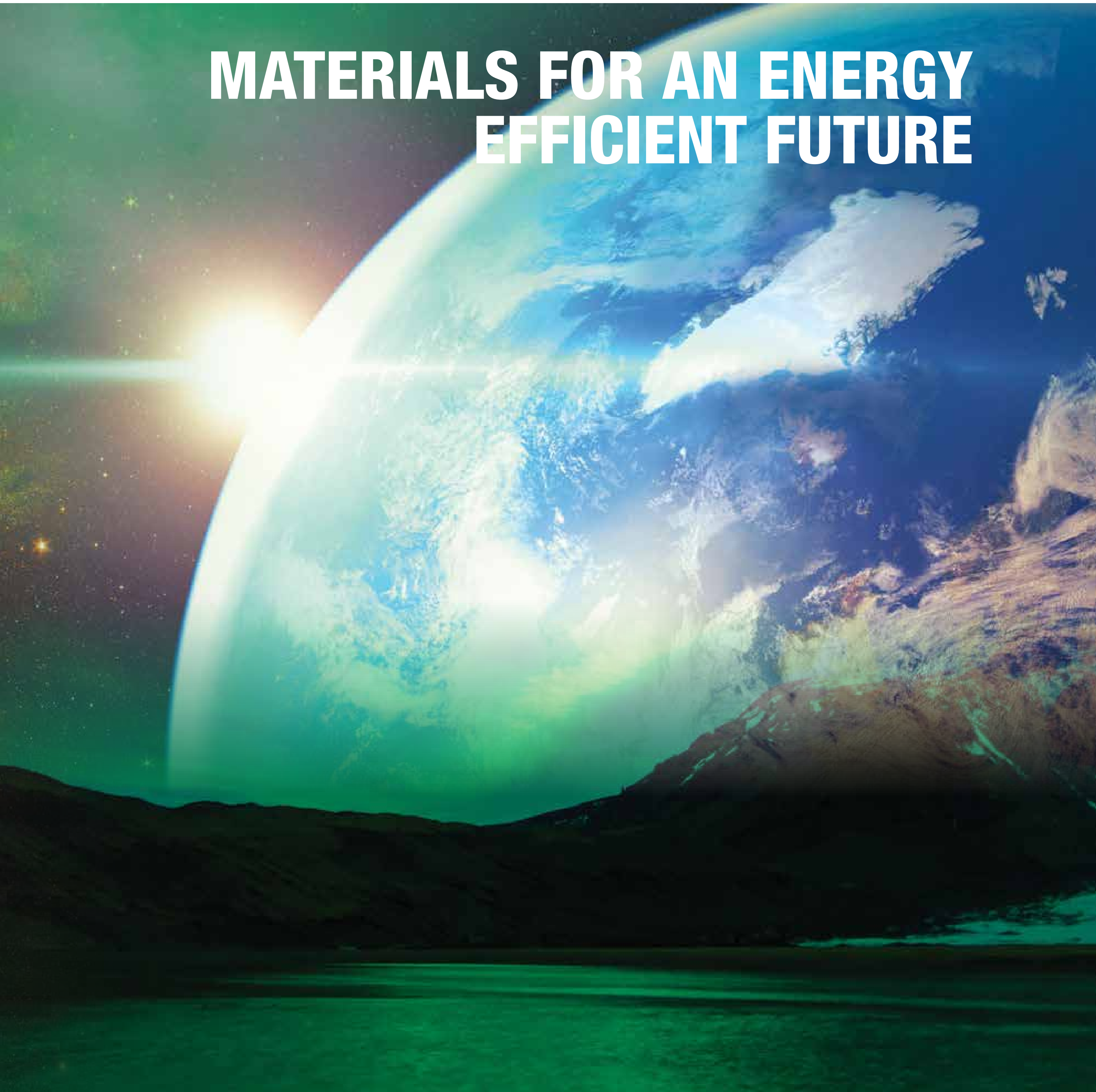
2017 ANNUAL REPORT

GREENLAND
MINERALS AND ENERGY LTD



MATERIALS FOR AN ENERGY EFFICIENT FUTURE



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Corporate Directory

DIRECTORS

Anthony Ho
Non-executive Chairman

John Mair
Managing Director

Simon Cato
Non-executive Director

Xiaolei Guo
Non-executive Director

CHIEF FINANCIAL OFFICER/COMPANY SECRETARY

Miles Guy

REGISTERED AND HEAD OFFICE

Unit 7, 100 Railway Road
Subiaco WA 6008

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3921 Narsaq, Greenland

HOME STOCK EXCHANGE

Australian Securities Exchange, Perth
Code: GGG
GGGOB

AUDITORS

Deloitte Touche Tohmatsu

SHARE REGISTRY

Advanced Share Registry
110 Stirling Highway
Nedlands WA 6009

COMPANY WEBSITE

www.ggg.gl

ABN

85 118 463 004

HIGHLIGHTS OF 2017

Outlook for **rare earth sector strengthens** driven by electric vehicles

Integration of leading Chinese rare earth technology with Kvanefjeld Project commences

Optimisation success set to reduce capital and operating costs

IAEA Director General and Greenland Premier visit Kvanefjeld

World-leading resource, simple processing, tier 1 development partner, highly competitive cost-structure

Successful field season – additional **environmental data generated**

Major progress in finalising **environmental and social impact assessments**

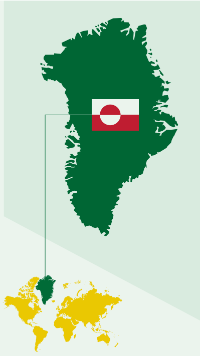
More than just a project – **Kvanefjeld is positioned to be a cornerstone to future rare earth supply**

Chairman's Letter

Dear Fellow Shareholder,

2017 has been a very significant year for the rare earth sector with the global agendas of clean energy generation and the electrification of transport systems set to underwrite strong rare earth demand growth for many years ahead. The imminent surge in demand comes against a backdrop of restricted rare earth supply as China, which dominates global rare earth supply, continues to implement its 2016-2020 Rare Earth Development Plan. The Rare Earth Plan has seen a major consolidation and increasing regulation of the industry in China, which has tightened supply substantially, and will continue to do so.

THE AREA HAS BEEN RECOGNISED AS BEING GEOLOGICALLY SIGNIFICANT FOR OVER ONE HUNDRED YEARS.



This supply/demand outlook presents a very favourable window for the development of our world-class Kvanefjeld Project, which is one of the few advanced rare earth projects globally and is well positioned to play an important role in the establishment of future supply networks.

In 2017 we continued to make major steps in positioning Kvanefjeld for the development pipeline, with significant progress on key areas of project permitting and technical and economic optimisation.

Our major shareholder Shenghe Resources Holding Co. Ltd,(listed on the Shanghai Stock Exchange) is a global leader in rare earth production and supply and brings strong technical and economic capacity to facilitate the successful development of Kvanefjeld. Shenghe is focussed on an international growth strategy, and, therefore, is an ideal strategic partner.

Joint technical work conducted with Shenghe through 2017 demonstrated their leading expertise, with significant technical improvements resulting in simplification of the processing route and downsizing of equipment; aspects which will result in reduced operating and capital costs. We continue this exciting optimisation work in 2018 and look forward to incorporating improvements into the development strategy and project cost structure.

Progress was also made in the all-important area of project permitting. Reviews of the draft environmental and social impact assessments in 2016 provided a basis for additional work to be undertaken to address recommendations through 2017. This process is nearing conclusion and has the Company well positioned to finalise the impact assessments and move through the subsequent steps in 2018.

Our responsibility is to present thorough and rigorous impact assessments to the Greenland Government and local stakeholders, and therefore we have invested substantially in this area. A steady and constructive dialogue with the Greenland Government throughout 2017 has been important in working to finalise the impact assessments for a public consultation process.

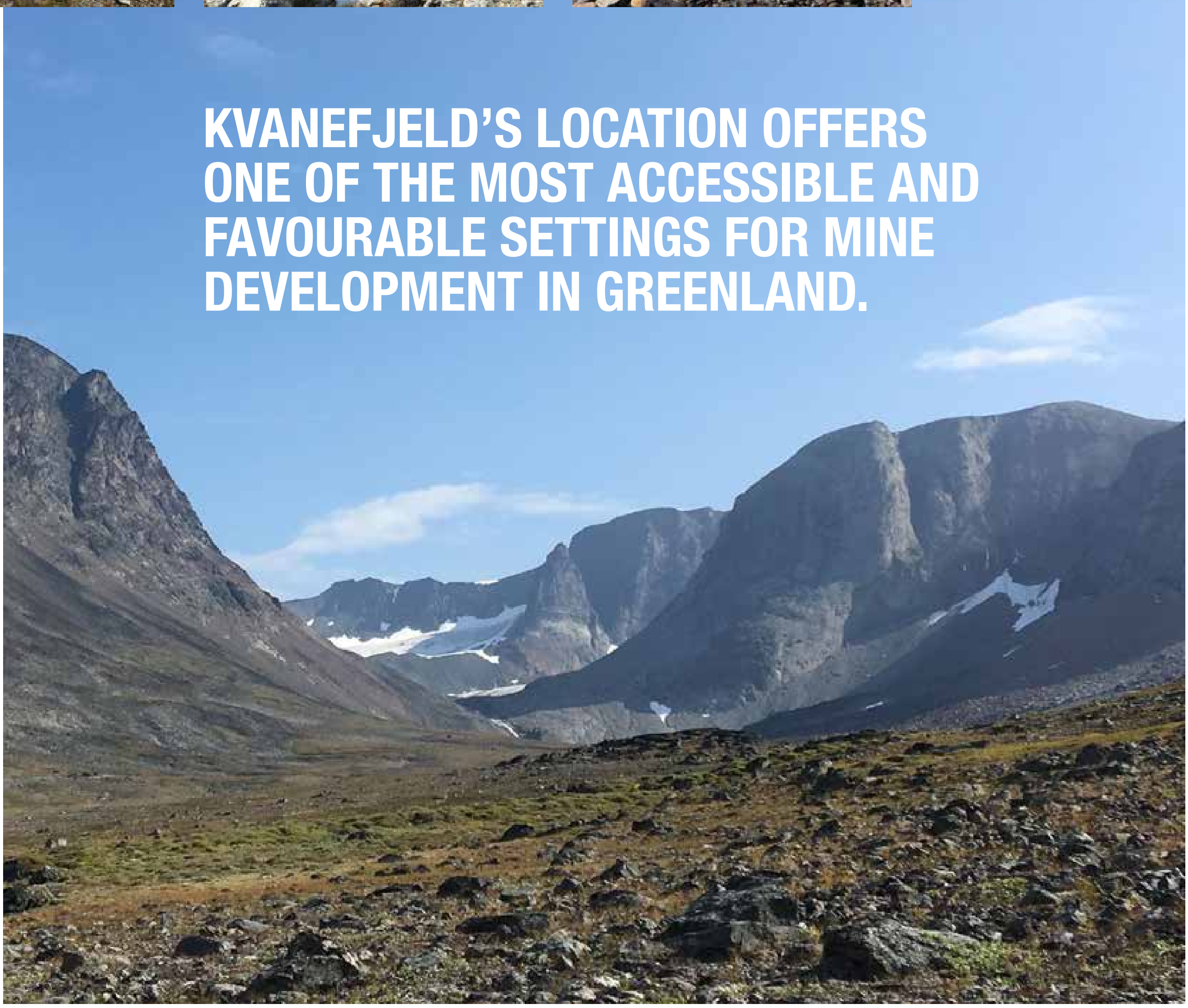
With permitting now advanced, and technical optimisation on-track to have Kvanefjeld positioned as one of the simplest and lowest-cost rare earth operations globally, the outlook continues to strengthen.

In 2017, GMEL also welcomed new Asian and Australian institutional investors through the successful capital raising in November 2017. This has strengthened the Company's share register and places the Company in a strong position moving forward.

On behalf of your board, I thank CEO John Mair and our management team and staff in Australia and Greenland for their dedication and focus on the Kvanefjeld project. I also thank shareholders, new and long standing, for their continued steadfast support of the Company.

Yours sincerely

Anthony Ho Non-executive Chairman



Operations Report

2017 OVERVIEW AND REVIEW OF OPERATIONS

The clean, green, and smart revolution has arrived, facilitated by promising technological innovations on clean energy, energy storage and efficiency. Importantly, this is a revolution that is driven by government policy and cultural shifts. The road to the low-carbon, high-tech future will pave the surging demand for rare earth elements (REEs).

In 2017 the global movement toward the electricificaiton of transport systems gained clear momentum. Through the course of the year a growing number of countries outlined strategies and legislated timeframes for the transition from combustion engine vehicles to electric vehicles. This has been closely followed by major automanufacturers announcing targets to transition production toward a greater proportion of electric vehicles. This push to the electrification of transport systems complements the continued roll-out of renewable energy capacity, particularly wind turbines, to meet reduced carbon emission targets. Collectively, these agendas are driving a major push in the demand for specialty (minor) metals including rare earths (REs) in magnets, and lithium and cobalt in batteries.

Rare earth supply will require substantial growth to meet projected demand requirements, and this will require the development of new mines. As China remains the main producer of REs globally, RE supply continues to be influenced strongly by supply side reforms in China that are governed by government policy. China's Rare Earth Development Plan for 2016-2020 has seen industry consolidation, curtailment of illegal/unregulated supply. The Plan will result in continued tightening of rare earth supply, with primary supply in China forecast to be capped in 2020.

The Plan will create the circumstances whereby a select group of ex-China mines (primary supply) will be integrated with leading Chinese processors to ensure that sufficient RE products are available to end-user industries.

The combination of tightening supply, and growing demand saw a notable recovery in REE prices through 2017. This was especially so for the magnet metals (neodymium, praseodymium and terbium) and lanthanum, after a number of years of depressed prices. This price increase has been in response to long term structural supply and demand changes as opposed to any short term market stimulus.

Changes to the structure of the rare earth industry have been core to GMEL's strategy. Chinese rare earth companies remain leaders in processing technology, with a deep understanding of the end-user industries and markets. GMEL has looked to align with a leading Chinese rare earth company to benefit from their processing technology and marketing capacity. Shenghe, being the most internationally-focussed of Chinese rare earth companies, the second largest by output and a major supplier to end-users globally, make an ideal fit for the Kvanefjeld Project.

Kvanefjeld has a number of key attributes that, when integrated with Shenghe's downstream processing technology and capacity, can provide the potential to play an important role in new supply networks. These include:

- Scale – largest code-compliant rare earth resource, ore reserve for initial 37-year mine life
- Simple mining with 1:1 strip ratio over initial 37-year mine life
- Multiple by-product revenue streams to strengthen project economics (U_3O_8, zinc, fluorspar)
- Composition – ideal production profile across key rare earths – Nd, Pr, Tb, Dy
- Yttrium enrichment is highly beneficial for latest RE separation technology
- RE minerals that allow for simple processing
- Favourable country and project location with direct shipping access, international airport nearby
- Regulatory framework implemented to manage project operation and export controls



Operations Report (continued)

In 2017, GMEL had two core areas of focus; advancing project permitting, and optimisation to enhance the project and improve the cost structure. Project permitting is key to obtaining a license to operate, and technical and economic improvements aim to have the project positioned to be a very low-cost producer with a readily financeable capital cost of development. Substantial progress was made on both fronts.

Technical Optimisation

Through 2017, technical optimisation aimed to apply Shenghe's world-leading RE processing knowledge to improve the metallurgical performance, simplify the processing route and related infrastructure, and improve the cost structure of the Kvanefjeld Project.

