MATERIALS FOR AN ENERGY EFFICIENT FUTURE

GREENLAND
MINERALS AND ENERGY LTD

ACN 118 463 004

2016 ANNUAL REPORT

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Corporate Directory

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ABN

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HIGHLIGHTS OF 2016

Greenland Minerals and Energy's transition from the exploration and assessment phase, to development phase, continued to gain momentum with important progress made on both project permitting and the commercial development strategy.

- Enabling legislation passed by both Greenlandic and Danish parliaments to manage the production and export of uranium in Greenland, in accordance with international conventions and best-practice.
- Leading rare earth company Shenghe Resources Holding commenced strategic cooperation with GMEL, with the aim of jointly developing the Kvanefjeld Project. Shenghe moved to become the Company's largest shareholder with the acquisition of 12.5% stake.
- Kvanefjeld project metrics further improved in Feasibility Study Update following the strong performance of pilot plant operations conducted in late 2015.
- Significant progress made on the processing of the mining license application for the Kvanefjeld Project. Major reviews by the Greenland Government, their advisors and expert consultants were completed in 2016. GMEL is working to update studies where recommended and is looking to establish a schedule for the public hearing period.
- World Nuclear Association (WNA) Director General Agneta Rising visited Greenland to participate in Employees' Union Annual Meeting.

Chairman's Letter

Dear Fellow Shareholder,

The 2016 year was a transformative year, which has our company well placed to progress the Kvanefjeld Project into development. Following on from the completion and lodgement of a mining license application for Kvanefjeld in late 2015, we entered 2016 with the aim of advancing through the permitting process in parallel to building the commercial development strategy. Major progress was made on both fronts, which consolidate Kvanefjeld's position as one of the most advanced, and important rare earth and uranium projects globally.

The commencement of a strategic relationship with Shenghe Resources Holding Co Ltd. is one of the most important developments in the Company's history, and the evolution of the Kvanefjeld Project. Shenghe is one of the most significant participants in the global rare earth industry, with proficiency across the entire value chain with an extensive international customer base. It was clear in our early discussions that Shenghe's ambition to grow their international customer base would make them an obvious and ideal strategic development partner for Kvanefjeld.

Your directors were pleased to see that shareholders wholeheartedly supported Shenghe's acquisition of a 12.5% interest in our Company in November 2016. We have now commenced joint work programs that will further enhance Kvanefjeld technically and economically. This will ensure that output of rare earth intermediate products from Greenland will meet with Shenghe's downstream processing requirements.

Material progress was made during the year on processing the mining licence application, which commenced following lodgement in December 2015. Reviews by the Greenland Government and their advisory groups progressed significantly through the year. Following detailed and constructive reviews of the environmental and social impact assessments, work is currently underway to supplement select datasets before reports are finalised and lodged for public consultation.

Kvanefjeld remains Greenland's highest profile mining project and its successful development is therefore important in the broader establishment of Greenland's minerals industry. The development of successful mining operations is fundamental to the restructuring and diversification of the Greenland economy as Greenland moves toward greater economic and political independence. Both Greenland and Denmark, which manages Greenland's foreign policy, have continued to provide the appropriate legal and administrative frame work to manage the production and export of uranium in accordance with international best-practice.

The outlook for both the rare earth and uranium markets continues to improve after a multi-year period of suppressed pricing. Ongoing reforms to the rare earth industry in China have seen restrictions to primary supply that presents a great opportunity for new market entrants. In late 2016, the two largest global uranium producers announced production cutbacks to deal with the oversupply in the uranium market. Uranium long-term and spot prices have since come off their lows, and have risen over 25% in recent months. These market conditions create an optimal window to bring Kvanefjeld into production in coming years.

In summary, 2016 was a very important year that positions us with an excellent foundation and clear strategy to progress Kvanefjeld through the permitting steps and into project development.

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

Yours sincerely

Anthony Ho
Non-executive Chairman

KVANEFJELD'S LOCATION OFFERS ONE OF THE MOST ACCESSIBLE AND FAVOURABLE SETTINGS FOR MINE DEVELOPMENT IN GREENLAND.

Review of Operations

2016 proved to be a transformative year for Greenland Minerals and Energy Limited, and the Company's 100% owned Kvanefjeld rare earth – uranium project. At the commencement of the year GMEL set out to progress the permitting for the Kvanefjeld Project, and to advance the commercial development strategy.

Material progress was made on both fronts, with major reviews of the Environmental and Social Impact Assessments by the Government of Greenland and their expert consultant groups, and the commencement of a strategic relationship with leading rare earth company Shenghe Resources Holding Co Limited (Shenghe). The feasibility parameters for the Kvanefjeld project were also updated following pilot plant operations conducted in the latter half of 2015.

Shenghe brings top-tier downstream processing technology, an international customer network to the Kvanefjeld Project, and the opportunity to jointly establish a specialty metals business that will be a dominant force in the sector for number of decades. Shenghe is part-owned by a leading Chinese technical institute and together, they bring extensive technical capacity to the project. Through 2017 GMEL and Shenghe will be conducting joint work programs to enhance the Kvanefjeld Project and ensure that it is best-structured to integrate with down-stream processing.

Key political developments took place in the first half of 2016 that relate to uranium production and export. The Danish Parliament passed legislation to create the legal framework for uranium exports from Greenland, and the Greenland Parliament adopted laws in relation to non-proliferation commitments. This concluded a comprehensive program by the Governments of Greenland and Denmark to establish the regulatory framework required to manage uranium production and export from Greenland.

Other notable events of 2016 included a visit to Greenland by the World Nuclear Association (WNA) Director General, Agenta Rising, to participate in Greenland's Employees Association (SIK) annual meeting; a forum where mineral potential and future mining opportunities were given strong attention.

With many key developments, the significance and profile of Kvanefjeld continues to grow, and resulted in press coverage in mainstream media such as the Guardian and the Washington Post.

Project Developments:

In early April, 2016, GMEL completed an update to its Kvanefjeld Project Feasibility Study, released May 25, 2015. The update was conducted to integrate the outcomes of pilot plant operations that were undertaken in late 2015 with the Feasibility Study. The pilot plant operations had been performed in collaboration with the EURARE program.

The study update utilised lower pricing assumptions and a higher discount rate than those used previously (2015), in order to more accurately reflect prevailing economic conditions. The study update incorporated several modifications to the Kvanefjeld Project which significantly improved the financial outcomes.

- Pilot plant operations demonstrated higher recoveries than had previously been considered, and greater productions levels as a result.
- Both capital and operating costs were reduced, and key economic metrics improved despite lower pricing assumptions and an increased discount rate.

The study update reiterates the clear potential to develop Kvanefjeld as a stable, long-life, low cost producer of critical rare earths and uranium.

Support Infrastructure and Power Provision

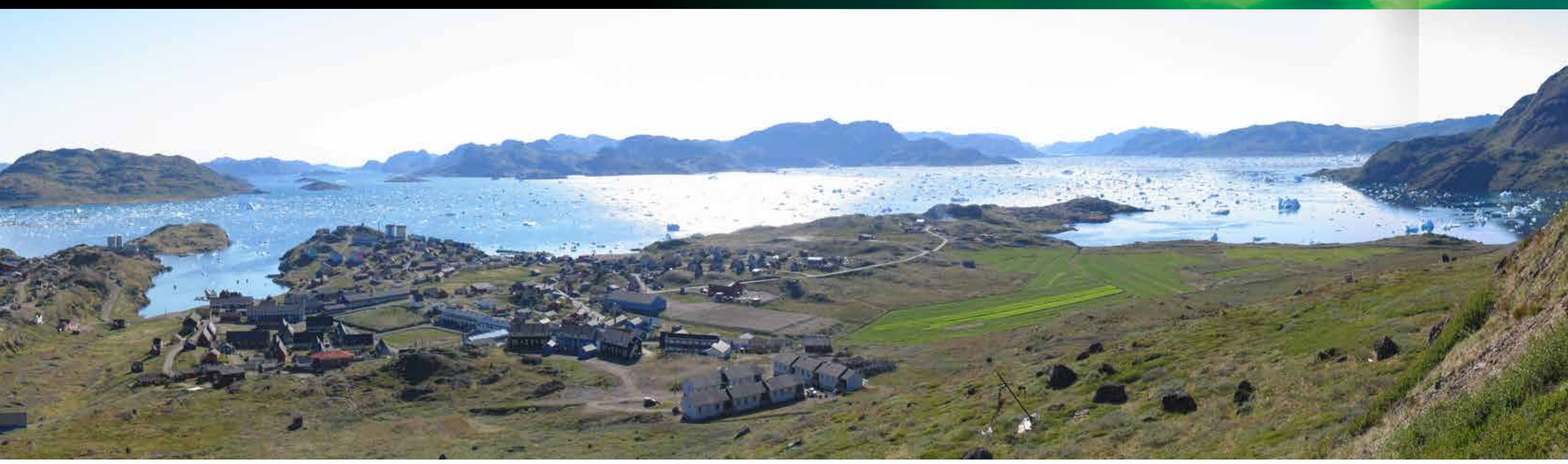
In Q1, 2016 GMEL signed of a Letter of Intent (LoI) with a European multi-national conglomerate (the provider), that specialises in energy provision, to develop a power concept for the Kvanefjeld project, based on renewable energy (hydropower).

The power solution is looking into the potential to link in to the existing public network, providing broader benefits for South Greenland. The set-up for the power solution is considering a Private Public Partnership (PPP) model, in which GMEL would be an end-user. The provider will map out the entire concept and aim to bring in a partner for the main EPC contractor, civil work and financing.

The agreement comes after an ongoing dialogue driven by the provider with the Government of Greenland and the Company.

Importantly, utilising hydropower to produce raw materials that are critical to clean energy generation and new energy efficient technologies is an optimal outcome for the Kvanefjeld project, and will reduce the carbon footprint of the project and be advantageous to end product branding.

A POWER CONCEPT FOR THE KVANEFJELD PROJECT, BASED ON RENEWABLE ENERGY (HYDROPOWER).



Review of Operations (continued)

Kvanefjeld Mining License Application - Processing Update

In December, 2015, GMEL submitted an exploitation (mining) license application for the Kvanefjeld project to the Greenland Government after years of baseline surveys and scientific analysis. In addition other technical reference documents have also been provided to the Greenland Government at their specific request. The application included the Feasibility Study (inclusive of the Maritime Safety Study), and Environmental and Social Impact Assessments (EIA, and SIA).

