



**GREENLAND**  
MINERALS AND ENERGY LTD

**GREENLAND MINERALS AND ENERGY LIMITED**

**ACN 118 463 004**

**CONSOLIDATED FINANCIAL REPORT**

**FOR THE HALF-YEAR ENDED 30 JUNE 2014**



## **Corporate Directory**

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### **Directors**

Michael Hutchinson	Non-executive Chairman
Roderick McIlree	Managing Director
John Mair	Executive Director
Simon Cato	Executive Director
Anthony Ho	Non-executive Director
Jeremy Whybrow	Non-executive Director

### **Company Secretary**

Miles Guy

### **Registered and head office**

Unit 6, 100 Railway Road  
Subiaco WA 6008

### **Greenland Office**

Nuugaarmiut B-847  
3921 Narsaq, Greenland

### **Home Stock Exchange**

Australian Securities Exchange, Perth  
Code: GGG  
GGGO

### **Auditors**

Deloitte Touche Tohmatsu

### **Share Registry**

Advanced Share Registry  
110 Stirling Highway  
Nedlands WA 6009

### **Company Website**

[www.ggg.gl](http://www.ggg.gl)



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## Directors' Report

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The directors of Greenland Minerals and Energy Limited (GMEL or the Company) herewith submit the consolidated financial report of Greenland Minerals and Energy Limited (the Consolidated Group), for the half-year ended 30 June 2014. Pursuant to the provisions of the *Corporations Act 2001*, the directors report as follows:

The names of directors of the Company during or since the end of the half-year are:

Michael Hutchinson, **Non-executive Chairman**  
Roderick Claude McIlree, **Managing Director**  
John Mair, **Executive Director**  
Simon Cato, **Executive Director**  
Anthony Ho, **Non-executive Director**  
Jeremy Sean Whybrow, **Non-executive Director**

## Principal Activities

The principal activity of the Consolidated Group during the period was mineral exploration and project evaluation.

## Review of Operations

The net loss of the Consolidated Group after providing for income tax was \$2,698,295 compared to \$5,825,222 for the corresponding period last year.

In 2013, the Consolidated Group's main focus was on political developments in Greenland, and how that would influence the development path forward for the Kvanefjeld Project. Following the repeal of a long-standing no-uranium policy in October 2013, and subsequent developments regarding regulatory progress in Greenland, the Consolidated Group is well-positioned to finalise a mining license application for the Kvanefjeld Project, and enter the permitting process in the 2015 calendar year.

The focus through 2014 has been on work programs required to complete the mining license application, and to firm up the development strategy and advance relations with project development partners. Following an extensive multi-year engagement program, the Consolidated Group has identified an optimal rare earth development partner in China Non-Ferrous Metal Industry's Foreign Engineering and Construction Co. Ltd (NFC). This represents an exciting step, in that both parties are now working toward combining their assets and strengths to create a fully-integrated complete rare earth value chain that will market rare earth products to end-users globally.

The Consolidated Group's focus is now on permitting, and establishing a path to market and commercial development strategy. These aspects represent major project milestones with clear forward timelines, and have the company well-positioned to progress Kvanefjeld onward and into the development pipeline.



## Directors' Report

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### Review of Operations (cont'd)

