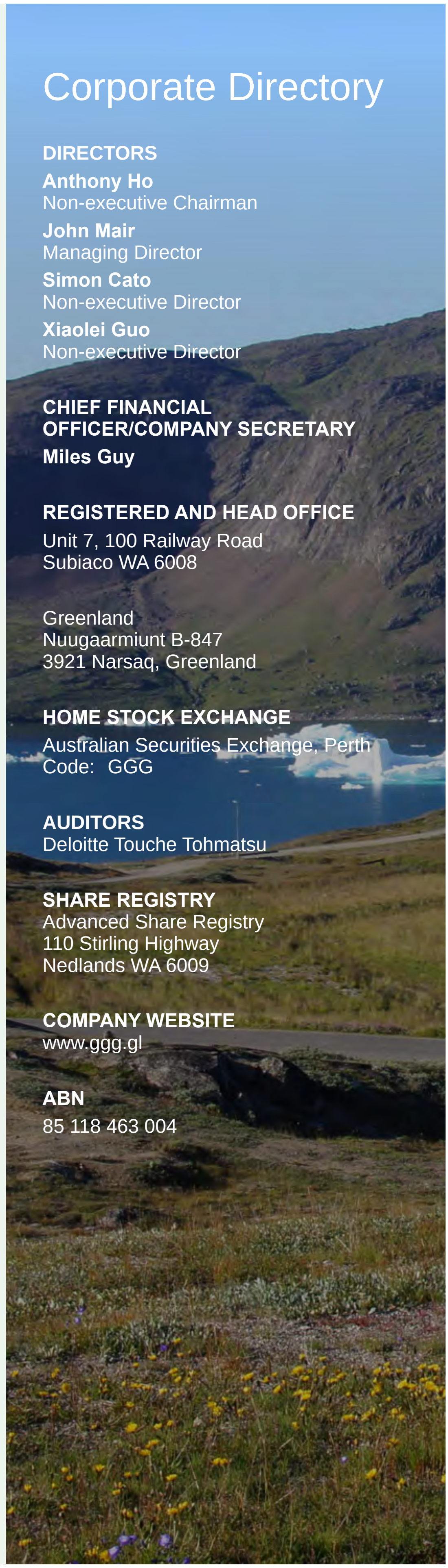
GREENLAND MINERALS LTD

MATERIALS FOR AN ENERGY EFFICIENT FUTURE

2018 ANNUAL REPORT

Contents



Corporate Directory

DIRECTORS

Anthony Ho
Non-executive Chairman

John Mair
Managing Director

Simon Cato
Non-executive Director

Xiaolei Guo
Non-executive Director

CHIEF FINANCIAL OFFICER/COMPANY SECRETARY

Miles Guy

REGISTERED AND HEAD OFFICE

Unit 7, 100 Railway Road
Subiaco WA 6008

Greenland
Nuugaarmiunt B-847
3921 Narsaq, Greenland

HOME STOCK EXCHANGE

Australian Securities Exchange, Perth
Code: GGG

AUDITORS

Deloitte Touche Tohmatsu

SHARE REGISTRY

Advanced Share Registry
110 Stirling Highway
Nedlands WA 6009

COMPANY WEBSITE

www.ggg.gl

ABN

85 118 463 004

2018 HIGHLIGHTS

On-site engineering studies
targeted at reducing civil capital costs

Metallurgical enhancements
resulting in reduced capital and operating costs and resulting in higher ore recoveries

Social Impact Assessment completed
and lodged with the Greenland Government

Environmental Impact Assessment completed
and lodged with the Greenland Government

Memorandum of Understanding entered into with Shenghe
on the commercial development of the Kvanefjeld project

GREENLAND MINERALS LTD

SHENGHE RESOURCES HOLDINGS CO LTD

Chairman's Letter

Dear Fellow Shareholder,

Despite a year of challenging market conditions globally, we continued to make considerable progress on our endeavours in Greenland through 2018. Our 100% owned Kvanefjeld rare earth project now has a deep technical foundation, and we have made excellent progress in advancing the project to its optimal form. The vision of establishing the world's first, large-scale, simple, and low-cost rare earth mine continues to sharpen in focus.

Our collaborative metallurgical work with major shareholder Shenghe Resources Holding Co Ltd, has made great progress in producing a clean, high-purity rare earth mineral concentrate. The work of leading Chinese technical institutes has delivered results that were otherwise thought to be unachievable, through the refinement of flotation reagents. This highly customised approach reflects the need to generate a process flowsheet for a unique, but highly advantageous rare earth mineral. The progress made now has the flow-sheet in an optimal and highly efficient form. This will allow us to maximise value from the huge Kvanefjeld resource base.

Collaborative engineering studies were also conducted during the year with important on-site work late in the Greenland summer. We succeeded to best utilise the advantages of the project setting, where the mine area is close to year-round direct shipping access. The engineering team succeeded to make considerable improvements to reduce both civil costs and project impacts. Initial outcomes from this work stream have been excellent. This, along with the strong metallurgical advantages has the company well positioned to update the project cost structure in 2019, and we are confident of exciting outcomes.

Permitting also continued to be an important company focus through 2018. A consistent interface throughout the year between company representatives, independent consultants and Greenland government departments was integral to advancing and updating the project impact assessments. This led to updated environmental and social impact assessments being lodged with the government which address the reviews of initial draft assessments and supporting studies. Our strategy is to responsibly deliver thorough and comprehensive project assessments by utilising specialist independent groups in order to ensure stakeholder understanding and confidence. In 2019 the company will be looking to increase interactions with the South Greenland municipality and present impact assessments for stakeholder input, future planning and discussions of project opportunities for local participation.

In summary, we have continued to position the Kvanefjeld Project to be developed as a globally significant, long-life producer of rare earth products just as sector interest is growing and the demand outlook strengthens. Seizing this great opportunity requires the company working closely with the Greenland Government to ensure that the project is successfully developed expeditiously for the best interest of the company's shareholders, and Greenland stakeholders.

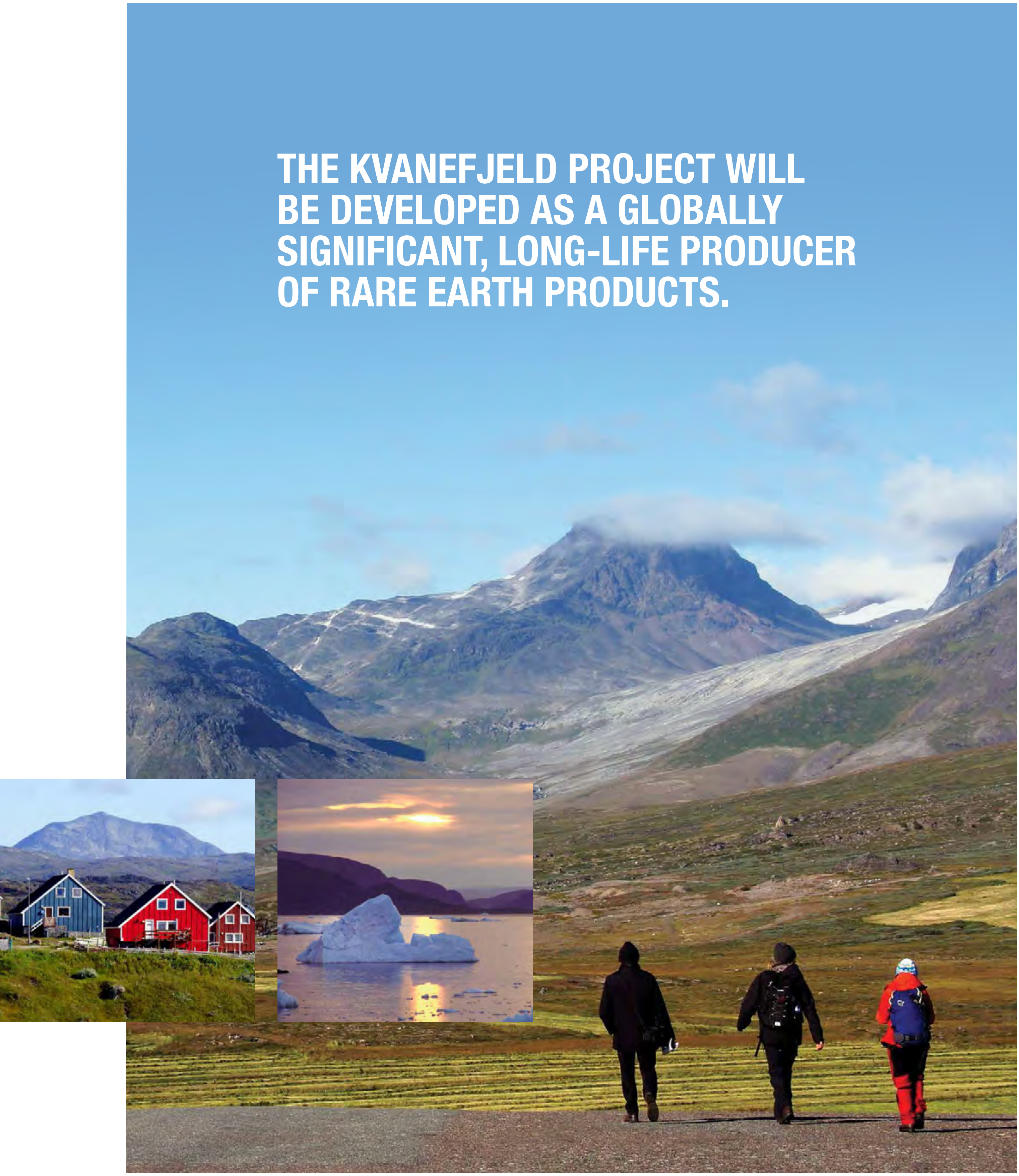
Yours sincerely

Anthony Ho

Non-executive Chairman

GREENLAND MINERALS LTD

THE KVANEFJELD PROJECT WILL BE DEVELOPED AS A GLOBALLY SIGNIFICANT, LONG-LIFE PRODUCER OF RARE EARTH PRODUCTS.