Through the course of 2016, GMEL has also completed a number of additional studies and calculations as requested by the Greenland Government, to bolster specific areas. These relate to technical aspects of the EIA.

The EIA is a very substantive document, drawing on many years of extensive baseline studies, that summarises the existing natural environment and analysing the changes the mining operation will create. There are a number of major contributing studies which are referenced to the EIA document.

These contributing studies have been performed by world-leading independent consultants to ensure the scientific impact is well understood. These studies are referenced by the EIA and each consists of an extensive scientific and engineering evaluation. The independent consultants who contributed major studies to the EIA include:

- Pacific Environment – Air Quality Study
- Orbicon – Hydrology
- Arcadis – Radiation
- Danish Hydraulic Institute – Water
- SGS Laboratories – Tailings and waste rock stability
- AMEC Foster Wheeler – Tailings Dam and water recycling design

The Environmental Impact Assessment Review Process

The Greenland Government has been rigorous in its review of the EIA by engaging world leading environmental consultants to review the EIA. These consultants are based in Denmark and Canada. This approach is aimed to provide confidence to stakeholders that all environmental impacts associated with the project can be effectively managed.

- Greenland Natural Institute
- The Danish Centre for Environment and Energy based at Aarhus University in Denmark.
- Robertson GeoConsultants from (Canada)
- Canadian Nuclear Safety Commission

2016 EIA Progress

Significant progress was achieved during 2016 in the reviews of the EIA. Extensive consultation has been undertaken on the critical EIA documents with feedback and comments received from the Greenland authorities as well as from their independent consultants leading to the validation of the Company's Project parameters on most key aspects.

Comments and recommendations received from Greenland in late December 2016 leave only a few matters to be completed prior to the Company being able to submit an updated final version of the EIA which would be suitable for the public hearing phase of the mining licence application. Since receiving the review material late in 2016, the Company has had the opportunity to meet with both Greenland's Environmental Agency for Mineral Resource Activities (EAMRA), along with the Danish Centre for Environment, and is now working to confirm modifications or further data that is required for the public hearing phase.

The Company has a long-established, cordial and professional relationship with the relevant Greenland authorities, which has led to productive exchanges of technical information and a confidence that the exhaustive assessment process will have positive results for the Kvanefjeld Project.

HEALTH AND SAFETY OF WORKERS AND THE GENERAL POPULACE IS OF PARAMOUNT IMPORTANCE.

Social Impact Assessment

The Company made considerable progress on the SIA during 2016 and is working to update the document for resubmission to the Greenland Government following the reviews conducted through the year. A regular dialogue between GMEL and the government personnel is working to ensure that the SIA meets the needs of the Company and addresses the requirements of the Government.

Over 90% of the comments and suggestions have been addressed, and work is ongoing to address the final outstanding matters. In particular, the matters likely to be of most importance to the Greenland community have been revised to ensure that this information is arranged in the optimal order and format. Particular attention has been paid to the operational health and safety of workers and the general populace from the perceived impacts of the project.

Finalising information requested as part of the Terms of Reference (approved in 2015, following a public hearing phase) has been ongoing to ensure all matters raised have been addressed.

Public Consultation Phase

Once the formal review of the EIA and SIA have been completed and accepted by the Greenland Government, a public consultation phase will be initiated where public feedback will be sought with responses then incorporated into a 'whitepaper'. Following this, an Impact Benefit Agreement will be entered into which formalises the commitments made in the SIA. This then feeds into the Exploitation (Mining) Licence documentation.

GMEL views the progress made to date as extremely encouraging. With major reviews of key EIA components by external consultants conducted in 2016, the Company is now working toward updating the studies where necessary, and setting a schedule for the public consultation phase. The cooperative approach of the Greenland Government aims to efficiently manage the overall permitting process, whilst ensuring that the application meets all necessary requirements and expectations.

Danish Centre for the Environment Publish Important Uranium Report

Whilst uranium is not high grade at Kvanefjeld, and is only a by-product for planned operations at Kvanefjeld, it has significance with respect to regulation and project permitting. Importantly, an independent report published in January 2017 by the Danish Centre for the Environment (DCE) – part of Aarhus University in Denmark – has concluded that experience in Canada, Australia and the USA shows that it is possible to operate modern uranium mines without major environmental issues. This is a significant positive indicator for the Kvanefjeld Project in Greenland where the DCE has been providing professional advice to the Greenland Government on aspects of the EIA process.

The report has been produced to be a useful guide for the general public, politicians, authorities, and other stakeholders that are seeking detailed information or improving their understanding of all topical areas related to uranium production activities. It serves as an important factual reference point. The report should be seen as a significant positive indicator for the Kvanefjeld Project.

KEY REPORT BY THE DCE SERVES AS A POSITIVE REFERENCE ON URANIUM EXTRACTION.

Shenghe's Acquisition of a 12.5% Interest in GMEL

On September 23rd, GMEL announced that it had entered into a Subscription Agreement (SA) with leading rare earth company Shenghe Resources Holding Ltd, and its 99.9999% subsidiary Le Shan Shenghe Rare Earth Co., Ltd (Leshan Shenghe). Leshan Shenghe is focussed on rare earth downstream processing.

The SA provided for Shenghe to acquire 125 million shares in GMEL, which represents a 12.5% interest. The fundamental objective of both parties is to develop the Kvanefjeld Project as a cornerstone to new rare earth supply networks. Shenghe's leading technical expertise, processing capacity, and strong international customer base make Shenghe an ideal strategic partner for the Project.

Shenghe's major shareholder is the Institute of Multipurpose Utilization of Mineral Resources (IMUMR); a leading Chinese technical institute with strong rare earth expertise. Together, Shenghe and IMUMR bring leading rare earth processing technology to the Kvanefjeld Project, which should see further enhancements and improvements to the cost structure.

During November, Australia's Foreign Investment Review Board (FIRB) approved the issue of 125 million shares to Shenghe. On November 29th, a General Meeting was held to seek shareholder approval. Shareholders voted overwhelmingly in favour (92.6%) of the SA and the issue of shares to Shenghe.

Following approvals and the receipt of $4.625 million (AUD), 125 million shares were issued to Shenghe, who become the largest individual shareholder in GMEL.

The rare earth sector, by virtue of the extended industrial chain, necessitates that the mining end requires integration with strong downstream processing proficiency to create a strong business. This emphasizes the importance of aligning the Kvanefjeld Project with a strong global industrial partner. Shenghe's participation provides a means to establish a complete value chain from mine to high-purity end-products. Shenghe's involvement comes after a multi-year effort by GMEL to identify, engage and secure an optimal strategic partner.

In early 2017, both parties will jointly commence technical work programs to further improve the cost-structure of the Kvanefjeld Project, ensure the Project is optimised with respect to downstream rare earth processing, and identify further value add opportunities, including the recovery of additional products.

SHENGHE'S LEADING TECHNICAL EXPERTISE, PROCESSING CAPACITY, AND STRONG INTERNATIONAL CUSTOMER BASE MAKE SHENGHE AN IDEAL STRATEGIC PARTNER FOR THE PROJECT.

Review of Operations (continued)

About Shenghe Resources Holding

Shenghe Resources Holding Co. Ltd (SSE 600392), (Shenghe) is a public company exclusively focused on mining and processing rare earth ores, and producing high purity rare earth oxides, metals and alloys along with a range of rare earth products. Shenghe is listed on Shanghai Stock Exchange (since 2012) and, as at 20 September, 2016 had 941M shares on issue and a market capitalization of approximately RMB14.3 billion or AUD $3 billion.

Shenghe has three major shareholders. The Institute of Multipurpose Utilization of Mineral Resources (IMUMR), a state owned scientific research institute specialising in mineral resources, holds just over 20%, Mr Quangen Wang, former engineer of IMUMR holds ~10% and the Sichuan Giastar Enterprise Group, a private company involved in natural resources holds ~8%.

Shenghe is headquartered in Chengdu, Sichuan Province and is a single industry company with mining and processing activities in a number of Chinese centres, and has commenced the strategy of extending business outside China to increase the focus on international markets. Shenghe is involved at all levels of the rare earth industry, from mining through processing to the production of end products.

The Shenghe Group;

- **controls domestic sources of rare earth ores and concentrates**
- **controls significant rare earth separation capacity in China**
- **produces rare earth metals and alloys to the highest purities**
- **produces "end use" rare earth products – polishing powders, catalysts, molecular sieves**
- **has an established international customer base for its products**

Significantly, Shenghe also holds Chinese production quotas for the mining and separation/ refining of rare earths.

International Strategy

Shenghe has also commenced the path of international orientation since 2013.

- In 2013 Shenghe established Sheng Kang Ning Mining Investment (SKN) as the platform for overseas investments in rare earths and rare and precious metals.
- In 2015 Shenghe established Shenghe Resources (Singapore) Pte.Ltd as the platform for trade and investment.
- In 2016 Shenghe announced the agreement with a Japanese company to acquire 100% equity in a rare earth metal and separation plant in Vietnam.

Shenghe/SKN has been actively involved in an extensive international search for suitable opportunities to secure supplies of rare earths outside of China, to support its international growth strategy. This has involved an assessment of many of the world's emerging rare earth projects. Shenghe's investment in GMEL is its first investment at an equity level of an overseas listed company since that international search commenced.

For Shenghe, investment in the Kvanefjeld Project is aimed at pursing access to rare earth intermediate products outside of China which are capable of supporting a range of downstream rare earth businesses, facilitating long term growth opportunities.

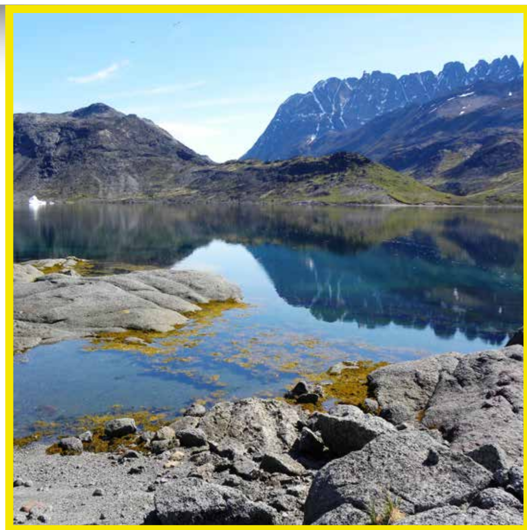
Appointment of New Non-Executive Director

In December 2016 Ms Wenting Chen, a representative of Shenghe Resources Holding Limited, was appointed to the board of GMEL as a non-executive director. The appointment follows the completion of Shenghe's acquisition of a 12.5% interest in GMEL.