- Greenland Minerals and Energy Limited positioned to establish a fully-integrated global rare earth supply business through alignment with NFC
- NFC is a top-tier participant in the rare earth business, with ambitions to become a globally dominant player
- Aiming to align Kvanefjeld's cost-competitive production of critical rare earth concentrates with NFC's expertise and capacity in rare earth refining to create a powerful new rare earth supply
- Memorandum of Understanding signed in March; agenda set to work toward Strategic Cooperation Agreement
- NFC alignment demonstrates the pursuit of a different, lower-risk business model to recent entrants in the rare earth space
- Important stakeholder meetings held in Greenland at the local community and senior political levels
  - Aimed to discuss and finalise the development strategy with stakeholder input
  - Firm-up the timeline for the completion and processing of a mining license application
- Blue Ocean Equities updated research on GMEL, following recent company developments
- Underwritten rights issue launched on 6<sup>th</sup> June to raise \$8.9M; closed oversubscribed on 3<sup>rd</sup> July 2014
  - Moneys raised to fund key components of a mining license application for Kvanefjeld
- Preferred development scenario for Kvanefjeld established following extensive stakeholder engagement in Greenland; both mineral beneficiation and refining steps to produce RE intermediate products, U<sub>3</sub>O<sub>8</sub>, zinc sulphide and fluor spar to be conducted in Greenland
- Appointment of Mr James Eggins as Uranium Marketing and Contracts Manager to bolster the Company's uranium industry experience in both commercial and regulatory aspects
- Uranium - Best Practice workshop held in south Greenland, organised by the Danish Institute for International Studies to address regulatory aspects
- National uranium information tour initiated by the Greenland Government
- Greenland Government set to provide greater regulations and clarity to the processing of exploitation license applications



## Directors' Report

### Review of Operations (cont'd)

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- EURARE Update – 30 tonne bulk sample material collected from Kvanefjeld for upcoming large-scale rare earth demonstration plant operations in Europe

### Rounding off of amounts

The Consolidated Group is a consolidated group of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the Directors Report and half-year Financial Report are rounded off to the nearest thousand dollars unless otherwise indicated.

### Subsequent events to balance date

On the 6 June 2014, the Company announced details of a underwritten renounceable rights issue, with the proposed issue of 88,685,050 new fully paid shares and 1 free option for every new share issued. Under the rights issue, existing shareholders would be entitled to apply for 2 new shares at an issue price of \$0.10, for every 13 shares held.

The rights issue was underwritten by Patersons Securities Limited.

The renounceable rights issue was successfully finalised on the 9 July 2014 with the offer being oversubscribed. The Company subsequently issued 88,685,050 new fully paid shares and 88,685,050 options with an exercise price of \$0.20. Every new listed option issued converts to one fully paid ordinary share and can be exercised on or before 30 June 2016.

The rights issue resulted in \$8,868,505 being raised before capital raising cash costs of \$422,784.

There has not been any other matter or circumstance occurring subsequent to the financial period that has significantly affected, or may significantly affect, the operations of the consolidated group, the results of those operations, or the state of affairs of the Consolidated Group in future years.

### Auditor's Independence Declaration

The Auditor's independence declaration is included on page 7 of the half-year financial report.

Signed in accordance with a resolution of the directors made pursuant to s306(3) of the *Corporations Act 2001*.

On behalf of Directors

**Simon Cato**  
**Executive Director**

Perth, 12/09/2014

12 September 2014

The Board of Directors  
Greenland Minerals and Energy Limited  
Ground Floor  
Unit 6, 100 Railway Road  
Subiaco WA 6008

Dear Board Members

**Greenland Minerals and Energy Limited**

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Greenland Minerals and Energy Limited.

As lead audit partner for the review of the financial statements of Greenland Minerals and Energy Limited for the half-year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely

  
**DELOITTE TOUCHE TOHMATSU**



**David Newman**  
Partner  
Chartered Accountants

# **Independent Auditor's Review Report to the members of Greenland Minerals and Energy Limited**

We have reviewed the accompanying half-year financial report of Greenland Minerals and Energy Limited, which comprises the condensed statement of financial position as at 30 June 2014, and the condensed statement of profit or loss and other comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 7 to 16.

## *Directors' Responsibility for the Half-Year Financial Report*

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

## *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 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 Greenland Minerals and Energy Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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



## *Auditor's Independence Declaration*

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 Greenland Minerals and Energy Limited, would be in the same terms if given to the directors as at the time of this auditor's review 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 Greenland Minerals and Energy Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

  
DELOITTE TOUCHE TOHMATSU



**David Newman**  
Partner  
Chartered Accountants  
Perth, 12 September 2014



## **Directors' declaration**

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The directors declare that:

- a) 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; and
- b) In the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Consolidated Group.