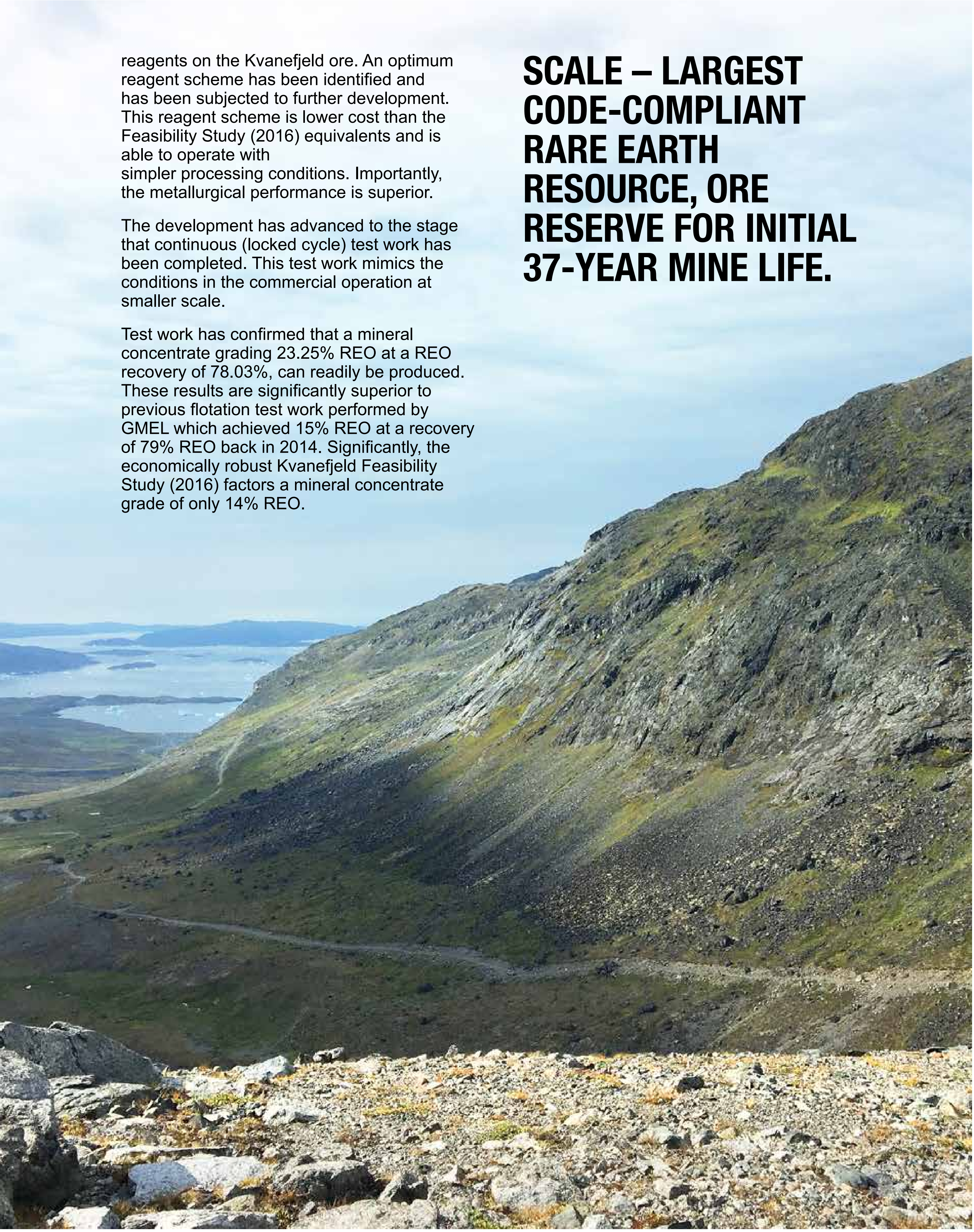
A joint technical committee was established earlier in the year, and testwork programs were planned to evaluate and validate potential project enhancements. **By year end, technical optimisation work programs had delivered outstanding results to markedly improve both the concentrator and refinery circuits for Kvanefjeld. These developments pave the way for an updated, simpler development strategy with reduced capital and operating costs.** Importantly, the developments have been conducted will all aspects of downstream processing in consideration, under guidance from Shenghe.

Concentrator Circuit

Shenghe has been guiding test work that aims to improve the flotation circuit to increase the mineral concentrate REO grade. Shenghe is very well connected with the Chinese rare earth technical community allowing them to assist with the placement of metallurgical test work with eminent technical institutes in China.

The Institute of Multipurpose Utilisation of Mineral Resources – Chinese Academy of Geological Sciences (IMUMR) is based in Chengdu in Sichuan Province. They have developed flotation reagents and methods which have been successfully commercialised at Shenghe's operating mines.

The IMUMR has tested a wide range of Chinese supplied flotation



reagents on the Kvanefjeld ore. An optimum reagent scheme has been identified and has been subjected to further development. This reagent scheme is lower cost than the Feasibility Study (2016) equivalents and is able to operate with simpler processing conditions. Importantly, the metallurgical performance is superior.

The development has advanced to the stage that continuous (locked cycle) test work has been completed. This test work mimics the conditions in the commercial operation at smaller scale.

Test work has confirmed that a mineral concentrate grading 23.25% REO at a REO recovery of 78.03%, can readily be produced. These results are significantly superior to previous flotation test work performed by GMEL which achieved 15% REO at a recovery of 79% REO back in 2014. Significantly, the economically robust Kvanefjeld Feasibility Study (2016) factors a mineral concentrate grade of only 14% REO.

SCALE – LARGEST CODE-COMPLIANT RARE EARTH RESOURCE, ORE RESERVE FOR INITIAL 37-YEAR MINE LIFE.

Refinery Circuit

Following reviews of the existing Kvanefjeld refining circuit, the technical committee identified a number of opportunities to simplify the leach process and re-address the reagent strategy. This aimed to reduce project infrastructure in Greenland, reduce the number of processing steps and equipment sizing, and best align intermediate product with downstream separation technology. Test work has been highly successful in validating the enhanced and simplified leaching method.

Key to the revised processing strategy has been the evaluation of hydrochloric acid (HCl) for direct concentrate leaching. This is a departure from the 2016 Feasibility Study process which uses sulphuric acid for direct leaching and hydrochloric acid for secondary leaching.

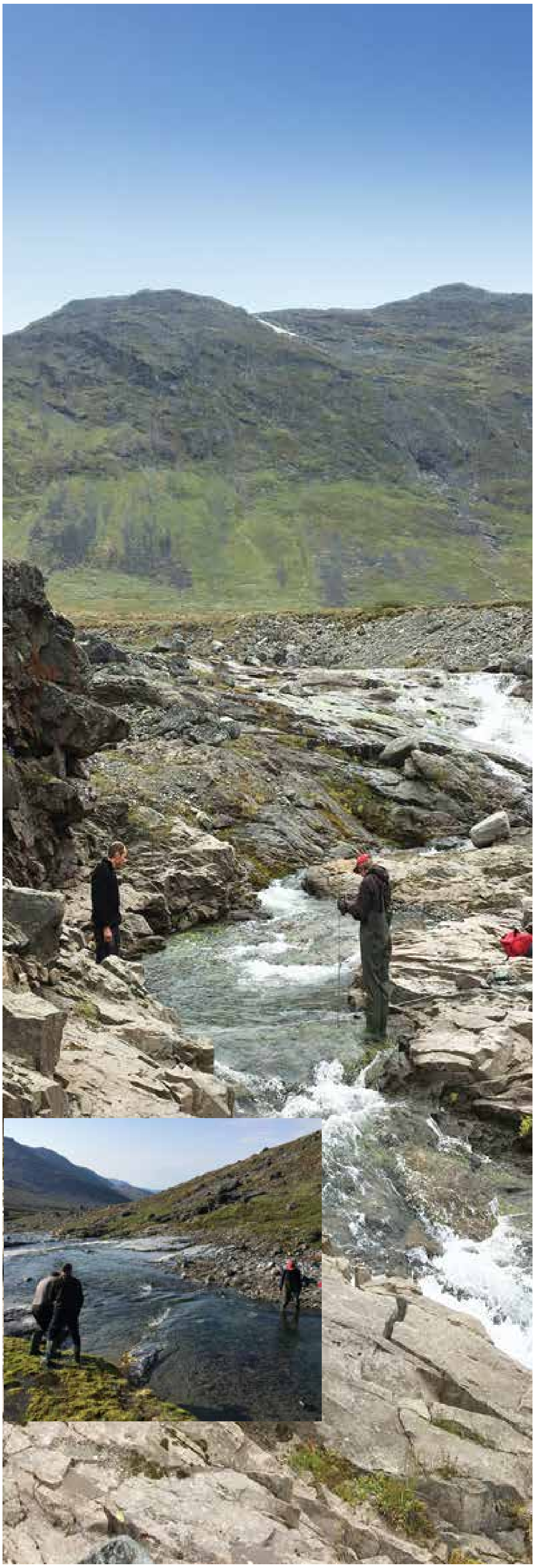
Previous attempts to use direct hydrochloric acid were met with issues owing to silica contamination (gelling). GMEL has now devised a method which allows the silica in the concentrate to be controlled in a single leaching step. This occurs while still extracting high levels of rare earths and uranium from the concentrate.

The new method mixes hydrochloric acid directly with mineral concentrate to produce a viscous paste. This viscous paste is then mixed for 30 minutes before being dissolved in water (water leach). In the viscous paste, the rare earths are dissolved, and the silica is controlled by precipitation in a favourable form.

This is a remarkably elegant and simple method for extracting the rare earths which is not dependent on high temperature, high pressure or extreme chemical treatment that is otherwise the norm in rare earth production.

The method is applicable owing to the non-refractory nature of the key RE mineral steenstrupine. Steenstrupine contains 25-30% REO, is enriched across the RE spectrum, and is only known to occur in large quantities in the northern Ilimaussaq Complex that sits within the Company's exploration license in Greenland. It represents a very important new source of REE's, and is key to Kvanefjeld's strategic value.

The use of hydrochloric acid soak produces very high leach extraction results for rare earth elements as well as uranium. In addition, high concentrations of the rare metal gallium were also observed in the leach solution.



Optimisation Outcomes – Project Benefits

- The outcomes of the technical optimisation program will simplify the project, increase efficiency, reduce the project footprint and impacts, and reduce capital and operating costs.
- In comparison to the reagent scheme used in the 2016 Kvanefjeld Feasibility Study, the new flotation reagent scheme is lower cost, able to operate with simpler process conditions, and all importantly, delivers a significantly higher grade mineral concentrate.
- A higher-grade, lower-mass RE mineral concentrate reduces the volume to be treated by the refinery circuit and, therefore, reduces equipment sizing and reagent consumption.
- The development of a new leach process will result in a smaller, simpler refinery. Investigations have revealed that it will be possible to transport hydrochloric acid directly to Greenland for use in the refinery. This will remove the requirement for a hydrochloric acid plant as well. Removal of reagent production facilities in Greenland will reduce capital costs.

Test work has established a method for the effective removal of uranium from the leach solution, allowing for the generation of saleable uranium product in Greenland. GMEL and Shenghe are investigating the benefit of shipping an intermediate rare earth product as a chloride solution, which is ideal feedstock for latest technology separation plants. This approach eliminates solids handling and re-leaching steps common with other solid feedstocks, resulting in considerable cost reductions across the overall supply chain.

The strategy of exporting RE intermediate product in liquid form draws on the efficiency and cost savings of importing reagent, and backloading the ship with RE chloride solution.

Such a scenario can only be considered where direct shipping is available to the project area and ore minerals are of sufficient grade and can be directly leached.

The proximity of year-round direct shipping to world-class mineral resource, the enhanced high mineral concentrate grades and the direct, simple leaching circuit, are unique attributes of the Kvanefjeld Project.

Importantly, the alignment of intermediate rare earth product form with downstream separation facilities provides for an extremely efficient processing chain from mine to final high purity rare earth oxides and metals.

In 2018, work will continue to develop the enhanced processing methodologies, and investigate their incorporation into the Kvanefjeld Project.

IAEA Director General and Political Delegation Visit Kvanefjeld

In May the Company was honoured to have assisted the Greenland Government in hosting the Director General of the International Atomic Energy Agency (IAEA), Mr Yukiya Amano, to southern Greenland and the Kvanefjeld Project. Over the last three years the Governments of Greenland and Denmark, in association with IAEA, have worked to establish a legal and regulatory framework for the production and export of uranium from Greenland. These work programs concluded in 2016, at which point Director General Amano was invited to visit

Greenland by the respective governments. Uranium is one of a series of by-products from Kvanefjeld, but the establishment of an effective regulatory framework has been a very important development.

The delegation that visited southern Greenland was headed by Greenland's Premier Mr Kim Kielsen, and included Director General Amano, and the Danish Ambassador to Austria (the IAEA is headquartered in Vienna). The delegation was joined by the Mayor of Southern Greenland, and GMEL's Managing Director, Dr John Mair. The delegation was able to visit the Kvanefjeld project area, learn more about the development strategy and the plans for key infrastructure including mine site, processing facilities, tailings storage, and port for direct shipping access.

Mr Amano also visited Copenhagen, where he met with the Danish Minister for Foreign Affairs, Mr Anders Samuelsen, with whom he discussed cooperation between the IAEA, Denmark and Greenland in relation to the Kvanefjeld Project, as well as wider international issues. Mr Amano also met with members of the Danish Parliament's Foreign Affairs Committee, and officials from the Danish Emergency Management Agency and Danish Health Authority.

REGULATORY FRAMEWORK IMPLEMENTED TO MANAGE PROJECT OPERATION AND EXPORT CONTROLS

Operations Report (continued)

Field Operations

The 2017 field season focused on obtaining additional sample material to supplement the existing environmental datasets. This included work carried out by independent environmental consultants, Orbicon. The summer months were also utilised to carry out stakeholder engagement meetings. The information gained during the field season continues to be incorporated into supporting the impact assessment studies.

Expert consultancy Shared Resources is providing guidance and support for GMEL in finalising the impact assessments and aligning them with international standards. As part of this process Shared Resources founder Ms Liz Wall was in Narsaq working closely with Company personnel to garner a deeper understanding of the project area, and meeting with a cross-section of stakeholders. Ms Wall also spent time in Nuuk, Greenland's capital, to meet with representatives of government departments that manage the regulation of resource industry activities.

Ms Wall brings extensive international experience and was a Social and Environmental Development Specialist working with mining projects with the International Finance Corporation (IFC) and a Regional Development Manager and Health, Safety and Environment Policy Advisor for Rio Tinto in a number of locations around the world.

In late August, representatives from the Greenland's Environmental Agency for Mineral Resource Assessment (EAMRA) and Danish Centre for Environment (DCE) visited Narsaq and the broader Kvanefjeld Project area to conduct field-based aspects of the EIA review process. A community meeting was attended by the two groups to provide further updates and feedback to attendees. The visit allowed for inspections of Company dust monitoring stations, weather stations and stream water stations. The opportunity was another important step in closing out feedback loops, and to conduct ongoing baseline data checks.

Through August to early September Shenghe/IMUMR geologist Zhao Mingwu was onsite to gain greater familiarity with the Kvanefjeld project area, and the geology of the region. The extensive multi-element mineral deposits (REE, U, Zn) feature many unique rocks and rare earth minerals. Mr Zhao, supported by GMEL field team was able to visit and study the three deposits defined to date including Kvanefjeld, Sørensen and Zone 3.

The visit provided an excellent opportunity for Shenghe to continue to build greater familiarity with the broader project area.

Project Permitting – Toward a License to Operate

In late 2015, GMEL submitted a mining licence application to the Greenland government for the Kvanefjeld project. The application included the submission of the Environmental Impact Assessment Study (EIA), the Social Impact Assessment Study (SIA) and the Maritime Safety Study. These documents incorporate multiple years of technical studies and baseline datasets and have been prepared with the assistance of global industry leading experts.

The documents were submitted for the purposes of the first stage of the Greenland permitting process. During the first stage, the Greenland Government and their external consultants conduct an extensive review of the documents and provide feedback to be incorporated into the documents prior to a final version being prepared and submitted for the public hearing process.