Ms Chen holds degrees in Law, and Economics majoring in International Trade, from Nanjing University. She has additionally completed a Master's Degree in Business Administration, and the Bar Examination in China.

Ms Chen commenced her career at the Bank of Nanjing, before joining the East China Exploration Bureau (ECE) in early 2007, working in the investment department specialising in overseas mining project investments. She has considerable international commercial experience, and has been directly involved in several acquisitions in Australia and an Initial Public Offering on the Alternative Investment Market (AIM) of the London Stock Exchange. Prior to leaving ECE, Ms Chen was General Manager Assistant of ECE's overseas subsidiary.

Ms Chen joined Shenghe in early 2014 to lead the overseas investment department. She has been actively involved in the dialogue between Shenghe and GMEL since late 2015. Through this period, she has developed a strong familiarity with GMEL's activities and operations.



Additional Events

WNA Director General Visits Greenland

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.

KVANEFJELD IS A GREENLANDIC PROJECT THAT BRINGS TOGETHER A CROSS SECTION OF STAKEHOLDERS AND INTERNATIONAL PARTICIPANTS.

Review of Operations (continued)

Additional Events (continued)

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.

GMEL's Kvanefjeld Project is amongst the higher profile mineral resource projects in the Arctic region.

Rare Earth Industry Updates

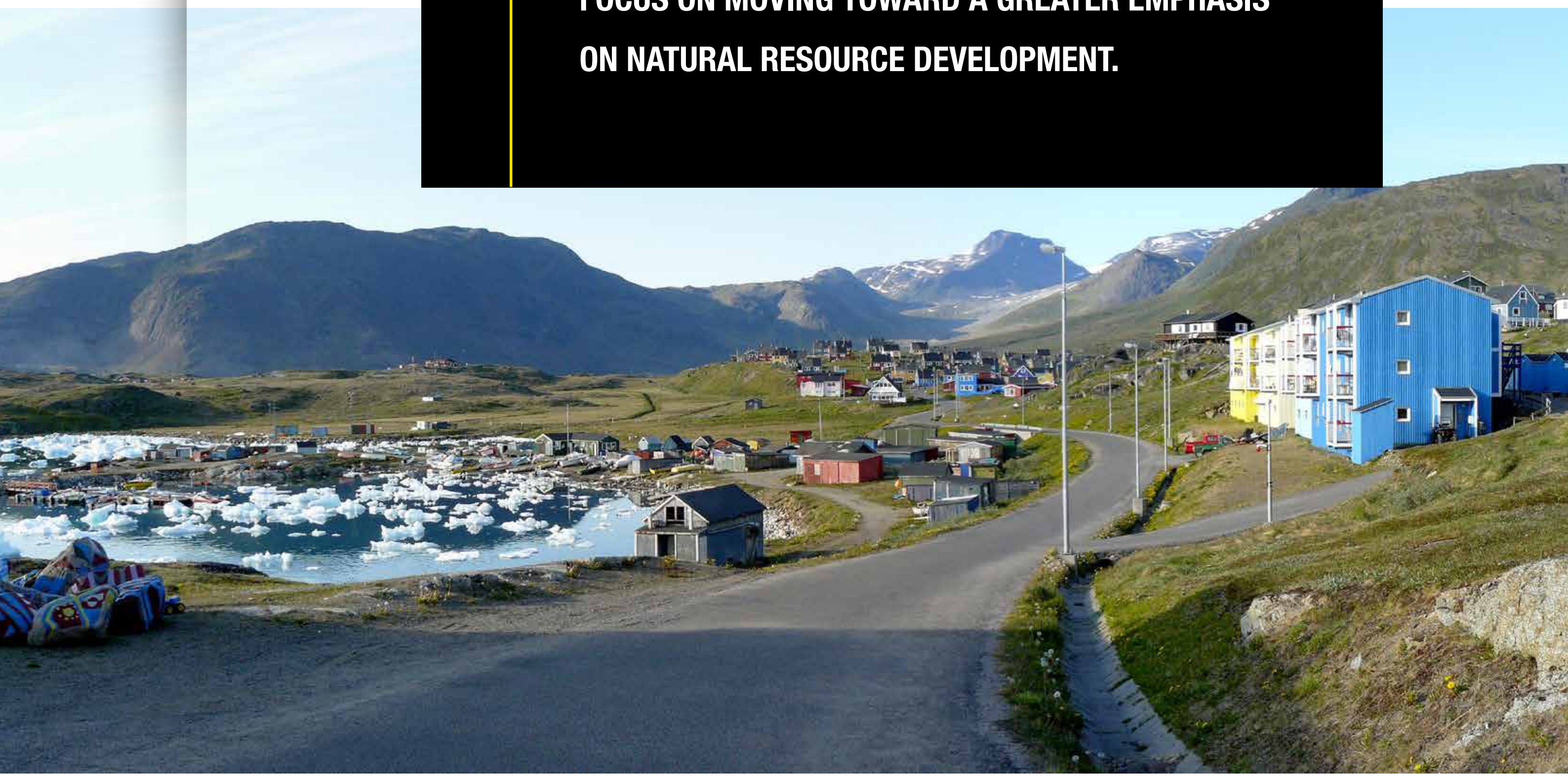
Developments in China remain the key to understanding the continuing evolution of the rare earth market.

On October 18th, 2016 China's Ministry of Industry and Information Technology released its Rare Earth Industry Development Plan (RE Plan) for the period 2016 to 2020. The RE Plan sets out a number of targets to be achieved by the rare earth industry by 2020. The more significant of these targets include limits on mine production (>140,000 tpa), reduction in separation plant capacity (>33%) and greater compliance with increasingly stringent environmental regulations (90% of operations in compliance).

Significantly, the RE Plan also has a focus on the development of primary sources of rare earth metals outside of China.

Then on November 19th, 2016 China's Ministry of Land and Resources released its National Mineral Resources Plan for the period 2016 to 2020 (Resources Plan). The Resources Plan was approved by the State Council on November 2nd.

GREENLAND, IN PARTICULAR, HAS PLACED A MAJOR FOCUS ON MOVING TOWARD A GREATER EMPHASIS ON NATURAL RESOURCE DEVELOPMENT.



CHINA'S RARE EARTH PLAN WILL TIGHTEN SUPPLY, CREATING A GREAT OPPORTUNITY FOR NEW MARKET ENTRANTS.

The Resources Plan identifies for the first time 24 mineral and hydro-carbon resources that will be the focus of heightened Government attention for the purpose of protecting national economic security and supporting the development of strategic industries.

Rare earths are included in the suite of items covered by the Resources Plan which confirms that the government is taking further control over those industries it considers to be of strategic significance to ensure that appropriate resources are allocated to secure long term supplies. Security of supply is a key factor for the rare earth industry.

As noted above, Shenghe's investment in the Company was finalised in December 2016 and as far as the Company is aware this is the first time that a major Chinese downstream processor has taken steps to address the issue of the long term security of supply of raw materials by investing in resources outside of China.

Domestic China prices for most rare earths remained relatively stable for the quarter, the exception being lanthanum. The RMB lanthanum oxide price was up by approximately 12.5% in the 3 months to December 31st, 2016. From an USD perspective all prices have also edged up in line with the appreciation of the USD.

Uranium Industry Developments

There are encouraging signs that the uranium market has passed its weakest point with spot prices rising from historical lows of US$18/lb U_3O_8 in December 2016, to US$23/ lb U_3O_8 in January 2017.

Reactor re-starts are still delayed in Japan where only two of the country's 42 operable nuclear power plants are in commercial operation, but worldwide 10 new nuclear plants were brought into production during 2016 and another 60 plants are under construction.

The uranium market still suffers from near term oversupply but the two largest producers, Kazatomprom (Kazakhstan) and Cameco (Canada) have announced production cutbacks which, together with changes expected in other sectors of the fuel cycle will work to bring supply and demand back into balance in the next few years. The election of President Trump may see renewed enthusiasm for nuclear power in the USA which will boost confidence in the sector.

Denmark and Greenland continue work to implement the uranium export controls to apply to Greenland uranium in conformity with legislation adopted in both countries during 2016.

Table of Identified Mineral Resources

Statement of Identified Mineral Resources, Kvanefjeld Multi-Element Project (Independently Prepared by SRK Consulting)