Signed in accordance with a resolution of the directors made in pursuant to s303(5) of the Corporations Act 2001.

On the behalf of the Directors

A handwritten signature in black ink, appearing to read 'S. Cato'.

**Simon Cato**  
**Executive Director**

Perth, 12/09/2014



**Condensed consolidated statement of profit or loss and other comprehensive income**  
**For the half-year ended 30 June 2014**

	<b>Consolidated</b>	
	<b>30-Jun-14</b>	<b>30-Jun-13</b>
	<b>\$' 000</b>	<b>\$' 000</b>
<b>Revenue from continuing operations</b>		
Other income	391	189
<b>Expenditure</b>		
Directors and employee benefits	(561)	(711)
Audit and accounting fees	(40)	(43)
Impairment capitalised exploration and evaluation expenditure	-	(871)
Consultant expense	(164)	(45)
Depreciation	(89)	(101)
Marketing, PR and legal expense	(292)	(72)
Occupancy expenses	(163)	(187)
Share based payments	(1,208)	(3,563)
Travel expenses	(107)	(79)
Other expenses	(465)	(342)
Loss before tax	(2,698)	(5,825)
Income tax expense	-	-
<b>Loss for period</b>	<b>(2,698)</b>	<b>(5,825)</b>
<b>Other comprehensive income</b>		
<b>Items that may be reclassified subsequently to profit and loss:</b>		
Exchange difference arising on translation of foreign operations	(2,953)	5,320
Income tax relating to components of other comprehensive income	-	-
Total other comprehensive income	(2,953)	5,320
<b>Total comprehensive income for the period</b>	<b>(5,651)</b>	<b>(505)</b>
Loss attributable to:		
Owners of the parent	(2,698)	(5,825)
	(2,698)	(5,825)
Total comprehensive income attributable to:		
Owners of the parent	(5,651)	(505)
	(5,651)	(505)
Basic loss per share – cents per share	0.5	1.0
Diluted loss per share – cents per share	0.5	1.0

The accompanying notes from part of this financial report on pages 12 to 16.



**Condensed consolidated statement of financial position**  
**As at 30 June 2014**

		<b>Consolidated</b>	
	<b>Note</b>	<b>30-Jun-14</b>	<b>31-Dec-2013</b>
		<b>\$' 000</b>	<b>\$' 000</b>
<b>Current Assets</b>			
Cash and cash equivalents	3	3,297	5,343
Trade and other receivables		368	49
Other assets	4	3,208	275
<b>Total Current Assets</b>		<b>6,873</b>	<b>5,667</b>
<b>Non-Current Assets</b>			
Investments in associates		41	41
Property, plant and equipment		1,360	1,505
Capitalised exploration and evaluation expenditure	5	62,376	64,859
<b>Total Non-Current Assets</b>		<b>63,777</b>	<b>66,405</b>
<b>Total Assets</b>		<b>70,650</b>	<b>72,072</b>
<b>Current Liabilities</b>			
Trade and other payables	6	946	543
Other liabilities	7	3,058	125
Provisions		159	144
<b>Total Current Liabilities</b>		<b>4,163</b>	<b>812</b>
<b>Non-Current Liabilities</b>			
Provisions		32	30
<b>Total Non-Current liabilities</b>		<b>32</b>	<b>30</b>
<b>Total Liabilities</b>		<b>4,195</b>	<b>842</b>
<b>Net Assets</b>		<b>66,455</b>	<b>71,230</b>
<b>Equity</b>			
Issued Capital		337,231	336,950
Reserves		(12,604)	(10,246)
Accumulated Losses		(258,172)	(255,474)
<b>Total Equity</b>		<b>66,455</b>	<b>71,230</b>

The accompanying notes from part of this financial report on pages 12 to 16.