Following the reviews, and in close consultation with the Greenland Government and their advisory groups, GMEL has worked to address recommendations to broaden datasets, and provide additional information and studies where required. Importantly, the extensive review process has not identified any major issues or risks that cannot be effectively managed or mitigated. The Company's approach continues to be one of producing extremely rigorous impact assessments that can provide confidence to regulators and to stakeholders.

THROUGH AUGUST TO EARLY SEPTEMBER SHENGHE/IMUMR GEOLOGIST ZHAO MINGWU WAS ONSITE TO GAIN GREATER FAMILIARITY WITH THE KVANEFJELD PROJECT AREA

Operations Report (continued)

Maritime Safety Study

The Maritime Safety Study (MSS) for the Kvanefjeld Project is one of three key documents for public consultation, along with the EIA and SIA. The MSS, was prepared by the independent Danish consultant Blue Water Shipping, and underwent review in 2016 by the Danish Maritime Authority. Recommendations put forward following the reviews have been addressed, and the MSS has been updated accordingly. The updated MSS has been accepted as suitable for public consultation by the Danish Maritime Authority.

Social Impact Assessment Study

During the year, outstanding aspects of the SIA were finalised. This included a visit to Greenland by Ms Liz Wall of Shared Resources who has been tasked with finalising the SIA. Ms Wall visited both Narsaq and Nuuk during August to assist with the process and to gain a first hand insight into issues that are important to the community and other stakeholders. In Narsaq, Ms Wall was able to speak with numerous local stakeholders, as well as representatives of Greenland's EAMRA, and the Danish Centre for Environment. In Nuuk, Ms Wall was able to meet with a range of other stakeholders and NGO's, as well as government departments including the Ministry for Industry, Trade and Labour (MILT) that coordinates the Public Consultation process.

A productive dialogue with Greenland's MILT has provided clear guidance to allow GMEL to effectively work to produce a final version of the SIA, that will be aligned with international standards and guidelines. The Company will now be working to finalise the SIA in the first half of 2018.

Environmental impact Assessment Study

The EIA is the largest and most complex of the documents lodged as part of the mining licence. The EIA has undergone an extensive and extremely rigorous review by advisors to the Greenland Government, which includes the Danish Centre for Environment and Energy (DCE) and a number of external consultancies who specialise in project developments and environmental impacts.

This review process commenced in 2016 and continued through into 2017 and although the process has resulted in a number of recommendations and requests for additional information and studies, it has not identified any major or critical issues relating to the project.

Through 2017, GMEL has been working to implement these recommendations and to address requests for additional information. The Company engaged a number of world class independent consultants to revise environmental technical reports, most of which have now been completed.

- Radiation Pathways Report which examines the impact of radiation on the environment and local community. This revised report was completed by Arcadis of Canada and details negligible impact from the project.
- Air Quality Report which models the impact of dust and gaseous emissions on the environment. This report was originally prepared by Pacific Environment and revised to incorporate feedback from the Greenland Government and it's advisors. No change to the original conclusions that the dust levels generated from the project will be benign.
- Air Quality DK designed and interpreted the baseline dust collection for the EIA. Their report was updated to include feedback from the Greenland Government and their advisors.
- A range of minor technical environmental studies were completed by Orbicon to answer feedback from the Greenland Government and it's advisors. These additional studies have been provided.

- Additional waste rock samples (country rock that is mostly basalt, which will be mined with ore) has been tested in an independent laboratory to confirm it is chemically benign. The laboratory program included standard shake flask tests and chemical assays. The results are in line with previous results of good chemical stability. Additional lower detection limit assays are being performed as many of the elements assayed were so low they were below regularly detection limits. Once the lower detection limit assays are available additional geochemical modelling will be performed. This will be updated into the study by the Danish Hydraulic Institute which examined the impact on the local fjords. No change in the DHI original conclusions that the local fjords will not be significantly impacted is expected based on the recent laboratory results.

- Additional mining studies have been performed to increase the level of detail of the waste rock stockpile design and allow for capture of run-off waters. This study was an update performed by SRK Consultants who conducted the original mining study. Capturing the water from the mining area will reduce the amount of water required from the local Narsaq River by approximately 30%. This water saving is significant and reduces the impact of the project on the environment.

- Additional design details were added to the Tailings Dam designs by the independent consultant AMEC Foster Wheeler. This included a trade-off study comparing wet storage of tailings compared to dry storage of tailings.

GMEL continues to work in close consultation with the government bodies and advisory groups that are involved in the review process as the studies are updated. The EIA will be finalised through the first half of 2018, in preparation for the public consultation process.

Operations Report (continued)

Board changes

In October 2017, the Company announced the appointment of Mr Xiaolei Guo, a representative of Shenghe Resources Holding Limited (Shenghe), to the board of GMEL as a non-executive director.

Mr Guo holds a degree in Law, and is a member of the Bar, in China. He is the manager of the investment and development department of Shenghe, focusing on selecting, evaluation and acquisition of rare earth projects. Mr Guo is also a Shenghe's Assistant General Manager.

Prior to joining Shenghe, Mr Guo was with the global law firm, King & Wood Mallesons, working with clients in Initial Public Offerings (IPOs), Mergers and Acquisitions (M&A), capital market transactions, insolvency and other corporate matters.

Mr Guo's senior position with Shenghe provides an important link between the two companies, assisting the strategic development of the Kvanefjeld project.

Operations report

Ms Wenting Chen, the previous nominee director of Shenghe on the board of the Company has stepped down from the role due to her other growing commitments.

2018 Outlook

In 2018, GMEL aims to make important progress on project permitting following committed efforts through the preceding two years to conduct additional work and update the impact assessments. Kvanefjeld offers a mining project, that will enable Greenland to become an important contributor to global rare earth supply for many decades. Rare earths will be critically important to the global agendas of energy efficient technologies, clean energy generation, and the electrification of transport systems. The impact assessments (EIA and SIA) will provide high degrees of confidence that the project can be developed and operated without undue risk to the environment, workers, or nearby communities.

The involvement of a world leading rare earth company in Shenghe brings technical and financial capacity to assist in effective project development and connect Kvanefjeld to the rare earth supply networks and end-users globally. Technical cooperation with Shenghe will continue in 2018, as both companies work to update the project cost-structure. Commercial dialogue on aspects of project development will also commence.

RARE EARTHS WILL BE CRITICALLY IMPORTANT TO THE GLOBAL AGENDAS OF ENERGY EFFICIENT TECHNOLOGIES, CLEAN ENERGY GENERATION, AND THE ELECTRIFICATION OF TRANSPORT SYSTEMS

Competent Person Statement – Mineral Resources Ore Reserves and Metallurgy

The information in this report that relates to Mineral Resources is based on information compiled by Mr Robin Simpson, a Competent Person who is a Member of the Australian Institute of Geoscientists. Mr Simpson is employed by SRK Consulting (UK) Ltd ("SRK"), and was engaged by Greenland Minerals and Energy Ltd on the basis of SRK's normal professional daily rates. SRK has no beneficial interest in the outcome of the technical assessment being capable of affecting its independence. Mr Simpson has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Robin Simpson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in the statement that relates to the Ore Reserves Estimate is based on work completed or accepted by Mr Damien Krebs of Greenland Minerals and Energy Ltd and Mr Scott McEwing of SRK Consulting (Australasia) Pty Ltd. The information in this report that relates to metallurgy is based on information compiled by Damien Krebs.

Damien Krebs is a Member of The Australasian Institute of Mining and Metallurgy and has sufficient experience that is relevant to the type of metallurgy and scale of project under consideration, and to the activity he is undertaking, to qualify as Competent Persons in terms of The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2012 edition). The Competent Persons consent to the inclusion of such information in this report in the form and context in which it appears.

Scott McEwing is a Fellow and Chartered Professional of The Australasian Institute of Mining and Metallurgy and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking, to qualify as Competent Persons in terms of The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2012 edition). The Competent Persons consent to the inclusion of such information in this report in the form and context in which it appears.

The mineral resource estimate for the Kvanefjeld Project was updated and released in a Company Announcement on February 12th, 2015. The ore reserve estimate was released in a Company Announcement on June 3rd, 2015. There have been no material changes to the resource estimate, or ore reserve since the release of these announcements.

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GREENLAND
MINERALS AND ENERGY LTD

2017 ANNUAL FINANCIAL REPORT

for the year ended 31 December 2017

DIRECTORS' REPORT

The directors of Greenland Minerals and Energy Limited (the Company) submit herewith the annual financial report of Greenland Minerals and Energy Limited and its subsidiaries (the Consolidated Group) for the financial year ended 31 December 2017, pursuant to the provisions of the Corporations Act 2001. The directors report the following:

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

Anthony Ho, Non-Executive Chairman
John Mair, Managing Director
Simon Kenneth Cato, Non-Executive Director
Xiaolei Guo, Non-Executive Director – Appointed 12 October 2017
Wenting Chen, Non-Executive Director – Resigned 12 October 2017

Chief Financial Officer/Company Secretary
The following person held the position of Company Secretary at the end of the financial year:

Miles Simon Guy – *M.Com(PA), MIPA, FCIS, FGIA, MAICD* is a qualified accountant with more than 20 years' experience in both public practice and commercial environments, and has completed a graduate diploma in applied corporate governance.

Mr Guy is the Chief Financial Officer for Greenland Minerals and Energy Limited.

Principal Activities
The principal activity of the Consolidated Group during the financial year was mineral exploration and project evaluation. Specifically, the continued evaluation and permitting of the Kvanefjeld project, located in Southern Greenland.

There were no significant changes in the nature of the Consolidated Group's principal activities during the financial year.

Operating Results
The net loss after providing for income tax amounted to $2,488,863 (2016: loss $2,172,733).

Review of operations
Refer to the Operations Report on pages 4 to 18.

Significant Changes in State of Affairs
Other than as reported in the Review of Operations, during the financial year, there were no other significant changes in the state of affairs of the Consolidated Group.

The directors are not aware of any particular or significant environmental issues, which have been raised in relation to the Consolidated Group's operations during the year covered by this report.

Shares
During the year ended 31 December 2017, the following ordinary shares of Greenland Minerals and Energy Limited were issued, as detailed in Note 16 to the financial report.

DIRECTORS' REPORT

The total number of ordinary shares on issue at 31 December 2017 was 1,105,251,206 (31 December 2016: 999,124,293).

The total number of shares issued during the current financial year was 106,126,913.

The Company has only one class of shares on issue and the Company has no un-issued shares, other than those registered to options and performance rights holders which are disclosed in the next section.

Details of shares issued during the year or shares issued since the end of the financial year as a result of exercised options are:

Issuing entity	Number of shares issued	Class of share	Amount paid for/ fair value of shares	Amount unpaid on shares
Greenland Minerals and Energy Limited	100,000,012	Ordinary shares	$0.09	-
Greenland Minerals and Energy Limited	3,200,000	Ordinary shares	$0.05	-
Greenland Minerals and Energy Limited (i)	3,061,664	Ordinary shares	$0.08	-

(i) Shares issued as a result of the exercise of $0.08 exercise price options.

Anti-dilution rights

Le Shan Shenghe Rare Earth Company Limited (Le Shan) has anti-dilution or top-up rights under the Subscription Agreement entered into with the Company. Le Shan has the right to subscribe for top-up shares to maintain its existing percentage interest where the Company issues additional shares which increases the existing share capital by greater than 0.5%. The subscription price, under the top-up right, will be the same price as any additional shares issued under a capital raising (in the event of a cash capital raising) or, in any other event (such as non-cash consideration), the volume weighted average price of the shares calculated over the last 10 days on which sales of shares were recorded before the day on which the additional shares were issued. The top-up right is subject to Le Shan maintaining at least a minimum share interest of 6.5% of shares in the Company and ceases to operate where Le Shan's Share interest or voting power exceeds 19.9%. In addition, the top-up right will cease on the date the ASX considers that the strategic relationship between the Company and Le Shan or Shenghe Resources Holding Co. Limited changes in such a way so as to effectively cease.

Le Shan have indicated their intention to exercise their top-up rights following the capital raising that the Company has completed in November 2017. The top-up placement to Le Shan is subject to regulatory approval. Upon obtaining regulatory approval the placement of shares to Le Shan will be at 9 cents per share, being the same terms as the November 2017 capital raising.

Options

During the year ended 31 December 2017 the number of options and performance rights of Greenland Minerals and Energy Limited that were issued are detailed in Note 24 to the financial report.

Details of unissued shares or interests under option and employee rights at the date of this report are:

Issuing entity	Number of shares under option	Number of Shares under employee rights	Class of shares	Exercise price of option	Expiry date of option/right
Greenland Minerals and Energy Limited	187,296,579	-	Ordinary shares	$0.08	30 September 2018
Greenland Minerals and Energy Limited	6,000,000	-	Ordinary shares	$0.15	31 March 2021
Greenland Minerals and Energy Limited	-	6,000,000	Ordinary shares	-	31 May 2020

The holders of these options do not have the right, by virtue of being holders, to participate in any share issue or interest issue of the Consolidated Group or of any other body corporate.

Financial Position
The net assets of the Consolidated Group were $88,219,909 as at 31 December 2017 (2016: $78,834,767).

Dividends
During the financial year ended 31 December 2017, no dividends have been paid or declared since the start of the financial year and the directors do not recommend the payment of a dividend in respect of the financial year. No dividends were paid in the comparative period ended 31 December 2016.

Environmental Regulations
The Consolidated Group operates within the resources sector and conducts its business activities with respect for the environment while continuing to meet the expectations of shareholders, customers, employees and suppliers. The Consolidated Group's exploration activities are currently regulated by significant environmental regulation under laws of Greenland and the Commonwealth and states and territories of Australia. The Consolidated Group is committed to ensure that the highest standard of environmental care is achieved, and that it complies with all relevant environmental legislation.

Future Developments
The Consolidated Group will continue to evaluate the Kvanefjeld project and the development alternatives for the project, as referred to elsewhere in this report, particularly in the Operations Report on pages 4 to 18.

Subsequent Events
In February 2015, the Company entered into an equity placement facility with Long State Investment Limited the term of this facility expired on 24 February 2017. Options issued to Long State Investments Limited in accordance with terms of the equity placement facility, expired on 24 February 2018.

Other than the matters above, there have been no matters or circumstances 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.

DIRECTORS' REPORT

Information on Directors

Anthony Ho (Tony) - Non-Executive Chairman - Appointed 9 August 2007

Qualifications
B.Com, CA, FAICD, FCIS, FGIA

Experience
Mr Tony Ho is an experienced company director having held executive directorships and chief financial officer roles with a number of ASX listed companies. Tony was executive director of Arthur Yates & Co Limited, retiring from that position in April 2002. His corporate, general management and governance experience includes being chief financial officer/finance director of M.S. McLeod Holdings Limited, Galore Group Limited, the Edward H O'Brien group of companies.

Mr Ho is currently the chairman of ASX listed Bioxyne Limited (ASX: BXN). He was previously chairman of Apollo Minerals Limited, Esperance Minerals Limited and a non-executive director of Hastings Technology Metals Limited.

Mr Ho was the past non-executive chairman of St. George Community Housing Limited (November 2002 to December 2009) where he successfully grew the NGO to be one of New South Wales leading community housing companies

Prior to joining commerce, Mr Ho was a partner of Cox Johnston & Co, Chartered Accountants, which has since merged with Ernst & Young.

Mr Ho holds a Bachelor of Commerce degree from the University of New South Wales and is a member of the Institute of Chartered Accountants in Australia and New Zealand and a fellow of the Australian Institute of Company Directors, Institute of Chartered Secretaries and Administrators, and Governance Institute of Australia.