Multi-Element Resources Classification, Tonnage and Grade										Contained Metal				
Cut-off	Classification	M tonnes	TREO[2]	U_3O_8	LREO	HREO	REO	Y_2O_3	Zn	TREO	HREO	Y_2O_3	U_3O_8	Zn
(U_3O_8 ppm)[1]		Mt	ppm	ppm	ppm	ppm	ppm	ppm	ppm	Mt	Mt	Mt	M lbs	Mt
Kvanefjeld - February 2015														
150	Measured	143	12,100	303	10,700	432	11,100	978	2,370	1.72	0.06	0.14	95.21	0.34
150	Indicated	308	11,100	253	9,800	411	10,200	899	2,290	3.42	0.13	0.28	171.97	0.71
150	Inferred	222	10,000	205	8,800	365	9,200	793	2,180	2.22	0.08	0.18	100.45	0.48
150	Total	673	10,900	248	9,600	400	10,000	881	2,270	7.34	0.27	0.59	368.02	1.53
200	Measured	111	12,900	341	11,400	454	11,800	1,048	2,460	1.43	0.05	0.12	83.19	0.27
200	Indicated	172	12,300	318	10,900	416	11,300	970	2,510	2.11	0.07	0.17	120.44	0.43
200	Inferred	86	10,900	256	9,700	339	10,000	804	2,500	0.94	0.03	0.07	48.55	0.22
200	Total	368	12,100	310	10,700	409	11,200	955	2,490	4.46	0.15	0.35	251.83	0.92
250	Measured	93	13,300	363	11,800	474	12,200	1,105	2,480	1.24	0.04	0.10	74.56	0.23
250	Indicated	134	12,800	345	11,300	437	11,700	1,027	2,520	1.72	0.06	0.14	101.92	0.34
250	Inferred	34	12,000	306	10,800	356	11,100	869	2,650	0.41	0.01	0.03	22.91	0.09
250	Total	261	12,900	346	11,400	440	11,800	1,034	2,520	3.37	0.11	0.27	199.18	0.66
300	Measured	78	13,700	379	12,000	493	12,500	1,153	2,500	1.07	0.04	0.09	65.39	0.20
300	Indicated	100	13,300	368	11,700	465	12,200	1,095	2,540	1.34	0.05	0.11	81.52	0.26
300	Inferred	15	13,200	353	11,800	391	12,200	955	2,620	0.20	0.01	0.01	11.96	0.04
300	Total	194	13,400	371	11,900	471	12,300	1,107	2,530	2.60	0.09	0.21	158.77	0.49
350	Measured	54	14,100	403	12,400	518	12,900	1,219	2,550	0.76	0.03	0.07	47.59	0.14
350	Indicated	63	13,900	394	12,200	505	12,700	1,191	2,580	0.87	0.03	0.07	54.30	0.16
350	Inferred	6	13,900	392	12,500	424	12,900	1,037	2,650	0.09	0.00	0.01	5.51	0.02
350	Total	122	14,000	398	12,300	506	12,800	1,195	2,570	1.71	0.06	0.15	107.45	0.31
Sørensen - March 2012														
2.67	0.10	0.22	162.18	0.63	9,700	398	10,100	895	2,602	2.67	0.10	0.22	162	0.63
2.15	0.07	0.17	141.28	0.52	10,200	399	10,600	932	2,802	2.15	0.07	0.17	141	0.52
1.75	0.06	0.14	122.55	0.43	10,500	407	10,900	961	2,932	1.75	0.06	0.14	123	0.43
1.44	0.05	0.12	105.23	0.36	10,700	414	11,100	983	3,023	1.44	0.05	0.12	105	0.36
1.14	0.04	0.09	85.48	0.28	11,000	422	11,400	1,004	3,080	1.14	0.04	0.09	85	0.28
Zone 3 - May 2012														
150	Inferred	95	11,600	300	10,200	396	10,600	971	2,768	1.11	0.04	0.09	63.00	0.26
200	Inferred	89	11,700	310	10,300	400	10,700	989	2,806	1.03	0.04	0.09	60.00	0.25
250	Inferred	71	11,900	330	10,500	410	10,900	1,026	2,902	0.84	0.03	0.07	51.00	0.20
300	Inferred	47	12,400	358	10,900	433	11,300	1,087	3,008	0.58	0.02	0.05	37.00	0.14
350	Inferred	24	13,000	392	11,400	471	11,900	1,184	3,043	0.31	0.01	0.03	21.00	0.07
Project Total														
Cut-off	Classification	M tonnes	TREO[2]	U_3O_8	LREO	HREO	REO	Y_2O_3	Zn	TREO	HREO	Y_2O_3	U_3O_8	Zn
(U_3O_8 ppm)[1]		Mt	ppm	ppm	ppm	ppm	ppm	ppm	ppm	Mt	Mt	Mt	M lbs	Mt
150	Measured	143	12,100	303	10,700	432	11,100	978	2,370	1.72	0.06	0.14	95.21	0.34
150	Indicated	308	11,100	253	9,800	411	10,200	899	2,290	3.42	0.13	0.28	171.97	0.71
150	Inferred	559	10,700	264	9,400	384	9,800	867	2,463	6.00	0.22	0.49	325.66	1.38
150	Grand Total	1010	11,000	266	9,700	399	10,100	893	2,397	11.14	0.40	0.90	592.84	2.42

[1] There is greater coverage of assays for uranium than other elements owing to historic spectral assays. U_3O_8 has therefore been used to define the cutoff grades to maximise the confidence in the resource calculations.

[2] Total Rare Earth Oxide (TREO) refers to the rare earth elements in the lanthanide series plus yttrium.

Note: Figures quoted may not sum due to rounding.

Competent Person Statement – Mineral Resources and Ore Reserves

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.

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.

MATERIALS FOR AN ENERGY EFFICIENT FUTURE

GREENLAND
MINERALS AND ENERGY LTD

2016 ANNUAL FINANCIAL REPORT
for the year ended 31 December 2016

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 2016, 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
Wenting Chen, Non-Executive Director – Appointed 9 December 2016
Michael Hutchinson, Non-Executive Director – Resigned 3 April 2016
Jeremy Sean Whybrow, Non-Executive Director – Resigned 29 March 2016

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, he is a registered tax agent and has completed a graduate diploma in applied corporate governance.

Mr Guy is currently 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 $2,172,733 (2015: loss $4,091,615).

Review of operations

Refer to the Operations Report on pages 4 to 14.

Significant Changes in State of Affairs

Other than as reported in the Review of Operations, during the financial year, there were other no 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 period covered by this report.

Shares

During the year ended 31 December 2016, 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 2016 was 999,124,293 (31 December 2015: 787,708,978).

The total number of shares issued during the current financial year was 211,415,315.

There is no other class of shares issued by the Company and the Company has no un-issued shares, other than those registered to options and performance rights 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	86,334,201	Ordinary shares	$0.03	-
Greenland Minerals and Energy Limited	45,342	Ordinary shares	$0.20	-
Greenland Minerals and Energy Limited	35,772	Ordinary shares	$0.08	-
Greenland Minerals and Energy Limited	125,000,000	Ordinary shares	$0.037	-
Greenland Minerals and Energy Limited (i)	2,423,300	Ordinary shares	$0.08	-

(i) Shares were issued as a result of the exercise of $0.08 exercise price options on 7 March 2017.

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. The right is for Le Shan to subscribe for top-up shares so as 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 anti-dilution 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.

Options

During the year ended 31 December 2016 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	7,500,000	-	Ordinary shares	$0.20	24 February 2018
Greenland Minerals and Energy Limited	7,500,000	-	Ordinary shares	$0.25	24 February 2018
Greenland Minerals and Energy Limited	187,800,180	-	Ordinary shares	$0.08	30 September 2018

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 $78,834,767 as at 31 December 2016 (2015: $75,169,486).

Dividends
In respect of the financial year ended 31 December 2016, 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 2015.

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 aims 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 14.

Subsequent Events
On the 7 March 2017, the Company issued 2,423,300 ordinary shares through the exercise of an equal number of GGGOB options and issued a further 3,200,000 ordinary shares and 3,200,000 listed GGGOB options, in lieu of fees payable under corporate advisory and research mandates.

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.Comm, 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 publicly listed companies. Tony was executive director of Arthur Yates & Co Limited, retiring from that position in April 2002. His corporate and governance experience include being chief financial officer/finance director of M.S. McLeod Holdings Limited, Galore Group Limited, the Edward H O'Brien group of companies and Volante Group Limited.

Tony was the past non-executive chairman of the Not for Profit company, St. George Community Housing Limited (November 2002 to December 2009) where he was also a member of the Audit and Remuneration Committees.
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 Institute of Chartered Secretaries, Governance Institute of Australia and the Australian Institute of Company Directors.

Interest in shares & options
2,487,500 Ordinary Shares
337,500 Listed GGGOB options

Other board positions held
Non-executive director - Hastings Technology Metals Limited - March 2011 and chairman of the Audit Committee
Non-executive Chairman – Bioxyne Limited – November 2012
Non-executive Chairman – Mooter Media Limited – November 2016

Board positions held in the last 3 years
Non-executive Chairman – Metal Bank Limited, October 2011 to August 2014
Non-executive director - Apollo Minerals Limited - July 2009 to March 2016
Non-executive Chairman – Esperance Minerals Limited – 12 October 2015 to March 2016

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.

John has been a director of GMEL since 2011, and Managing Director since 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.

Information on Directors
John Mair (cont'd)

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

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 had over 30 years capital markets experience in broking, regulatory roles and as director of listed companies. He initially was 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 and in those roles he has been involved in many aspects of broking including management issues such as credit control and reporting to regulatory bodies in the securities industry. As a broker Simon was also involved in the underwriting of a number of IPO's and has been through the process of IPO listing in the dual role of broker and director. Currently Simon holds a number of non-executive roles with listed companies in Australia.

Interest in shares & options
6,117,808 Ordinary shares
481,780 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
Queste Communications Limited – February 2008 to 3 April 2014
Transaction Solutions International Limited – February 2010 to 30 September 2014

Wenting Chen – Non-executive Director – Appointed 9 December 2016

Special responsibilities
Nil

Qualifications
BA.Law, BA.Econ, MBA

DIRECTORS' REPORT

Information on Directors
Wenting Chen (cont'd)

Experience
Ms Wenting Chen completed a Bachelor of Law, 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.

Wenting started her career in Bank of Nanjing, then joined East China Exploration Bureau (ECE) since the early 2007, working in the investment department specializing in overseas mining project investment. She was fully involved in several acquisitions in Australia and an IPO in the AIM market of LSE. Before she left ECE, she acted as General Manager Assistant of ECE's overseas subsidiary.

Wenting achieved her Master's Degree in Business Administration at Nanjing University in the year of 2011, and passed the Bar Examination in China. In early 2014, she joined Shenghe Resources Holding Co.,Ltd (600392 SSE), focused on the acquisition of rare earth projects outside China, playing her role in leading the overseas investment department for selecting, evaluation of the target projects, participating in commercial negotiation and legal aspects.

Wenting 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

Michael Hutchinson - Non-Executive Director – Appointed 25 November 2008 – Resigned 3 April 2016

Special responsibilities
Member of the Audit Committee

Qualifications
BSc (Hons) Geography

Experience
Mr Michael Hutchinson has had a distinguished career in resources and commodity trading, having served as Director of the London Metal Exchange, the world's largest market in options and futures contracts on base and other metals.

Interest in shares & options (as at date of resignation – 3 April 2016)
921,276 Ordinary shares
500,000 Listed GGGOA options

Directorships held in other listed entities
Non-executive chairman – Noricum Gold Limited – November 2013

Former directorships in other listed entities in the last 3 years
Mecom Plc – April 2009 – 21 February 2016

Jeremy Sean Whybrow – Non-executive director – Appointed 21 February 2006 – Resigned 29 March 2016

Special responsibilities
Member of the Audit Committee

Qualifications
B.Sc. (Mineral Exploration and Mining Geology), G.Cert(Minerals Economics), M.Aus.I.M.M

Experience
Mr Jeremy Whybrow graduated from Curtin University of Technology in 1996 with a Bachelor of Science degree (Mineral Exploration and Mining Geology), and has had over 15 years' experience in the minerals industry both domestically and internationally.

Interest in Shares & options (as at date of resignation 3 April 2016)
6,260,200 Ordinary shares
250,000 GGGOA options

Directorships held in other listed entities
Executive Director - Noricom Gold Limited – November 2010

Positions held in the last 3 Years
Nil

Remuneration Report – Audited

This remuneration report, which forms part of the directors' report, details the nature and amount of remuneration for each director of Greenland Minerals and Energy Limited and senior management, for the financial year ended 31 December 2016.