Operations Report

2018 OVERVIEW AND REVIEW OF OPERATIONS

Through 2018, Greenland Minerals Limited (GML) continued focus on technical optimisation of the Kvanefjeld Project, in parallel to project permitting. Major progress was made on both fronts. A series of productive meetings were conducted through the year with the Greenland Government and their advisors in Nuuk and Copenhagen to close out the review, or guidance phase of permitting. This major review phase is conducted prior to a public consultation period, which the company anticipates conducting in 2019.

Technical optimisation continued through 2018 with important engineering studies undertaken, in addition to ongoing metallurgical work programs in collaboration with leading rare earth company and major shareholder Shenghe Resources Holding Co Ltd (Shenghe). The Kvanefjeld Project has a number of unique attributes, from the unusual ore-type, to the setting in Greenland. This has necessitated a customised approach to project development. The optimisation program built on the extensive project knowledge base, drawing on a collective of industry specialist groups to maximise project strengths, and minimise project costs.

The Company continued to advance the commercial development strategy for the Kvanefjeld Project, through a progressive dialogue with Shenghe, one of the largest rare producers of rare earth materials globally. Shenghe's reputation to deliver high-purity products for a variety of industries, along with an international network of end-users represents an important part of the value chain that can commercially de-risk project development. A Memorandum of Understanding was established with Shenghe during 2018 as an important step in establishing a path-to-market for Kvanefjeld rare earth products.

Civil Engineering Optimisation Program

Civil construction costs were previously a large component of the 2016 Feasibility Study capital cost estimate. To address engineering design and costs GML brought together on-site a collective of specialist engineering groups including **Nuna Logistics, Tetra Tech, PND Engineers and China Communications Construction Co (C-CCC)**. Work on-site in southern Greenland was conducted in September 2018, and follow-up studies have since been underway by each respective group.

Further development of the engineering design will reduce the capital costs, along with the project footprint and impacts. In 2015 GML released a Feasibility Study for the Kvanefjeld Project, and an updated Feasibility Study in 2016 following pilot plant operations and further engineering studies. Civil earth works to prepare sites for plant and equipment represented a major contributor to project capital costs and have therefore been a key point of focus as part of project optimisation.

GREENLAND MINERALS LTD

> **TO ADDRESS ENGINEERING DESIGN AND COSTS GML BROUGHT TOGETHER ON-SITE A COLLECTIVE OF SPECIALIST ENGINEERING GROUPS INCLUDING NUNA LOGISTICS, TETRA TECH, PND ENGINEERS AND CHINA COMMUNICATIONS CONSTRUCTION CO (C-CCC).**

Tetra Tech completed their work in October 2018 to produce a heavily revised pad for the process plant, that is shaped to match the natural land contours thereby leading to a substantial reduction in the amount of civil construction. These changes have dramatically reduced civil earth works associated with project development, with cut and fill quantities reduced by 80% of the original design.

The North American arctic specialist port design company PND Engineers has completed a design optimisation for the port facilities. The location of the port facilities at the Tuna Peninsula has been enhanced to allow for increased use of local construction materials. This will reduce the overall capital cost of the project by taking advantage of having an abundant source of good quality aggregate material available. The port location is on the Tuna Peninsula at the base of the Narsaq valley in an area that is currently used for a municipal rubbish dump. PND Engineers have recommended the use of Open Cell Technology for the project as it offers the lowest cost and least construction risk. C-CCC is China's largest construction company with extensive experience in infrastructure construction including Ports. C-CCC worked collaboratively with PND Engineers to provide the on-shore port design and cost estimate for associated facilities. C-CCC has provided an extensive design of the on-shore facilities for an efficient port operation. Flexibility has been built into the design to allow for a staged development strategy and delivered a high level of design detail for the updated design and cost estimate.

Nuna Logistics is currently compiling a new civil construction cost estimate for the project based on the new civil design that will detail the cost reductions accurately. This estimate is based on new information gained from the site visit, and the subsequent studies by the other participating engineering firms.

Operations Report (continued)

Onsite investigations of the project area (including sites for the proposed mine, processing plant, tailings storage, port and roads) by the multi-disciplinary engineering groups confirmed that the construction of the Kvanefjeld Project has no major impediments and is relatively straight forward owing to a number of site-specific advantages which include:

1. **Located near an existing town (Narsaq), with infrastructure benefits including port and fuel storage that greatly assists the pioneering (early works) phase of project development.**

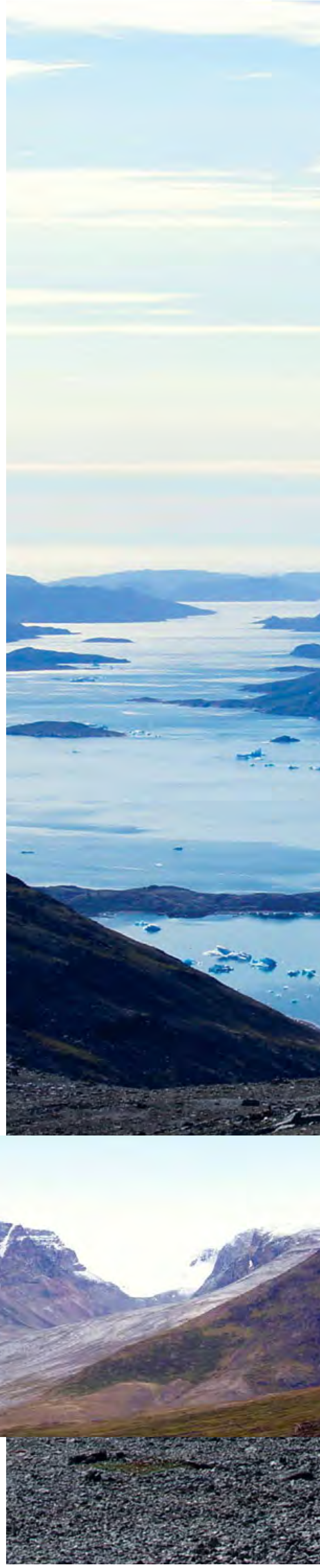
2. **Local labour is available that can be trained and utilised effectively from the early construction phase and onward into mine development.**

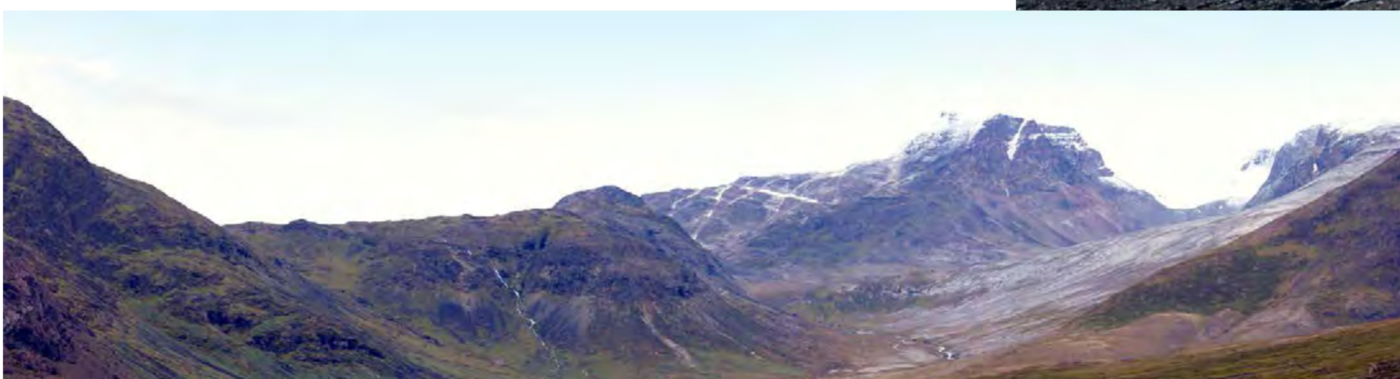
3. **Abundance of high-quality construction aggregate suitable rock material on-site, which can be used for roads, culverts, plant site preparation and port construction.**

4. **Year-round shipping access for fuels, construction material and labour.**

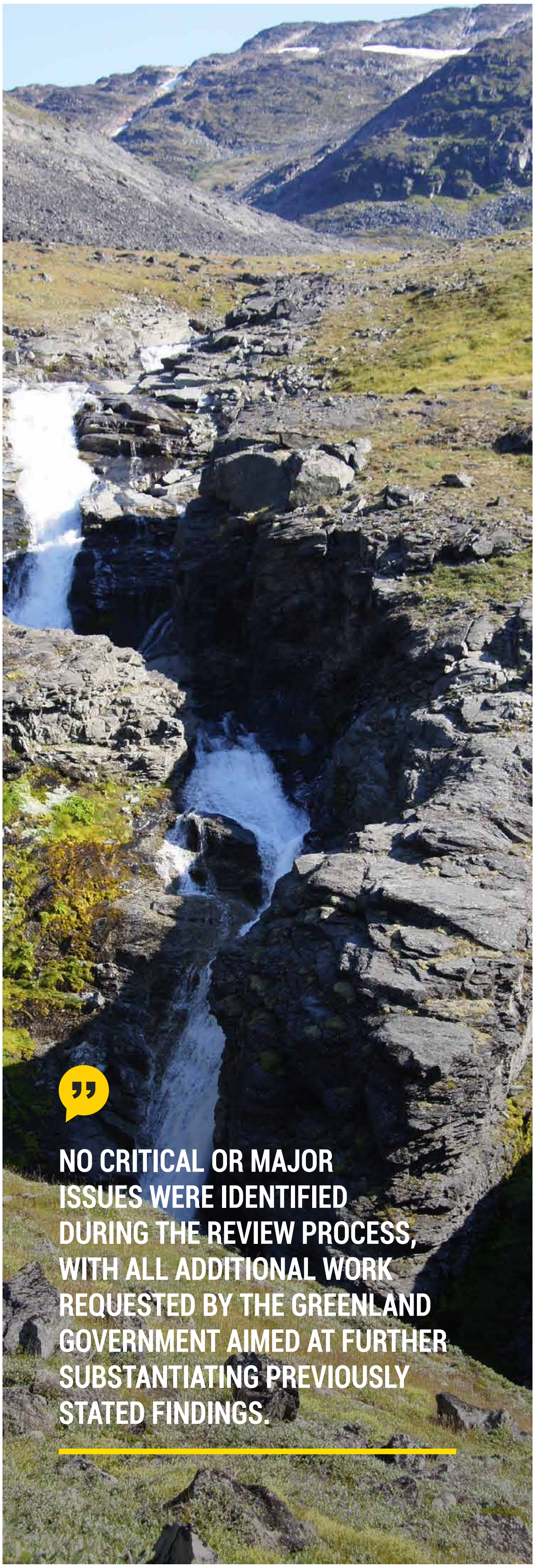
Being located near the southern tip of Greenland and on the coastal fringe, winters are not exceptionally cold, with the weather relatively mild allowing for year-round construction.