**Condensed Consolidated Statement of Changes in Equity**  
**For the half-year ended 30 June 2014**

	Share capital \$' 000	Option reserve \$' 000	Foreign currency translation reserve \$' 000	Non- controlling Interest Acquisition reserve \$' 000	Accumulated losses \$' 000	Total \$' 000
<b>Balance at 1 Jan 2013</b>	334,399	22,324	(5,355)	(39,672)	(246,705)	64,991
Net loss for the period	-	-	-	-	(5,825)	(5,825)
Other Comprehensive income	-	-	5,320	-	-	5,320
Total comprehensive income for the period	-	-	5,320	-	(5,825)	(505)
Issue of shares from option exercise	449	(261)	-	-	-	188
Recognition of share based payments	2,010	1,672	-	-	-	3,682
<b>Balance at 30 June 2013</b>	<b>336,858</b>	<b>23,735</b>	<b>(35)</b>	<b>(39,672)</b>	<b>(252,530)</b>	<b>68,356</b>
<b>Balance at 1 Jan 2014</b>	336,950	24,888	4,538	(39,672)	(255,474)	71,230
Net loss for period	-	-	-	-	(2,698)	(2,698)
Other comprehensive income for the period	-	-	(2,953)	-	-	(2,953)
Total comprehensive income for the period	-	-	(2,953)	-	(2,698)	(5,651)
Issue of shares from option exercise	16	(1)	-	-	-	15
Recognition of share based payments	611	596	-	-	-	1,207
Recognition of cost of share issue	(346)	-	-	-	-	(346)
<b>Balance at 30 June 2014</b>	<b>337,231</b>	<b>25,483</b>	<b>1,585</b>	<b>(39,672)</b>	<b>(258,172)</b>	<b>66,455</b>

The accompanying notes from part of this financial report on pages 12 to 16.



## Condensed Consolidated Statement of Cash Flows

For the half-year ended 30 June 2014

	Consolidated	
	30-Jun-14	30-Jun-13
	\$' 000	\$' 000
<b>Cash flows from operating activities</b>		
Receipts from customers	-	20
Payments to suppliers and employees	(1,287)	(1,660)
Proceeds from government grants and rebates	1,126	415
Net cash used in operating activities	(161)	(1,225)
<b>Cash flows from investing activities</b>		
Interest received	82	177
Payments for property, plant and equipment	(63)	(5)
Proceeds from sale of property, plant and equipment	-	3
Payments for exploration and development	(1,573)	(1,857)
Payments for investments in associates	-	(10)
Net cash used in investing activities	(1,554)	(1,692)
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares /options	15	188
Share issue costs	(346)	-
Net cash (used in)/from financing activities	(331)	188
<b>Net decrease in cash and equivalents</b>	(2,046)	(2,729)
Cash and equivalents at the beginning of the financial period	5,343	10,801
<b>Cash and equivalents at the end of the financial period</b>	<b>3,297</b>	<b>8,072</b>

The accompanying notes from part of this financial report on pages 12 to 16.



## Notes to the condensed consolidated financial statements

For the half-year ended 30 June 2014

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### Note 1: Statement of significant accounting policies

#### Statement of compliance

The half-year report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half year financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

#### Basis of preparation

The Consolidated Group is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, all financial information presented has been rounded to the nearest thousand dollars, unless otherwise stated. All amounts are presented in Australian dollars unless otherwise stated.

The financial report has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's financial report for the year ended 31 December 2013, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

#### Adoption of new and revised accounting standards

In the current period, the Consolidated Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standard Board ("AASB") that are relevant to its operations and effective for the current half year. The adoption of these new and revised standards and interpretations has not resulted in any changes to the Consolidated Group's accounting policies or the amounts reported in the current or past reporting periods.

