding (cash of $2,985,126 (2010: $2,670,691)), to meet its financial obligations of $79,370 (2010: $36,398) as and when they fall due. The company does not currently have any overdraft arrangements.

(e) Fair value of financial assets and liabilities

The carrying amount of cash and cash equivalents approximates fair value because of their short-term maturity.
For financial instruments traded on organised markets, fair value is the current quoted market bid price for an asset or to settle the liability. For investments where there is no quoted market price, a reasonable estimate of the fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated on expected cash flows. The carrying amount of receivables also approximates fair value because of their short term maturity.

Note 14 Key management personnel disclosures

	2011 $	2010 $
Short-term employee benefits	708,235	750,069
Post-employment benefits	42,445	42,515
Share Base Payments	-	56,057
	750,680	**848,641**

Further information regarding the identity of key management personnel and their compensation may be found in the Audited Remuneration Report contained in the Directors Report on pages 7 to12 of this Annual Report.

Option and rights holdings

(i) Option holdings

The numbers of options over ordinary shares in the company held during the financial period by each director of NuPower Resources Ltd and other key management personnel of the company, including their personally related parties, are set out as follows:

2010	Balance at the start of the period	Granted as compensation	Exercised	Other changes	Balance at the end of the period	Vested and exercisable	Unvested
Directors							
IG (Mick) Muir	-	-	-	-	-	-	-
DR O'Neill*	3,000,000	-	-	(3,000,000)	-	-	-
IJ Kowalick	-	-	-	-	-	-	-
RW Owen	-	-	-	-	-	-	-
JC Jackson	-	-	-	-	-	-	-
Other key management personnel							
AA Schildkraut	-	-	-	-	-	-	-
WJ Rafferty	1,500,000	-	-	-	1,500,000	1,500,000	-
GJ Lockyer	1,000,000	-	-	-	1,000,000	1,000,000	-
2011							
Directors							
IG (Mick) Muir	-	-	-	-	-	-	-
AL Johnstone	-	-	-	-	-	-	-
IJ Kowalick	-	-	-	-	-	-	-
RW Owen	-	-	-	-	-	-	-
JC Jackson	-	-	-	-	-	-	-
Other key management personnel							
AA Schildkraut	-	-	-	-	-	-	-
WJ Rafferty*	1,500,000	-	-	(1,500,000)	-	-	-
GJ Lockyer**	1,000,000	-	-	(1,000,000)	-	-	-

* These options expired upon their respective resignations.
** During the period ended 30 June 2011, all options held by Mr Lockyer expired unexercised.

Note 14 Key management personnel disclosures (continued)

(ii) Share holdings

The numbers of shares in the company held during the financial period by each director of NuPower Resources Ltd and other key management personnel of the company, including their personally related parties, are set out as follows:

2010	Balance at the start of the period	Received during the period on the exercise of options	Other changes during the period	Balance at the end of the period
Directors				
IG (Mick) Muir	6,459,640	-	108,695	6,568,335
IJ Kowalick	1,333,335		-	1,333,335
RW Owen	928,335	-	-	928,335
JC Jackson	-	-	100,000	100,000
Other key management personnel				
AA Schildkraut	420,000	-	530,000	950,000
WJ Rafferty	-	-	-	-
2011				
Directors				
IG (Mick) Muir	6,568,335	-	250,000	6,818,335
AL Johnstone	-	-	100,000	100,000
IJ Kowalick	1,333,335	-	-	1,333,335
RW Owen	928,335	-	-	928,335
JC Jackson	100,000	-	-	100,000
Other key management personnel				
AA Schildkraut	950,000	-	200,000	1,150,000
WJ Rafferty	-	-	-	-

(iii) Loans to key management personnel

Nil.

(iv) Other transactions with key management personnel

Nil.

Note 15 Remuneration of auditors

	2011	2010
	$	$
Statutory audit		
Audit and review of financial reports BDO Audit (NSW-VIC) Pty Ltd	45,050	43,250

Note 16 Commitments for expenditure

(a) Exploration Commitments

In order to maintain current rights of tenure to exploration and mining tenements, the entity has the following discretionary exploration expenditure requirements up until expiry of tenements. These obligations are not provided for in the financial statements and are payable:

	2011	2010
	$	$
Not later than 1 year	433,099	1,081,544
Later than 1 year but not later than 5 years	1,470,651	2,443,860
Later than 5 years	-	-
Total	1,903,750	3,525,464

If the entity decides to relinquish certain tenements and or sell, transfer or farm-out the exploration rights to third parties, this commitment will extinguish these obligations. In accordance with note 1(i), the company does not accrue exploration expenditure as an asset and will therefore not affect the Statement of Financial Position.

