



GREENLAND
MINERALS AND ENERGY LTD

GREENLAND MINERALS AND ENERGY LIMITED

ACN 118 463 004

CONSOLIDATED FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 30 JUNE 2016



Corporate Directory

Directors

Anthony Ho	Non-executive Chairman
John Mair	Managing Director
Simon Cato	Non-executive Director

Company Secretary

Miles Guy

Registered and head office

Unit 6, 100 Railway Road
Subiaco WA 6008

Greenland Office

Nuugaarmiut B-847
3921 Narsaq, Greenland

Home Stock Exchange

Australian Securities Exchange, Perth
Code: GGG
GGGOB

Auditors

Deloitte Touche Tohmatsu

Share Registry

Advanced Share Registry
110 Stirling Highway
Nedlands WA 6009

Company Website

www.ggg.gl



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Directors' Report

The directors of Greenland Minerals and Energy Limited (the Company or GMEL) herewith submit the consolidated financial report of Greenland Minerals and Energy Limited and its subsidiaries (the Consolidated Group or GME), for the half-year ended 30 June 2016. Pursuant to the provisions of the *Corporations Act 2001*, the directors report as follows:

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

Anthony Ho, **Non-executive Chairman**

John Mair, **Managing Director**

Simon Cato, **Non-executive Director**

Michael Hutchinson, **Non-executive Director** – resigned 5 April 2016

Jeremy Sean Whybrow, **Non-executive Director** – resigned 29 March 2016

Principal Activities

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

Review of Operations

The net loss of the Consolidated Group after providing for income tax was \$1,140,302 compared to a net loss of \$2,153,078 for the corresponding period.

2016, Half-Yearly Highlights

The first half of 2016 has been extremely positive for GME, and the Consolidated Group's 100% owned Kvanefjeld rare earth – uranium project. The period marks a transitional point for GME with a major focus on project permitting, following the completion of comprehensive technical work programs and a mining license application in late 2015. Considerable progress has now been made on the detailed reviews by relevant regulatory departments, of key application components.

In parallel, major regulatory developments have also taken place that are of fundamental importance to the projects outlook and forward timelines. A multi-year program by the Greenland and Danish governments culminated with the passing of legislation by both governments to manage the production and export of uranium from Greenland. While rare earths are projected to be the primary products from Kvanefjeld, a framework to regulate the production and export of radioactive materials has been essential in order to manage the by-production of uranium.

Kvanefjeld is the only project in Greenland for which significant uranium resources have been established, and that is projected to produce uranium. Therefore the regulatory developments highlight the efforts that have been undertaken at a government level to ensure the project can be effectively managed in accordance with international best-practice, and the Kingdom of Denmark's non-proliferation commitments.

These developments set a solid foundation for the Kvanefjeld Project to progress through the permitting process, and onward to development.



Directors' Report

Key Developments

Establishing a Uranium Export Regulatory Framework

Greenland assumed self-rule in 2009, but remains part of the Kingdom of Denmark. At the commencement of self-rule, Greenland assumed full authority over its mineral and hydrocarbon rights; however, its defence and foreign policies are still managed by Denmark. The production and export of uranium therefore requires cooperation between both Governments.

The recent parliamentary developments in Greenland and Denmark stem from a Danish/Greenlandic 2013 report which identified the need to establish a special system to meet international obligations in regards to the safeguarding of nuclear materials.

Since this point, considerable work has been conducted by Greenland and Danish government departments to establish and implement such a system. Important developments toward concluding this program have included:

- In December 2015, Greenland parliament ratified its participation in a series of international regulatory conventions concerning the safety and handling of radioactive materials. This followed a public-hearing on regulatory conventions through the middle of 2015.
- In January 2016 Greenland and Denmark signed uranium export agreements. The agreements reaffirmed Greenland's full authority over its natural resources including environmental, health and safety at any uranium production facility in Greenland. The agreements also establish a framework under which Denmark will assume responsibility for nuclear non-proliferation and safeguards matters.
- On May 25th, 2016, Greenland passed the enabling legislation to adopt the laws relating to the export of uranium in accordance with international best practice.
- On June 2nd and 3rd, 2016, the Danish parliament passed legislation that creates the legal framework to allow Greenland to export uranium.