New and revised standards and interpretations include:

- AASB 10 'Consolidated Financial Statements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements standards'
- AASB 11 'Joint Arrangements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements standards'
- AASB 12 'Disclosure of Interests in Other Entities' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements standards'
- AASB 127 'Separate Financial Statements' (2011) and AASB 2011-7 'Amendments to Australian Accounting Standards arising from Consolidation and Joint Arrangements standards'
- AASB 128 'Investments in Associates and Joint Ventures' (2011) and AASB 2011-7 'Amendments to Australian Accounting Standards arising from Consolidation and Joint Arrangements standards'
- AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'
- AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'



## Notes to the condensed consolidated financial statements

For the half-year ended 30 June 2014

### Note 1: Statement of significant accounting policies (cont'd)

- AASB 2012-2 “Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities”
- AASB 2012-5 “Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle”
- AASB 2012-10 ‘Amendments to Australian Accounting Standards – Transactions Guidance and Other Amendments’

The implementation of the new and revised standards, where applicable has result in no material changes.

### Note 2: Segmented reporting

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

The Consolidated Group undertakes mineral exploration and evaluation in Greenland; one operating segment is identified, which is unchanged from that identified at 31 December 2013.

### Note 3: Cash and cash equivalents

	Consolidated	
	30-Jun-14	31-Dec-13
	\$' 000	\$' 000
Cash at bank	93	253
Cash on deposit at call	2,765	4,665
Cash on deposit	439	425
	3,297	5,343

### Note 4: Other assets

	Consolidated	
	30-Jun-14	31-Dec-13
	\$' 000	\$' 000
Deposit bonds	96	96
Prepayments	162	179
Funds received pending issue of shares under renounceable rights issue (i)	2,950	
	3,208	275

- (i) The Company announced a renounceable rights issue on the 6 June 2014. The funds received pending issue of shares, represents funds received directly by the Company prior to 30 June 2014 for the rights issue but the shares were not issued until the close of the rights issue 9 July 2014.





Notes to the condensed consolidated financial statements  
For the half-year ended 30 June 2014

**Note 5: Capitalised exploration and evaluation expenditure**

	Consolidated	
	30-Jun-14	31-Dec-13
	\$' 000	\$' 000
Balance at beginning of period	64,859	53,642
Add:		
Exploration and/or evaluation phase in current period:		
Capitalised expenses	1,573	3,150
Effects of movement in exchange rates	(2,930)	9,360
	63,502	66,152
Less:		
Impairment of capitalised exploration and evaluation expenditure	-	(871)
Research and development rebates received and receivable	(1,126)	(422)
Balance at end of period	62,376	64,859

- (i) The Kvanefjeld Project EL 2010/02 is held by Greenland Minerals and Energy (Trading) A/S, the 100% owned Greenlandic subsidiary. As a result all capitalised exploration and evaluation expenditure has been recognised in the Greenlandic subsidiary and at reporting date has been translated at the closing Australian dollar/Danish kroner exchange rate with the movement being recognised in the foreign currency translation reserve.
- (ii) During the year the Company directly held 100% interest in Greenland exploration licenses EL 2011/26, EL 2011/27 and EL 2013/05.
- (iii) The recoverability of the Consolidated Group's carrying value of the capitalised exploration and evaluation expenditure relating to the Kvanefjeld Project and EL 2011/26 and EL 2011/27 is subject to the successful development and exploitation of the exploration property. The Consolidated Group will carry out a feasibility study including among other areas, environmental and social impact studies, with the intention of applying for the right to mine.
- (iv) The Consolidated Group has a positive outlook regarding its ability to successfully develop the project, as a multi element project. The Consolidated Group will continue to explore and evaluate the project, with the view of moving to development. This will be done in a manner that is in accordance with both Greenland Government and local community expectations.

**Table of exploration licenses**

Exploration Licence	Location	Ownership
EL 2010/02	Southern Greenland	100% held by Greenland Minerals and Energy (Trading) A/S
EL 2011/26	Southern Greenland	100% held by Greenland Minerals and Energy Limited
EL 2011/27	Southern Greenland	100% held by Greenland Minerals and Energy Limited
EL 2013/05 (i)	Western Greenland	100% held by Greenland Minerals and Energy Limited

- (i) Unrelated exploration license to the Kvanefjeld project that at the half year ended 30 June 2014, the Consolidated Group had incurred no expenditure on.



