



NUPOWER RESOURCES LIMITED

ABN 91 120 787 859

FINANCIAL REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2011

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NuPower Resources Limited

DIRECTORS REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

Your directors present their report on NuPower Resources Limited ('the company') for the half-year ended 31 December 2011

DIRECTORS

The following persons were directors of NuPower Resources Limited during the whole of the half-year and up to the date of this report unless otherwise stated:

R Owen	Non-Executive Director until 3 August 2011 -Non Executive Chairman thereafter
IG Muir	Executive Chairman resigned 3 August 2011 -Non Executive Director thereafter
AL Johnstone	Managing Director
IJ Kowalick AM	Non-Executive Director
J Jackson	Non-Executive Director

a) Corporate

The company held its annual general meeting on 18 November 2011. All resolutions were passed.

The company completed the second tranche of a capital raising by way of a rights issue and placement to sophisticated investors within the period. A total of 77,864,621 shares were issued at a price of 3.2 cents were issued raised \$2.49 million

b) Exploration Activity

(i) Arganara – Phosphate - NT

During the period, NuPower completed the 357 hole Phase 1 & 2 Arganara drill program on the Arganara Phosphate project located approximately 350km north north-east of Alice Springs in the Northern Territory of Australia. A total of 12,602m were drilled during the program, which took 68 days to complete. An initial base line environmental study was also completed in parallel to the drilling program.

The Phase 1 drilling program was designed to test the eastern extension of the Barrow Creek 1 JORC Phosphate resource into NuPower's Arganara tenement. The assays returned post period clearly confirmed the presence of high grade phosphate mineralisation over an area of 4.4km by 4km with mineralisation remaining open both to the East and South. Three of the high grade assay results received were;

ARC180: 5m @ 29.3% P₂O₅ from 14m including 2m @ 33.9% P₂O₅

ARC200: 6m @ 26.7% P₂O₅ from 25m including 3m @ 32.5% P₂O₅

ARC354: 6m @ 25.8% P₂O₅ from 24m including 2m @ 32.9% P₂O₅

NuPower Resources Limited

DIRECTORS REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

REVIEW OF OPERATIONS continued

The Phase 2 program which followed immediately after Phase 1 was designed to further test easterly extensions of phosphate mineralisation along the prospective northern margin of the Georgina Basin, extending from Arganara eastward for approximately 27km towards Limestone Bore. Results released to the market post period have confirmed phosphate mineralisation along the 27km corridor with numerous intersections reported above 20% P₂O₅. Mineralisation along this corridor remains open to the south and east.

(ii) Lucy Creek - Phosphate - NT

Over the half year, a drilling program was designed to cover the Errarra formation, host to the high grade Patanella Phosphate Prospect. Exploration is expected to commence following the end of wet season. A number of exploration fences of holes are planned along the strike from the known Patanella Phosphate mineralisation, and over the Errarra formation which host's the phosphate mineralisation at Patanella which extends over 20km to the North East

(iii) Warrabri - Phosphate - NT

An initial exploration program is planned for 2012. A site clearance survey was completed over the period and clearance documents were received. Preparation commenced on a Mine Management Plan required to undertake a shallow RAB drill program in the upcoming field season. Drilling will primarily focus on the Chabalowe formation or equivalents to confirm the presence of phosphate in the area and assess its economics in terms of grade/thickness and ultimately extent.

The Warrabri Project tenements intersect the Stuart Highway and the Darwin to Alice Springs rail line which is approximately 250km north of Alice Springs.

(iv) Strangways - Rare Earth Elements - NT

During the half year a review of the potential of the whole region around the Strangways tenements for rare earths and other exotic systems was undertaken.

(iv) Westmoreland Projects - Eva/ Cobar II/ Lagoon Creek- NT

An environmental monitoring site trip was completed during the period on both the Eva and Cobar II mining leases. Samples were collected and have been sent for analysis.

During the period a VTEM helicopter electromagnetic survey was commissioned and commenced over the entire Lagoon Creek exploration licence. The early onset of the wet season stopped the survey prior to completion. The survey will be completed once the wet season abates.