GML will be incorporating the reports from each of the engineering groups into an update of the capital costs for the Kvanefjeld project.





INVESTIGATIONS OF THE PROJECT AREA BY THE MULTI-DISCIPLINARY ENGINEERING GROUPS CONFIRMED THAT THE CONSTRUCTION OF THE KVANEFJELD PROJECT HAS NO MAJOR IMPEDIMENTS AND IS RELATIVELY STRAIGHT FORWARD



Kvanefjeld Metallurgical Optimisation

Technical optimisation of Kvanefjeld is part of an on-going program of co-operation with Shenghe. This strategy sees the integration of world-leading Chinese rare earth processing technology with one the world's most significant rare earth projects, to develop a simpler, lower cost rare earth value chain.

Through mid-2018, representatives from the Institute of Multipurpose use of Mineral Resources (IMUMR) and Baotou Meng Rong Fine Materials Co Ltd (BTMR) laboratories visited Perth to evaluate the flotation process flow sheets developed by each group.

Following the test work in Perth, BTMR was selected to continue the development and validation of their flotation circuit. BTMR has played a key role in the technical overhaul of the Mountain Pass rare earth operation in the USA, where Shenghe is also a shareholder.

Further testwork by BTMR in China has resulted in outstanding simplifications with key highlights including:

- Circuit operates consistently over a broad temperature range
- No regrinding or de-sliming circuits are required
- Reduced reagent consumption through improvements to the water chemistry without increased capital expenditure
- Reduced reagent consumption assisted by the removal of 80% of fluorine in process water with positive impacts on environmental management.

These benefits will reduce both operating and capital expenditures, with increased concentrate REO grades at high recoveries. This provides greater flexibility to project implementation and major efficiency of refining mineral concentrates.

The BTMR produce their own range of specialty flotation collectors. This allows them to customise the chemistry of their collectors to target specific minerals selectively. The BTMR approach is ideal for the unique nature of the REE ore minerals at Kvanefjeld, which will be the first large-scale non -refractory source of rare earth materials. A customised approach is therefore required.

Permitting

Following a thorough and constructive review process overseen by the Greenland Government, the updated Social and Environmental Impact Assessments (SIA, EIA) were finalised by lead consultants. No critical or major issues were identified during the review process, with all additional work requested, by the Greenland Government, aimed at further substantiating previously stated findings.

The approach taken to finalise the EIA and SIA was to present a clear understanding of the project to stakeholders in Greenland. The revised reports were lodged with the Greenland Government for review, and have been translated to Danish and Greenlandic, in preparation for the public consultation period.

The updated SIA was completed by Shared Resources and lodged with Greenland's Ministry of Industry Labour and Trade (MILT) for review.

The updated EIA report was produced by GHD, incorporating supporting work programs conducted by independent consultants and laboratories. The following groups prepared studies supporting the EIA:

- **Air Quality** – Pacific Environmental
- **Hydrology** – Orbicon and GHD
- **Radiation** – Arcadis, Canada
- **Tailings Disposal** – Wood Group
- **Waste Rock Analysis** – SGS Laboratories and SRK Consulting
- **Fjord Impacts** – Danish Hydraulic Institute

The EIA was submitted to Greenland's Environmental Agency for Mineral Resource Activities (EAMRA), for review.

The Maritime Safety Study was accepted in 2017 as suitable for public consultation.

The Company has communicated closely with the Greenland Government prior to and following the lodgement of the SIA and EIA to reduce the timelines on the remaining steps in the permitting process and to progress to the public hearing phase.

Commercial Development Strategy

In August GML and Shenghe executed a Memorandum of Understanding which will guide the parties' plans for the commercialisation of the Kvanefjeld Project in southern Greenland. The overarching strategy of both parties is to develop the Kvanefjeld Project, integrate rare earth concentrate with downstream processing, and establish product off-take, marketing and sales.

The MoU covers two key areas; product offtake and marketing of rare earth products produced by the Project, and strategic development execution.

1 Acquisition and Marketing of Project Output

- Shenghe have expressed an intent to acquire all rare earth output produced at the Project whether as a mineral or chemical concentrate product on arm's length pricing reflecting published internationally traded prices.
- Shenghe has also agreed to enter a supplementary marketing arrangement with the Company to undertake international marketing of any rare earth products that Shenghe does not acquire.
- The Company and Shenghe will negotiate in good faith to conclude binding agreements on these issues within three months of their mutual agreement to and acceptance of the optimised flowsheet for the Project.

2 Strategic Development Plan

The Company and Shenghe have agreed a Strategic Development Plan for the Project which encompasses.

Shenghe is an optimal development and off-take partner for Kvanefjeld owing to their capacity to produce high-purity metals and oxides from intermediate concentrates along with having an established international customer base in Europe, North America, Japan, Middle East and China.

- Consideration of a staged development path which may lead to an earlier production of rare earth concentrate before a second stage refinery is constructed in Greenland.
- Potential development of a non-China based rare earth separation plant to facilitate the supply of Kvanefjeld rare earth product directly to international demand centres.
- A process to secure funding partners in China to secure project financing for the optimal Project configuration subject to Shenghe's decision regarding their acquisition of an equity interest in the Project as agreed in the Subscription Deed of 20 September 2016.

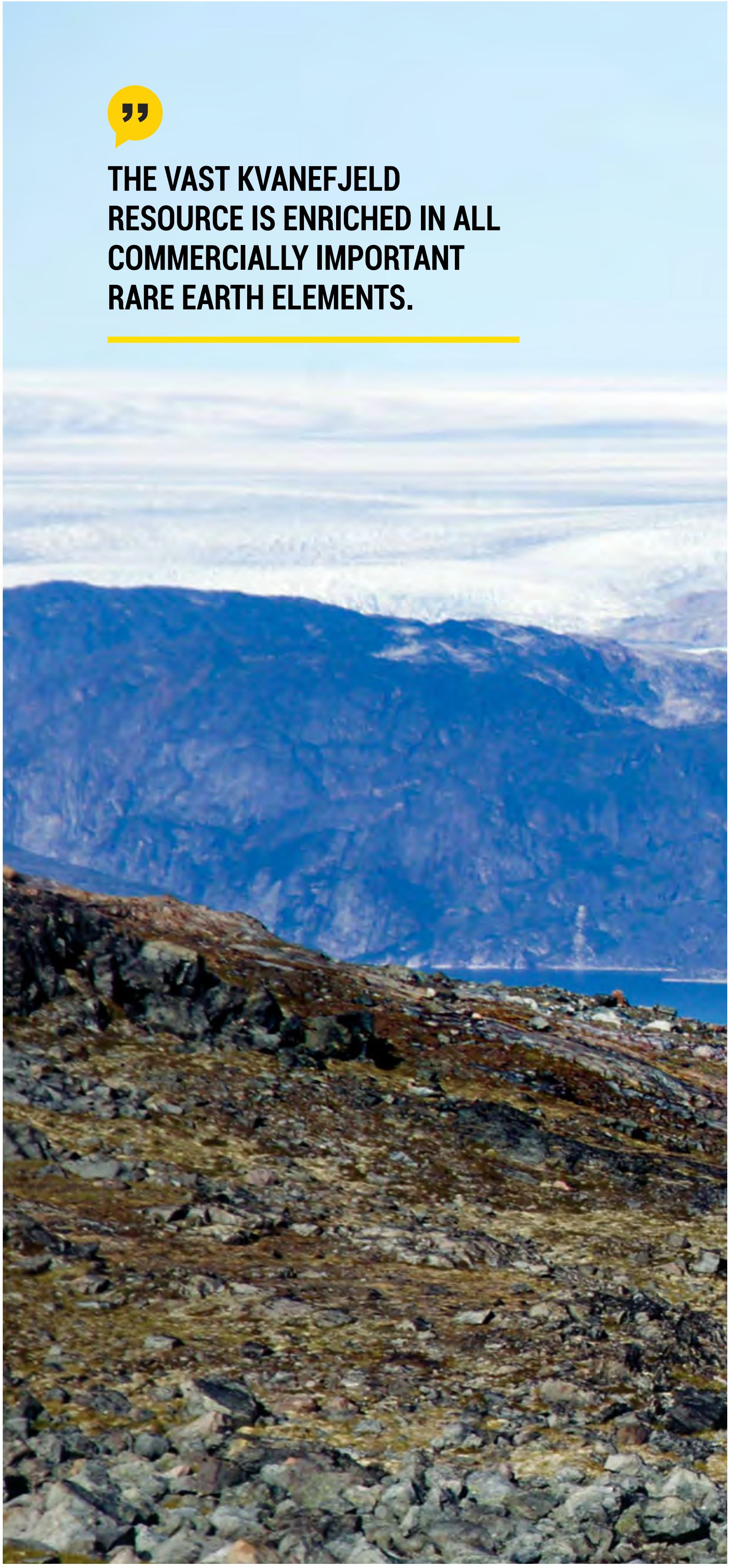
2019 Outlook

In 2019, GML aims to make important progress on project permitting following committed efforts through the preceding two years to conduct additional work and update the impact assessments. Kvanefjeld offers a mining project, that will enable Greenland to become an important contributor to global rare earth supply for many decades. Rare earths will be critically important to the global agendas of energy efficient technologies, clean energy generation, and the electrification of transport systems.

The impact assessments (EIA and SIA) will provide high degrees of confidence that the project can be developed and operated without undue risk to the environment, workers, or nearby communities.

The involvement of a world leading rare earth company in Shenghe brings technical and financial capacity to assist in effective project development and connect Kvanefjeld to the rare earth supply networks and end-users globally. Technical cooperation with Shenghe will continue in 2019, as both companies work to update the project cost-structure. Commercial dialogue on aspects of project development will continue.