Interest in shares & options
2,737,500 Ordinary Shares
337,500 Listed GGGOB options

Other board positions held
Non-executive Chairman – Bioxyne Limited – November 2012
Non-executive Chairman – Mooter Media Limited – December 2015

Board positions held in the last 3 years
Non-executive director - Apollo Minerals Limited - July 2009 to March 2016
Non-executive Chairman – Esperance Minerals Limited – October 2015 to March 2016
Non-executive director - Hastings Technology Metals Limited - March 2011 to November 2017

John Mair – Managing Director – Appointed 7 October 2011

Qualifications
PhD (Geol), MAus IMM

Experience
John Mair is a minerals industry professional with international experience across technical, corporate and managerial roles. John holds a PhD in economic geology from the University of Western Australia, and was a post-doctoral research fellow at Mineral Deposit Research Unit, UBC, Vancouver, working in close association with the US Geological Survey.

Information on Directors
John Mair (cont'd)

John has been a director of GMEL since 2011, and Managing Director from September 2014. John has played a key role in the Company's successful political interface with the Greenland and Danish governments and stakeholder groups, as well as driving a number of significant funding initiatives, and the technical direction of the Company's activities in Greenland.

John presents on the Company's behalf in commercial, technical, and political forums internationally. He is a Member of the Australian Institute for Mining and Metallurgy (AusIMM) and the Society for Economic Geologists (SEG).

Interest in shares & options
7,989,062 Ordinary Shares
1,597,813 Listed GGGOB options
6,000,000 Performance rights

Other board positions held
Nil

Simon Cato – Non-Executive Director – Appointed 21 February 2006

Special responsibilities
Chairman of the Audit Committee

Qualifications
B.A. (USYD)

Experience
Mr Simon Cato has over 30 years' experience in the capital markets in broking, regulatory roles and as director of listed companies.

He was initially employed by the ASX in Sydney and then in Perth. From 1991 until 2006 Simon was an executive director and/or responsible executive of three stockbroking firms. During that time Simon was involved in the formation of a number of companies, including writing prospectuses and managing the listing process and has been through the process of IPO listing in the dual role of broker and director.

Since 2006 he has been an executive and non-executive director of a number of public companies with a range of different business activities and was a founding director of Greenland Minerals and Energy Limited.

Currently Simon holds a number of non-executive roles with listed companies in Australia.

Interest in shares & options
6,117,808 Ordinary shares
481,786 listed GGGOB options

Other board positions held
Non-executive Chairman - Advanced Share Registry Limited - August 2007.
Non-executive director – Bentley Capital Limited – January 2016
Non-executive director – Keybridge Capital limited – July 2016

Positions held in the last 3 Years
Nil

Xiaolei Guo – Non-executive Director – Appointed 12 October 2017

Special responsibilities
Nil

Qualifications
BA.Law,

Experience
Mr Xiaolei Guo completed a Bachelor of Arts, major in law at China University of Political Science and Law and was admitted to the Bar in China.

He Started his career as a judge assistant in Tianjin Hexi District People's Court in July 2004, then joined King & Wood Mallesons in September 2007, working in the securities department specialising in providing securities and investment services to clients. He was extensively involved in IPOs, M&A bond issues bankruptcy and other corporate matters.

In early 2014, he joined Shenghe Resources Holding Co., Ltd working as General Manger Assistant and Manager of the investments and development department. In this role, Mr Guo focused on the acquisition of rare earth projects and played a key role in selecting and evaluating project and participated in the negotiation and legal aspects of acquisitions.

Xiaolei is Le Shan Shenghe Rare Earth Company Limited's nominee to the Company's board.

Interest in shares & options
Nil Ordinary shares
Nil Listed GGGOB options

Directorships held in other listed entities
Nil

Wenting Chen – Non-executive Director – Appointed 9 December 2016 – Resigned 12 October 2017

Special responsibilities
Nil

Qualifications
BA.Law, BA.Econ, MBA

Experience
Ms Wenting Chen completed a Bachelor of Arts, major in law, at Nanjing University, PRC. After graduation, she continued her study and completed a Bachelor of Economics, major in International trade, at Nanjing University, PRC and has working in banking and corporate roles.

Wenting was previously Le Shan Shenghe Rare Earth Company Limited's nominee to the Company's board.

Interest in shares & options
Nil Ordinary shares
Nil Listed GGGOB options

Directorships held in other listed entities
Nil

Remuneration Report – Audited

This remuneration report, which forms part of the directors' report, details the nature and amount of remuneration for each director and other key management personnel (KMP) of Greenland Minerals and Energy Limited, for the financial year ended 31 December 2017.

Director and key management personnel details
The following persons acted as directors and other KMP of the Company during or since the end of the financial year, unless otherwise stated, positions were held for the full year ended 31 December 2017 and continued to be held at the date of this report:

Directors

Anthony Ho, Non-Executive Chairman
John Mair, Managing Director
Simon Kenneth Cato, Non-Executive Director
Xiaolei Guo, Non-Executive Director – Appointed 12 October 2017
Wenting Chen, Non-Executive Director – Resigned 12 October 2017

Key management personnel

Miles Guy, Chief Financial Officer and Company Secretary

Remuneration Policy
The remuneration policy of Greenland Minerals and Energy Limited has been designed to align director and senior management objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on meeting service period requirements and share price vesting hurdles. The board of Greenland Minerals and Energy Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best senior management and directors to run and manage the Consolidated Group, as well as create alignment of interests between directors, senior management and shareholders.

Greenland Minerals and Energy Limited does not have a separate remuneration committee, with the role of the remuneration committee being the responsibility of the board. The board considers this appropriate given the current size and structure of the board and the Company.

The board's policy for determining the nature and amount of remuneration for board members and senior executives of the Consolidated Group is as follows:

- All senior management receive a market rate base salary (which is based on factors such as length of service and experience).

- The directors and senior management, where applicable receive a superannuation guarantee contribution required by the government, which is currently 9.5% and do not receive any other retirement benefits.

- All remuneration paid to directors and senior management is valued at the cost to the Consolidated Group and expensed. Options and rights granted to directors and senior management as part of remuneration are valued at grant date using appropriate valuation techniques.

- Vesting hurdles attached to options or rights are structured to ensure an alignment with an increase in shareholder value.

DIRECTORS' REPORT

Remuneration Report – Audited (cont'd)

- The board policy is to remunerate non-executive directors with a base fee and an additional fee at market rates for time for any additional commitment and responsibilities. The board as a whole determines payments to the non-executive directors and reviews their remuneration annually, based on market rates, their specific duties and responsibilities. Additional consultancy fees may be payable where the non-executive director has additional responsibilities associated with specific tasks or responsibilities outside of their normal duties. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. The current shareholder approved cap on these fees is $400,000 per annum. Fees for non-executive directors are not linked to the performance of the Consolidated Group. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company.

Cash based payments

Salary and fees
All directors and senior management receive a cash based salary or director fees. No bonuses or additional similar benefits were paid during the year ended 31 December 2017.

Post-employment benefits
Directors and senior management, where required also receive statutory superannuation of 9.5% on their gross salary. There are no entitlements to other additional post-employment benefit.

Long-term remuneration
The managing director and senior management are entitled to receive long service leave after 10 years continuous service, with a pro-rata entitlement after 7 years. Although a provision for this payment is recognised, no actual payments for long service leave were made in the year ended 31 December 2017.

Share based payments

Short term incentives (STI)
The Consolidated Group does not have a short term incentive scheme that is in addition to the short term employee benefits. The Consolidated Group considers that short term incentive schemes would not be consistent with shareholder value at the Consolidated Group's current stage of development.

Long term incentives (LTI)
At the Company's Annual General meeting on 31 May 2017, shareholders approved the issue of Employee Performance Rights to the Company's managing director, John Mair. The vesting conditions attached to the rights have been structured by the board with the objective of retaining and incentivising the managing director that aligns with increasing shareholder value.

The Consolidated Group does not presently has a share based employee scheme in place for senior management or employees

Separation payments
Director and senior management are not entitled to any separation payment other than statutory entitlements and notice period payment. There are no notice period requirements for Non-executive Directors and the notice period requirements for Executive Directors and Senior Management are disclosed key terms of employment contracts, on pages 29 to 30.

DIRECTORS' REPORT

Remuneration Report – Audited (cont'd)

Details of Remuneration

The remuneration for the directors and senior management of the Company during the current financial year was as follows:

2017	Short term benefits		Post-employment benefits	Long –term remuneration	Share Based payments			
	Salary & fees $	Other $	Super-annuation $	Provision for long service leave $	STI $	Rights (iii) $	Total Remuneration $	% Performance based
Executive Director								
J Mair	350,000	-	33,249	8,710	-	174,300	566,259	30.8%
Non-executive Director								
A Ho	100,000	-	9,500	-	-	-	109,500	-
S Cato	50,000	-	4,749	-	-	-	54,749	-
X Guo (i)	8,986	-	-	-	-	-	8,986	-
W Chen (ii)	31,178	-	-	-	-	-	31,178	-
Senior Management								
M Guy	180,000	-	17,100	6,150	-	-	203,250	-
TOTAL	**720,164**	**-**	**64,598**	**14,860**	**-**	**174,300**	**973,922**	**17.9%**

(i) Xiaolei Guo was appointed as a non-executive director on 12 October 2017.
(ii) Wenting Chen resigned as a non-executive director on 12 October 2017.
(iii) Rights issued are Employee Performance Rights that are Long Term Incentives and are subject to service period, share price and performance vesting hurdles which are detailed further in Note 24 of the financial statements. The rights do not vest into fully paid shares unless vesting conditions are satisfied. At 31 December 2017, all rights remained unvested and as a result the rights represent no monetary value to the holder.

The remuneration for the directors and senior management of the Company during the previous financial year was as follows:

2016	Short term benefits		Post-employment benefits	Long –term remuneration	Share Based payments			
	Salary & fees $	Other $	Super-annuation $	Provision for long service leave $	STI $	Rights $	Total Remuneration $	% Performance based
Executive Director								
J Mair	350,000	-	33,249	11,683	-	-	394,932	-
Non-executive Director								
A Ho	100,000	-	9,500	-	-	-	109,500	-
S Cato	50,000	-	4,749	-	-	-	54,749	-
W Chen (i)	2,411	-	-	-	-	-	2,411	-
M Hutchinson (ii)	11,250	-	-	-	-	-	11,250	-
J Whybrow (iii)	18,750	-	-	-	-	-	18,750	-
Senior Management								
M Guy	180,000	-	17,100	1,050	-	-	198,150	-
TOTAL	**712,411**	**-**	**64,598**	**12,733**	**-**	**-**	**789,742**	**-**

(i) Wenting Chen was appointed as a non-executive director on 9 December 2016.
(ii) Michael Hutchinson resigned as a non-executive director on 3 April 2016.
(iii) Jeremy Whybrow resigned as a non-executive director on 29 March 2016.

DIRECTORS' REPORT

Remuneration Report – Audited (cont'd)

Rights issued

At the Company's annual general meeting on 31 May 2017, shareholders approved the issue of 6,000,000 Employee Performance Rights to John Mair, the Company's managing director. The rights to be issued under the board approved Employee Incentive Plan.

The rights are subject to service period and performance based vesting hurdles aimed at assisting with retaining John Mair's services and to further incentivise John Mair that aligns with increasing shareholder value. The rights can only vest into fully paid ordinary shares on satisfying the vesting hurdles prior to 31 May 2020 being the expiry date of the rights.

In addition:

- No amounts are payable by the recipient on receipt of the right or on the vesting of the right;
- The rights do not carry the right to either dividends or voting;
- The rights are non-transferable and do not represent any monetary value to the recipient prior to vesting, and
- Each right issued will be convertible into one fully paid ordinary share upon satisfying the clearly defined vesting hurdles

The rights vest in 2 tranches with both tranches being subject to a 12 month service period and the following share price performance hurdle.

Tranche	10 Day VWAP share price hurdle	Number
Tranche 1	$0.182	1,200,000
Tranche 2	$0.242	4,800,000

In addition to the share price performance hurdle, tranche 2 is subject to the additional performance hurdle of the Consolidated Group being granted a mining licence for the Kvanefjeld project.

The following un-vested performance rights were issued during the current financial year ended 31 December 2017.

Director	Grant date	Number	Fair value @ grant date $	Expiry date	Number vested
J Mair					
Tranche 1	31/05/2017	1,200,000	106,800	31/05/2020	Nil
Tranche 2	31/05/2017	4,800,000	384,000	31/05/2020	Nil
Total		**6,000,000**	**490,800**		

(i) Fair value at grant date has been calculated using a binominal model (refer to note 24) the value will be recognised in remuneration on a pro-rata basis over the 12 month service vesting period for tranche 1 and 2 year period for tranche 2, taking into consideration the additional performance vesting conditions, in accordance with Australian Accounting Standards.

No performance rights were issued to directors or senior management in the previous financial year ended 31 December 2017.

Options exercised

The following options issued to directors or senior management were exercised during the year ended 31 December 2017: or the previous financial year ended 31 December 2016.

Remuneration Report – Audited (cont'd)

	Date	Number Exercised (i)	Exercise Price	Share price @ exercise date	Amount Paid $	Amount unpaid $	Option value at date of exercise $
S Cato	07/03/2017	500,000	$0.08	$0.16	40,000	-	80,000

(i) The options exercised were free attached options to a rights issue offered to all shareholders at the time. The options did not form part of a remuneration or compensation package.

No options issued to directors or senior management were exercised in the previous financial year ended 31 December 2016.

Rights expired
No un-vested Employee Performance Rights expired during the current year ended 31 December 2017.

During the previous financial year ended 31 December 2016 the following un-vested Employee Performance Rights expired due to failing to meet the share price vesting hurdles. The Rights were issued in 2013 and fully expensed proportionately over the years ended 31 December 2013 to 31 December 2014.

Employee	Number	Value @ grant date $	Expiry date	Value @ expiry date
M Guy	1,200,000	210,289	13/09/2016	-

Rights cancelled
No un-vested Employee Performance Rights were cancelled in during the current financial year ended 31 December 2017 or the previous financial year ended 31 December 2016.

No director or senior management person appointed during the current or prior period received a payment as part of his consideration for agreeing to hold the position.

No cash bonuses were paid to any directors or senior management during the current or prior period.

Key management personnel equity holdings
Refer to note 27 for full details of key management personnel equity holdings.

Transactions with related parties
Simon Cato is a Non-executive Director and Chairman of Advanced Share Registry Limited. Advanced Share Registry Limited provides share registry services to Greenland Minerals and Energy Limited. These services are supplied on normal commercial terms and Mr Cato does not receive any remuneration from Advanced Share Registry Limited based on the supply of share registry services to the Consolidated Group. For the year ended 31 December 2017 $41,302 was paid to Advance Share Registry Limited for services provided (Dec 2016: $59,907).

Consolidated Group performance, shareholder wealth and director and senior management remuneration

The remuneration policy has been tailored to align the interests of shareholders, directors and senior management. To achieve this aim, the entity may issue options to directors and senior management. Any issue of options is based on the performance of the Consolidated Group and or individual and is

DIRECTORS' REPORT

Remuneration Report – Audited (cont'd)

limited to the achievement of clearly defined bench marks and milestones. These bench marks and milestones may include:

- Share price and or the market capitalisation of the Company exceeding pre-determined levels.
- Completion of specific projects or pre-determined stages of projects.
- Periods of service with the Company.
- Accretion of shareholder value.

The following table shows the gross revenue and profits for the period from 31 December 2013 to 31 December 2017 for the listed entity, as well as the share price at the end of each financial period.

Remuneration Report	12 month period ended 31 Dec 2017	12 Month period ended 31 Dec 2016	12 Month period ended 31 Dec 2015	12 Month period ended 31 Dec 2014	12 Month period ended 31 Dec 2013
Revenue	$126,547	$82,966	$193,508	$760,583	$297,067
Net loss before and after tax	($2,488,863)	($2,172,733)	($4,091,615)	($5,062,999)	($8,768,670)
Share price at beginning of period	$0.07	$0.03	$0.07	$0.21	$0.27
Share price at end of period	$0.10	$0.07	$0.03	$0.07	$0.21
Dividend	-		-	-	-
Basic loss per share	$0.03	$0.03	$0.06	$0.08	$0.02
Diluted loss per share	$0.03	$0.03	$0.06	$0.08	$0.02

Key terms of employment contracts

Directors

Anthony Ho, Non-*executive Chairman*

- Director fee of $100,000 per annum.
- A consultant's fee of $1,500 per day for pre-approved work undertaken in addition to the Director's duties.
- Superannuation at 9.5% is payable on the base director's fee.
- Entitled to be reimbursed for all out of pocket expenses necessarily incurred in the performance of his duties including relating to travel, entertainment, accommodation, meals and telephone.
- No fixed term.