A new joint Denmark-Greenland structure within Greenland's Department of Industry, Labour and Trade will share aspects of implementation of export controls, inspections and reporting.

Denmark's nuclear safeguards and export control system will be modelled on the international standards practised in Australia, Canada, and Euratom (European Atomic Energy Community). The system will restrict uranium exports to states which are a party to the Nuclear Non-Proliferation Treaty and enter appropriate Nuclear Cooperation Agreements with Denmark to cover fall back safeguards, prior consent for re-transfers and other conditions similar to those applied by Australia, Canada, and the USA.

Greenland Government Trade Mission to South Korea

The Greenland Government continues to work to promote its emerging industry and business opportunities to international forums. GMEL recently joined a delegation headed by Greenland's Minister for Industry, Labour, Trade and Foreign Affairs, Mr Vittus Qujaukitsoq, together with other senior government representatives on a Trade Mission to South Korea.



Directors' Report

In recent years, Greenland has developed stronger political and commercial ties with South Korea, and other Asian nations. The Trade Mission showcased a cross section of Greenland's mining opportunities with an emphasis on advanced projects, along with Greenland's tourism and fisheries industries.

Such forums provide an excellent opportunity for the Greenland Government to outline its clear desire to develop and grow its natural resource sector, its strong support for industry, and the efforts to build trade ties. The forum was an excellent opportunity for the Company to provide an update on the Kvanefjeld Project to a cross section of major industrial groups that are consumers of both rare earth products and uranium, as well as infrastructure providers.

GMEL would like to acknowledge the promotional efforts of the Greenland Government to support industry, and present a clear and positive backdrop for foreign investment.

Greenland Minerals and Energy Participates in Arctic Circle Forum

The Arctic Circle Forum is a multi-disciplinary gathering that aims to strengthen the international focus on the future of the Arctic, and addresses a cross section of arctic issues. The Arctic Circle Greenland Forum was held over May 17th to 19th in Nuuk, Greenland.

At the invitation of the Premier of Greenland and the President of Iceland, Dr John Mair, GMEL's Managing Director participated as both a presenter and panellist in the session that addressed Natural Resource Development in the Arctic.

In recent years, attention on natural resources in the broader Arctic region has markedly increased. Greenland, in particular, has placed a major focus on moving toward a greater emphasis on natural resource development to diversify, grow, and strengthen its economy.

GME's Kvanefjeld Project is amongst the higher profile mineral resource projects in the Arctic region, and is now well-positioned as a potential cornerstone of new global specialty/tech-metal supply networks.

The Kvanefjeld Project will be an internationally significant new source of metals utilised in high-powered permanent magnets which are essential to efficient energy use, and clean energy generation.

High-powered permanent magnets represent the essential link between electricity and kinetic energy. This is a major growth area, fuelled by electric and hybrid car production and wind-generated power, along with a diverse array of other emerging technologies.

Uranium will provide an important by-product revenue stream with strong growth forecast for nuclear power through the next decade, as the world shifts toward a reduced reliance on carbon related base-load energy.

WNA Director General Participates in Greenland's Employees Association Annual Meeting

In late June, Greenland's Employees Association (SIK) held their annual meeting, where mineral potential and future mining opportunities were given strong attention. At the invitation of the SIK, the World Nuclear Association's (WNA) Director General, Agneta Rising, attended and presented at the meeting, in addition to conducting interviews on radio and television, and meeting with a number of senior government officials.