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



Competent Person Statement – Mineral Resources Ore Reserves and Metallurgy

The information in this report that relates to Mineral Resources is based on information compiled by Mr Robin Simpson, a Competent Person who is a Member of the Australian Institute of Geoscientists. Mr Simpson is employed by SRK Consulting (UK) Ltd ("SRK"), and was engaged by Greenland Minerals 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 Ltd and Mr Scott McEwing of SRK Consulting (Australasia) Pty Ltd. The information in this report that relates to metallurgy is based on information compiled by Damien Krebs.

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

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

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

GREENLAND MINERALS LTD

2018 ANNUAL FINANCIAL REPORT

for the year ended 31 December 2018

The directors of Greenland Minerals Limited (the Company) submit herewith the annual financial report of Greenland Minerals Limited and its subsidiaries (the Consolidated Group) for the financial year ended 31 December 2018, 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 Cato, Non-Executive Director
Xiaolei Guo, Non-Executive Director

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 commerce.

Mr Guy is also the Chief Financial Officer for Greenland Minerals 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 $2,829,967 (2017: loss $2,488,863).

Review of operations
Refer to the Operations Report on pages 4 to 12.

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

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

Shares
During the year ended 31 December 2018, the following ordinary shares of Greenland Minerals were issued, as detailed in Note 15 to the financial report.

The total number of ordinary shares on issue at 31 December 2018 was 1,132,649,196 (31 December 2017: 1,105,251,206).

The total number of shares issued during the current financial year was 27,397,990.

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

DIRECTORS' REPORT

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 Limited	27,397,990	Ordinary shares	$0.08	-

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

Options
During the year ended 31 December 2018 the number of options and performance rights of Greenland Minerals Limited that were issued are detailed in Note 23 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 Limited	6,000,000	-	Ordinary shares	$0.15	31 March 2021
Greenland Minerals Limited	-	6,000,000	Ordinary shares	-	31 May 2020

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

Financial Position
The net assets of the Consolidated Group were $91,767,810 as at 31 December 2018 (2017: $88,219,909).

Dividends
During the financial year ended 31 December 2018, 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 2017.

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

Future Developments
The Consolidated Group will continue to evaluate the Kvanefjeld project and the development alternatives for the project, as referred to elsewhere in this report, particularly in the Operations Report on pages 4 to 12.

Subsequent Events
There have been no matters or circumstances occurring subsequent to the financial year 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.

Information on Directors

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

Special responsibilities
Member of the Audit Committee

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

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

Tony is currently the chairman of ASX listed Bioxyne Limited (ASX: BXN), Credit intelligence Limited (ASX:CI1) and NSX listed Truscreen Limited (NZX:TRU) He was previously chairman of Esperance Minerals Limited and a non-executive director of Apollo Minerals Limited and Hastings Technology Metals Limited.

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

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

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

DIRECTORS' REPORT

Tony Ho (cont'd)

Interest in shares & options
3,525,610 Ordinary Shares

Other board positions held
Non-executive Chairman – Bioxyne Limited – November 2012
Non-executive Chairman – Mooter Media Limited – 4 December 2015
Non-executive Chairman – Credit Intelligence Limited – 14 June 2018
Non-executive Chairman – Truscreen Limited (NZX listed) – 6 October 2018

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

John Mair – Managing Director – Appointed 7 October 2011

Qualifications
PhD (Geol), MAus IMM

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

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

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

Interest in shares & options
8,364,062 Ordinary Shares
6,000,000 Performance rights

Other board positions held
Nil

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

Special responsibilities
Chairman of the Audit Committee

Qualifications
B.A. (USYD)

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

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

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

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

Interest in shares & options
6,389,594 Ordinary shares

Other board positions held
Non-executive Chairman - Advanced Share Registry Limited - August 2007.
Non-executive director – Bentley Capital Limited – January 2015
Non-executive director – Keybridge Capital limited – July 2016

Positions held in the last 3 Years
Nil

Xiaolei Guo – Non-executive Director – Appointed 12 October 2018

Special responsibilities
Nil

Qualifications
BA.Law,

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

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

Xiaolei Guo (cont'd)

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

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

Interest in shares & options
Nil Ordinary shares

Directorships held in other listed entities
Nil

Remuneration Report – Audited

This remuneration report, which forms part of the directors' report, details the nature and amount of remuneration for each director and other key management personnel (KMP) of Greenland Minerals Limited, for the financial year ended 31 December 2018.

Director and key management personnel details
The following persons acted as directors and other KMP of the Company during or since the end of the financial year, unless otherwise stated, positions were held for the full year ended 31 December 2018 and continued to be held at the date of this report:

Directors
- **Anthony Ho**, Non-Executive Chairman
- **John Mair**, Managing Director
- **Simon Cato**, Non-Executive Director
- **Xiaolei Guo,** Non-Executive Director

Key management personnel
- **Miles Guy**, Chief Financial Officer and Company Secretary

Remuneration Policy
The remuneration policy of Greenland Minerals Limited is 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 Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best senior management and directors to run and manage the Consolidated Group, as well as create alignment of interests between directors, senior management and shareholders.

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

Remuneration Report – Audited (cont'd)

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

- All senior management receive a market rate base salary (which is based on factors such as length of service and experience).
- The directors and senior management, where applicable receive a superannuation guarantee contribution required by the government, which is currently 9.5% and do not receive any other retirement benefits.
- All remuneration paid to directors and senior management is valued at the cost to the Consolidated Group and expensed. Options and rights granted to directors and senior management as part of remuneration are valued at grant date using appropriate valuation techniques.
- Vesting hurdles attached to options or share rights are structured to ensure an alignment with an increase in shareholder value.
- The board policy is to remunerate non-executive directors with a base fee and an additional fee at market rates for time for any additional commitment and responsibilities. The board as a whole determines payments to the non-executive directors and reviews their remuneration annually, based on market rates, their specific duties and responsibilities. Additional consultancy fees may be payable where the non-executive director has additional responsibilities associated with specific tasks or responsibilities outside of their normal duties. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. The current shareholder approved cap on these fees is $400,000 per annum. Fees for non-executive directors are not linked to the performance of the Consolidated Group. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company.

Cash based payments

Salary and fees
All directors and senior management receive a cash based salary or director fees. No bonuses or additional similar benefits were paid during the year ended 31 December 2018.

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

Long-term remuneration
The managing director and senior management are entitled to receive long service leave after 10 years continuous service, with a pro-rata entitlement after 7 years. Although a provision for this payment is recognised, no actual payments for long service leave were made in the year ended 31 December 2018.

Share based payments

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

DIRECTORS' REPORT

Remuneration Report – Audited (cont'd)

Long term incentives (LTI)

At the Company's Annual General meeting on 31 May 2018, shareholders approved the issue of Employee Performance Rights to the Company's managing director, John Mair. The vesting conditions attached to the rights have been structured by the board with the objective of retaining and incentivising the managing director that aligns with increasing shareholder value.

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

Separation payments

Director and senior management are not entitled to any separation payment other than statutory entitlements and notice period payment. There are no notice period requirements for Non-executive Directors and the notice period requirements for Executive Directors and Senior Management are disclosed key terms of employment contracts, on pages 22 to 24.

Details of Remuneration

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

	Short term benefits		Post-employment benefits	Long –term remuneration	Share Based payments			
2018	**Salary & fees $**	**Other (ii) $**	**Super-annuation $**	**Provision for long service leave $**	**STI $**	**Rights (i) $**	**Total Remuneration $**	**% Performance based**
Executive Director								
J Mair	350,000	18,844	33,249	2,957	-	207,700	612,750	33.9%
Non-executive Director								
A Ho	100,000	-	9,500	-	-	-	109,500	-
S Cato	50,000	-	4,749	-	-	-	54,749	-
X Guo	40,000	-	-	-	-	-	40,000	-
Senior Management								
M Guy	196,666	18,230	18,683	6,417	-		239,996	-
TOTAL	**736,666**	**37,074**	**66,181**	**9,374**	**-**	**207,700**	**1,056,995**	**19.6%**

(i) Rights issued are Employee Performance Rights that are Long Term Incentives and are subject to service period, share price and performance vesting hurdles which are detailed further in Note 23 of the financial statements. The rights do not vest into fully paid shares unless vesting conditions are satisfied. At 31 December 2018, all rights remained unvested and as a result the rights represent no monetary value to the holder.

(ii) Recognition of increase in annual leave provision resulting from the accrual of statutory annual leave being greater than the annual leave taken by the respective KMP.

Remuneration Report – Audited (cont'd)

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

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

(iii) Xiaolei Guo was appointed as a non-executive director on 12 October 2017.

(iv) Wenting Chen resigned as a non-executive director on 12 October 2017.

(v) Rights issued are Employee Performance Rights that are Long Term Incentives and are subject to service period, share price and performance vesting hurdles which are detailed further in Note 23 of the financial statements. The rights do not vest into fully paid shares unless vesting conditions are satisfied. At 31 December 2017, all rights remained unvested and as a result the rights represent no monetary value to the holder.

Rights issued

No employee rights were issued during the year ended 31 December 2018.

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

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

In addition:

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

DIRECTORS' REPORT

Remuneration Report – Audited (cont'd)

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

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

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

The following un-vested performance rights were issued during the current financial year ended 31 December 2018.

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

(i) Fair value at grant date has been calculated using a binominal model (refer to note 23) the value will be recognised in remuneration on a pro-rata basis over the respective vesting periods, taking into consideration the additional performance vesting conditions, in accordance with Australian Accounting Standards.

Options exercised

The following options issued to directors or senior management were exercised during the year ended 31 December 2018.

Director	Date	Number Exercised (i)	Exercise Price	Share price @ exercise date	Amount Paid $	Amount unpaid $	Option value at date of exercise $
A Ho	20/09/2018	337,500	$0.08	$0.08	27,000	-	-
J Mair	28/09/2018	375,000	$0.08	$0.08	30,000	-	-
S Cato	20/09/2018	71,786	$0.08	$0.08	5,743	-	-

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

The following options issued to directors or senior management were exercised during the year ended 31 December 2018: or the previous financial year ended 31 December 2017.