**Notes to the condensed consolidated financial statements  
For the half-year ended 30 June 2014**

**Note 6: Trade and other payables**

	Consolidated	
	30-Jun-14 \$' 000	31-Dec-13 \$' 000
Accrued expenses (i)	233	163
Trade creditors (ii)	568	282
Sundry creditors (ii)	145	98
	<b>946</b>	<b>543</b>

- (i) Accrued expenses relate to services and goods provided to the Consolidated Group prior to the period end, but the Consolidated Group was not charged or invoiced for these goods and services by the supplier at period end. The amounts are generally payable and paid within 30 days and are non-interest bearing.
- (ii) Trade and sundry creditors are non-interest bearing with the exception of amounts owed on corporate credit cards and after 30 days interest is charged at rates ranging between 15% and 18%. All trade and sundry creditors are generally payable on terms of 30 days.

**Note 7: Other liabilities**

	Consolidated	
	30-Jun-14 \$' 000	31-Dec-13 \$' 000
EURARE grant advance payment (i)	108	125
Funds received pending issue of shares under renounceable rights issue (ii)	2,950	-
	<b>3,058</b>	<b>125</b>

- (i) Greenland Minerals and Energy (Trading) A/S is a participant in the EURARE Project, a European Union initiated project to assess the development and exploitation of Europe's rare earth deposits. As a participant in the EURARE Project, Greenland Minerals and Energy (Trading) A/S has received an advanced grant payment, which is to be applied against approved EURARE Project expenses. The EURARE grant advance payment is the balance of the grant received as at 30 June 2014 that had not been applied to approved Project expenses, but is expected to be applied against expenses incurred in the future period.
- (ii) The Company announced a renounceable rights issue on the 6 June 2014. The funds received pending issue of shares, represents funds received directly by the Company prior to 30 June 2014 for the rights issue but the shares were not issued until the close of the rights issue 9 July 2014.

**Note 8: Expenditure commitments**

Exploration commitments: The Consolidated Group holds three exploration licenses for which it has exploration commitments. The Consolidated Group's primary license, which covers the Kvanefjeld Project, is EL 2010/02 located in southern Greenland. The exploration commitment on EL 2010/02 is approximately \$375,000, for the year ending 31 December 2014. Expenditure made to date in 2014 and expenditure credit brought forward from prior years, will be sufficient to keep the license in good standing until December 2016.



**Notes to the condensed consolidated financial statements  
For the half-year ended 30 June 2014**

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**Note 8: Expenditure commitments (cont'd)**

Exploration licenses, 2011/26 and 2011/27 each have a minimal expenditure commitment of approximately \$170,000, with credits being sufficient to keep the tenements in good standing until 31 December 2014.

Exploration license 2013/05 requires approximately \$100,000 in expenditure prior to 31 December 2014.

**Note 9: Subsequent events to balance date**

On the 6 June 2014, the Company announced details of a fully underwritten renounceable rights issue, with the proposed issue of 88,685,050 new fully paid shares and 1 free option for every new share issued. Under the rights issue, existing shareholders would be entitled to apply for 2 new shares at an issue price of \$0.10, for every 13 shares held.

The rights issue was underwritten by Patersons Securities Limited.

The renounceable rights issue was successfully finalised on the 9 July 2014 with the offer being oversubscribed. The Company subsequently issued 88,685,050 new fully paid shares and 88,685,050 options with an exercise price of \$0.20. Every new listed option issued converts to one fully paid ordinary share and can be exercised on or before 30 June 2016.

The rights issue resulted in \$8,868,505 being raised before capital raising cash costs of \$422,784.

There has not been any other matter or circumstance occurring subsequent to the financial period that has significantly affected, or may significantly affect, the operations of the consolidated group, the results of those operations, or the state of affairs of the Consolidated Group in future years.

**Note 10: Dividends**

No Dividends have been paid or proposed during the half-year ended 30 June 2014.