Director and senior management details
The following persons acted as directors of the Company during or since the end of the financial year:

Anthony Ho, Non-Executive Chairman
John Mair, Managing Director
Simon Kenneth Cato, Non-Executive Director
Wenting Chen, Non-executive director – appointed 9 December 2016
Michael Hutchinson, Non-Executive Director – resigned 3 April 2016
Jeremy Sean Whybrow, Non-Executive Director – resigned 29 March 2016

The term 'senior management' is used in this remuneration report to refer to the following persons. Except as noted above, the named persons held their current position for the whole of the financial year and since the end of the financial period:

Miles Guy, Chief Financial Officer and Company Secretary

Board structure
As part of the board renewal process, the Company intends to evolve the board with independent non-executive directors who have experience and skills that are more relevant to the Company's primary focus area pertaining to project development. This process was temporarily suspended while during negotiations with Shenghe Resources Holding Co Ltd. With the completion of the placement to Shenghe in late 2016, focus will be returned to evolving the board.

Remuneration Report – Audited (cont'd)

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.

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) and superannuation.

- 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.

- 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 had additional responsibilities associated with specific tasks or responsibilities outside 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.

Remuneration –Cash payment

Cash payments is the recognition of short term remuneration and the provision for long term remuneration that has or will be settled in cash 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.

Remuneration – Share based payments (Long Term Incentives)

The Consolidated Group does not at present have a share based employee scheme in place. A previously existing employee rights plan expired on 30 September 2016 without satisfying share price vesting hurdles. Any future replacement plan will be aligned with an increase in stakeholder value.

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 26 to 27.

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:

2016	Short term benefits Salary & fees $	Short term benefits Other $	Post-employment benefits Super-annuation $	Long –term remuneration Provision for long service leave $	Share Based payments STI $	Share Based payments Rights $	Total Remuneration $	% Consisting of share based payments
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.

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

2015	Short term benefits Salary & fees $	Short term benefits Other $	Post-employment benefits Super-annuation $	Long –term remuneration Provision for long service leave $	Share Based payments STI $	Share Based payments Rights $	Total Remuneration $	% Consisting of share based payments
Executive Director								
J Mair	350,000	-	33,250	5,833	-	-	389,083	-
Non-executive Director								
A Ho	108,250	-	9,500	-	-	-	117,750	-
S Cato	51,250	-	5,225	-	-	-	56,475	-
M Hutchinson	45,000	-	-	-	-	-	45,000	-
J Whybrow	60,600	-	-	-	-	-	60,600	-
Senior Management								
M Guy	180,000	-	17,100	16,800	-	-	213,900	-
TOTAL	**795,100**	**-**	**65,075**	**22,633**	**-**	**-**	**882,808**	**0%**

DIRECTORS' REPORT

Remuneration Report – Audited (cont'd)

Options exercised
No options issued to directors or senior management were exercised during the year ended 31 December 2016 or the previous financial year ended 31 December 2015.

Rights expired
During the current 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	30/06/2016	-

During the previous financial year ended 31 December 2015 the following un-vested Employee Performance Rights expired due to failing to meet the share price vesting hurdles. The Rights were issued in 2011 and fully expensed proportionately over the years ended 31 December 2012 to 31 December 2013.

Directors	Number	Value @ grant date $	Expiry date	Value @ expiry date
A Ho	1,000,000	460,000	23/01/2015	-

Rights cancelled
No un-vested Employee Performance Rights were cancelled in during the current financial year ended 31 December 2016 or the previous financial year ended 31 December 2015.

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 2016 $59,907 was paid to Advance Share Registry Limited for services provided (Dec 2015: $73,365).

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

Remuneration Report – Audited (cont'd)

- 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 2011 to 31 December 2016 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 2016	12 Month period ended 31 Dec 2015	12 Month period ended 31 Dec 2013	12 Month period ended 31 Dec 2012	6 Month period ended 31 Dec 2011
Revenue	$82,966	$193,508	$760,583	$297,067	$351,106
Net loss before and after tax	(2,172,733)	($4,091,615)	($5,062,999)	($8,768,670)	$(17,344,250)
Share price at beginning of period	$0.03	$0.07	$0.21	$0.27	$0.46
Share price at end of period	$0.07	$0.03	$0.07	$0.21	$0.27
Dividend	-	-	-	-	-
Basic loss per share	$0.03	$0.06	$0.08	$0.20	$0.04
Diluted loss per share	$0.03	$0.06	$0.08	$0.20	$0.04

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.

DIRECTORS' REPORT

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.

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.

Michael Hutchinson, ***Non-Executive Director* (Resigned 3 April 2016)**

- Director fee of $45,000 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.

Jeremy Whybrow, *Non-Executive Director* (Resigned 29 March 2016)

- Director fee of $45,000 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.

Remuneration Report – Audited (cont'd)

Meetings of Directors

During the financial year, 12 meetings of directors were held. Attendances by each director during the year were as follows:

Director	Directors Meetings Number of meetings eligible to attend	Number attended
A Ho	12	12
J Mair	12	12
S Cato	12	12
W Chen	-	-
M Hutchinson	1	1
J Whybrow	-	-

Audit and Risk Committee

The audit committee members are Simon Cato (Chairman) and Anthony Ho. Michael Hutchinson was a member of the audit committee up to his date of resignation on the 3 April 2016. 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:

Member	Audit Committee Meetings Number of meetings eligible to attend	Number Attended
S Cato	2	2
A Ho	2	2
M Hutchinson	1	-

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 2016 has been received and is included on page 30 the financial report**.**

DIRECTORS' 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 17 March 2016 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
ABN 74 490 121 060

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

22 March 2017

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 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 audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

David Newman
Partner
Chartered Accountants

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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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 2016, 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 the directors' declaration as set out on pages 35 to 71.

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 2016 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 2016 the carrying value of exploration and evaluation assets is $71.9 million (2015: $71.8 million), as disclosed in Note 12 to the Financial Statements. The Group's accounting policy in respect of exploration and evaluation assets is outlined in Note 1. 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 Australian Accounting Standard AASB 6 *Exploration for and Evaluation of Mineral Resources.*	Our procedures focussed on evaluating management's assessment of impairment indicators, these procedures included, but were not limited to: • confirming whether the rights to tenure of the area of interest remained current at balance date, • obtaining an understanding of the status of ongoing exploration programmes, and the mining licence application process for the respective area of interest, • obtaining 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. We also assessed the appropriateness of the related 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 2016, 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.

Directors' Responsibilities 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 Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Those Charged with Governance either intend to liquidate the Group 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 Those Charged with Governance.

- 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.

Deloitte.

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 of Greenland Minerals and Energy Limited included in pages 22 to 28 of the Director's report for the year ended 31 December 2016.

In our opinion, the Remuneration Report of the Company, for the year ended 31 December 2016, 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

David Newman
Partner
Chartered Accountants
Perth, 22 March 2017

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, 22 March 2017

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2016

	Note	Dec 2016 $' 000	Dec 2015 $' 000
Revenue from continuing operations	5	83	194
Expenditure			
Director and employee benefits	6(a)	(861)	(1,062)
Professional fees	6(b)	(343)	(497)
Occupancy expenses	6(c)	(292)	(322)
Listing costs	6(d)	(134)	(138)
Royalty acquisition cost	6(e)	-	(847)
Impairment of capitalised exploration and evaluation expenditure	6(f)	-	(594)
Other expenses	6(g)	(626)	(825)
Loss before tax		(2,173)	(4,091)
Income tax expense	7	-	-
Loss for year		(2,173)	(4,091)
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss			
Exchange difference arising on translation of foreign operations		(1,322)	38
Income tax relating to components of comprehensive income	7	-	-
Other comprehensive income for the year		(1,322)	38
Total comprehensive loss for the year		(3,495)	(4,053)
Loss attributable to:			
Owners of the parent		(2,173)	(4,091)
		(2,173)	(4,091)
Total comprehensive loss attributable to:			
Owners of the parent		(3,495)	(4,053)
		(3,495)	(4,053)
Basic loss per share – cents per share	20	0.026	0.058
Diluted loss per share – cents per share		0.026	0.058

Notes to the financial statements are included on pages 40 to 71

Consolidated statement of financial position as at 31 December 2016

Current Assets	Note	Dec 2016 $' 000	Dec 2015 $' 000
Cash and cash equivalents	8	6,378	2,706
Trade and other receivables	9	31	43
Other assets	10(a)	671	587
Total Current Assets		7,080	3,336
Non-Current Assets			
Property, plant and equipment	11	1,004	1,166
Capitalised exploration and evaluation expenditure	12	71,925	71,815
Other assets	10(b)	41	185
Total Non-Current Assets		72,970	73,166
Total Assets		80,050	76,502
Current Liabilities			
Trade and other payables	13	778	987
Other liabilities	14	74	-
Provisions	15(a)	256	249
Total Current Liabilities		1,108	1,236
Non-Current Liabilities			
Provisions	15(b)	107	97
Total Non-Current Liabilities		107	97
Total Liabilities		1,215	1,333
Net Assets		78,835	75,169
Equity			
Issued Capital	16	354,710	348,361
Reserves	17	(9,074)	(8,564)
Accumulated Losses	19	(266,801)	(264,628)
Total Equity		78,835	75,169

Notes to the financial statements are included on pages 40 to 71

Consolidated statement of changes in equity
for the year ended 31 December 2016

	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 2015	344,349	27,567	2,523	(39,672)	(260,537)	74,230
Net loss for the year	-	-	-	-	(4,091)	(4,091)
Other Comprehensive income	-	-	38	-	-	38
Total comprehensive for the year	-	-	38	-	(4,091)	(4,053)
Issue of shares Net of transaction costs	2,519	-	-	-	-	2,519
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 share based payments – rights issue	205	720	-	-	-	925
Recognition of share based payments – consultants	96					96
Issue of shares from option exercise	4	-	-	-	-	4
Balance at 31 December 2015	348,361	28,547	2,561	(39,672)	(264,628)	75,169
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

Notes to the financial statements are included on pages 40 to 71

Consolidated statement of cash flows
for the year ended 31 December 2016

	Note	31 Dec 2016 $' 000	31 Dec 2015 $' 000
Cash flows from operating activities			
Receipts from customers		45	22
Payments to suppliers and employees		(2,201)	(2,219)
Net cash used in operating activities	23	(2,156)	(2,197)
Cash flows from investing activities			
Interest received		37	101
Payments for property, plant and equipment		-	(8)
Payments for exploration and development		(2,001)	(5,416)
Proceeds from government grants and rebates		708	1,075
Net cash used in investing activities		(1,256)	(4,248)
Cash flows from financing activities			
Proceeds from issue of shares/options		7,097	3,749
Payment for shares/options issue costs		(13)	(167)
Net cash from financing activities		7,084	3,582
Net increase/(decrease) in cash and equivalents		3,672	(2,863)
Cash and equivalents at the beginning of the financial year		2,706	5,569
Cash and equivalents at the end of the Financial year	8	6,378	2,706

Notes to the financial statements are included on pages 40 to 71

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 22 March 2017.