John Mair, *Managing Director*

- Term and type of contract – service agreement subject to annual review.
- Base salary, of $350,000 per annum and is paid monthly two weeks in advance and two weeks in arrears.
- Superannuation at 9.5% is payable on the base salary.
- Either the Company or the employee may terminate his engagement without cause by giving the other party twelve months written notice, there are no other specific payout clauses
- Entitled to be reimbursed for all out of pocket expenses necessarily incurred in the performance of his duties including relating to travel, entertainment, accommodation, meals and telephone.
- 12 Month notice period.

Remuneration Report – Audited (cont'd)

Simon Cato, *Non-Executive Director*

- Director fee of $50,000 per annum.
- A consultant's fee of $1,500 per day for pre-approved work undertaken in addition to the Director's duties.
- Superannuation at 9.5% is payable on the base director's fee.
- Entitled to be reimbursed for all out of pocket expenses necessarily incurred in the performance of his duties including relating to travel, entertainment, accommodation, meals and telephone.
- No fixed term.

Xiaolei Guo, *Non-Executive Director*

- Director fee of $40,000 per annum.
- A consultant's fee of $1,500 per day for pre-approved work undertaken in addition to the Director's duties.
- Entitled to be reimbursed for all out of pocket expenses necessarily incurred in the performance of his duties including relating to travel, entertainment, accommodation, meals and telephone.
- No fixed term.

Wenting Chen, *Non-Executive Director*

- Director fee of $40,000 per annum.
- A consultant's fee of $1,500 per day for pre-approved work undertaken in addition to the Director's duties.
- Entitled to be reimbursed for all out of pocket expenses necessarily incurred in the performance of his duties including relating to travel, entertainment, accommodation, meals and telephone.
- No fixed term.

Senior Management

Miles Guy, *Chief Financial Officer and Company Secretary*

- Term and type of contract – service agreement subject to annual review.
- Base salary, of $180,000 per annum and is paid monthly two weeks in advance and two weeks in arrears.
- Superannuation at 9.5% is payable on the base salary.
- Entitled to be reimbursed for all out of pocket expenses necessarily incurred in the performance of his duties including relating to travel, entertainment, accommodation, meals and telephone.
- Either the Company or the employee may terminate his engagement without cause by giving the other party three months written notice, there are no other specific payout clauses
- Remuneration will be reviewed every 12 months or as otherwise agreed between the parties.
- 3 Month notice period.

DIRECTORS' REPORT

Remuneration Report – Audited (cont'd)

Meetings of Directors

During the financial year, 11 meetings of directors were held. Attendances by each director during the year were as follows:

	Directors Meetings	
Director	Number of meetings eligible to attend	Number attended
A Ho	11	11
J Mair	11	11
S Cato	11	11
X Guo	2	2
W Chen	8	8

Audit and Risk Committee

The audit committee members are Simon Cato (Chairman) and Anthony Ho. The audit and risk committee is to meet at least twice a year and must have a quorum of two members. There were 2 audit and risk committee meetings held during the current financial year, as follows:

	Audit Committee Meetings	
Member	Number of meetings eligible to attend	Number Attended
S Cato	2	2
A Ho	2	2

Remuneration Report – Audited – END-

Indemnifying Officers

During or since the end of the financial period the Company has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premium to insure the directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of the director of the Consolidated Group, other than conduct involving a willful breach of duty in relation to the Consolidated Group.

Proceedings on Behalf of Consolidated Group

No person has applied for leave of court to bring proceedings on behalf of the Consolidated Group or intervene in any proceedings to which the Consolidated Group is a party for the purpose of taking responsibility on behalf of the Consolidated Group for all or any part of those proceedings.

The Consolidated Group was not a party to any such proceedings during the period.

Non-audit Services

Details of amounts paid to the auditors of the Company, Deloitte Touche Tohmatsu and its related practices for audit and any non audit services for the year, are set out in note 30.

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 31 December 2017 has been received and is included on page 35 the financial report**.**

Corporate governance statement

The board of Directors of Greenland Minerals and Energy Limited is responsible for the corporate governance of the Consolidated Group. The Company's board and the executives of the Consolidated Group recognises the need to formulate corporate governance policies that establish and maintain the highest standards of ethical behaviour and accountability and for the policies to meet the requirements of the market regulators and the expectations of members and other stakeholders.

The corporate governance policies are regularly reviewed to ensure they are appropriate as the Company and corporate governance expectations evolve. The Company's corporate governance policy has been structured taking into consideration the third edition of the ASX Corporate Governance Council Principles and Recommendations. The policy was approved by the board on 27 March 2018 and is available on the Company's website:

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. In accordance with that Class Order amounts in the directors' report and the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of directors, made pursuant to section 298(2) of the Corporations Act 2001.

On behalf of the Directors.

John Mair
Managing Director

Deloitte Touche Tohmatsu
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Australia

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

28 March 2018

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 audit of the financial statements of Greenland Minerals and Energy Limited for the financial year ended 31 December 2017, 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 audit; and
(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Ian Skelton
Partner
Chartered Accountants

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Greenland Minerals and Energy Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 31 December 2017 and of its financial performance for the year then ended; and

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

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Carrying value of Exploration and Evaluation Assets As at 31 December 2017 the carrying value of exploration and evaluation assets as disclosed in Note 12 to the Financial Statements amounts to $77.7 million. The Group's accounting policy in respect of exploration and evaluation assets is outlined in Note 1. The exploration licence related to the Kvanefjeld project expired on 31 December 2017. The renewal application commenced prior to this date and remains in progress with the Mining Licence and Safety Authority ("MLSA") in Greenland. Significant judgement is applied in determining whether facts and circumstances indicate that the exploration and expenditure assets should be tested for impairment in accordance with the relevant accounting standards including: • whether the entity has the right to tenure of the area of interest at 31 December 2017; • the likelihood of the exploration licence being renewed; • the status and results of current exploration programmes; • the planned future work programmes and budgeted expenditure on the area of interest; and • whether the project has reached a stage whereby economic recoverable reserves have been identified which may indicate that the current carrying value is above its recoverable amount.	Our procedures included, but were not limited to: • confirming whether the rights to tenure of the area of interest remained current to balance sheet date, • enquiring with the MLSA in regards to the status of the exploration licence renewal, including understanding the groups tenure rights during this period; • assessing the status of ongoing exploration programmes, and the mining licence application process for the respective area of interest, • assessing evidence of the future intention for the area of interest, including reviewing future budgeted expenditure and related work programmes; and • confirming whether exploration activities for the area of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed and compared this to the current carrying value. We also assessed the appropriateness of the disclosures in Note 12 to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included on pages 26 to 33 of the Directors' Report for the year ended 31 December 2017.

In our opinion, the Remuneration Report of Greenland Minerals and Energy Limited, for the year ended 31 December 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Ian Skelton
Partner
Chartered Accountants
Perth, 28 March 2018

Directors' declaration

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;

(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;

(c) the attached financial statements and notes thereto, are in compliance with International Financial Reporting Standards as stated in note 2 of the financial statements; and

(d) the directors have been given the declarations required by s.295A of the Corporations Act 2001.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors

John Mair
Managing Director
Subiaco, 28 March 2018

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2017

	Note	Dec 2017 $' 000	Dec 2016 $' 000
Revenue from continuing operations	5	127	83
Expenditure			
Director and employee benefits	6(a)	(1,002)	(861)
Professional fees	6(b)	(546)	(343)
Occupancy expenses	6(c)	(195)	(292)
Listing costs	6(d)	(135)	(134)
Other expenses	6(e)	(738)	(626)
Loss before tax		(2,489)	(2,173)
Income tax expense	7	-	-
Loss for year		(2,489)	(2,173)
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss			
Exchange difference arising on translation of foreign operations		3,287	(1,322)
Income tax relating to components of comprehensive income	7	-	-
Other comprehensive income for the year		3,287	(1,322)
Total comprehensive loss for the year		798	(3,495)
Gain/(loss) attributable to:			
Owners of the parent		(2,489)	(2,173)
		(2,489)	(2,173)
Total comprehensive gain/(loss) attributable to:			
Owners of the parent		798	(3,495)
		798	(3,495)
Basic loss per share – cents per share	20	0.026	0.026
Diluted loss per share – cents per share		0.026	0.026

Notes to the financial statements are included on pages 45 to 76.

Consolidated statement of financial position as at 31 December 2017

Current Assets	Note	Dec 2017 $' 000	Dec 2016 $' 000
Cash and cash equivalents	8	10,733	6,378
Trade and other receivables	9	104	31
Other assets	10	102	671
Total Current Assets		10,939	7,080
Non-Current Assets			
Property, plant and equipment	11	930	1,004
Capitalised exploration and evaluation expenditure	12	77,736	71,925
Other assets		-	41
Total Non-Current Assets		78,666	72,970
Total Assets		89,605	80,050
Current Liabilities			
Trade and other payables	13	870	778
Other liabilities	14	92	74
Provisions	15(a)	292	256
Total Current Liabilities		1,254	1,108
Non-Current Liabilities			
Provisions	15(b)	131	107
Total Non-Current Liabilities		131	107
Total Liabilities		1,385	1,215
Net Assets		88,220	78,835
Equity			
Issued Capital	16	362,823	354,710
Reserves	17	(5,313)	(9,074)
Accumulated Losses	19	(269,290)	(266,801)
Total Equity		88,220	78,835

Notes to the financial statements are included on pages 45 to 76.

Consolidated statement of changes in equity for the year ended 31 December 2017

	Issued capital $' 000	Option reserve $' 000	Foreign currency translation reserve $' 000	Non - Controlling interest acquisition reserve $'000	Accumulated losses $' 000	Total $' 000
Balance at 1 January 2016	348,361	28,547	2,561	(39,672)	(264,628)	75,169
Net loss for the year	-	-	-	-	(2,173)	(2,173)
Other Comprehensive income	-	-	(1,322)	-	-	(1,322)
Total comprehensive for the year	-	-	(1,322)	-	(2,173)	(3,495)
Issue of shares Net of transaction costs	6,204	-	-	-	-	6,204
Recognition of share based payments – capital raising	131	736	-	-	-	867
Recognition of share based payments – consultants	-	77	-	-	-	77
Issue of shares from option exercise	14	(1)	-	-	-	13
Balance at 31 December 2016	354,710	29,359	1,239	(39,672)	(266,801)	78,835
Balance at 1 January 2017	354,710	29,359	1,239	(39,672)	(266,801)	78,835
Net loss for the year	-	-	-	-	(2,489)	(2,507)
Other Comprehensive income	-	-	3,287	-	-	3,287
Total comprehensive for the year	-	-	3,287	-	(2,489)	780
Issue of shares Net of transaction costs	8,234	-	-	-	-	8,234
Recognition of share based payments – capital raising	-	222	-	-	-	222
Recognition of share based payments – consultants	154	103	-	-	-	297
Recognition of share based payments – directors	-	174	-	-	-	174
Issue of shares from option exercise	259	(25)	-	-	-	194
Recognition of cost of equity placement facility – Long State	(534)	-	-	-	-	(534)
Balance at 31 December 2017	362,823	29,833	4,526	(39,672)	(269,290)	88,220

Notes to the financial statements are included on pages 45 to 76.

Consolidated statement of cash flows
for the year ended 31 December 2017

	Note	31 Dec 2017 $' 000	31 Dec 2016 $' 000
Cash flows from operating activities			
Receipts from customers		91	45
Payments to suppliers and employees		(1,910)	(2,201)
Net cash used in operating activities	23	(1,819)	(2,156)
Cash flows from investing activities			
Interest received		40	37
Payments for exploration and development		(2,567)	(2,001)
Proceeds from government grants and rebates		-	708
Net cash used in investing activities		(2,527)	(1,256)
Cash flows from financing activities			
Proceeds from issue of shares/options		9,244	7,097
Payment for shares/options issue costs		(543)	(13)
Net cash from financing activities		8,701	7,084
Net increase/(decrease) in cash and equivalents		4,355	3,672
Cash and equivalents at the beginning of the financial year		6,378	2,706
Cash and equivalents at the end of the Financial year	8	10,733	6,378

Notes to the financial statements are included on pages 45 to 76.

Notes to the accounts

1. General information
Greenland Minerals and Energy Limited is a public Company listed on the Australian Securities Exchange, incorporated in Australia and operating in Greenland with its head office in Perth.

Greenland Minerals and Energy Limited registered office and its principal place of business are as follows:

Registered office	Principal place of business
Unit 6, 100 Railway Road Subiaco WA	Unit 6, 100 Railway Road Subiaco WA

The Company's principal activities are mineral exploration and evaluation.

2. Significant accounting policies

Statement of compliance
The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law.
The financial report includes the consolidated financial statements of the group.
Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Consolidated Group comply with International Financial Reporting Standards ('IFRS'). The Consolidated Group is a for-profit entity for the purpose of preparing the financial statements.
The financial statements were authorised for issue by the directors on 27 March 2018.

Basis of preparation
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. All amounts are presented in Australian dollars, unless otherwise noted.
The Company is a company 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 financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Critical accounting judgments and key sources of estimation uncertainty
In the application of the Consolidated Group's accounting policies, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.
The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Refer to note 3 for a discussion of critical judgements in applying the entity's accounting policies, and key sources of estimation uncertainty.

Adoption of new and revised Accounting Standards
In the current period, the Consolidated Group has adopted all of the new and revised Standards and

The following Standards and Interpretations have been adopted in the current year:

AASB 1057 *Application of Australian Accounting Standards* and AASB 2015-9 *Amendments to Australian Accounting Standards – Scope and Application Paragraphs*
AASB 2014-4 *Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation*

Notes to the accounts

2. Significant accounting policies (cont'd)

AASB 2015-1 *Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle*
AASB 2015-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101*
AASB 2016-1 *Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses*

The Consolidated Entity has not elected to early adopt any new standards or amendments.

At the date of authorisation of the financial report, a number of Standards and interpretations were on issue but not yet effective:

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 *Financial Instruments*, and the relevant amending standards	1 January 2018	31 December 2018
AASB 16 *Leases*	1 January 2019	31 December 2019
AASB 2016-5 *Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions*	1 January 2018	31 December 2018
AASB 2017-2 *Amendments to Australian Accounting Standards - Further Annual Improvements 2014-2016 Cycle*	1 January 2018	31 December 2018
AASB Interpretation 22 *Foreign Currency Transactions and Advance Consideration*	1 January 2018	31 December 2018
AASB Interpretation 23 *Uncertainty Over Income Tax Treatments,* AASB 2017- 4 *Amendments to Australian Accounting Standards – Uncertainty over Income Tax Treatments*	1 January 2019	31 December 2019

The Directors note that the impact of the initial application of the Standards and Interpretations is not likely to have a material impact. These Standards and Interpretations will be first applied in the financial report of the Consolidated Entity that relates to the annual reporting period beginning on or after the effective date of each pronouncement.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Notes to the accounts

2. Significant accounting policies (cont'd)

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Consolidated Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interests of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Consolidated Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Consolidated Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

(b) Foreign currency

The individual financial statements of each group entity are presented in its functional currency being the currency of the primary economic environment in which the entity operates. For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Australian dollars, which is the functional currency of Greenland Minerals and Energy Limited and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned or likely to occur, which form part of the net investment in a foreign operation, and which are recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of the net investment.

On consolidation, the assets and liabilities of the Consolidated Group's foreign operations are translated into Australian dollars at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Consolidated Group's foreign currency translation reserve. Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed.