(b) Operating Lease commitments

	2011	2010
Property		
Not later than 1 year	66,288	67,592
Later than 1 year but not later than 5 years	40,416	5,150
Later than 5 years	-	-
Total	106,704	72,742
Motor vehicle Operating Lease and Insurance Premium Funding		
Not later than 1 year	36,568	20,316
Later than 1 year but not later than 5 years	-	-
Later than 5 years	-	-
Total	36,568	20,316

Note 17 Contingent liabilities

Native title claims have been made with respect to areas which include tenements in which the entity has interests. The entity is unable to determine the prospects for success or otherwise of the claims and, in any event, whether or not and to what extent the claims may significantly affect the entity or its projects.

The company has bonds totaling $266,403 supporting exploration tenements, lodged with the Department of Primary Industries Fisheries and Mining in the Northern Territory. These bonds are secured by cash deposits lodged with the issuing entity.

	2011	2010
	$	$
Note 18 Earnings per share		
Basic and diluted earnings per share	(0.0097)	(0.0179)
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic earnings per share	281,211,908	245,654,568

The company had 5,000,000 (2010: 2,500,000) unlisted options on issue as at 30 June 2011. Which have not been taken into account as potential ordinary shares because they are anti dilutive.

(a) Weighted average number of shares used as the denominator

	2011 Number	2010 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	281,211,908	245,654,568

There were no options converted for the period ending 30 June 2011 (period ended June 2010, nil) to fully paid ordinary shares.

Note 19 Events subsequent to 30 June 2011

Other than noted below, there is no matter or circumstance that has arisen since 30 June 2011 which has significantly affected, or may significantly affect:

(a) the entity's operations in future financial years, or

(b) the results of the operations in future financial years, or

(c) the entity's state of affairs in future financial years.

On 3 August 2011 Mr I.G. (Mick) Muir resigned as Executive Chairman to remain on the Board as a non Executive Director.
Mr Robert Owen was elected by the Board as Non Executive Chairman.
On 4 August 2011 the Company finalised the issue of 77,864,621ordinary fully paid shares under a 1 for 4 renounceable rights issue prospectus, raising total of $2,491,668.

Note 20 Segment information

The company has adopted AASB 8 *Operating Segments* from 1 July 2009 whereby segment information is presented using a 'management approach', i.e. segment information is provided on the same basis as information used for internal reporting purposes by the board that makes strategic decisions. The board has determined that there are no operating segments because no discrete information is provided to them and no segment information has therefore been disclosed. The board only receives consolidated financial information for the group. This is consistent with the group's last annual financial statements where no segment information was disclosed because the company operated in 1 business segment, being mineral exploration, and 1 geographic segment, being the Northern Territory of Australia and this corresponded with what was already presented in the financial statements.

Entity wide disclosures
The company is currently not selling products and as such no information has been provided on a product basis for 2011 or 2010. The company has no sales revenue and no customers. As such no information has been disclosed for sales revenue on a geographic basis, nor are there any major customers that comprise more than 10% of the company's revenue.

All the group's non-current assets are based in Australia.

Note 21 Related party transactions

(a) Parent entities

There were no related party transactions for the period.

(b) Subsidiaries

The company incorporated a wholly owned subsidiary on 28 February 2011. The subsidiary remained dormant for the period ending 30 June 2011, as the subsidiary is non material, consolidated financial statements have not been prepared.

(c) Key management personnel

Disclosures relating to key management personnel are set out in the Directors Report and note 14.

Note 22: Interest in joint ventures

(a) Joint Venture arrangements in place as at 30 June 2011

Name of JV	Parties	EL Number)	NuPower interest in EL as at 30 June 2011
Lagoon Creek JV*	Laramide Resources Limited	23573	50%
Bushy Park JV**	Western Desert Resources Limited	25338	51%

* Lagoon Creek Resources Pty Ltd is a wholly owned subsidiary of Laramide Resources Limited. They completed the initial earn in expenditure amount and a 50% Joint Venture interest was registered in the period ended 30 June 2010. Under the terms of the Joint Venture Agreement, either party may elect whether or not to contribute to future exploration expenditure, in accordance with their Joint Venture interest. Should either party elect not to contribute, then dilution of their Joint Venture interest will occur.

** A 51% Joint Venture interest on all minerals was registered in the period ended 30 June 2011. Under the terms of the Joint Venture Agreement, either party may elect whether or not to contribute to future exploration expenditure, in accordance with their Joint Venture interest. Should either party elect not to contribute, then dilution of their Joint Venture interest will occur.