Such initiatives provide an excellent opportunity for Greenland stakeholder groups to learn more about facts associated with uranium mining and the broader nuclear industry, as well as to establish networks that can assist in facilitating access to further information and knowledge.



Directors' Report

Kvanefjeld Mining License Application - Processing Update

In December, 2015, GME submitted an exploitation (mining) license application for the Kvanefjeld project to the Greenland Government. The application included the Feasibility study, and Environmental and Social Impact Assessments.

The first phase of evaluation involves detailed reviews of three components; the Social Impact Assessment (SIA), the Environmental Impact Assessment (EIA), and the Maritime Safety Study. These components are reviewed in detail prior to the public hearing phase.

All three documents have now been reviewed by the relevant Greenland Government departments. Initial feedback has acknowledged the quality and depth of work;

"The Government of Greenland and its advisors appreciate and acknowledge the tremendous work carried out by Greenland Minerals and Energy and their consultants in the preparation of the submitted reports."

A number of meetings have been held between GME representatives and the Greenland Government and its advisors to work through feedback, and discuss any modifications that will be incorporated prior to acceptance and preparation for public hearing.

The Maritime Safety Study has been reviewed by the Danish Maritime Authority who found no major issues with the report. Minor comments resulting from the reviews are being addressed by GME in conjunction with Danish shipping specialist consultants Blue Water Shipping. This will result in an updated version on the Maritime Safety Study that will be prepared for public hearing.

The SIA is currently in the process of being updated following reviews. This process is being managed in-house by GME, with a regular dialogue with representatives of Greenland's Ministry of Industry, Labour and Trade.

The EIA has been reviewed by the Greenland Government, with support from Danish technical agencies. Key areas that fall within the EIA, including the Air Quality and Tailings Storage, are currently being reviewed by internationally-recognised expert groups. Considerable feedback from initial reviews of the EIA has been returned to GME. Modifications to the EIA are being managed jointly by GME personnel along with external independent consultants.

Once the SIA, EIA and Maritime Safety Study have been updated to incorporate feedback from the initial reviews, the studies will be translated, and prepared for the public hearing phase of the permitting process. The Company looks forward to providing an update on timelines for the expert reviews and public hearing process.

Feasibility Study Update

In early April, 2016, GMEL completed an update to its Kvanefjeld Project Feasibility Study (FS), released May 25, 2015. The study update incorporates several modifications to the Kvanefjeld Project which significantly improve the Project's financial outcomes. The update utilised the outcomes of pilot plant operations conducted in the latter half of 2015, which had demonstrated that higher recoveries were readily achievable.



Directors' Report

In addition, the study update utilises lower pricing assumptions and a higher discount rate than those used previously, in order to more accurately reflect prevailing economic conditions. The study update reiterates the clear potential to develop Kvanefjeld as a stable, long-life, low cost producer of critical rare earths and uranium.

Corporate Activities

Capital Raising Successfully Completed

During the second quarter, GMEL completed a \$2.5M capital raising to fund the permitting process for the Kvanefjeld Project. The capital raising was well supported by existing shareholders and sophisticated investors.

The shares were issued at 3 cents in 2 tranches; 42,133,333 shares were issued on June 8th 2016 and 39,833,335 were issued on June 9th 2016. The Company's VWAP (share price) for the 15 days prior to the issue dates was 2.9 cents and 3 cents respectively.

Board Changes - Resignation of Directors

Late in Q1, the Company announced the resignation of Mr Jeremy Whybrow as a Director of the Company. Jeremy had been a founding Director of the Company. From 2007 to 2010 he held the position of Executive Director – Exploration, and played in key role in planning and implementing the extensive exploration programs that led to the delineation of one of the world's largest JORC-code compliant resources of rare earth elements and uranium. In April 2010, Mr Whybrow moved to a non-executive role.

At the start of Q2, the company announced the resignation of Mr Michael Hutchinson as a Director of the Company. Mr Hutchinson joined the Company in November 2008 as Chairman, a role he held until September 2014, when he moved to the position of Non-Executive Director.