(c) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

(d) Revenue

Revenue is measured at the fair value of the consideration when received or receivable.

Interest revenue

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Rental income

Revenue from operating sub-leases is recognised in accordance with the Consolidated Group's accounting policy.

(e) Share-based payments

Equity-settled share-based payments with employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. Fair value is measured by use of an appropriate valuation method. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. Further details on how the fair value of equity-settled share-based transactions are in note 24.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Consolidated Group's estimate of equity instruments that will eventually vest.

At each reporting date, the Consolidated Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss over the remaining vesting period, with corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with other parties are measured at the fair value of the goods and services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

(f) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws

that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the balance sheet liability method. Temporary differences are differences between the tax base of an asset or liability and its carrying amount in the balance sheet. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from the initial recognition of goodwill.

Notes to the accounts

2. Significant accounting policies (cont'd)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and interests in joint ventures except where the Consolidated Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Consolidated Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company/Consolidated Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised in profit or loss, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

(g) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value and have a maturity of six months or less at the date of acquisition.

(h) Financial assets

Financial assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Financial assets are classified into the following specified categories: 'Financial assets at fair value through profit and loss (FVTPL)', 'available-for-sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis for debt instruments other than those financial assets 'at fair value through profit or loss'.

Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss where the financial asset:

- has been acquired principally for the purpose of selling in the near future;
- is a part of an identified portfolio of financial instruments that the Consolidated Group manages together and has a recent actual pattern of short-term profit-taking; or
- is a derivative that is not designated and effective as a hedging instrument.

2. Significant accounting policies (cont'd)

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in note 10.

<u>Loans and receivables</u>

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment.

Interest income is recognised by applying the effective interest rate.

<u>Impairment of financial assets</u>

Financial assets are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of financial assets including uncollectible trade receivables is reduced by the impairment loss through the use of an allowance account.

Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the receivable at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in equity.

<u>Derecognition of financial assets</u>

The Consolidated Group de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Consolidated Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Consolidated Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Consolidated Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Consolidated Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(i) Property, plant and equipment

Plant and equipment and leasehold improvements are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation on plant and equipment is calculated on a diminishing value basis so as to write off the net cost or other devalued amount of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the diminishing value method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Notes to the accounts

2. Significant accounting policies (cont'd)

The following useful lives are used in the calculation of depreciation:

Leasehold improvements	10 – 15 years
Plant and equipment	4 – 10 years
Buildings	20 years

(j) Leased assets

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases.

Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. However, contingent rentals arising under operating leases are recognised as income in a manner consistent with the basis on which they are determined.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

(k) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long-term employee benefits, are measured as the present value of the estimated future cash outflows to be made by the Consolidated Group in respect of services provided by employees up to reporting date.

(l) Financial instruments issued by the Consolidated Group

Debt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Consolidated Group are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

(m) Impairment of long-lived assets excluding goodwill

At each reporting date, the Consolidated Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Consolidated Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

(n) Capitalisation of exploration and evaluation expenditure

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

(i) the rights to tenure of the area of interest are current; and

(ii) at least one of the following conditions is also met:

- (a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
- (b) exploration and evaluation activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (or the cash-generating unit(s) to which it has been allocated, being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision is made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

(o) Provisions

Provisions are recognised when the Consolidated Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Consolidated Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

Notes to the accounts

2. Significant accounting policies (cont'd)

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3: Critical accounting estimates and judgments

In preparing this Financial Report the Consolidated Group has been required to make certain estimates and assumptions concerning future occurrences. There is an inherent risk that the resulting accounting estimates will not equate exactly with actual events and results.

a) Significant accounting judgments

In the process of applying the Consolidated Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

<u>Carrying value of exploration and evaluation expenditure</u>

The Consolidated Group has capitalised significant exploration and evaluation expenditure on the basis either that this is expected to be recouped through future successful development or alternatively sale of the Areas of Interest. If ultimately the area of interest is abandoned or is not successfully commercialised, the carrying value of the capitalised exploration and evaluation expenditure would be written down to its recoverable amount.

<u>Deferred tax assets</u>

The Consolidated Group expects to have carried forward tax losses which have not been recognised as deferred tax assets as it is not considered sufficiently probable at this point in time, that these losses will be recouped by means of future profits taxable in the relevant jurisdictions.

b) Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

<u>Carrying value of capitalised exploration and evaluation expenditure</u>

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Consolidated Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, costs of drilling and production, production rates, future legal and political changes, (including obtaining the right to mine and changes to environmental restoration obligations) and changes to commodity prices.

As at 31 December 2017, the carrying value of capitalised exploration expenditure is $77,730,636 (2016: $71,925,784) refer to note 12.

In accordance with the Standard Terms for Mineral Exploration Licenses in Greenland, EL 2010/02 was last renewed at the end of December 2014 for a period of 3 years and was due for renewal on 31 December 2017. The licence renewal is a standard procedural process provided that the terms of the license have been complied with, the renewal will be for a further 3 years. EL 2010/02 is in good standing with all license obligations having been met.

3. Critical accounting estimates and judgments (cont'd)

The Company lodged a renewal application in November 2017 and received confirmation all requirements to receive a new 3 year licence period had been satisfied. The company has been provided with communications from the Ministry that clarifies that tenure is still held by the Company in the situation where the application was lodged prior to the expiry of the licence. The company expects that the licence will be renewed and its assessment of the carrying value of the exploration and evaluation expenditure has been assessed on that basis, should the situation change, the carrying value will be assessed accordingly.

4: Segment information

AASB8 *Operating Segments* requires operating segments to be identified on the basis of internal reports about components of the entity that are regularly reviewed by the managing director (chief operating decision maker) in order to allocate resources to the segment and assess performance.

The Consolidated Group undertakes mineral exploration and evaluation in Greenland.

Given the Consolidated Group has one reporting segment, operating results and financial information are not separately disclosed in this note.

5: Revenue

	31 Dec 2017 $' 000	31 Dec 2016 $' 000
Interest - Bank deposits	45	34
Other revenue	82	49
	127	83

6: Expenditure

		31 Dec 2017 $' 000	31 Dec 2016 $' 000
(a)	**Director and employee benefits**		
	Directors' fees	(188)	(171)
	Director's and employee salary and wage expense	(577)	(626)
	Director's share based payments	(174)	-
	Director's and employee post-employment benefits	(63)	(64)
		(1,002)	(861)
(b)	**Professional fees:**		
	Audit, accounting and taxation expense	(141)	(125)
	Legal fees	(24)	(48)
	Marketing and public relations	(107)	(84)
	Marketing and public relations – share based payments	(256)	-
	Consulting	(18)	(86)

Notes to the accounts

6: Expenditure (cont'd)

	31 Dec 2017 $' 000	31 Dec 2016 $' 000
(c) Listing costs:		
Stock exchange fees	(94)	(74)
Share registry fees	(41)	(60)
	(135)	(134)
(d) Other expenses		
Loss on disposal of investments	(41)	(23)
Loss on foreign currency exchange	-	(1)
Depreciation expense	(106)	(123)
Insurance	(63)	(53)
Operating lease rental expenses	(5)	(5)
Travel expenses	(168)	(61)
Payroll tax	(55)	(45)
Office costs	(49)	(51)
Other expenses	(251)	(264)
	(738)	(626)

7: Income tax

	31 Dec 2017 $' 000	31 Dec 2016 $' 000
(a) Tax expense	-	-
Current tax	-	-
Deferred tax	-	-
	-	-
b) The prima facie income tax benefit on pre-tax accounting loss from operations reconciles to the income tax expenses in the financial statements as follows:		
Loss for period	(2,489)	(2,173)
Prima facie tax benefit on loss at 30%	(752)	(652)
add:		
Tax effect of:		
other non-allowable items	20	53
provisions and accruals	247	192
accrued income	1	6
revenue loss not recognised	1,530	1,234
	1,798	1,485

7: Income tax (cont'd)

	31 Dec 2017 $' 000	31 Dec 2016 $' 000
Less:		
Tax effect of:		
exploration, evaluation and development expenditure	(756)	(581)
provisions and accruals	(179)	(122)
capital expenditure write off	(93)	(122)
other deductions	(18)	(8)
	(1,046)	(833)
Income tax expense	-	-
The following deferred tax balances have not been recognised:		
Deferred tax assets:		
at 30%		
Carry forward revenue losses	34,389	32,859
Capital expenditure costs	445	911
	34,834	33,770
Less: offset against deferred tax liability	(16,508)	(15,751)
	18,326	18,019

The above deferred tax assets will only be recognised when:

(i) The Consolidated Group derives future assessable income of a nature and amount sufficient to enable the benefits to be utilised,

(ii) The Consolidated Group continues to comply with the conditions of deductibility imposed by law, and

(iii) No change in income tax legislation adversely affects the Consolidated Group's ability to utilise the benefits.

	31 Dec 2017 $' 000	31 Dec 2016 $' 000
Deferred tax liabilities:		
at 30%		
Exploration, evaluation and development expenditure	16,506	15,750
Accrued income	2	1
	16,508	15,751
less offset against deferred tax assets	(16,508)	(15,751)
	-	-

Notes to the accounts

8: Cash and equivalents

	Dec 2017 $' 000	Dec 2016 $' 000
Cash at bank	298	4,754
Cash on deposit at call	8,660	1,200
Cash on deposit	1,775	424
	10,733	6,378

The Consolidated Group's financial risk management objectives and policies are discussed further at note 25.

9: Trade and other receivables

	Dec 2017 $' 000	Dec 2016 $' 000
(a) Current		
Debtors	-	9
Accrued interest	7	2
GST refundable	97	20
	104	31

(i) Trade debtors and sundry debtors are non-interest bearing, unsecured and generally on 30 day terms. As at 31 December 2017 and 31 December 2016 no amounts were past due but not impaired. No allowance for doubtful debts at either 31 December 2017 or 31 December 2016.

10: Other assets

	Dec 2017 $' 000	Dec 2016 $' 000
Deposit bonds	2	2
Prepayments (i)	100	629
Funds held in trust	-	40
	102	671

(i) Reduction in prepayments resulting from expensing of prepaid share issue costs associated with the Long State Facility, refer to note 16.

11: Property, plant and equipment

	Dec 2017 $' 000	Dec 2016 $' 000
Plant and Equipment (cost)	1,412	1,400
Accumulated depreciation	(1,111)	(1,039)
Leasehold improvements (cost)	41	41
Accumulated depreciation	(20)	(18)
Buildings	898	854
Accumulated depreciation	(290)	(234)
	930	1,004

(a) Movements in the carrying amounts

Movement in the carrying values for each class of property, plant and equipment between the beginning and the end of the period.

	Dec 2017 $' 000	Dec 2016 $' 000
Plant and Equipment		
Carrying value at beginning of year	361	464
Acquisitions	-	-
Disposals	-	(23)
Effects of currency translation	1	(1)
Depreciation expense	(61)	(79)
Carrying value at end of year	302	361
Leasehold improvements		
Carrying value at beginning of year	23	25
Depreciation expense	(2)	(2)
Carrying value at end of year	21	23
Buildings		
Carrying value at the beginning of year	620	677
Effects of currency translation	30	(15)
Depreciation	(42)	(42)
Carrying value at end of year	608	620
Total property, plant and equipment carrying value at end of period	930	1,004

Notes to the accounts

12: Capitalised exploration and evaluation expenditure

	Dec 2017 $' 000	Dec 2016 $' 000
Balance at beginning of year	71,925	71,815
Exploration and/or evaluation phase in current period:		
Capitalised expenses	2,567	1,938
Effects of currency translation (i)	3,244	-
	77,763	73,753
Less:		
Research and development tax offset received	-	(521)
Effects of currency translation (i)	-	(1,307)
Balance at end of year	77,736	71,925

(i) The Kvanefjeld Project EL 2010/02 is held by Greenland Minerals and Energy (Trading) A/S, the 100% owned Greenlandic subsidiary. 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) The recoverability of the Consolidated Group's carrying value of the capitalised exploration and evaluation expenditure relating to EL 2010/02 is subject to the successful development and exploitation of the exploration property. The Consolidated Group has completed a feasibility study and environmental and social impact studies. These studies have been submitted to the relevant Greenland authorities, as a commencement of the process for an application for the right to mine.

(iii) In accordance with the Standard Terms for Mineral Exploration Licenses in Greenland, EL 2010/02 was last renewed at the end of December 2014 for a period of 3 years and was due for renewal on 31 December 2017. The licence renewal is a standard procedural process provided that the terms of the license have been complied with, the renewal will be for a further 3 years. EL 2010/02 is in good standing with all license obligations having been met.
The Company lodged a renewal application in November 2017 and received confirmation all requirements to receive a new 3 year licence period had been satisfied. The company has been provided with communications from the Ministry that clarifies that tenure is still held by the Company in the situation where the application was lodged prior to the expiry of the licence. The company expects that the licence will be renewed and its assessment of the carrying value of the exploration and evaluation expenditure has been assessed on that basis, should the situation change, the carrying value will be assessed accordingly.

(iv) The Consolidated Group has a positive outlook regarding its ability to successfully develop the project, as a multi element rare earth and uranium project. The Consolidated Group is working with the Greenland Government and other stakeholders to progress the mining license application to move to development in accordance with both Greenland Government and local community expectations.

13: Trade and other payables

	Dec 2017 $' 000	Dec 2016 $' 000
Accrued expenses (i)	668	515
Trade creditors (ii)	75	91
Sundry creditors (ii)	127	172
	870	778

(i) Accrued expenses related 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.

(iii) The financial risk related to trade and other payables is managed by ensuring sufficient at call cash balances are maintained by the Consolidated Group to enable the settlement in full of all amounts as and when they become due for payment.

14: Other liabilities

	Dec 2017 $' 000	Dec 2016 $' 000
EURARE grant advanced payment (i)	82	74
Funds received pending issue of shares	10	-
	92	74

(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.

15: Provisions

	Dec 2017 $' 000	Dec 2016 $' 000
(a) Current		
Provision for annual leave	292	256
	292	256
(b) Non-current		
Provision for long service leave	131	107
	131	107

16: Issued capital

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the Consolidated Group does not have a limited amount of authorised capital and issued shares do not have a par value.

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

	Dec 2017		Dec 2016	
	No ' 000	$' 000	No ' 000	$' 000
Balance brought forward	999,124	354,710	787,709	348,361
Issue of ordinary shares through capital raising	100,000	9,000	81,967	2,459
Issue of ordinary shares as consideration for rights issue/capital raising costs	-		4,367	131
Issue of ordinary shares to Le Shan Shenghe	-	-	125,000	4,625
Issue of ordinary shares as consideration for share based payments – consultants	3,200	154	-	-
Issue of ordinary shares as a result of exercised options:				
$0.20 exercise price options	-	-	45	11
$0.08 exercise price options	2,927	259	36	3
Less costs associated with shares issued	-	(766)	-	(880)
Less costs associated with equity placement facility – Long State	-	(534)	-	-
Balance at end of financial year	1,105,251	362,823	999,124	354,710

17: Reserves

a) Option reserve	Dec 2017 $' 000	Dec 2016 $' 000
Balance brought forward	29,359	28,547
Issue of $0.20 exercise price listed options – royalty acquisition		-
Issue of performance rights- director	174	-
Issue of $0.08 exercise price options on the basis of one option for every $0.03 share issued	-	736
Issue of $0.08 exercise price options to consultants	103	77
Issue of $0.15 exercise price options to consultants	222	-
Transfer of value of options exercised	(25)	(1)
Balance at end of financial year	29,833	29,359

(i) Refer to note 24 for further information.

The option reserve arises from the grant of share options attached to shares issued under rights issues, and share options and performance rights to executives, employees and consultants. Amounts are transferred out of the reserve and into issued capital when the options are exercised. Further information about share-based payments to directors and senior management is made in note 24 to the financial statements.