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 14 *Regulatory Deferral Accounts*, AASB 2014-1 *Amendments to Australian Accounting Standards (Part D – Consequential Amendments arising from AASB 14 Regulatory Deferral Accounts)*
AASB 1057 *Application of Australian Accounting Standards* and AASB 2015-9 *Amendments to Australian Accounting Standards – Scope and Application Paragraphs*
AASB 2014-9 *Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements*

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*

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 2*	1 January 2019	31 December 2019
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 153*	1 January 2019	31 December 2019
AASB 16 *Leases*	1 January 2019	31 December 2019
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
AASB 2016-5 *Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions*	1 January 2018	31 December 2018
Annual Improvements to IFRS Standards 2014– 2016 Cycle		
IFRS 1 *First-time Adoption of International Financial Reporting Standards*	1 January 2018	31 December 2018
IFRS 12 *Disclosure of Interests in Other Entities*	1 January 2017	31 December 2017
IAS 28 *Investments in Associates and Joint Ventures*	1 January 2018	31 December 2018
IFRIC Interpretation 22: *Foreign Currency Transactions and Advance Consideration*	1 January 2018	31 December 2018

The Directors note that the impact of the initial application of the Standards and Interpretations is not yet known or is not reasonably estimable. 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.

2. Significant accounting policies (cont'd)

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.

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) Joint venture arrangements

<u>Jointly controlled operations</u>

Where the Consolidated Group is a venturer and so has joint control in a jointly controlled operation, the Consolidated Group recognises the assets that it controls and the liabilities and expenses that it incurs, as a party to the joint venture.

(c) 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.

2. Significant accounting policies (cont'd)

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.

(d) 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.

(e) 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.

(f) 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.

(g) 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.

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.

(h) 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 three months or less at the date of acquisition.

(i) 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

2. Significant accounting policies (cont'd)

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.

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.

Loans and receivables

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.

Impairment of financial assets

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.

Derecognition of financial assets

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.

2. Significant accounting policies (cont'd)

(j) 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.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

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.

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

(k) 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.

<u>Group as lessor</u>

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.

(l) 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.

(m) Financial instruments issued by the Consolidated Group

<u>Debt and equity instruments</u>

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.

<u>Financial liabilities</u>

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

2. Significant accounting policies (cont'd)

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.

(n) 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.

(o) 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.

(p) 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.

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.

Notes to the accounts

3: Critical accounting estimates and judgments

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:

Carrying value of capitalised exploration and evaluation expenditure

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 2016, the carrying value of capitalised exploration expenditure is $71,925,784 (2015: $71,814,756) refer to note 12.

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 2016 $' 000	31 Dec 2015 $' 000
Interest - Bank deposits	34	82
Other revenue	49	112
	83	194

6: Expenditure

	31 Dec 2016 $' 000	31 Dec 2015 $' 000
(a) Director and employee benefits		
Directors' fees	(171)	(251)
Directors' and employee salary and wage expense	(626)	(743)
Directors' and employee post-employment benefits	(64)	(68)
	(861)	(1,062)

Notes to the accounts

6: Expenditure (cont'd)

		31 Dec 2016 $' 000	31 Dec 2015 $' 000
(b)	**Professional fees:**		
	Audit, accounting and taxation expense	(125)	(162)
	Legal fess	(48)	(129)
	Marketing and public relations	(84)	(52)
	Consulting	(86)	(154)
		(343)	(497)
(c)	**Occupancy expense:**		
	Rent	(278)	(297)
	Electricity	(14)	(25)
		(292)	(322)
(d)	**Listing costs:**		
	Stock exchange fees	(74)	(65)
	Share registry fees	(60)	(73)
		(134)	(138)
(e)	Royalty acquisition costs (i)	-	(847)
(f)	Impairment of capitalised exploration and evaluation expenditure (ii)	-	(594)
(g)	**Other expenses**		
	Loss on disposal of investments	(23)	-
	Loss on foreign currency exchange	(1)	(13)
	Depreciation expense	(123)	(153)
	Insurance	(53)	(67)
	Operating lease rental expenses	(5)	(5)
	Travel expenses	(61)	(84)
	Payroll tax	(45)	(73)
	Printing, stationery and office costs	(13)	(32)
	Telephone	(38)	(46)
	Other expenses	(264)	(352)
		(626)	(825)

(i) In March 2015 The Company finalised the acquisition of a remaining 2% royalty over future production from the Kvanefjeld project, through the issue of 13,690,000 shares and 13,690,000 GGGOA options. Any future payments under the royalty would have been a liability to the Consolidated Group and recognised as an expense in the relevant future period.

Notes to the accounts

6: Expenditure (cont'd)

The acquisition of the royalty has reduced the future potential costs to the Consolidated Group and therefore the acquisition consideration as been recognised as an expense in the current year.

(ii) Refer to note 12 for more information.

7: Income tax

		31 Dec 2016 $' 000	31 Dec 2015 $' 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	(2,173)	(4,091)
	Prima facie tax benefit on loss at 30%	(652)	(1,227)
	add:		
	Tax effect of:		
	other non-allowable items	53	480
	provisions and accruals	192	129
	accrued income	6	7
	revenue loss not recognised	1,234	2,525
		1,485	3,141
	Less:		
	Tax effect of:		
	exploration, evaluation and development expenditure	(581)	(1,625)
	provisions and accruals	(122)	(132)
	capital expenditure write off	(122)	(155)
	other deductions	(8)	(2)
		(833)	(1,914)
	Income tax expense	-	-
	The following deferred tax balances have not been recognised:		
	Deferred tax assets:		
	at 30%		
	Carry forward revenue losses	32,859	31,625
	Capital expenditure costs	911	980
		33,770	32,605
	Less: offset against deferred tax liability	(15,751)	(15,176)
		18,019	17,429

Notes to the accounts

7: Income tax (cont'd)

The above deferred tax assets will only be recognised when and if:

(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 2016 $' 000	31 Dec 2015 $' 000
Deferred tax liabilities:		
at 30%		
Exploration, evaluation and development expenditure	15,750	15,169
Accrued income	1	7
	15,751	15,176
less offset against deferred tax assets	(15,751)	(15,176)
	-	-

8: Cash and equivalents

	Dec 2016 $' 000	Dec 2015 $' 000
Cash at bank	4,754	225
Cash on deposit at call	1,200	2,059
Cash on deposit	424	422
	6,378	2,706

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

9: Trade and other receivables

	Dec 2016 $' 000	Dec 2015 $' 000
(a) Current		
Debtors	9	5
Accrued interest	2	6
GST refundable	20	32
	31	43

(i) Trade debtors and sundry debtors are non-interest bearing, unsecured and generally on 30 day terms. As at 31 December 2016 and 31 December 2015 no amounts were past due but not impaired. Additionally there was no allowance for doubtful debts at either 31 December 2016 or 31 December 2015.

Notes to the accounts

10: Other assets

	Dec 2016 $' 000	Dec 2015 $' 000
(a) Current		
Deposit bonds	2	78
Prepayments	629	509
Funds held in trust	40	
	671	587
(b) Non-current		
Prepayments	-	144
Investments held for re-sale	41	41
	41	185

11: Property, plant and equipment

	Dec 2016 $' 000	Dec 2015 $' 000
Plant and Equipment (cost)	1,400	1,568
Accumulated depreciation	(1,039)	(1,104)
Leasehold improvements (cost)	41	41
Accumulated depreciation	(18)	(16)
Buildings	854	872
Accumulated depreciation	(234)	(195)
	1,004	1,166

(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 2016 $' 000	Dec 2015 $' 000
Plant and Equipment		
Carrying value at beginning of year	464	564
Acquisitions	-	8
Disposals	(23)	-
Effects of currency translation	(1)	-
Depreciation expense	(79)	(108)
Carrying value at end of year	361	464

Notes to the accounts

11: Property, plant and equipment (cont'd)

	Dec 2016 $' 000	Dec 2015 $' 000
Leasehold improvements		
Carrying value at beginning of year	25	28
Depreciation expense	(2)	(3)
Carrying value at end of year	23	25
Buildings		
Carrying value at the beginning of year	677	719
Effects of currency translation	(15)	-
Depreciation	(42)	(42)
Carrying value at end of year	620	677
Total property, plant and equipment carrying value at end of period	1,004	1,166

12: Capitalised exploration and evaluation expenditure

	Dec 2016 $' 000	Dec 2015 $' 000
Balance at beginning of year	71,815	68,031
Exploration and/or evaluation phase in current period:		
Capitalised expenses	1,938	5,416
Effects of currency translation (i)	-	37
	73,753	73,484
Less:		
Research and development tax offset received	(521)	(1,075)
Impairment of capitalised expenditure (ii)	-	(594)
Effects of currency translation (i)	(1,307)	-
Balance at end of year	71,925	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.

(ii) During the year ended 31 December 2015, the Company relinquished EL 2013/05 and allowed EL 2011/26 and EL 2011/27 to lapse, following a decision not to carry out any further exploration activity on these license areas. This decision does not affect or impede the potential development of EL 2010/02. The impairment represents the value of costs for these licences that were capitalised in prior years.

Notes to the accounts

12: Capitalised exploration and evaluation expenditure (cont'd)

(iii) 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.

(iv) The Consolidated Group has a positive outlook regarding its ability to successfully develop the project, as a multi element project. The Consolidated Group will continue to 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.

13: Trade and other payables

	Dec 2016 $' 000	Dec 2015 $' 000
Accrued expenses (i)	515	299
Trade creditors (ii)	91	539
Sundry creditors (ii)	172	149
	778	987

(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 2016 $' 000	Dec 2015 $' 000
EURARE grant advanced payment (i)	74	-
	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.