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

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

Rights expired
No un-vested Employee Performance Rights expired during the current year ended 31 December 2018 or the prior year ended 31 December 2017.

Rights cancelled
No un-vested Employee Performance Rights were cancelled in during the current financial year ended 31 December 2018 or the previous financial year ended 31 December 2017.

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 25 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 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 2018 $47,304 was paid to Advance Share Registry Limited for services provided (Dec 2017: $41,302).

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

The remuneration policy is designed 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:

- 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.

DIRECTORS' REPORT

Remuneration Report – Audited (cont'd)

The following table shows the gross revenue and profits for the period from 31 December 2013 to 31 December 2018 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 2018	12 Month period ended 31 Dec 2017	12 Month period ended 31 Dec 2016	12 Month period ended 31 Dec 2015	12 Month period ended 31 Dec 2014
Revenue	132,661	$126,547	$82,966	$193,508	$760,583
Net loss before and after tax	(2,829,697)	($2,488,863)	($2,172,733)	($4,091,615)	($5,062,999)
Share price at beginning of period	$0.10	$0.07	$0.03	$0.07	$0.21
Share price at end of period	$0.07	$0.10	$0.07	$0.03	$0.07
Dividend		-		-	-
Basic loss per share	$0.03	$0.03	$0.03	$0.06	$0.08
Diluted loss per share	$0.03	$0.03	$0.03	$0.06	$0.08

Key terms of employment contracts

Directors

Anthony Ho, Non-e*xecutive Chairman*

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

John Mair, *Managing Director*

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

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.

Remuneration Report – Audited (cont'd)

Xiaolei Guo, *Non-Executive Director*

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

Senior Management

Miles Guy, *Chief Financial Officer and Company Secretary*

- Term and type of contract – service agreement subject to annual review.
- Base salary, of $220,000 per annum and is paid monthly two weeks in advance and two weeks in arrears. Salary was increased from $180,000 per annum on 1 August 2018.
- Superannuation at 9.5% is payable on the base salary.
- Entitled to be reimbursed for all out of pocket expenses necessarily incurred in the performance of his duties including relating to travel, entertainment, accommodation, meals and telephone.
- Either the Company or the employee may terminate his engagement without cause by giving the other party three months written notice, there are no other specific payout clauses
- Remuneration will be reviewed every 12 months or as otherwise agreed between the parties.
- 3 Month notice period.

Remuneration Report – Audited – END-

Meetings of Directors

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

	Directors Meetings	
Director	**Number of meetings eligible to attend**	**Number attended**
A Ho	9	9
J Mair	9	8
S Cato	9	9
X Guo	9	9

Audit and Risk Committee

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

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

DIRECTORS' REPORT

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 29.

Auditor's Independence Declaration
The auditor's independence declaration for the year ended 31 December 2018 has been received and is included on page 28 the financial report**.**

Corporate governance statement
The board of Directors of Greenland Minerals 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 28 March 2018 and is available on the Company's website: http://www.ggg.gl/investors/corporate-governance/

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.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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The Board of Directors
Greenland Minerals Limited
Unit 7, 100 Railway Road,
Subiaco WA 6008

28 March 2019

Dear Board Members

Greenland Minerals 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 Limited.

As lead audit partner for the audit of the financial report of Greenland Minerals Limited for the year ended 31 December 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

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

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Ian Skelton
Partner
Chartered Accountants

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Greenland Minerals Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

(i) giving a true and fair view of the Group's financial position as at 31 December 2018 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.

Deloitte.

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.

<table>
<tr><th>Key Audit Matter</th><th>How the scope of our audit responded to the Key Audit Matter</th></tr>
<tr><td>Carrying value of Exploration and Evaluation Assets

As at 31 December 2018 the carrying value of exploration and evaluation assets as disclosed in Note 12 to the Financial Statements amounts to $85.3 million. 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 the relevant accounting standards including:
whether the entity has the right to tenure of the area of interest at 31 December 2018;
the likelihood of the exploration licence being renewed;
the status and results of current exploration programmes;
the planned future work programmes and budgeted expenditure on the area of interest; and
whether the project has reached a stage whereby economic recoverable reserves have been identified which may indicate that the current carrying value is above its recoverable amount.</td><td>

Our procedures included, but were not limited to:
confirming whether the rights to tenure of the area of interest remained current to balance sheet date,
assessing the status of ongoing exploration and evaluation programmes, and the mining licence application process for the respective area of interest,
assessing evidence of the future intention for the area of interest, including reviewing future budgeted expenditure and related work programmes; and
confirming whether exploration activities for the area of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed and compared this to the current carrying value.
We also assessed the appropriateness of the disclosures in Note 12 to the financial statements.</td></tr>
</table>

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 2018, 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.

Deloitte.

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

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

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

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

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

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 included on pages 19 to 26 of the Directors' Report for the year ended 31 December 2018.

In our opinion, the Remuneration Report of Greenland Minerals Limited, for the year ended 31 December 2018, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Ian Skelton
Partner
Chartered Accountants
Perth, 28 March 2019

Directors' declaration

The directors declare that:

(a) in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

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

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

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

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

On behalf of the Directors

John Mair
Managing Director
Subiaco, 28 March 2018

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2018

	Note	Dec 2018 $' 000	Dec 2017 $' 000
Revenue from continuing operations	5	133	127
Expenditure			
Director and employee benefits	6(a)	(1,075)	(1,002)
Professional fees	6(b)	(835)	(546)
Listing costs	6(c)	(105)	(135)
Other expenses	6(d)	(947)	(933)
Loss before tax		(2,829)	(2,489)
Income tax expense	7	-	-
Loss for year		(2,829)	(2,489)
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss			
Exchange difference arising on translation of foreign operations		3,977	3,287
Income tax relating to components of comprehensive income	7	-	-
Other comprehensive income for the year		3,977	3,287
Total comprehensive gain for the year		1,148	798
Gain/(loss) attributable to:			
Owners of the parent		(2,829)	(2,489)
		(2,829)	(2,489)
Total comprehensive gain/(loss) attributable to:			
Owners of the parent		1,148	798
		1,148	798
Basic loss per share – cents per share	19	0.025	0.026
Diluted loss per share – cents per share		0.025	0.026

Notes to the financial statements are included on pages 38 to 67.

Consolidated statement of financial position as at 31 December 2018

Current Assets	Note	Dec 2018 $' 000	Dec 2017 $' 000
Cash and cash equivalents	8	6,702	10,733
Trade and other receivables	9	54	104
Other assets	10	63	102
Total Current Assets		6,919	10,939
Non-Current Assets			
Property, plant and equipment	11	863	930
Capitalised exploration and evaluation expenditure	12	85,292	77,736
Total Non-Current Assets		86,155	78,666
Total Assets		92,973	89,605
Current Liabilities			
Trade and other payables	13	655	870
Other liabilities		-	92
Provisions	14(a)	391	292
Total Current Liabilities		1,046	1,254
Non-Current Liabilities			
Provisions	14(b)	160	131
Total Non-Current Liabilities		160	131
Total Liabilities		1,206	1,385
Net Assets		91,768	88,220
Equity			
Issued Capital	15	365,247	362,823
Reserves	16	(30,565)	(5,313)
Accumulated Losses	18	(242,914)	(269,290)
Total Equity		91,768	88,220

Notes to the financial statements are included on pages 38 to 67.

Consolidated statement of changes in equity
for the year ended 31 December 2018

	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 2017	354,710	29,359	1,239	(39,672)	(266,801)	78,835
Net loss for the year	-	-	-	-	(2,489)	(2,489)
Other Comprehensive income	-	-	3,287	-	-	3,287
Total comprehensive for the year	-	-	3,287	-	(2,489)	798
Issue of shares Net of transaction costs	8,234	-	-	-	-	8,234
Recognition of share based payments – capital raising	-	222	-	-	-	222
Recognition of share based payments – consultants	154	103	-	-	-	297
Recognition of share based payments – directors	-	174	-	-	-	174
Issue of shares from option exercise	259	(25)	-	-	-	194
Recognition of cost of equity placement facility – Long State	(534)	-	-	-	-	(534)
Balance at 31 December 2017	362,823	29,833	4,526	(39,672)	(269,290)	88,220
Balance at 1 January 2018	362,823	29,833	4,526	(39,672)	(269,290)	88,220
Net loss for the year	-	-	-	-	(2,829)	(2,829)
Other Comprehensive income	-	-	3,977	-	-	3,977
Total comprehensive for the year	-	-	3,977	-	(2,829)	1,148
Recognition of share based payments – directors	-	208	-	-	-	208
Issue of shares from option exercise	2,424	(232)	-	-	-	2,192
Transfer from option reserve to accumulated losses	-	(29,205)	-	-	29,205	-
Balance at 31 December 2018	365,247	604	8,503	(39,672)	(242,914)	91,768

Notes to the financial statements are included on pages 38 to 67.

Consolidated statement of cash flows for the year ended 31 December 2018

	Note	31 Dec 2018 $' 000	31 Dec 2017 $' 000
Cash flows from operating activities			
Receipts from customers		61	91
Payments to suppliers and employees		(2,396)	(1,910)
Net cash used in operating activities	22	(2,335)	(1,819)
Cash flows from investing activities			
Interest received		60	40
Payments for exploration and development		(3,936)	(2,567)
Payments for plant and equipment		(12)	-
Net cash used in investing activities		(3,888)	(2,527)
Cash flows from financing activities			
Proceeds from issue of shares/options		2,192	9,244
Payment for shares/options issue costs		-	(543)
Net cash from financing activities		2,192	8,701
Net increase/(decrease) in cash and equivalents		(4,031)	4,355
Cash and equivalents at the beginning of the financial year		10,733	6,378
Cash and equivalents at the end of the Financial year	8	6,702	10,733

Notes to the financial statements are included on pages 38 to 67.

Notes to the accounts

1. General information

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

Registered office	**Principal place of business**
Unit 7, 100 Railway Road Subiaco WA	Unit 7, 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 28 March 2018.