The Company is currently considering new candidates to rejuvenate and enhance the boards skill sets as it evolves to an increased focus on permitting and commercial development.

Rare Earth Industry – Structural Changes Continue

Significant changes to the structure of the rare earth industry in China continue, which stands to shape the outlook for future global rare earth supply, owing to China's dominant position in both rare earth supply and demand. New guidelines for the reform of the Chinese industry were issued by the State Council in 2011, and the implications are now in effect on a number of fronts.

China is a leader of down-stream processing technology, but primary supply is an emerging issue due to a government managed consolidation program, increased regulation and costs, no new mine permits being issued, and ongoing efforts to curb unregulated (illegal) mining.

All of these initiatives have either been implemented, or are progressing, and are set to bring a major transition to global rare earth supply.

In late June 2016, the integration of southern Chinese rare earth producers to form the 'China South Rare Earth Group' was ratified by an expert panel. This included Ganzhou Rare Earth Group, Jiangxi Copper Group, and Jiangxi Rare Earth and Rare Metals Tungsten Group.



Directors' Report

As a result of the significant changes to current supply channels, high quality, new primary supply points outside of China will be essential to future rare earth supply networks. This will likely see elements of the Chinese sector becoming more integrated with international markets, and new primary supply points.

Rounding off of amounts

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

Subsequent events to balance date

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

Auditor's Independence Declaration

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

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

On behalf of Directors

A handwritten signature in black ink, appearing to read 'John Mair', is written over a faint, light-colored circular stamp or watermark.

John Mair
Managing Director
Perth, 13/09/2016

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

13 September 2016

Dear Board Members

Greenland Minerals and Energy Limited

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

As lead audit partner for the review of the financial statements of Greenland Minerals and Energy Limited for the half-year ended 30 June 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely



DELOITTE TOUCHE TOHMATSU



David Newman
Partner
Chartered Accountant

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

We have reviewed the accompanying half-year financial report of Greenland Minerals and Energy Limited, which comprises the condensed statement of financial position as at 30 June 2016, and the condensed statement of profit or loss and other comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 10 to 20.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Greenland Minerals and Energy Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Auditor's Independence Declaration

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

Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of matter

Without modifying our conclusion, we draw attention to Note 1 in the half year financial statements, which indicates that the consolidated entity incurred a loss of \$1,140,000 (30 June 2015: \$2,153,000) and experienced net cash outflows from operating and investing activities of \$2,130,000 for the half year ended 30 June 2016 (30 June 2015: \$2,990,000). These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the ability of the consolidated entity to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.



DELOITTE TOUCHE TOHMATSU



David Newman

Partner

Chartered Accountants

Perth, 13 September 2016



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

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

On the behalf of the Directors

A handwritten signature in black ink, appearing to read 'John Mair', written over a faint circular stamp.

John Mair
Managing Director

Perth, 13/09/2016



**Condensed consolidated statement of profit or loss and other comprehensive income
For the half-year ended 30 June 2016**

	Consolidated	
	30-Jun-16 \$' 000	30-Jun-15 \$' 000
Revenue from continuing operations		
Other income	106	84
Expenditure		
Directors and employee benefits	(470)	(529)
Professional fees	(66)	(160)
Impairment capitalised exploration and evaluation expenditure	-	(42)
Royalty acquisition	-	(847)
Depreciation	(66)	(76)
Occupancy expenses	(189)	(160)
Share based payments	(77)	-
Travel expenses	(48)	(32)
Other expenses	(330)	(391)
Loss before tax	(1,140)	(2,153)
Income tax expense	-	-
Loss for period	(1,140)	(2,153)
Other comprehensive income		
Items that may be reclassified subsequently to profit and loss:		
Exchange difference arising on translation of foreign operations	192	(1,722)
Income tax relating to components of other comprehensive income	-	-
Total other comprehensive income	192	(1,722)
Total comprehensive income for the period	(948)	(3,875)
Loss attributable to:		
Owners of the parent	(1,140)	(2,153)
	(1,140)	(2,153)
Total comprehensive income attributable to:		
Owners of the parent	(948)	(3,875)
	(948)	(3,875)
Basic loss per share – cents per share	0.014	0.032
Diluted loss per share – cents per share	0.014	0.032

The accompanying notes from part of this financial report on pages 15 to 20.