Notes to the accounts

15: Provisions

	Dec 2016 $' 000	Dec 2015 $' 000
(a) Current		
Provision for annual leave	256	249
	256	249
(b) Non-current		
Provision for long service leave	107	97
	107	97

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 2016		Dec 2015	
	No ' 000	$' 000	No ' 000	$' 000
Balance brought forward	787,709	348,361	669,390	344,349
Issue of ordinary shares through renounceable rights issue	-	-	82,308	2,795
Issue of ordinary shares through capital raising	81,967	2,459		
Issue of ordinary shares as consideration for rights issue/capital raising costs	4,367	131	3,417	205
Issue of ordinary shares – Long State facility	-	-	12,465	950
Issue of ordinary shares to Le Shan Shenghe	125,000	4,625		
Issue of ordinary shares as consideration for share based payments – Long State facility	-	-	5,020	408
Issue of ordinary shares as consideration for share based payments – royalty acquisition	-	-	13,690	780
Issue of ordinary shares as consideration for share based payments – other			1,400	96
Issue of ordinary shares as a result of exercised options:				
$0.20 exercise price options	45	11	16	4
$0.08 exercise price options	36	3	3	-
Less costs associated with shares issued	-	(880)	-	(1,226)
Balance at end of financial year	999,124	354,710	787,709	348,361

Notes to the accounts

17: Reserves

a) Option reserve	Dec 2016 $' 000	Dec 2015 $' 000
Balance brought forward	28,547	27,567
Issue of $0.20 exercise price unlisted options	-	107
Issue of $0.25 exercise price unlisted options	-	86
Issue of $0.20 exercise price listed options – royalty acquisition	-	67
Issue of $0.08 exercise price options on the basis of one option for every $0.035 share issued	-	720
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	77	-
Transfer of value of options exercised	(1)	-
Balance at end of financial year	29,359	28,547

(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.

b) Foreign currency translation reserve	Dec 2016 $' 000	Dec 2015 $' 000
Balance brought forward	2,561	2,523
Current period adjustment from currency translation of foreign controlled entities	(1,322)	38
Balance at end of year	1,239	2,561

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 2016 $' 000	Dec 2015 $' 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.

17: Reserves (cont'd)

d) Total reserves	Dec 2016 $' 000	Dec 2015 $' 000
Option reserve	29,359	28,547
Foreign currency translation reserve	1,239	2,561
Non-controlling interest acquisition reserve	(39,672)	(39,672)
	(9,074)	(8,564)

18: Dividends

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

19: Accumulated losses

	Dec 2016 $' 000	Dec 2015 $' 000
Balance at beginning of financial year	(264,628)	(260,537)
Loss attributable to members of parent entity	(2,173)	(4,091)
Related income tax	-	-
Balance at end of financial year	(266,801)	(264,628)

20: Loss per share

	Dec 2016 Cents Per share	Dec 2015 Cents Per share
Basic loss per share		
From continuing operations	0.26	0.58
Diluted loss per share		
From continuing operations	0.26	0.58

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 2016	Dec 2015
Loss for year ($)	2,172,733	4,091,615
Weighted average number of shares used in the calculation of basic and diluted loss per share (Number)	843,902,357	709,915,806

(i) There were 202,023,480 potential ordinary shares on issue at 31 December 2016 (31 December 2015: 216,065,646) 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 2016 and prior years was in excess of 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 will be sufficient to meet the minimum expenditure requirements over this period.

	Dec 2016 $'000	Dec 2015 $'000
Operating leases (i)		
Not longer than 1 year	100	100
Longer than 1 year but not longer than 5 years	-	-
Longer than 5 years	-	-
	100	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 14 February 2017, and is non-cancelable, with a 2 year renewal option.

22: Subsidiaries

Name of subsidiary	Country of incorporation	Ownership interest Dec 2016 %	Dec 2015 %
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 2016 $' 000	Year ended 31 Dec 2015 $' 000
Loss for the year	(2,173)	(4,091)
(Gain) loss on sale or disposal of non-current assets	23	-
Depreciation	123	153
Equity-settled share-based payments	77	877
Impairment of capitalised exploration and evaluation expenditure	-	594
Interest income received and receivable	(34)	(81)
(Increase)/decrease in assets		
Trade and other receivables	12	129
Increase (decrease) in liabilities		
trade and other payables	(201)	173
Provisions	17	103
Net cash used in operating activities	(2,156)	(2,143)

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 2016:

Date	Number	Issue Price	Value
8/06/2016 (i)	2,014,000	$0.03	$60,420
9/06/2016 (i)	2,353,533	$0.03	$70,605

(i) Capital raising fees payable, that were settled through the issue of shares. The number of shares issued was determined based on the amount of fees payable and a share price equal to the share price of the capital raising.

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 2016:

Option	Grant date	Number	Fair value @ grant date $	Expiry date
$0.08 Listed exercise price (i)	16/02/2016	15,000,000	77,000	30/09/2018
$0.08 Listed exercise price (ii)	08/06/2016	42,133,333	359,148	30/09/2018
$0.08 Listed exercise price (ii)	09/06/2016	39,833,335	339,543	30/09/2018
$0.08 Listed exercise price (iii)	08/06/2016	2,014,000	17,167	30/09/2018
$0.08 Listed exercise price (iii)	09/06/2016	2,353,533	20,061	30/09/2018

24: Share based payments (cont'd)

(i) Options granted in consideration for corporate advisory fees payable.
(ii) Options granted as a free attached option to shares issued in the June 2016 capital raising.
(iii) Options granted as free attached options to shares issued for the settlement of capital raising fees. Shares and free attached options were issued at the same price and under the same terms as the shares and options issued in the capital raising.

In addition to the above, 13,690,000 options expired on 30 June 2016. These options were issued in February 2015 and had an exercise price of $0.20.

The total options (quoted and unquoted) outstanding as at 31 December 2016 was 202,023,480 as shown below

Options	Number	Exercise price	Expiry date
GGGOB	187,023,480	$0.08	30/09/2018
Unlisted options	7,500,000	$0.20	24/02/2018
Unlisted options	7,500,000	$0.25	24/02/2018

Rights expired
During the current 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	-

During the previous financial year ended 31 December 2015 the following un-vested Employee Performance Rights expired due to failing to meet the share price vesting hurdles. The Rights were issued in 2012 and fully expensed proportionately over the years ended 31 December 2012 to 31 December 2013.

Directors	Number	Value @ grant date $	Expiry date	Value @ expiry date
A Ho	1,000,000	460,000	23/01/2015	-

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 2015.
The capital structure of the Consolidated Group consists of fully paid shares and options as disclosed in notes 16 and 17 respectively.

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

25: Financial instruments (cont'd)

(b) Categories of financial instruments

	Dec 2016 $' 000	Dec 2015 $' 000
Financial assets		
Cash and equivalents	6,378	2,706
Trade and other receivables - current	31	43
Financial liabilities		
Amortised cost	778	987

(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.

(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.

25: Financial instruments (cont'd)

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 $' 000	6 – 12 Months $' 000	1 - 5 Years $' 000	> 5 Years $' 000	Total $' 000
Dec 2016						
Cash and equivalents	1.7	6,158	220	-	-	6,378
Trade and receivables - current	-	31	-	-	-	31
		6,189	220			6,409
Dec 2015						-
Cash and equivalents	2.28	2,486	220	-	-	2,706
Trade and receivables - current	-	43	-	-	-	43
		2,529	220			2,749

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 2016						
Trade and other payables	-	778	-	-	-	778
Other liabilities	-	-	-	-	-	-
		778	-	-	-	778
Dec 2015						
Trade and other payables	-	987	-	-	-	987
Other liabilities	-	-	-	-	-	-
		987	-	-	-	987

(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 2016, 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 2016 $' 000	Dec 2015 $' 000
Change in profit		
Increase in interest rate by 1% (100 basis points)	32	23
Decrease in interest rate by 1% (100 basis points)	(32)	(23)

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.

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 2016 $	Year ended 31 Dec 2015 $
Short-term employee benefits	712,411	795,100
Post-employment benefits	64,598	65,075
Other long-term benefits – provision for long service leave	12,733	22,633
Share-based payment	-	-
	789,742	882,808

Refer to the remuneration report included in pages 22 to 28 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 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 (ii)	921,276	-	-	-	921,276	-
J Whybrow (ii)	6,260,200	-	-	-	6,260,200	-
M Guy	2,200,021	-	-	-	2,200,021	-
Dec 2015						
A Ho	1,300,000	-	-	1,187,500	1,300,000	-
J Mair	6,291,249	-	-	1,697,813	6,291,249	-
S Cato	4,862,198	-	-	981,786	4,862,198	-
M Hutchinson	921,276	-	-	-	921,276	-
J Whybrow	6,260,200	-	-	-	6,260,200	-
M Guy	771,371	-	-	1,428,650	15,188,865	-

(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 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 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 (ii)	500,000	-	-	-	-	500,000	-	500,000	-
J Whybrow (ii)	250,000	-	-	-	-	250,000	-	250,000	-
M Guy	1,628,650	-	-	200,000	-	1,428,650	-	1,428,650	-
Dec 2015									
A Ho	450,000	-	-	-	337,500	787,500	-	450,000	-
J Mair	500,000	-	-	-	1,597,813	2,097,813	-	500,000	-
S Cato	100,000	-	-	-	981,786	1,081,786	-	100,000	-
M Hutchinson	500,000	-	-	-	-	500,000	-	500,000	-
J Whybrow	250,000	-	-	-	-	250,000	-	250,000	-
M Guy	200,000	-	-	-	1,428,650	1,628,650	-	666,266	-

(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 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)

Performance 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 2016									
A Ho	-	-	-	-	-	-	-	-	-
J Mair	-	-	-	-	-	-	-	-	-
S Cato	-	-	-	-	-	-	-	-	-
M Hutchinson	-	-	-	-	-	-	-	-	-
J Whybrow	-	-	-	-	-	-	-	-	-
M Guy	-	-	-	-	-	-	-	-	-
Dec 2015									
A Ho	1,000,000	-	-	1,000,000	-	-	-	-	-
J Mair	-	-	-	-	-	-	-	-	-
S Cato	-	-	-	-	-	-	-	-	-
M Hutchinson	-	-	-	-	-	-	-	-	-
J Whybrow	-	-	-	-	-	-	-	-	-
M Guy	-	-	-	-	-	-	-	-	-

(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.