Basis of preparation

The financial report has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The Company is a company of the kind referred to in ASIC Corporations instrument 2016/191, dated 24 March 2016, 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:

<u>AASB 9 Financial Instruments</u>

AASB 9 contains accounting requirements for financial instruments, which replaces AASB 139 *Financial Instruments: Recognition and Measurement*. AASB 9 contains requirements for the classification and measurement, impairment, hedge accounting and derecognition. The standard applies to annual reporting periods beginning on or after 1 January 2018. The Consolidate Group has

Notes to the accounts

2. Significant accounting policies (cont'd)

applied the new standard for the current annual financial report for the year ended 31 December 2018, and there have been no material impacts.

AASB 15 Revenue from Contracts with Customers
AASB 15 provides a single, principles-based five step model to be applied to all contracts with customers. Guidance is provided on topics such as the point in which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. This standard applies to annual reporting periods beginning on or after 1 January 2018. The application of the new standard for the current annual financial report for the year ended 31 December 2018 has resulted in no material impact.

AASB 2016-5 Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions
This standard amends AASB 2 *Share-based Payments*, clarifying how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for the:

- Effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
- Share-based payments with a net settlement feature for withholding tax obligations; and,
- Modifications to the terms and conditions of a share-based payment that changes the classification of the transaction from cash settlement to equity settlement.

This standard applies to annual reporting periods beginning on or after 1 January 2018. The Consolidate Group has applied the new standard for the current annual financial report for the year ended 31 December 2018, and there have been no material impacts.

AASB Interpretation 22 Foreign Currency Transactions and Advance Considerations
The interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) or on derecognition of a non-monetary asset or liability relating to advanced consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the date of the transactions for each payment or receipt of advance consideration.

The interpretation does not have any material impact on the current annual financial report for the year ended 31 December 2018.

The Consolidated Group 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:

Notes to the accounts

2. Significant accounting policies (cont'd)

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 16 *Leases*	1 January 2019	31 December 2019
AASB 2017-7 *Amendments to Australian Accounting Standards – Definition of Material*	1 January 2020	31 December 2020
Interpretation 23 *Uncertainty over Income Tax Treatments*	1 January 2019	31 December 2020
Amendments to references to the Conceptual Framework in IFRS Standards	1 January 2019	31 December 2019

AASB 16 Leases
AASB 16 provides a new lease accounting model which requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee will be required to measure right-of-use assets in a manner similar to how other non-financial assets, lease liabilities and other financial liabilities are measured. Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement included non-cancellable lease payments (including inflation linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise the option to extend the lease, or not to exercise an option to terminate the lease. AASB 16 contains disclosure requirements for lessees. The Consolidated Group has assessed the potential impact of the new standard on the Consolidated Group's financial report and expects no material impact. This standard applies to annual reporting periods starting on or after 1 January 2019.

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

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

(a) Basis of consolidation

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

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

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

Notes to the accounts

2. Significant accounting policies (cont'd)

equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

(b) Foreign currency

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

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

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

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

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

(c) Goods and services tax

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

i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
ii. for receivables and payables which are recognised inclusive of GST.

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

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

(d) Revenue

Revenue is recognised when control of a good or service transfers to a customer.

Interest revenue

Interest revenue is recognised 'over-time', 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.

2. Significant accounting policies (cont'd)

Rental income

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

(e) Share-based payments

Equity-settled share-based payments with employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. Fair value is measured by use of an appropriate valuation method. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. Further details on how the fair value of equity-settled share-based transactions are in note 23.

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

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

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

(f) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

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

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

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.

Notes to the accounts

2. Significant accounting policies (cont'd)

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

Current and deferred tax for the period

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

(g) Cash and cash equivalents

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

(h) Financial assets

Financial assets are classified, at initial recognition, as subsequently measured amortised cost, fair value through other comprehensive income ("OCI"), or fair value through profit and loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Consolidated Group's business model for managing them. The Consolidated Group initially measures a financial asset at its fair value plus, in the case of financial asset not at fair value through the profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised costs or fair value through OCI, it needs to give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. This assessment is referred to the SPPI test and is performed at an instrument level.

The Consolidated Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flow, selling the financial assets or both.

Financial assets are recognised at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Upon initial recognition, the Consolidated Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through OCI when they meet the definition of equity under IAS 32 *Financial Instruments: Presentations* and are not held for trading. The classification is determined on an instrument by instrument basis.

Gains and losses on these financial assets are never recycled to profit and loss. Dividends are recognised as other income in the Statement of Profit and Loss when the right of payment has been established, except when the Consolidated Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded to OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at fair value through profit and loss are carried in the Statement of Financial Position at fair value with net changes in fair value recognised in the Statement of Profit and Loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short term with an intention of making a profit, or a derivative, or (ii) designated as such upon initial recognition where permitted.

Impairment of financial assets

The Consolidated Group recognises an allowance for expected credit losses ("ECL") for any debt instrument not held at fair value through profit and loss. All ECLs are based on the difference between the contractual cash flows due in accordance with the contract and cash flows that the Consolidated Group expects to receive, discounted at an approximation of the original interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

2. Significant accounting policies (cont'd)

ECLs are recognised in two stages. For credit exposure for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months. For those credit exposures for which there has been a significant increase in credit risk since recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default.

At each reporting date, the Consolidated Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Consolidated Group makes a formal estimate of the recoverable amount. Where the carrying amount of an asset exceeds its expected recoverable cash flows the asset is considered impaired and written down to its recoverable amount.

(i) Property, plant and equipment

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

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

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

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

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

(j) Leased assets

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

<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.

(k) Employee benefits

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

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

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

Notes to the accounts

2. Significant accounting policies (cont'd)

(l) Financial instruments issued by the Consolidated Group

Debt and equity instruments

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

Financial liabilities

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

Other financial liabilities

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

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

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

(m) Impairment of long-lived assets excluding goodwill

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

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

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

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

(n) Capitalisation of exploration and evaluation expenditure

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

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

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

(a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or

2. Significant accounting policies (cont'd)

(b) exploration and evaluation activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

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

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

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

(o) Provisions

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

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

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.

Notes to the accounts

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

Deferred tax assets

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

b) Significant accounting estimates and assumptions

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

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 2018, the carrying value of capitalised exploration expenditure is $85,292,097 (2017: $77,730,636) 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 2018 $' 000	31 Dec 2017 $' 000
Interest - Bank deposits	63	45
Other revenue	70	82
	133	127

6: Expenditure

		31 Dec 2018 $' 000	31 Dec 2017 $' 000
(a)	**Director and employee benefits**		
	Directors' fees	(199)	(188)
	Director's and employee salary and wage expense	(599)	(577)
	Director's share based payments	(208)	(174)
	Director's and employee post-employment benefits	(69)	(63)
		(1,075)	(1,002)
(b)	**Professional fees:**		
	Audit, accounting and taxation expense	(128)	(141)
	Legal fees	(15)	(24)
	Marketing and public relations	(376)	(107)
	Marketing and public relations – share based payments	-	(256)
	Consulting	(316)	(18)
		(835)	(546)
(c)	**Listing costs:**		
	Stock exchange fees	(58)	(94)
	Share registry fees	(47)	(41)
		(105)	(135)
(d)	**Other expenses**		
	Loss on disposal of investments	-	(41)
	Depreciation expense	(91)	(106)
	Insurance	(46)	(63)
	Operating lease rental expenses	(5)	(5)
	Travel expenses	(162)	(168)
	Payroll tax	(54)	(55)
	Occupancy costs	(181)	(195)
	Other expenses	(408)	(300)
		(947)	(933)

Notes to the accounts

7: Income tax

		31 Dec 2018 $' 000	31 Dec 2017 $' 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	(2,829)	(2,489)
	Prima facie tax benefit on loss at 30%	(849)	(752)
	add:		
	Tax effect of:		
	other non-allowable items	91	20
	provisions and accruals	148	247
	accrued income	2	1
	revenue loss not recognised	2,069	1,530
		2,310	1,798
	Less:		
	Tax effect of:		
	exploration, evaluation and development expenditure	(1,081)	(756)
	provisions and accruals	(230)	(179)
	capital expenditure write off	(123)	(93)
	other deductions	(27)	(18)
		(1,461)	(1,046)
	Income tax expense	-	-
	The following deferred tax balances have not been recognised:		
	Deferred tax assets:		
	at 30%		
	Carry forward revenue losses	36,042	34,389
	Capital expenditure costs	123	445
		36,165	34,834
	Less: offset against deferred tax liability	(17,598)	(16,508)
		18,567	18,326

The above deferred tax assets will only be recognised when:

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

7: Income tax (cont'd)

(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 2018 $' 000	31 Dec 2017 $' 000
Deferred tax liabilities:		
at 30%		
Exploration, evaluation and development expenditure	17,589	16,506
Accrued income	9	2
	17,598	16,508
less offset against deferred tax assets	(17,598)	(16,508)
	-	-

8: Cash and equivalents

	Dec 2018 $' 000	Dec 2017 $' 000
Cash at bank	406	298
Cash on deposit at call	2,926	8,660
Cash on deposit	3,370	1,775
	6,702	10,733

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

9: Trade and other receivables

	Dec 2018 $' 000	Dec 2017 $' 000
(a) Current		
Debtors	8	-
Accrued interest	10	7
GST refundable	36	97
	54	104

(i) Trade debtors and sundry debtors are non-interest bearing, unsecured and generally on 30 day terms. As at 31 December 2018 and 31 December 2017 no amounts were past due but not impaired. No allowance for doubtful debts at either 31 December 2018 or 31 December 2017.