Condensed consolidated statement of financial position
 As at 30 June 2016

		Consolidated	
		30-Jun-16	31-Dec-15
		\$' 000	\$' 000
Current Assets	Note		
Cash and cash equivalents	3	3,025	2,706
Trade and other receivables		57	43
Other assets	4	732	587
Total Current Assets		3,814	3,336
Non-Current Assets			
Property, plant and equipment		1,080	1,166
Capitalised exploration and evaluation expenditure	5	73,136	71,815
Other non-current assets		41	185
Total Non-Current Assets		74,257	73,166
Total Assets		78,071	76,502
Current Liabilities			
Trade and other payables	6	828	987
Other liabilities		154	
Provisions		240	249
Total Current Liabilities		1,222	1,236
Non-Current Liabilities			
Provisions		101	97
Total Non-Current liabilities		101	97
Total Liabilities		1,323	1,333
Net Assets		76,748	75,169
Equity			
Issued Capital	7	350,075	348,361
Reserves		(7,559)	(8,564)
Accumulated Losses		(265,768)	(264,628)
Total Equity		76,748	75,169

The accompanying notes from part of this financial report on pages 15 to 20.



Condensed Consolidated Statement of Changes in Equity
For the half-year ended 30 June 2016

	Share capital \$' 000	Option reserve \$' 000	Foreign currency translation reserve \$' 000	Non- controlling Interest Acquisition reserve \$' 000	Accumulated losses \$' 000	Total \$' 000
Balance at 1 Jan 2015	344,349	27,567	2,523	(39,672)	(260,537)	74,230
Net loss for the period	-	-	-	-	(2,153)	(2,153)
Other Comprehensive income	-	-	(1,722)	-	-	(1,722)
Total comprehensive income for the period	-	-	(1,722)	-	(2,153)	(3,875)
Issue of shares	950	-	-	-	-	950
Recognition of share based payments- acquisition of royalty	780	67	-	-	-	847
Recognition of share based payments- cost of Long State facility	408	193	-	-	-	601
Recognition of cost of share issue	(235)	-	-	-	-	(235)
Balance at 30 June 2015	346,252	27,827	801	(39,672)	(262,690)	72,518
Balance at 1 Jan 2016	348,361	28,547	2,561	(39,672)	(264,628)	75,169
Net loss for period	-	-	-	-	(1,140)	(1,140)
Other comprehensive income for the period	-	-	192	-	-	192
Total comprehensive income for the period	-	-	192	-	(1,140)	(948)
Issue of shares	2,590	-	-	-	-	2,590
Recognition of share based payments	-	77	-	-	-	77
Issue of shares from option exercise	3	-	-	-	-	3
Recognition of cost of share issue	(879)	736	-	-	-	(143)
Balance at 30 June 2016	350,075	29,360	2,753	(39,672)	(265,768)	76,748

The accompanying notes from part of this financial report on pages 15 to 20.