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 2016									
A Ho	-	-	-	-	-	-	-	-	-
J Mair	-	-	-	-	-	-	-	-	-
S Cato	-	-	-	-	-	-	-	-	-
W Chen									
M Hutchinson	-	-	-		-	-	-	-	-
J Whybrow	-	-	-	-	-	-	-	-	-
M Guy	1,200,000	-	-	1,200,000	-	-	-	-	-
Dec 2015									
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 2016 $59,907 was paid to Advance Share Registry Limited for services provided (Dec 2015: $73,365).

29: Parent Company information

	Parent	
	Dec 2016 $' 000	Dec 2015 $' 000
Financial position		
Total Current Assets	7,029	2,863
Total Non-Current Assets	72,611	73,856
Total Assets	79,640	76,719
Total Current Liabilities	697	1,044
Total non-current liabilities	108	97
Total Liabilities	805	1,141
Net Assets	78,835	75,578
Equity		
Issued Capital	354,710	348,361
Reserves	19,727	19,813
Accumulated Losses	(295,602)	(292,596)
Total Equity	78,835	75,578
Financial Performance		
Profit (Loss) for the year	(3,006)	(3,645)
Total comprehensive income	**(3,006)**	**(3,645)**

Contingent liabilities
The parent company has no contingent liabilities as at 31 December 2016 or 2015.

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.

Notes to the accounts

30: Remuneration of auditors

Auditor of the parent entity	Dec 2016 $	Dec 2015 $
Audit or review of the financial report	94,325	101,633
Other assurance services	8,000	8,000
Non-audit services - taxation	-	-
	102,325	109,633

Related practice of the parent entity auditor	Dec 2016 $	Dec 2015 $
Audit or review of the financial report	26,134	26,316
Non-audit services – taxation	1,572	1,583
Non-audit services – other	1,572	1,583
	29,278	29,482

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

31: Subsequent Events

On the 7 March 2017, the Company issued 2,423,300 ordinary shares through the exercise of an equal number of GGGOB options and issued a further 3,200,000 ordinary shares and 3,200,000 listed GGGOB options, in lieu of fees payable under corporate advisory and research mandates.

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 17th February 2017

Consolidated Group secretary
Miles Guy

Registered office
Unit 6, 100 Railway Road, Subiaco
Western Australia, 6008

Principal administration office
Unit 6, 100 Railway Road, Subiaco
Western Australia, 6008

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

Number of holders of equity securities
Ordinary share capital
999,124,293 fully paid ordinary shares are held by 4,079 individual shareholders.

Table of exploration licences

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

Additional stock exchange information as at 17th February 2017

Substantial Shareholders

Shareholder		Number	Percentage
1.	Citicorp Nominees Pty Limited	178,825,785	22.7%
2.	JP Morgan Nominees Australia Limited	128,792,694	16.4%
3.	HSBC Custody Nominees (Australia) Limited	107,222,859	13.6%

Distribution of holders of quoted shares

Share Spread	Holders	Units	Percentage
1 – 1,000	377	151,039	0.015%
1,001 – 5,000	808	2,479,856	0.248%
5,001 – 10,000	608	5,016,557	0.502%
10,001 – 100,000	1,710	65,076,297	6.513%
100,001 and over	576	926,400,544	92.721%
	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	150,742,174	15.1%
2.	HSBC Custody Nominees (Australia) Limited	144,602,809	14.5%
3.	JP Morgan Nominees Australia Limited	128,052,495	12.8%
4.	Le Shan Shenghe Rare Earth Company Limited	125,000,000	12.5%
5.	Peto Pty Ltd <1953 Super Fund A/C>	25,500,000	2.6%
6.	Merrill Lynch (Australia) Nominees Pty Limited	18,450,729	1.8%
7.	BNP Paribas Noms Pty Limited <DRP>	12,814,720	1.3%
8.	Simon Millington	12,189,648	1.2%
9.	Flourish Super Pty Limited <Flourish S/F A/C>	11,500,000	1.2%
10.	Michael & Helena Andrusiewicz <ATOZ Super Fund A/C>	11,000,000	1.1%
11.	John Mair	7,989,062	0.8%
12.	ABN Amro Clearing Sydney Nominees Pty Limited	7,022,810	0.7%
13.	Simon Cato	6,260,200	0.6%
14.	BNP Paribas Nominees Pty Limited <Jarvis A/C Non Treaty DRP>	5,469,827	0.5%
15.	Giacobbe, Dimitri and David Iesini	5,431,505	0.5%
16.	Rimbal Pty Limited	5,121,387	0.5%
17.	KGBR Future Fund Pty Limited	5,070,000	0.5%
18.	Hitmaster Pty Limited	4,952,496	0.5%
19.	National Nominees Limited	4,037,763	0.4%
20.	BT Global Holdings Pty Limited	4,000,000	0.4%
		695,207,625	**69.5%**

Additional stock exchange information as at 17th February 2017

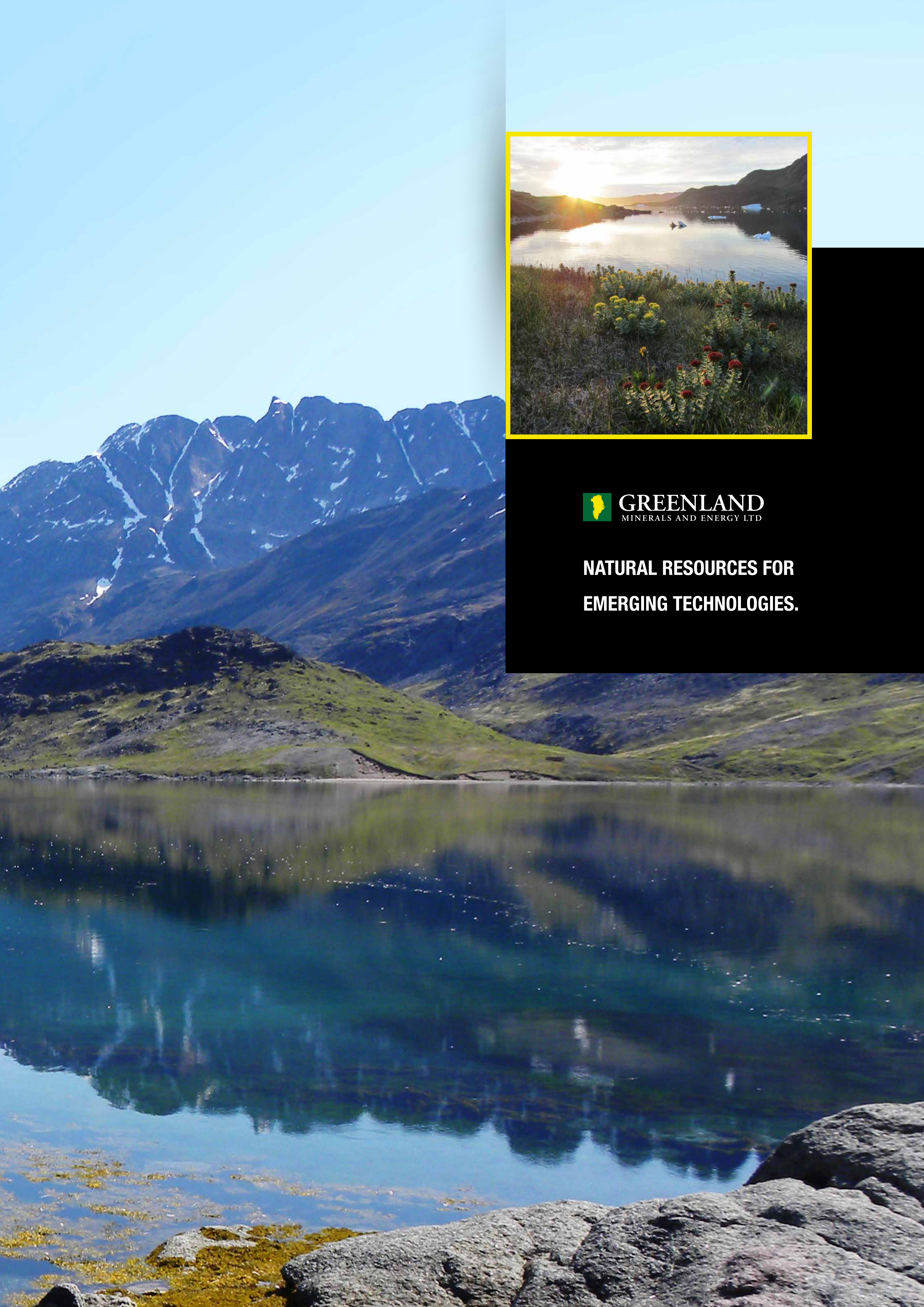
Distribution of holders of quoted options - GGGOB

Share Spread	Holders	Units	Percentage
1 – 1,000	81	43,263	0.023%
1,001 – 5,000	103	255,787	0.137%
5,001 – 10,000	53	408,165	0.218%
10,001 – 100,000	135	5,047,077	2.699%
100,001 and over	115	181,269,188	96.923%
	487	**187,023,480**	**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	14,692,583	7.9%
3.	Peto Pty Limited <1953 Super Fund A/C>	13,000,000	6.9%
4.	M&K Korkidas <M&K Korkidas P/L S/Fund A/C>	10,011,869	5.4%
5.	Simon Millington	8,200,001	4.4%
6.	JP Morgan Nominees Australia Limited	8,197,855	4.3%
7.	KGBR Future Fund Pty Limited	7,800,000	4.2%
8.	Jiahuang Zhang	6,000,000	3.2%
9.	Quattroporte Pty Limited	6,000,000	3.2%
10.	Michael Rex hunt	5,097,965	2.7%
11.	HSBC Custody Nominees (Australia) Limited A/C2	5,087,981	2.7%
12.	BT Global Holdings Pty Limited	4,000,000	2.1%
13.	KGBR Future fund Pty Limited	3,993,543	2.1%
14.	Flourish Super Pty Limited <Flourish S/F A/C>	3,000,000	1.6%
15.	Kevin & Vikki Ho	2,998,010	1.6%
16.	Gary, Eric & Luke Tatasciore <ELG A/C>	2,916,667	1.6%
17.	Meriwa Street Pty Limited	2,615,790	1.4%
18.	Qunilyntion Pty Limited <Purser Super Fund A/C>	2,500,000	1.3%
19.	Peter Harry Hatch	2,000,000	1.1%
20.	Skiffington Super Pty Limited <The Mark Skiffington S/F A/C>	1,939,724	1.0%
		130,278,773	**69.6%**

GREENLAND MINERALS AND ENERGY LTD



GREENLAND
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NATURAL RESOURCES FOR EMERGING TECHNOLOGIES.

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