Notes to the accounts

10: Other assets

	Dec 2018 $' 000	Dec 2017 $' 000
Deposit bonds	2	2
Prepayments (i)	61	100
	63	102

11: Property, plant and equipment

	Dec 2018 $' 000	Dec 2017 $' 000
Plant and Equipment (cost)	1,336	1,412
Accumulated depreciation	(1,078)	(1,111)
Leasehold improvements (cost)	-	41
Accumulated depreciation	-	(20)
Buildings	950	898
Accumulated depreciation	(345)	(290)
	863	930

(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 2018 $' 000	Dec 2017 $' 000
Plant and Equipment		
Carrying value at beginning of year	302	361
Acquisitions	12	-
Disposals	(2)	-
Effects of currency translation	-	1
Depreciation expense	(54)	(61)
Carrying value at end of year	258	302
Leasehold improvements		
Carrying value at beginning of year	-	23
Depreciation expense	-	(2)
Carrying value at end of year	-	21
Buildings		
Carrying value at the beginning of year	608	620
Effects of currency translation	34	30
Depreciation	(37)	(42)
Carrying value at end of year	605	608
Total property, plant and equipment carrying value at end of period	863	930

12: Capitalised exploration and evaluation expenditure

	Dec 2018 $' 000	Dec 2017 $' 000
Balance at beginning of year	77,736	71,925
Exploration and/or evaluation phase in current period:		
Capitalised expenses	3,605	2,567
Effects of currency translation (i)	3,951	3,244
Balance at end of year	85,292	77,736

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

(ii) The recoverability of the Consolidated Group's carrying value of the capitalised exploration and evaluation expenditure relating to EL 2010/02 is subject to the successful development and exploitation of the exploration property. The Consolidated Group has completed a feasibility study and environmental and social impact studies. These studies have been submitted to the relevant Greenland authorities, as a commencement of the process for an application for the right to mine.

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

13: Trade and other payables

	Dec 2018 $' 000	Dec 2017 $' 000
Accrued expenses (i)	311	668
Trade creditors (ii)	205	75
Sundry creditors (ii)	139	127
	655	870

(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.

13: Trade and other payables (cont'd)

(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: Provisions

	Dec 2018 $' 000	Dec 2017 $' 000
(a) Current		
Provision for annual leave	391	292
	391	292
(b) Non-current		
Provision for long service leave	160	131
	160	131

15: 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 2018		Dec 2017	
	No ' 000	$' 000	No ' 000	$' 000
Balance brought forward	1,105,251	362,823	999,124	354,710
Issue of ordinary shares through capital raising	-	-	100,000	9,000
Issue of ordinary shares as consideration for share based payments – consultants	-	-	3,200	154
Issue of ordinary shares as a result of exercised options:				
$0.08 exercise price options	27,398	2,424	2,927	259
Less costs associated with shares issued	-	-	-	(766)
Less costs associated with equity placement facility – Long State	-	-	-	(534)
Balance at end of financial year	1,132,649	365,247	1,105,251	362,823

16: Reserves

a) Option reserve	Dec 2018 $' 000	Dec 2017 $' 000
Balance brought forward	29,833	29,359
Recognition of performance rights- director	208	174
Issue of $0.08 exercise price options to consultants	-	103
Issue of $0.15 exercise price options to consultants	-	222
Transfer of value of options exercised	(232)	(25)
Transfer expired option balance to accumulated loss	(29,205)	-
Balance at end of financial year	604	29,833

(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 2018 $' 000	Dec 2017 $' 000
Balance brought forward	4,526	1,239
Current period adjustment from currency translation of foreign controlled entities	3,977	3,287
Balance at end of year	8,503	4,526

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 2018 $' 000	Dec 2017 $' 000
Balance brought forward	(39,672)	(39,672)
Balance at end of year	(39,672)	(39,672)

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

d) Total reserves	Dec 2018 $' 000	Dec 2017 $' 000
Option reserve	604	29,833
Foreign currency translation reserve	8,503	4,526
Non-controlling interest acquisition reserve	(39,672)	(39,672)
	(30,565)	(5,313)

Notes to the accounts

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

18: Accumulated losses

	Dec 2018 $' 000	Dec 2017 $' 000
Balance at beginning of financial year	(269,290)	(266,801)
Loss attributable to members of parent entity	(2,829)	(2,489)
Transfer from option reserve	29,205	-
Balance at end of financial year	(242,914)	(269,290)

19: Loss per share

	Dec 2018 Cents Per share	Dec 2017 Cents Per share
Basic loss per share		
From continuing operations	0.25	0.26
Diluted loss per share		
From continuing operations	0.25	0.26

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

	Dec 2018	Dec 2017
Loss for year ($)	2,829,697	2,488,893
Weighted average number of shares used in the calculation of basic and diluted loss per share (Number)	1,112,721,794	1,012,635,052

(i) There were 10,000,000 potential ordinary shares on issue at 31 December 2018 (31 December 2017: 214,296,579) 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.

20: Commitments for expenditure
Exploration commitments: EL 2010/02 is located in Greenland. The tenement expenditure incurred during the year ended 31 December 2018 and prior years exceeded the minimum expenditure required to maintain the tenement in good standing. The excess expenditure can be carried forward for 3 years. The amount carried forward is sufficient to meet the minimum expenditure requirements over this period.

20: Commitments for expenditure (cont'd)

	Dec 2018 $'000	Dec 2017 $'000
Operating leases (i)		
Not longer than 1 year	120	100
Longer than 1 year but not longer than 5 years	150	200
Longer than 5 years	-	-
	270	300

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

21: Subsidiaries

Name of subsidiary	Country of incorporation	Ownership interest Dec 2018 %	Ownership interest Dec 2017 %
Chahood Capital Limited	Isle of Man	100	100
Greenland Minerals and Energy (Trading) A/S	Greenland	100	100

(i) Greenland Minerals 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 Limited.

22: Notes to the statement of cash flows

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

	Year ended 31 Dec 2018 $' 000	Year ended 31 Dec 2017 $' 000
Loss for the year	(2,829)	(2,489)
(Gain) loss on sale or disposal of non-current assets	28	41
Depreciation	91	106
Equity-settled share-based payments	208	430
Interest income received and receivable	(62)	(45)
(Increase)/decrease in assets		
Trade and other receivables	88	9
Increase (decrease) in liabilities		
trade and other payables	71	16
Provisions	70	113
Net cash used in operating activities	(2,335)	(1,819)

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

Notes to the accounts

23: Share based payments

Except for share based payments discussed elsewhere within this note, there were no share-based payment arrangements entered into in the year ended 31 December 2018:

Except for share based payments discussed elsewhere within this note, there were no options issued as share-based payment arrangements in the year ended 31 December 2018.

The following options exercised during the year ended 31 December 2018.

Opening balance	Exercised (i)	Expired	Closing Balance
187,296,579	27,397,990	159,898,589	-

(i) The weighted average share price at date of exercise was $0.08

The total options (quoted and unquoted) outstanding as at 31 December 2018 was 6,000,000 as shown below

Options	Number	Exercise price	Expiry date	Exercisable @ 31 Dec 2018
Unlisted options	6,000,000	$0.15	31/03/2021	4,000,000

Rights issued

No rights were issued in the during the current financial year ended 31 December 2018.

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

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

In addition:

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

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

23: Share based payments (cont'd)

Grant date	31/05/2018
Underlying share price at grant date	$0.105
Maximum life	3 Years
Expected future volatility	84%
Risk free rate	1.78%
Tranche1 share price hurdle	$0.182
Tranche2 share price hurdle	$0.242

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

Director	Grant date	Number	Fair value @ grant date $	Expiry date
J Mair				
Tranche 1	31/05/2018	1,200,000	106,800	31/05/2020
Tranche 2	31/05/2018	4,800,000	384,000	31/05/2020
Total		**6,000,000**	**490,800**	

Fair value at grant date has been calculated using a binominal model the value will be recognised in remuneration on a pro-rata basis over the vesting period, taking into consideration the additional performance vesting conditions, in accordance with Australian Accounting Standards.

The other terms of the Performance Rights are be:

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

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

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

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

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

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

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

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

23: Share based payments (cont'd)

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

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

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

Rights expired
No rights expired during the current financial year ended 31 December 2018 or the prior year ended 31 December 2017.

24: 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 2017.
The capital structure of the Consolidated Group consists of fully paid shares and options as disclosed in notes 15 and 16 respectively.

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

(b) Categories of financial instruments

	Dec 2018 $' 000	Dec 2017 $' 000
Financial assets		
Cash and equivalents	6,702	10,733
Trade and other receivables - current	54	104
Financial liabilities		
Amortised cost	713	870

(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 year 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:

24: Financial instruments (cont'd)

(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.

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.

Notes to the accounts

24: 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 2018						
Cash and equivalents	1.2	6,482	220	-	-	6,702
Trade and receivables - current	-	54	-	-	-	54
		6,536	220	-	-	6,756
Dec 2017						
Cash and equivalents	1.4	10,008	725	-	-	10,733
Trade and receivables - current	-	104	-	-	-	104
		10,111	725			10,837

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.

	Weighted Average Effective interest rate %	< 6 Months $' 000	6 – 12 Months $' 000	1 – 5 Years $' 000	> 5 Years $' 000	Total $' 000
Dec 2018						
Trade and other payables	-	655	-	-	-	655
Other liabilities	-	-	-	-	-	-
		655	-	-	-	655
Dec 2017						
Trade and other payables	-	870	-	-	-	870
Other liabilities	-	92	-	-	-	-
		962	-	-	-	962

(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.

24: Financial instruments (cont'd)

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 2018, 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 2018 $' 000	Dec 2017 $' 000
Change in profit		
Increase in interest rate by 1% (100 basis points)	61	59
Decrease in interest rate by 1% (100 basis points)	(61)	(59)

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.

25: Key management personnel compensation

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

	Year ended 31 Dec 2018 $	Year ended 31 Dec 2017 $
Short-term employee benefits	736,666	720,164
Other benefits (i)	37,074	-
Post-employment benefits	66,181	64,598
Other long-term benefits – provision for long service leave	9,374	14,860
Share-based payment	207,700	174,300
	1,056,995	973,922

(i) Recognition of increase in annual leave provision resulting from the accrual of statutory annual leave being great than the annual leave taken by the respective KMP

Refer to the remuneration report included in pages 19 to 26 of the Directors report for more detailed remuneration disclosures.

26: Key management personnel equity holdings

Fully paid ordinary shares of Greenland Minerals Limited

	Balance at beginning of year No.	Granted as compensation No.	Received on exercise of options No.	Net other change (i) No.	Balance at end of year No.	Balance held nominally No.
Dec 2018						
A Ho	2,637,500	-	337,500	550,610	3,525,610	-
J Mair	7,989,062	-	375,000	-	8,364,062	-
S Cato	6,117,808	-	71,786	200,000	6,389,594	-
X Guo	-	-	-	-	-	-
M Guy	1,703,650	-	-	(100,000)	1,603,650	-
Dec 2017						
A Ho	2,487,500	-	-	150,000	2,637,500	-
J Mair	7,989,062	-	-	-	7,989,062	-
S Cato	5,843,984	-	500,000	(226,176)	6,117,808	-
X Guo	-	-	-	-	-	-
W Chen	-	-	-	-	-	-
M Guy	2,200,021	-	-	(496,371)	1,703,650	-

(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.