Condensed Consolidated Statement of Cash Flows
For the half-year ended 30 June 2016

	Consolidated	
	30-Jun-16	30-Jun-15
	\$' 000	\$' 000
Cash flows from operating activities		
Receipts from customers	215	42
Payments to suppliers and employees	(1,108)	(1,244)
Proceeds from government grants and rebates	-	568
Net cash used in operating activities	(893)	(634)
Cash flows from investing activities		
Interest received	14	60
Payments for property, plant and equipment	-	(2)
Payments for exploration and development	(1,251)	(2,414)
Net cash used in investing activities	(1,237)	(2,356)
Cash flows from financing activities		
Proceeds from issue of shares /options	2,462	950
Share issue costs	(13)	(100)
Net cash from/(used in) financing activities	2,449	850
Net decrease in cash and equivalents	319	(2,140)
Cash and equivalents at the beginning of the financial period	2,706	5,569
Cash and equivalents at the end of the financial period	3,025	3,429

The accompanying notes from part of this financial report on pages 15 to 20.



Notes to the condensed consolidated financial statements

For the half-year ended 30 June 2016

Note 1: Statement of significant accounting policies

Statement of compliance

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

Basis of preparation

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

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

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's financial report for the year ended 31 December 2015, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Going concern

The half year financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The Group incurred a loss of \$1,140,000 (30 June 2015: \$2,153,000) and experienced net cash outflows from operating and investing activities of \$2,130,000 for the half year ended 30 June 2016 (30 June 2015: \$2,990,000). Cash and cash equivalents totalled \$3,025,000 as at 30 June 2016 (30 June 2015: \$2,706,000).

The Directors consider that the Group is a going concern and recognise that additional capital is required to ensure that it can continue to fund its operations during the twelve month period from the date of signing this report, and that certain expenditures may need to be deferred including those associated with the processing of the mining licence application, to coincide with any such capital raising activity. In this regard, the Group is already in discussions with parties to fund its planned operations.

The Company has a history of successful capital raisings to meet the Group's funding requirements. The Directors are satisfied that they will be able to raise additional capital as required to enable the Group to meet its obligations as and when they fall due, and defer expenditure to coincide with any such capital raising activity, and accordingly, consider that it is appropriate to prepare the financial statements on the going concern basis.



Notes to the condensed consolidated financial statements

For the half-year ended 30 June 2016

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

The Directors have reviewed the Group's overall position and outlook in respect of the matters identified above and are of the opinion that there are reasonable grounds to believe that the operational and financial plans in place are achievable and accordingly that the Group will be able to continue as a going concern and meet its obligations as and when they fall due.

However, in the event that the Group is unable to achieve satisfactory outcomes in relation to the above matters, material uncertainty would exist as to the ability of the Group to continue as a going concern and therefore, whether it will realise its assets and discharge its liabilities in the normal course of business.

The financial report does not include adjustments relating to the recoverability and classification of recorded asset amounts, or to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

Adoption of new and revised accounting standards

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:

New and revised standards and interpretations include:

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 ²	1 January 2018	31 December 2018
AASB 15 'Revenue from Contracts with Customers', AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15', AASB 2015-8 'Amendments to Australian Accounting Standards – Effective Date of AASB 15', and AASB 2016-3 'Amendments to Australian Accounting Standards – Clarifications to AASB 15'	1 January 2018	31 December 2018
AASB 16 'Leases'	1 January 2019	31 December 2019
AASB 1057 'Application of Australian Accounting Standards' and AASB 2015-9 'Amendments to Australian Accounting Standards – Scope and Application Paragraphs'	1 January 2016	31 December 2016
AASB 2014-3 'Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations'	1 January 2016	31 December 2016



Notes to the condensed consolidated financial statements

For the half-year ended 30 June 2016

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

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 2014-4 'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation'	1 January 2016	31 December 2016
AASB 2014-9 'Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements'	1 January 2016	31 December 2016
AASB 2014-10 'Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture' and AASB 2015-10 'Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128'	1 January 2018	31 December 2018
AASB 2015-1 'Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'	1 January 2016	31 December 2016
AASB 2015-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101'	1 January 2016	31 December 2016
AASB 2015-5 'Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception'	1 January 2016	31 December 2016
AASB 2016-1 'Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses'	1 January 2017	31 December 2017
AASB 2016-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107'	1 January 2017	31 December 2017

The implementation of the new and revised standards, where applicable are not expected to result in material changes.