17: Reserves (cont'd)

b) Foreign currency translation reserve	Dec 2017 $' 000	Dec 2016 $' 000
Balance brought forward	1,239	2,561
Current period adjustment from currency translation of foreign controlled entities	3,287	(1,322)
Balance at end of year	4,526	1,239

The foreign currency translation reserve records the foreign currency differences arising from the translation of the foreign subsidiary's accounts from Danish Kroner, the functional currency of Greenland Minerals and Energy (Trading) A/S, to Australian dollars.

c) Non-controlling interest acquisition reserve	Dec 2017 $' 000	Dec 2016 $' 000
Balance brought forward	(39,672)	(39,672)
Balance at end of year	(39,672)	(39,672)

The non-controlling interest acquisition reserve records the acquisition of the non-controlling interests in Greenland Minerals and Energy (Trading) A/S.

d) Total reserves	Dec 2017 $' 000	Dec 2016 $' 000
Option reserve	29,833	29,359
Foreign currency translation reserve	4,526	1,239
Non-controlling interest acquisition reserve	(39,672)	(39,672)
	(5,313)	(9,074)

18: Dividends

No dividends have been proposed or paid during the period or comparative period.

19: Accumulated losses

	Dec 2017 $' 000	Dec 2016 $' 000
Balance at beginning of financial year	(266,801)	(264,628)
Loss attributable to members of parent entity	(2,507)	(2,173)
Balance at end of financial year	(269,308)	(266,801)

Notes to the accounts

20: Loss per share

	Dec 2017 Cents Per share	Dec 2016 Cents Per share
Basic loss per share		
From continuing operations	0.26	0.26
Diluted loss per share		
From continuing operations	0.26	0.26

Basic and diluted loss per share
The loss and weighted average number of ordinary shares used in the calculation of the basic and diluted loss per share are as follows;

	Dec 2017	Dec 2016
Loss for year ($)	2,488,863	2,172,733
Weighted average number of shares used in the calculation of basic and diluted loss per share (Number)	1,012,635,052	843,902,357

(i) There were 214,296,579 potential ordinary shares on issue at 31 December 2017 (31 December 2016: 202,023,480) that are not dilutive and are therefore excluded from the weighted average number of ordinary shares and potential ordinary shares used in the calculation of diluted earnings per share.

21: Commitments for expenditure

Exploration commitments: EL 2010/02 is located in Greenland. The tenement expenditure incurred during the year ended 31 December 2017 and prior years exceeded the minimum expenditure required to maintain the tenement in good standing. The excess expenditure can be carried forward for 3 years. The amount carried forward is sufficient to meet the minimum expenditure requirements over this period.

	Dec 2017 $'000	Dec 2016 $'000
Operating leases (i)		
Not longer than 1 year	100	100
Longer than 1 year but not longer than 5 years	200	-
Longer than 5 years	-	-
	300	100

(i) The only commitments for operating leases are lease rentals on the Consolidated Group's Perth head office premises. The current lease expires on the 15 March 2021.

22: Subsidiaries

Name of subsidiary	Country of incorporation	Ownership interest Dec 2017 %	Dec 2016 %
Chahood Capital Limited	Isle of Man	100	100
Greenland Minerals and Energy (Trading) A/S	Greenland	100	100

(i) Greenland Minerals and Energy Limited directly owns 100% of the issued shares of Chahood Capital Limited. 61% of the issued shares of Greenland Minerals and Energy (Trading) A/S, are held by Chahood Capital Limited and 39% are held directly by Greenland Minerals and Energy Limited.

23: Notes to the statement of cash flows

Reconciliation of loss for the period to net cash flows from operating activities.

	Year ended 31 Dec 2017 $' 000	Year ended 31 Dec 2016 $' 000
Loss for the year	(2,489)	(2,173)
(Gain) loss on sale or disposal of non-current assets	41	23
Depreciation	106	123
Equity-settled share-based payments	430	77
Interest income received and receivable	(45)	(34)
(Increase)/decrease in assets		
Trade and other receivables	9	12
Increase (decrease) in liabilities		
trade and other payables	16	(201)
Provisions	113	17
Net cash used in operating activities	(1,819)	(2,156)

The Consolidated Group has not entered into any other non-cash financing or investing activities.

24: Share based payments

In addition to the share based payments discussed elsewhere within this note, the following share-based payment arrangements were in existence during the year ended 31 December 2017:

Date	Number	Issue Price	Value
07/03/2017 (i)	3,200,000	$0.047	$153,818

(i) Shares were issued in lieu of fees payable otherwise in cash, under corporate advisory and research mandates the Company entered into with two separate corporate advisory and research firms.

Notes to the accounts

24: Share based payments (cont'd)

In addition to the share based payments discussed elsewhere within this note, the following options were granted as share based payment arrangements during the year ended 31 December 2017:

Option	Grant date	Number	Fair value @ grant date $	Expiry date
$0.08 Listed exercise price (i)	07/03/2017	3,200,000	102,182	30/09/2018
$0.15 Unlisted exercise price (ii)	11/12/2017	6,000,000	222,500	31/03/2021

(i) Options were issued in lieu of fees payable under corporate advisory and research mandates the Company entered into with two separate corporate advisory and research firms.

(ii) Options were to the lead manager of the November 2017 capital raising on the satisfying of performance hurdles contained in the mandated that was entered into with the lead manager., 2,000,000 remain unvested, due to vesting performance hurdles not being met at 31 December 2017. The fair value is based on a Black-Scholes model valuation.

The total options (quoted and unquoted) outstanding as at 31 December 2017 was 204,023,480 as shown below

Options	Number	Exercise price	Expiry date	Exercisable @ 31 Dec 207
GGGOB	187,296,579	$0.08	30/09/2018	187,296,579
Unlisted options	7,500,000	$0.20	24/02/2018	7,500,000
Unlisted options	7,500,000	$0.25	24/02/2018	7,500,000
Unlisted options	6,000,000	$0.15	31/03/2021	4,000,000

Rights issued

At the Company's annual general meeting on 31 May 2017, shareholders approved the issue of 6,000,000 Employee Performance Rights to John Mair, the Company's managing director. The rights to be issued under the board approved Employee Incentive Plan.

The rights are subject to service period and performance based vesting hurdles to assisting with retaining John Mair's services and to further incentivise John Mair that aligns with increasing shareholder value. The rights vest into fully paid ordinary shares on satisfying the vesting hurdles prior to 31 May 2020 being the expiry date of the rights.

In addition:

- No amounts are payable by the recipient on receipt of the right or on the vesting of the rights;
- The right do not carry the right to either dividends or voting;
- The rights are non-transferable and do not represent any monetary value to the recipient prior to vesting, and;
- Each right issued will be convertible into one fully paid ordinary share upon satisfying the clearly defined vesting hurdles.

24: Share based payments (cont'd)

The rights vest in 2 tranches with both tranches being subject to a 12 month service period and the following share price performance hurdle. The fair value of the rights will be recognised over the 12 month service period for tranche 1 and over a twenty four month period from the grant date for tranche 2. In addition to the share price performance hurdle, tranche 2 is subject to the additional performance hurdle of the Consolidated Group being granted a mining licence for the Kvanefjeld project. The fair value has been established using a binomial model based on the following inputs.

Grant date	31/05/2017
Underlying share price at grant date	$0.105
Maximum life	3 Years
Expected future volatility	84%
Risk free rate	1.78%
Tranche1 share price hurdle	$0.182
Tranche2 share price hurdle	$0.242

The following un-vested performance rights were issued during the current financial year ended 31 December 2017.

Director	Grant date	Number	Fair value @ grant date $	Expiry date	Vesting date
J Mair					
Tranche 1	31/05/2017	1,200,000	106,800	31/05/2020	Refer above
Tranche 2	31/05/2017	4,800,000	384,000	31/05/2020	Refer above
Total		**6,000,000**	**490,800**		

(ii) Fair value at grant date has been calculated using a binominal model the value will be recognised in remuneration on a pro-rata basis over the 12 month service vesting period for tranche 1 and 2 year period for tranche 2, taking into consideration the additional performance vesting conditions, in accordance with Australian Accounting Standards.

The other terms of the Performance Rights will be:

(a) (Conversion) Upon satisfaction of the relevant performance condition, each Performance Right will, at the election of the holder, vest and convert into one Share.

(b) (No Consideration payable) No consideration will be payable upon the vesting and conversion of the Performance Rights.

(c) (No Voting rights) A Performance Right does not entitle a holder to vote on any resolutions proposed at a general meeting of Shareholders of the Company.

(d) (No dividend rights) A Performance Right does not entitle a holder to any dividends.

(e) (No rights on winding up) A Performance Right does not entitle the holder to participate in the surplus profits or assets of the Company upon winding up of the Company.

(f) (Not transferable) A Performance Right is not transferable.

Notes to the accounts

24: Share based payments (cont'd)

(g) (Reorganisation of capital) If there is a reorganisation (including, without limitation, consolidation, sub-division, reduction or return) of the issued capital of the Company, the rights of a holder will be varied, as appropriate, in accordance with the Listing Rules which apply to reorganisation of capital at the time of the reorganisation.

(h) (Quotation of Shares on conversion) An application will be made by the Company to ASX for official quotation of the Shares issued upon the conversion of each Performance Right within the time period required by the Listing Rules. The Company will not apply for quotation of the Performance Rights on ASX.

(i) (No participation in entitlements and bonus issues) A Performance Right does not entitle a holder to participate in new issues of capital offered to holders of Shares, such as bonus issues and entitlement issues.

(j) (No other rights) A Performance Right does not give a holder any other rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

(k) (Lapse) If the performance condition relevant to a Performance Right has not been satisfied by the relevant expiry date, then the Performance Rights will automatically lapse.

No rights were issued in the previous financial year ended 31 December 2016.

Rights expired
No rights expired during the current financial year ended 31 December 2017.

During the previous financial year ended 31 December 2016 the following un-vested Employee Performance Rights expired due to failing to meet the share price vesting hurdles. The Rights were issued in 2013 and fully expensed proportionately over the years ended 31 December 2013 to 31 December 2014.

Rights	Number	Value @ grant date $	Expiry date	Value @ expiry date
Employee rights	9,685,500	1,697,223	30/06/2016	-

25: Financial instruments

(a) Capital risk management
The Consolidated Group manages its capital in order to maintain sufficient funds are available for the Consolidated Group to meet its obligations and that the Group can fund its exploration and evaluation activities as a going concern.

The Consolidated Group's overall strategy remains unchanged from December 2016.
The capital structure of the Consolidated Group consists of fully paid shares and options as disclosed in notes 16 and 17 respectively.

25: Financial instruments (cont'd)

None of the Consolidated Group's entities are subject to externally imposed capital requirements.

(b) Categories of financial instruments

	Dec 2017 $' 000	Dec 2016 $' 000
Financial assets		
Cash and equivalents	10,733	6,378
Trade and other receivables - current	104	31
Financial liabilities		
Amortised cost	870	778

(c) Financial risk management objectives

The Group's principal financial instruments comprise cash and short term deposits. The main purpose of the financial instruments is to earn the maximum amount of interest at low risk to the Consolidated Group. For the period under review, it is the Consolidated Group's policy not to trade in financial instruments

The main risks arising from the Consolidated Group's financial instruments are interest rate risk, credit risk and liquidity risk. The board reviews and agrees policies for managing each of these risks and they are summarised below:

(i) **Interest Rate Risk**

The Consolidated Group is exposed to movements in market interest rates on short term deposits. The policy is to monitor the interest rate yield curve out to 120 days to ensure a balance is maintained between the liquidity of cash assets and the interest rate return. The Consolidated Group does not have short or long term debt, and therefore this risk is minimal.

There was no change in managing interest rate risk or the method of measuring risk from the prior year.

(ii) **Credit Risk**

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted the policy of only dealing with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Consolidated Group has no significant credit risk exposure to any single counterparty or any Consolidated Group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit – ratings assigned by international rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the Consolidated Group's maximum exposure to credit risk.

There was no change in managing credit risk or the method of measuring risk from the prior year.

Notes to the accounts

25: Financial instruments (cont'd)

(iii) **Liquidity Risk**
Liquidity risk refers to maintaining sufficient cash and equivalents to meet on going commitments, as and when they occur. The primary source of liquid funds for the Consolidated Group, are funds the Consolidated Group holds on deposit with varying maturity dates.

The Consolidated Group monitors its cash flow forecast and actual cash flow to ensure that present and future commitments are provided for. As well as matching the maturity date of funds invested with the timing of future commitments.
There was no change in managing credit risk or the method of measuring risk from the prior year.

(iv) **Foreign Currency Risk**
The Consolidated Group's risk from movements in foreign currency exchange rates, relates to funds transferred by the Company to the Greenland subsidiary and the funds are held in Danish Krone (DKK). This risk exposure is minimised by only holding sufficient funds in DKK, to meet the immediate cash requirements of the subsidiary. Once funds are converted to DKK they are only used to pay expenses in DKK.

(d) Liquidity risk
The following table details the Consolidated Group's expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Company/Consolidated Group anticipates that the cash flow will occur in a different period.

	Weighted Average Effective interest rate	< 6 Months	6 – 12 Months	1 - 5 Years	> 5 Years	Total
	%	$' 000	$' 000	$' 000	$' 000	$' 000
Dec 2017						
Cash and equivalents	1.4	10,008	725	-	-	10,733
Trade and receivables - current	-	104	-	-	-	104
		10,111	725	-	-	10,837
Dec 2016						
Cash and equivalents	1.7	6,158	220	-	-	6,378
Trade and receivables - current	-	31	-	-	-	31
		6,189	220			6,409

The following table details the Consolidated Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

25: Financial instruments (cont'd)

	Weighted Average Effective interest rate %	< 6 Months $' 000	6 – 12 Months $' 000	1 – 5 Years $' 000	> 5 Years $' 000	Total $' 000
Dec 2017						
Trade and other payables	-	870	-	-	-	870
Other liabilities	-	92	-	-	-	92
		962	-	-	-	962
Dec 2016						
Trade and other payables	-	778	-	-	-	778
Other liabilities	-	-	-	-	-	-
		778	-	-	-	778

(e) Interest rate risk

The Consolidated Group is exposed to interest rate risk because it places funds on deposit at variable rates. The risk is managed by the Consolidated Group by monitoring interest rates.

The Consolidated Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

The Group has performed sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity post tax which could result from a change in these risks. In the analysis a 1% or 100 basis points movement has been applied on the assumption that interest rates are unlikely to move up more than that and less likely to fall. This is taking into account the current interest rate levels and general state of the economy.

There has been no change in managing credit risk or the method of measuring risk from the prior year.

Interest Rate Sensitivity Analysis

At 31 December 2017, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	Dec 2017 $' 000	Dec 2016 $' 000
Change in profit		
Increase in interest rate by 1% (100 basis points)	59	32
Decrease in interest rate by 1% (100 basis points)	(59)	(32)

A 1% or 100 basis points variable has been applied to the interest rate sensitivity analysis, after giving consideration to the current interest rate levels and general state economy.

Fair value of financial instruments

The carrying value of all financial instruments is the approximate fair value of the instruments. This is based on the fact that all financial instruments have either a short term date of maturity or are loans to subsidiaries.

Notes to the accounts

26: Key management personnel compensation

The aggregate compensation made to key management personnel of the Consolidated Group is set out below:

	Year ended 31 Dec 2017 $	Year ended 31 Dec 2016 $
Short-term employee benefits	720,164	712,411
Post-employment benefits	64,598	64,598
Other long-term benefits – provision for long service leave	14,860	12,733
Share-based payment	174,300	-
	973,922	789,742

Refer to the remuneration report included in pages 26 to 33.of the Directors report for more detailed remuneration disclosures.