NuPower Resources Limited

DIRECTORS REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration by the lead auditor as required under section 307C is included on page 12 of these half year financial statements.

This report is made in accordance with a resolution of Directors and is signed for and on behalf of the Directors.



R.W Owen
Non-Executive Chairman
Sydney
12 March 2012

NuPower Resources Limited
STATEMENT OF COMPREHENSIVE INCOME
 FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	Notes	6 months to 31 December 2011 \$	6 months to 31 December 2010 \$
Revenue from continuing operations		106,830	57,294
Accounting and other professional fees		(25,202)	(27,600)
Finance costs		(1,917)	(2,420)
Consultant fees		(139,592)	(143,220)
Computer and software		(6,938)	(9,513)
Depreciation expenses		(24,190)	(17,510)
Employee benefits expense		(530,855)	(481,012)
Exploration costs expensed		(1,319,031)	(911,654)
Insurance expenses		(25,434)	(26,664)
Legal expenses		(4,469)	(3,296)
Promotional expenses		(2,815)	(1,611)
Rent		(42,592)	(48,000)
Stock exchange fees		(25,652)	(23,983)
Travel and accommodation expenses		(54,610)	(38,216)
Other expenses		(172,299)	(93,640)
Loss before income tax expense		(2,268,766)	(1,771,045)
Income Tax expense		-	-
Loss for the half-year		(2,268,766)	(1,771,045)
Other comprehensive income			-
Total comprehensive income for the half-year		(2,268,766)	(1,771,045)
Earnings per share for Loss from continuing operations attributable to owners of NuPower Resources Limited			
Basic earnings per share		(0.0052)	(0.0065)
Diluted earnings per share		(0.0052)	(0.0065)

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

NuPower Resources Limited
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011

		As at 31 December 2011	As at 30 June 2011
	Notes	\$	\$
Current assets			
Cash and cash equivalents		3,056,394	2,985,127
Trade and other receivables		731,272	51,099
Total current assets		3,787,666	3,036,226
Non-current assets			
Trade and other receivables		20,735	266,403
Property, plant and equipment		150,713	128,552
Available for sale financial assets		1	1
Total non-current assets		171,449	394,956
Total assets		3,959,115	3,431,182
Current liabilities			
Trade and other payables		519,416	146,207
Borrowings		-	1,562
Total current liabilities		519,416	147,770
Non-current liabilities			
Borrowings		-	-
Total non-current liabilities		-	-
Total liabilities		519,416	147,770
Net assets		3,439,699	3,283,412
Equity			
Contributed equity	5	29,026,554	26,601,501
Reserves	6	65,000	65,000
Accumulated Losses		(25,651,855)	(23,383,089)
Capital and reserves attributable to owners of NuPower Resources Ltd		3,439,699	3,283,412
Total equity		3,439,699	3,283,412

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

NuPower Resources Limited

STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 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 half-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	-	604,559	93,527	93,527
Transfer to retained earnings for options no longer exercisable	-	-	(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
Total comprehensive income for the half-year	-	(2,268,766)	-	(2,268,766)
Transactions with owners in their capacity as owners:				
Share Issue Costs	2,491,668 (66,615)	-	-	2,491,668 (66,615)
Share-based payment expense	-	-	-	-
Transfer to retained earnings for options no longer exercisable	-	-	-	-
As at 31 December 2011	29,026,554	(25,651,855)	65,000	3,439,699

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

NuPower Resources Limited
STATEMENT OF CASH FLOWS
 FOR THE HALF-YEAR ENDED 31 DECMEBER 2011

	Notes	6 Months 31 December 2011 \$	6 Months 31 December 2010 \$
Cash flows from operating activities			
Payments to suppliers and employees		(790,074)	(452,535)
Exploration and Evaluation expenditure		(1,319,031)	(1,093,345)
Interest received		106,830	57,294
Net cash outflow from operating activities		(2,002,275)	(1,488,586)
Cash flows from investing activities			
Payments for property, plant and equipment		(46,352)	-
Amounts deposited for tenement bonds		(303,597)	-
Net cash outflow from investing activities		(349,949)	-
Cash flows from financing activities			
Proceeds from borrowings		-	-
Repayment of borrowings		(1,562)	(9,377)
Proceeds from share issue		2,425,053	-
Net cash outflow from financing activities		2,423,491	(9,377)
Net decrease in cash held		71,267	(1,497,963)
Net cash at beginning of period		2,985,127	2,929,484
Net cash at end of period		3,056,394	1,431,521