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

Share options of Greenland Minerals 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 2018									
A Ho	337,500	-	(337,500)	-	-	-	-	-	-
J Mair	1,597,813	-	(375,000)	(1,222,813)	-	-	-	-	-
S Cato	481,786	-	(71,786)	-	(410,000)	-	-	-	-
X Guo	-	-	-	-	-	-	-	-	-
M Guy	928,650	-	-	(528,650)	(400,000)	-	-	-	-
Dec 2017									
A Ho	337,500	-	-	-	-	337,500	-	337,500	-
J Mair	1,597,813	-	-	-	-	1,597,813	-	1,597,813	-
S Cato	981,786	-	(500,000)	-	-	481,786	-	481,786	-
X Guo	-	-	-	-	-	-	-	-	
W Chen	-								
M Guy	1,428,650	-	-	-	(500,000)	928,650	-	928,650	-

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

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

Employee Rights of Greenland Minerals 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 2018									
A Ho	-	-	-	-	-	-	-	-	-
J Mair	6,000,000	-	-	-	-	6,000,000	-	-	-
S Cato	-	-	-	-	-	-	-	-	-
X Guo	-	-	-	-	-	-	-	-	-
M Guy	-	-	-	-	-	-	-	-	-
Dec 2017									
A Ho	-	-	-	-	-	-	-	-	-
J Mair	-	6,000,000	-	-	-	6,000,000	-	-	-
S Cato	-	-	-	-	-	-	-	-	-
X Guo									
W Chen	-	-	-	-	-	-	-	-	-
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: 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 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 2018 $47,304 was paid to Advance Share Registry Limited for services provided (Dec 2017: $41,302).

28: Parent Company information

	Parent	
	Dec 2018 $' 000	Dec 2017 $' 000
Financial position		
Total Current Assets	6,738	10,757
Total Non-Current Assets	84,296	77,964
Total Assets	91,034	88,721
Total Current Liabilities	902	692
Total non-current liabilities	160	131
Total Liabilities	1,062	823
Net Assets	89,972	87,898
Equity		
Issued Capital	365,247	362,823
Reserves	20,160	21,154
Accumulated Losses	(295,435)	(296,079)
Total Equity	89,972	87,898
Financial Performance		
Profit (Loss) for the year	641	(477)
Total comprehensive income	**641**	**(477)**

Contingent liabilities
The parent company has no contingent liabilities as at 31 December 2018 or 2017.

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

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

A deposit of $32,604 is held as a bank guarantee on the Company's leased office in Perth.

Notes to the accounts

29: Remuneration of auditors

Auditor of the parent entity	Dec 2018 $	Dec 2017 $
Audit or review of the financial report	90,825	90,825
Other assurance services	8,400	8,000
Non-audit services - taxation	-	-
	99,225	98,825

Related practice of the parent entity auditor	Dec 2018 $	Dec 2017 $
Audit or review of the financial report	29,750	27,421
Non-audit services – taxation	1,806	1,686
Non-audit services – other	1,806	1,686
	33,362	30,793

The auditor of Greenland Minerals Limited is Deloitte Touche Tohmatsu.

30: Subsequent Events

There have been no matters or circumstances occurring subsequent to the financial period that has significantly affected, or may significantly affect, the operations of the Consolidated Group, the results of those operations, or the state of affairs of the Consolidated Group in future years.

Additional stock exchange information as at 19th February 2019

Consolidated Group secretary
Miles Guy

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

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

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

Table of exploration licences

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

Number of holders of equity securities
Ordinary share capital
1,132,649,196 fully paid ordinary shares are held by 4,185 individual shareholders.

Additional stock exchange information as at 19th February 2019

Substantial Shareholders

Shareholder		Number	Percentage
1.	Citicorp Nominees Pty Limited	176,484,987	15.6%
2.	JP Morgan Nominees Pty Limited	157,868,952	13.9%
3.	Le Shan Shenghe Rare Earth Company Limited	125,000,000	11.0%
4.	HSBC Custody Nominees (Australia) Limited	65,269,771	5.8%

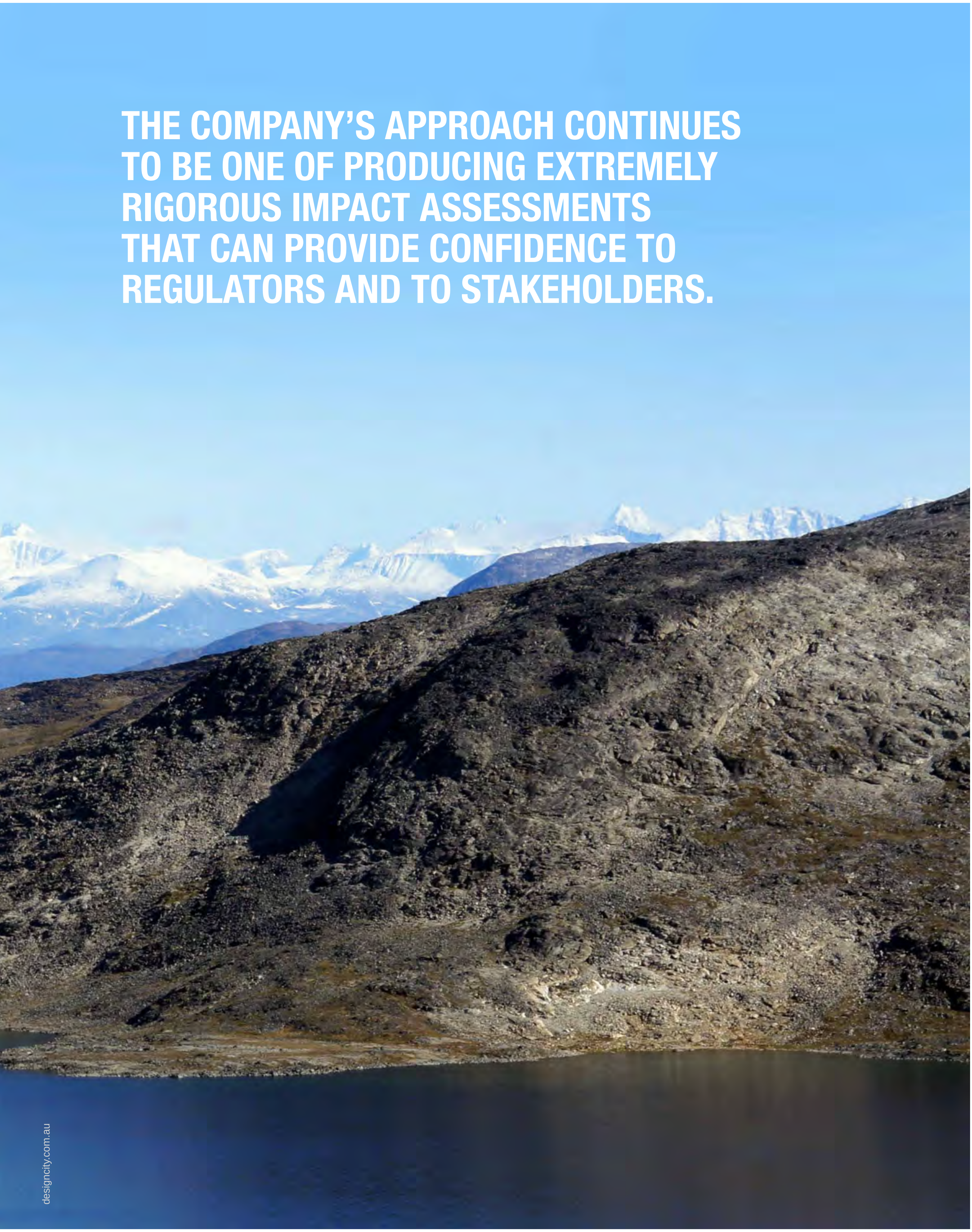
Distribution of holders of quoted shares

Share Spread	Holders	Units	Percentage
1 – 1,000	381	143,060	0.013%
1,001 – 5,000	687	2,117,912	0.187%
5,001 – 10,000	608	5,007,676	0.442%
10,001 – 100,000	1,783	70,742,526	6.246%
100,001 and over	726	1,054,638,022	93.113%
	4,185	**1,132,649,196**	**100%**

Twenty largest holders of quoted shares

		Fully paid ordinary shares	
Ordinary shareholders		Number	Percentage
1.	Citicorp Nominees Pty Limited	176,484,987	15.6%
2.	JP Morgan Nominees Australia Limited	157,868,952	13.9%
3.	Le Shan Shenghe Rare Earth Company Limited	125,000,000	11.0%
4.	HSBC Custody Nominees (Australia) Limited	65,269,771	5.8%
5.	BNP Paribas Noms Pty Limited	36,094,376	3.2%
6.	Peto Pty Ltd <1953 Super Fund A/C>	28,000,000	2.5%
7.	Merrill Lynch (Australia) Nominees Pty Limited	24,848,102	2.2%
8.	Simon Millington	13,353,428	1.2%
9.	CS Fourth Nominees Pty Limited	15,485,708	1.4%
10.	John Mair	8,364,062	0.7%
11.	CS Third Nominees Pty Limited	7,104,818	0.6%
12.	Nero Resource Fund	6,666,667	0.6%
13.	Tadea Pty Ltd	6,550,000	0.6%
14.	Simon Cato	6,389,594	0.6%
15.	Mr Jiahuang Zhang	6,200,000	0.5%
16.	Warbont Nominees Pty Limited	6,096,869	0.5%
17.	UBS Nominees Pty Limited	6,096,865	0.5%
18.	Melda Super Pty Limited	5,800,000	0.5%
19.	Harvey Stern	5,442,297	0.5%
20.	Adonis Kiritsopoulos & Jennifer Ford	5,000,000	0.4%
		709,630,788	**62.7%**

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



GREENLAND MINERALS LTD

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