(b) Earn-in and JV arrangements whereby NuPower has the right to earn a joint venture interest:

Name of JV	Parties	Date of Agreement	Start Date	Total Minimum Commitment	1st Earn-in*	Last date to expend 1st Earn in amount	2nd Earn-in* Amount	2nd Earn-in %	Last date to expend 2nd Earn-in amount
Strangway JV (SELs 25055 and 25056)	Maximus Resources Ltd and Flinders Diamond Ltd	31/1/08	31/1/08	$200,000 must be spent within 12 months from Start Date (achieved)	$3 million for a 51% interest	4 years from Start Date	$2 million (total $5 million)	19% (total 70%)	2 years from the date that the first earn-in is earned.
Legend JV – Heads of Agreement (EL 25791)	Legend International Investment	11/3/08	Date of Exploration Agreement with CLC	$20,000 must be spent within 9 months from Start Date	$150,000 for a 51% interest	3 years from Start Date	$400,000 (total $550,000)	19% (total 70%)	5 years from the date that the first earn-in is earned.

* Earn in amounts are inclusive of the minimum commitment. Aside from the minimum commitment NuPower has no obligations to spend the earn-in amounts. Once NuPower has fulfilled the minimum commitment amounts, NuPower can elect to recommend relinquishment of tenements or withdraw from the Joint Venture Agreements. No assets or liabilities have been recognised in NuPower Resources Limited's Financial Statements in relation to the Joint Ventures.

All Joint Ventures are located on exploration tenements in the Northern Territory.

The company does not have any contingent liabilities or capital commitments in respect of the above joint ventures.

Note 23 Share-based payments

(a) Employee Share Option Plan

The establishment of the NuPower Resources Limited Employee Share Option Plan (ESOP) was approved by the board and was ratified at the 2007 annual general meeting. The options are issued for nil consideration and are granted at the discretion of the Board. The options cannot be transferred, are not quoted on the ASX and carry no dividend or voting rights. The exercise price is based on the weighted average price at which the company's shares are traded on the Australian Stock Exchange during a specified period immediately before the options are granted. Unless otherwise indicated, options become exercisable one year after the grant date and generally expire within 3 to 5 years after the grant date. Once able to be exercised, options are exercisable at any time whilst the holder is employed by NuPower Resources Limited. When exercisable, each option is convertible into one ordinary share.

Options may also be issued outside of the ESOP. These options are offered at the directors' discretion to prospective employees as an incentive to commence employment with NuPower Resources Limited.

There were no options granted under the ESOP.

Set out below are summaries of options granted and still outstanding at the beginning and/or end of the financial year.

The below options were either granted as a result of the de-merger to existing Arafura personnel or were granted by the Board of NuPower preceding the adoption of the ESOP.

Grant date	Expiry date	Exercise price	Balance at start of period Number	Granted during the period Number	Exercised during the period Number	Expired during the period Number	Balance at end of the period Number	Vested and exercisable at end of the period Number
2010								
26 Feb 07	31 Dec 10	$0.25	3,000,000	-	-	(3,000,000)	-	-
16 Mar 07	31 Dec 10	$0.25	2,500,000	-	-	-	2,500,000	2,500,000
Total			5,500,000	-	-	-	2,500,000	2,500,000
Weighted average exercise price				-	-	-	$0.25	
2011								
16 Mar 07	31 Dec 10	$0.25	2,500,000	-	-	(2,500,000)	-	-
			2,500,000	-	-	(2,500,000)	-	-

(b) Expenses arising from share-based payment transactions

The total expenses arising from share based payment transactions recognised during the year as part of share option benefit expense were as follows:

	2011	2010
	$	$
Options issued under employee share option plan	-	93,527
	-	93,527

Note 23 Share-based payments (continued)

The total expenses arising from share based payment transactions recognised as cost of capital raising were as follows:

	2011	2010
	$	$
Options issued to a third party as a share payment expense	65,000*	-
	65,000	

*The Black Scholes option pricing model inputs for these options granted during the period ended 30 June 2011 are in the table below.

Exercise price	Grant date	Expiry date	Share price at grant date	Expected price volatility	Expected dividend yield	Risk free interest rate
$0.035	15 Jun 11	15 Jun 13	$0.038	61.80%	n/a	5.0%

These 5 million options are fully vested and remain exercisable as at 30 June 2011

DECLARATION BY DIRECTORS

The directors of the company declare that:

1. The financial statements, comprising the statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, and accompanying notes, are in accordance with the Corporations Act 2001 and:

   (a) comply with Accounting Standards and the Corporations Regulations 2001; and

   (b) give a true and fair view of the company's financial position as at 30 June 2011 and of its performance for the year ended on that date.

2. The company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.

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.

4. The remuneration disclosures included on pages 7 to 12 of the directors' report (as part of audited Remuneration Report), for the year ended 30 June 2010, comply with section 300A of the *Corporations Act 2001*.

5. The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A.

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

Robert Owen

Chairman

Dated this 21st day of September 2011

Tel: +61 2 9286 5555
Fax: +61 2 9286 5599
www.bdo.com.au

Level 19, 2 Market St
Sydney NSW 2000
GPO Box 2551 Sydney NSW 2001
Australia

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NUPOWER RESOURCES LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Nupower Resources Limited , which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility 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 is free from material misstatement, whether due to fraud or error. In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

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

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

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

Independence

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

Opinion

In our opinion the financial report of Nupower Resources Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the company's financial position as at 30 June 2011 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(a) the financial report also complies *with International Financial Reporting Standards* as disclosed in Note 1(a).

Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying our opinion, we draw attention to Note 1(b) in the financial report which indicates that without obtaining sufficient further funding from its investors, a material uncertainty exists regarding the company's continuation as a going concern.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 7 to 12 of the directors' report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

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

BDO

BDO Audit (NSW-VIC) Pty Ltd

LWorsley

Louise Worsley

Director

Sydney, 21 September 2011

Additional information included in accordance with the listing rules of the Australian Stock Exchange Limited.

1. Statement of issued capital at 13 September 2011:

(a) Distribution of fully paid ordinary shareholders

Size of holding			Number of shareholders	Number of shares
1	-	1,000	280	130,786
1,001	-	5,000	431	1,269,983
5,001	-	10,000	268	2,105,347
10,001	-	100,000	860	34,535,850
100,001	-	and over	468	411,281,138
Total shareholders			2,307	449,323,104

(b) There are no restrictions on voting rights attached to ordinary shares. On a show of hands, every member present in person shall have one vote and upon a poll, every member present or by proxy shall have one vote for every share held.

(c) At the date of this statement, there existed 1,111 shareholders who held less than a marketable parcel of shares.

2. Substantial shareholders at 13 September 2011 as per the share registry:

Name	Ordinary shares %
Citicorp Nominees Limited	7.12%
Arafura Resources Limited	5.31%

3. Quotation

Fully paid shares are quoted on the Australian Stock Exchange Limited under the code **NUP**.

As at 13 September 2011 the twenty largest shareholders held 196,650,329 of the total fully paid shares in the company and they are:

	Name	Shares	% of issued
1.	CITICORP NOM PL	32,011,135	7.12%
2.	ARAFURA RES LTD	23,842,000	5.31%
3.	NATIONAL NOM LTD	20,580,952	4.58%
4.	JP MORGAN NOM AUST LTD	18,935,535	4.21%
5.	TOPETE PL	15,120,785	3.37%
6.	CANNOW PL	11,093,750	2.47%
7.	OFFA PL	9,955,557	2.22%
8.	BT PORTFOLIO SVCS LTD	7,747,813	1.72%
9.	GURRAVEMBI INV PL	7,525,000	1.67%
10.	MUIR IRVIN GRAHAM	7,414,588	1.65%
11.	HSBC CUSTODY NOM AUST LTD	6,639,003	1.48%
12.	PERTH INV CORP LTD	5,426,375	1.21%
13.	HILLBOI NOM PL	4,965,565	1.11%
14.	HATCH PETER HARRY	4,000,000	0.89%
15.	J P MORGAN NOM AUST LTD	3,871,455	0.86%
16.	MAMINDA PL	3,750,000	0.83%
17.	GREATSIDE HLDGS PL	3,577,167	0.80%
18.	O'KEEFFE JACINTA MARY	3,500,165	0.78%
19.	WHOLESALERS MORLEY PL	3,473,333	0.77%
20.	TRAN HUYEN + AI-PING	3,220,151	0.72%

As at 13 September 2011 the only holder of options over fully paid shares in the company is:

	Name	Options	% of issued
1.	Blackswan Corporate Pty Ltd	5,000,000	100%

The company holds the following tenements as listed below:

All tenement holdings are in the Northern Territory, Australia.

Project	Tenements	Mineral Rights	Joint Venture Participants
Eva	MLN585	All	
Cobar II	MLN 578	All	
Aileron	SEL 23671	Uranium only	
Arganara	EL 24726	All	
Jervois North	EL 10215	Uranium only	
Burt Plain	EL 24956	All	
Hammer Hill	EL 9725	Uranium only	
Johanssen Range	EL 24724	All	
Lagoon Creek	EL 23573	All	50% Joint Venture Interest
Laterite	EL 10136	Uranium only	
Lucy Creek	EL 24716	All	
Reynolds Range	EL 23571	Uranium only	
Sandover	EL 24955	All	
Woodforde	EL 24741	Uranium only	
Yalyirimbi	EL 24548	Uranium only	
Yambah	EL 25325	All	
Mt Alone	EL 25664	All	
Pine Hill	EL 26374	All	
Chianina	EL 26375	All	
Mueller Creek	EL 26376	All	
Singleton	EL 26226	All	
Shirley Creek	EL 26227	All	
Wycliffe Creek	EL 26228	All	
Newlands Bore	EL27987	All	
Bushy Park	EL 25338	All (except diamonds)	51% Joint venture Interest
Gilbeanie Bore	ELA28475	All – Application not granted as at reporting date	