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

NuPower Resources Limited

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

Note 1 Basis of preparation of half-year financial statements

These general purpose financial statements for the half-year reporting period ended 31 December 2011 have been prepared in accordance with Australian Accounting Standards including AASB 134 "Interim Financial Reporting" and the Corporations Act 2001.

The historical cost basis has been used, except for available-for-sale financial assets which have been measured at fair value.

These half-year financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the entity as the full financial statements. Accordingly, these half-year financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2011 and any public announcements made by NuPower Resources Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The same accounting policies and methods of computation have generally been followed in these half-year financial statements as compared with the most recent annual financial statements.

Note 2 Going Concern

The half year 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 half-year financial statements, 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 half year financial statements on a going concern basis. The half year 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.

Note 3 Segment Information

The group has adopted AASB 8 Operating Segments from 1 January 2009 where by 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 executive management team that makes strategic decisions.

No segment information is disclosed because no discrete information is provided to the executive management team as activities are still in the exploration phase and activities are not generating any revenue.

Note 4 Dividend

No dividend has been paid during the half year ended 31 December 2011 and none is proposed.

NuPower Resources Limited

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

Note 5 Contributed equity

	December 2011 <u>Shares</u>	June 2011 <u>Shares</u>	December 2011 <u>\$'000</u>	June 2011 <u>\$'000</u>
Share capital				
Fully paid ordinary shares	449,323,104	371,458,483	29,026,554	26,601,501

Share Issues over the half year.

The company completed the second tranche of a capital raising by way of a rights issue and placement to sophisticated investors within the period. A total of 77,864,621 shares were issued at a price of 3.2 cents were issued and raised \$2.49 million.

Note 6 Reserves

As at 30 June 2011 the company had a reserve totalling \$65,000 relating to outstanding executive options that had been expensed over the term of the options outstanding, in accordance with Australian Accounting Standard AASB 2. As at 31 December 2011 the total amount of reserve is unchanged.

Note 7 Contingent Liabilities

There have been no changes in contingent liabilities since the end of the previous annual reporting period, 30 June 2011.

Note 8 Events subsequent to the end of the reporting period

Subsequent to the date of these financial statements the company increased its tenement position in the vicinity of the Arganara Phosphate project in the Northern Territory.


The company entered into a Farm In and Joint Venture arrangement on EL 26915 and submitted applications for two tenements, ELA's 29373 and 29374. These areas are considered prospective to host continuations of the known phosphate deposits around the Arganara project.

Declaration by Directors

The directors of the company declare that:

- a) The financial statements and notes set out on pages 3 to 8 are in accordance with the Corporations Act 2001 and:
 - (i) comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
 - (ii) give a true and fair view of the company's financial position as at 31 December 2011 and of its performance for the half year ended on that date.
- b) In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

A handwritten signature in black ink, appearing to be 'RW Owen', written over a faint circular stamp or watermark.

RW Owen
Non Executive Chairman

Sydney
12 March 2012

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

We have reviewed the accompanying half-year financial report of NuPower Resources Limited, which comprises the statement of financial position as at 31 December 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the disclosing entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of NuPower Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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



Conclusion

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

- (a) giving a true and fair view of the disclosing entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1(b) in the financial report which indicates that the ability of the company to continue as a going concern is dependent upon it deriving sufficient cash from its investors. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

BDO

BDO Audit (NSW-VIC) Pty Ltd

A handwritten signature in black ink that reads 'Louise Worsley'.

Louise Worsley

Director

Sydney, 12 March 2012

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

As lead auditor for the review of NuPower Resources Limited for the half-year ended 31 December 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 review; and
- no contraventions of any applicable code of professional conduct in relation to the review.



Louise Worsley
Director

BDO Audit (NSW-VIC) Pty Ltd

Sydney, 12 March 2012