27: Key management personnel equity holdings

Fully paid ordinary shares of Greenland Minerals and Energy Limited

	Balance at beginning of year	Granted as compensation	Received on exercise of options	Net other change (i)	Balance at end of year	Balance held nominally
	No.	No.	No.	No.	No.	No.
Dec 2017						
A Ho	2,487,500	-	-	150,000	2,637,500	-
J Mair	7,989,062	-	-	-	7,989,062	-
S Cato	5,843,984	-	500,000	(226,176)	6,117,808	-
X Guo	-	-	-	-	-	-
W Chen (ii)	-	-	-	-	-	-
M Guy	2,200,021	-	-	(496,371)	1,703,650	-
Dec 2016						
A Ho	2,487,500	-	-	-	2,487,500	-
J Mair	7,989,062	-	-	-	7,989,062	-
S Cato	5,843,984	-	-	-	5,843,984	-
W Chen	-	-	-	-	-	-
M Hutchinson (iii)	921,276	-	-	-	921,276	-
J Whybrow (iii)	6,260,200	-	-	-	6,260,200	-
M Guy	2,200,021	-	-	-	2,200,021	-

(i) Net other change relates to shares subscribed for though rights issues, purchased or sold either on market through the ASX, or purchased or sold through third party off market transactions.

(ii) Shares held by W Chen as at the date of resignation, 12 October 2017.

(iii) Shares held by M Hutchinson and J Whybrow as at the date of resignation, 3 April 2016 and 29 March 2016 respectively.

27: Key management personnel equity holdings (cont'd)

Share options of Greenland Minerals and Energy Limited

	Balance at beginning of year No.	Granted as compensation No.	Exercised No.	Expired No	Net other change (i) No.	Balance at end of year No.	Balance vested at end of year No.	Vested and exercisable No.	Options vested during year No.
Dec 2017									
A Ho	337,500	-	-	-	-	337,500	-	337,500	-
J Mair	1,597,813	-	-	-	-	1,597,813	-	1,597,813	-
S Cato	981,786	-	(500,000)	-	-	481,786	-	481,786	-
X Guo	-	-	-	-	-	-	-	-	-
W Chen (ii)	-								
M Guy	1,428,650	-	-	-	(500,000)	928,650	-	928,650	-
Dec 2016									
A Ho	787,500	-	-	(450,000)	-	337,500	-	337,500	-
J Mair	2,097,813	-	-	(500,000)	-	1,597,813	-	1,597,813	-
S Cato	1,081,786	-	-	(100,000)	-	981,786	-	981,786	-
W Chen									
M Hutchinson (iii)	500,000	-	-	-	-	500,000	-	500,000	-
J Whybrow (iii)	250,000	-	-	-	-	250,000	-	250,000	-
M Guy	1,628,650	-	-	(200,000)	-	1,428,650	-	1,428,650	-

(i) Net other change relates to options subscribed for though rights issues, purchased or sold either on market through the ASX, or purchased or sold through third party off market transactions.
(ii) Options held by W Chen at the date of resignation, 12 October 2017.
(iii) Options held by M Hutchinson and J Whybrow as at the date of resignation, 3 April 2017 and 29 March 2017 respectively.

Notes to the accounts

27: Key management personnel equity holdings (cont'd)

Employee Rights of Greenland Minerals and Energy Limited

	Balance at beginning of year No.	Granted as compensation No.	Converted No.	Expired No	Net other change (i) No.	Balance at end of year No.	Balance vested at end of year No.	Vested and convertible No.	Rights vested during year No.
Dec 2017									
A Ho	-	-	-	-	-	-	-	-	-
J Mair	-	6,000,000	-	-	-	6,000,000	-	-	-
S Cato	-	-	-	-	-	-	-	-	-
W Chen									
M Hutchinson	-	-	-		-	-	-	-	-
J Whybrow	-	-	-	-	-	-	-	-	-
M Guy	-	-	-	-	-	-	-	-	-
Dec 2016									
A Ho	-	-	-	-	-	-	-	-	-
J Mair	-	-	-	-	-	-	-	-	-
S Cato	-	-	-	-	-	-	-	-	-
M Hutchinson	-	-	-		-	-	-	-	-
J Whybrow	-	-	-	-	-	-	-	-	-
M Guy	1,200,000	-	-	1,200,000	-	-	-	-	-

(i) Under the terms of issue, the performance rights can not be brought sold or otherwise dealt with, therefore are not subject to other changes.

28: Transactions with related parties

Simon Cato is a Non-executive Director and Chairman of Advanced Share Registry Limited. Advanced Share Registry Limited provides share registry services to Greenland Minerals and Energy Limited. These services are supplied on normal commercial terms and Mr Cato does not receive any remuneration from Advanced Share Registry Limited based on the supply of share registry services to the Consolidated Group. For the year ended 31 December 2017 $41,302 was paid to Advance Share Registry Limited for services provided (Dec 2016: $59,907).

29: Parent Company information

	Parent	
	Dec 2017 $' 000	Dec 2016 $' 000
Financial position		
Total Current Assets	10,757	7,029
Total Non-Current Assets	77,964	72,611
Total Assets	88,721	79,640
Total Current Liabilities	692	697
Total non-current liabilities	131	108
Total Liabilities	823	805
Net Assets	87,898	78,835
Equity		
Issued Capital	362,823	354,710
Reserves	21,154	19,727
Accumulated Losses	(296,079)	(295,602)
Total Equity	87,898	78,835
Financial Performance		
Profit (Loss) for the year	(477)	(3,006)
Total comprehensive income	**(477)**	**(3,006)**

Contingent liabilities
The parent company has no contingent liabilities as at 31 December 2017 or 2016.

Guarantees
Greenland Minerals and Energy Limited has guaranteed the provision of funding and support to the Company's 100% held subsidiary, Greenland Minerals and Energy Limited (Trading) A/S). This funding forms part of the Consolidated Group's approved budgeted expenditure.

Greenland Minerals and Energy Limited placed $220,000 into a deposit account with the Company's bank. This deposit is held by the bank as security over corporate credit cards issued to the Company.

30: Remuneration of auditors

Auditor of the parent entity	Dec 2017 $	Dec 2016 $
Audit or review of the financial report	90,825	94,325
Other assurance services	8,000	8,000
Non-audit services - taxation	-	-
	98,825	102,325

Related practice of the parent entity auditor	Dec 2017 $	Dec 2016 $
Audit or review of the financial report	27,421	26,134
Non-audit services – taxation	1,686	1,572
Non-audit services – other	1,686	1,572
	30,793	29,278

The auditor of Greenland Minerals and Energy Limited is Deloitte Touche Tohmatsu.

31: Subsequent Events

In February 2015, the Company entered into an equity placement facility with Long State Investment Limited the term of this facility expired on 24 February 2017. Options issued to Long State Investments Limited in accordance with terms of the equity placement facility, expired on 24 February 2018.

Other than the matter above, there have been no matters or circumstances 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.

Additional stock exchange information as at 19th February 2017

Consolidated Group secretary
Miles Guy

Registered office
Unit 7, 100 Railway Road, Subiaco
Western Australia, 6008

Principal administration office
Unit 7, 100 Railway Road, Subiaco
Western Australia, 6008

Share registry
Advanced Share Registry Services
110 Stirling Highway
Nedlands, Western Australia, 6009

Table of exploration licences

Exploration Licence	Location	Ownership
EL 2010/02	Southern Greenland	100% held by Greenland Minerals and Energy (Trading) A/S

Number of holders of equity securities
Ordinary share capital
1,105,385,969 fully paid ordinary shares are held by 4,202 individual shareholders.

Additional stock exchange information as at 17th February 2017

Substantial Shareholders

Shareholder		Number	Percentage
1.	Citicorp Nominees Pty Limited	157,773,820	14.3%
2.	HSBC Custody Nominees (Australia) Limited	157,075,426	14.3%
3.	JP Morgan Nominees Australia Limited	142,083,718	12.8%
4.	Le Shan Shenghe Rare Earth Company Limited	125,000,000	11.3%

Distribution of holders of quoted shares

Share Spread	Holders	Units	Percentage
1 – 1,000	378	146,687	0.013%
1,001 – 5,000	748	2,292,563	0.207%
5,001 – 10,000	612	5,080,988	0.460%
10,001 – 100,000	1,802	70,231,632	6.354%
100,001 and over	662	1,027,634,099	92.966%
	4,079	**999,124,293**	**100%**

Twenty largest holders of quoted shares

		Fully paid ordinary shares	
Ordinary shareholders		Number	Percentage
1.	Citicorp Nominees Pty Limited	157,773,820	14.3%
2.	HSBC Custody Nominees (Australia) Limited	157,075,426	14.3%
3.	JP Morgan Nominees Australia Limited	142,083,718	12.8%
4.	Le Shan Shenghe Rare Earth Company Limited	125,000,000	11.3%
5.	BNP Paribas Noms Pty Limited	31,197,744	2.8%
6.	Peto Pty Ltd <1953 Super Fund A/C>	27,000,000	2.4%
7.	Merrill Lynch (Australia) Nominees Pty Limited	18,065,889	1.6%
8.	CS Fourth Nominees Pty Limited	15,485,708	1.4%
9.	Simon Millington	12,353,428	1.1%
10.	CS Third Nominees Pty Limited	12,196,001	1.1%
11.	John Mair	7,989,062	0.8%
12.	Flourish Super Pty Limited <Flourish S/F A/C>	7,200,000	0.7%
13.	Simon Cato	6,117,808	0.6%
14.	Michael & Helena Andrusiewicz <ATOZ Super Fund A/C>	5,763,636	0.5%
15.	Tadea Pty Limited	5,575,000	0.5%
16.	Giacobbe, Dimitri and David Iesini	5,431,505	0.5%
17.	BT Global Holdings Pty Limited	5,315,566	0.5%
18.	Harvey Stern	5,000,000	0.5%
19.	Quinlynton Pty Limited	4,500,000	0.4%
20.	Adonis Kiritsopoulos & Jennifer Ford	4,250,000	0.4%
		753,715,457	**68.2%**

Additional stock exchange information as at 17th February 2017

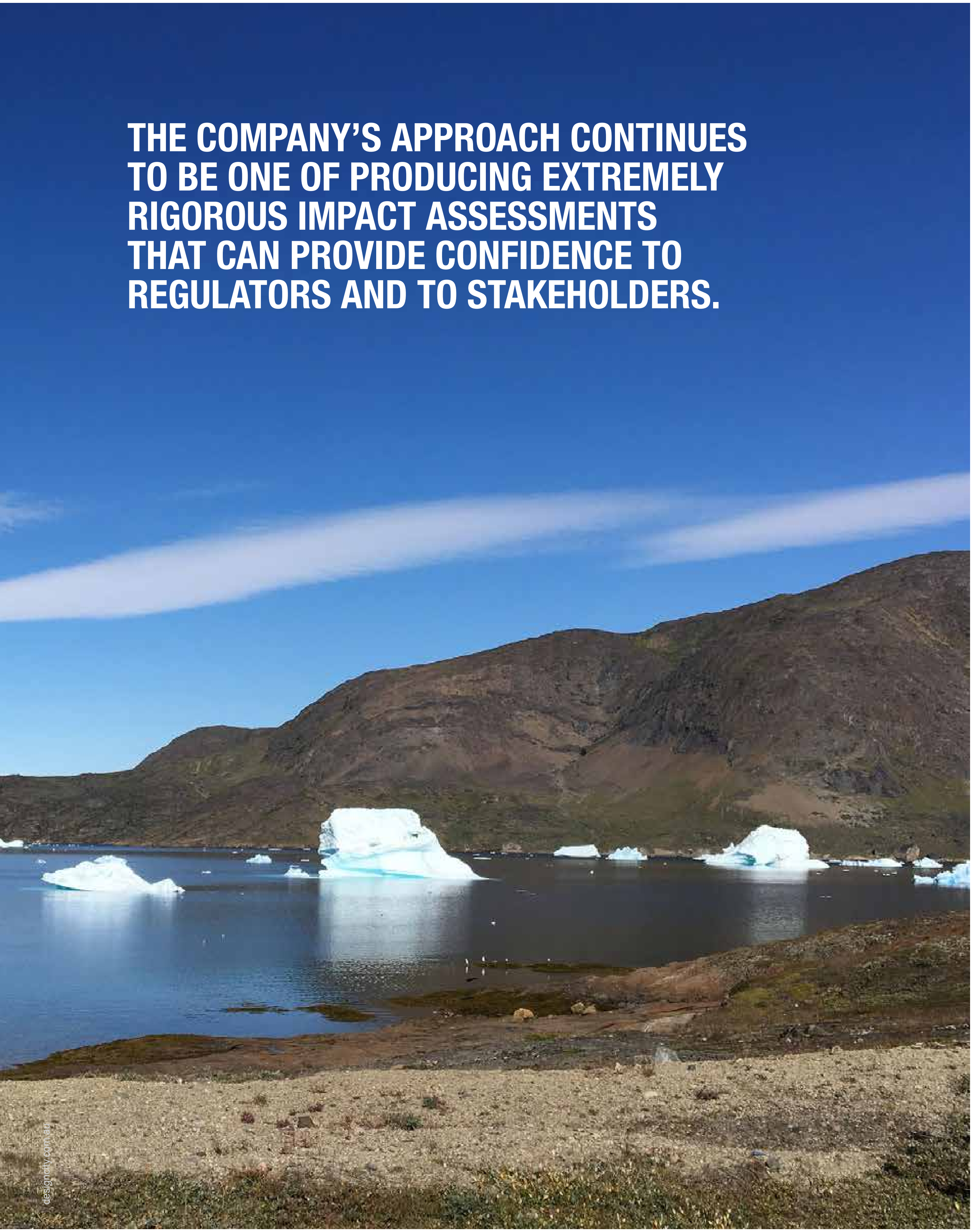
Distribution of holders of quoted options - GGGOB

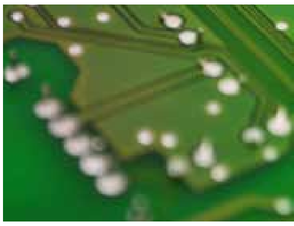
Share Spread	Holders	Units	Percentage
1 – 1,000	78	40,607	0.022%
1,001 – 5,000	95	240,421	0.128%
5,001 – 10,000	48	368,045	0.197%
10,001 – 100,000	116	4,030,542	2.154%
100,001 and over	126	182,482,201	97.500%
	463	**187,161,816**	**100%**

Twenty largest holders of GGGOB options

		GGGOB Listed Options	
GGGOB Option Holders		Number	Percentage
1.	Hitmaster Pty Limited	20,226,785	10.8%
2.	Citicorp Nominees Pty Limited	14,432,857	7.7%
3.	Peto Pty Limited <1953 Super Fund A/C>	13,000,000	6.9%
4.	JP Morgan Nominees Australia Limited	7,804,067	4.2%
5.	KGBR Future Fund Pty Limited	7,800,000	4.2%
6.	Simon Millington	7,746,668	4.1%
7.	M&K Korkidas <M&K Korkidas P/L S/Fund A/C>	7,511,869	4.0%
8.	Jiahuang Zhang	6,280,000	3.4%
9.	Quattroporte Pty Limited	6,000,000	3.2%
10.	HSBC Custody Nominees (Australia) Limited A/C2	5,628,531	3.0%
11.	Michael Rex hunt	5,000,000	2.7%
12.	KGBR Future Fund Pty Limited	4,993,543	2.7%
13.	Tadea Pty Ltd	4,000,000	2.1%
14.	Kevin & Vikki Ho	2,998,010	1.6%
15.	Christina Baker	2,472,222	1.3%
16.	Gary, Eric & Luke Tatasciore <ELG A/C>	2,400,000	1.3%
17.	Martin Stacey	2,005,000	1.1%
18.	First Investment Partners Pty Ltd	2,000,000	1.1%
19.	Peter Harry Hatch	2,000,000	1.1%
20.	Daniel & Frances Smart <Smart Superfund A/C>	1,750,000	1.0%
		126,049,552	**67.3**

THE COMPANY'S APPROACH CONTINUES TO BE ONE OF PRODUCING EXTREMELY RIGOROUS IMPACT ASSESSMENTS THAT CAN PROVIDE CONFIDENCE TO REGULATORS AND TO STAKEHOLDERS.





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