Notes to the condensed consolidated financial statements

For the half-year ended 30 June 2016

Note 2: Segmented reporting

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

The Consolidated Group undertakes mineral exploration and evaluation in Greenland; one operating segment is identified, which is unchanged from that identified at 31 December 2015.

Note 3: Cash and cash equivalents

	Consolidated	
	30-Jun-16 \$' 000	31-Dec-15 \$' 000
Cash at bank	265	225
Cash on deposit at call	2,290	2,059
Cash on deposit	470	422
	3,025	2,706

Note 4: Other assets

	Consolidated	
	30-Jun-16 \$' 000	31-Dec-15 \$' 000
Deposit bonds	78	78
Prepayments	654	509
	732	587

Note 5: Capitalised exploration and evaluation expenditure

	Consolidated	
	30-Jun-16 \$' 000	31-Dec-15 \$' 000
Balance at beginning of period	71,815	68,031
Add:		
Exploration and/or evaluation phase in current period:		
Capitalised expenses	1,129	5,416
Effects of currency translation	192	37
	73,136	73,484
Less:		
Impairment of capitalised costs	-	(594)
Research and development rebates received and receivable	-	(1,075)
Balance at end of period	73,136	71,815

- (i) The Kvanefjeld Project EL 2010/02 is held by Greenland Minerals and Energy (Trading) A/S, the 100% owned Greenlandic subsidiary. As a result all capitalised exploration and evaluation expenditure has been recognised in the Greenlandic subsidiary and at reporting date has been translated at the closing Australian dollar/Danish kroner exchange rate with the movement being recognised in the foreign currency translation reserve.



Notes to the condensed consolidated financial statements

For the half-year ended 30 June 2016

Note 5: Capitalised exploration and evaluation expenditure (cont'd)

- (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) The Consolidated Group has a positive outlook regarding its ability to successfully develop the project, as a multi element project. The Consolidated Group will continue to work with the Greenland Government and other stakeholders to progress the mining license application, with the view of moving to development. This will be done in a manner that is in accordance with both Greenland Government and local community expectations.

Table of exploration licenses held at 30 June 2016

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

Note 6: Trade and other payables

	Consolidated	
	30-Jun-16 \$' 000	31-Dec-15 \$' 000
Accrued expenses (i)	524	299
Trade creditors (ii)	194	539
Sundry creditors (ii)	110	149
	828	987

- (i) Accrued expenses relate to goods and services 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 where 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.



Notes to the condensed consolidated financial statements
For the half-year ended 30 June 2016

Note 7: Issued capital

	30 – Jun-16		31- Dec-15	
	No ' 000	\$' 000	No ' 000	\$' 000
Balance brought forward	787,709	348,361	666,390	344,349
Issue of ordinary shares through capital raising	81,967	2,459		
Issue of shares in lieu of capital raising fees	4,367	131		
Issue of ordinary shares through renounceable rights issue	-	-	82,308	2,795
Issue of ordinary shares as consideration for rights issue costs	-	-	3,417	205
Issue of ordinary shares as consideration for share based payments - other	-	-	1,400	96
Issue of shares in lieu of costs of Long State facility	-	-	5,020	408
Shares issued for the acquisition of royalty	-	-	-	-
Issue of shares placed under Long State Equity placement facility	-	-	12,465	950
Issue of ordinary shares as consideration for share based payments – royalty acquisition	-	-	13,690	780
Issue of ordinary shares as a result of exercised options:				
\$0.20 exercise price options	3	1	16	4
\$0.08 exercise price options	29	2	3	-
Less costs associated with shares issued	-	(879)	-	(1,226)
Balance at end of financial period	874,075	350,075	787,709	348,361

Note 9: Subsequent events to balance date

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

Note 10: Dividends

No Dividends have been paid or proposed during the half-year ended 30 June 2016.