# GREENLAND MINERALS LTD

2020 ANNUAL REPORT


# MATERIALS FOR AN ENERGY EFFICIENT FUTURE

# 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
Nuviarissamut B 523
Postboks 156
DK-3921 Narsaq

**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

# 2020 HIGHLIGHTS

## Rare earth magnet metal prices rising as demand surges:

EV's and renewable energy growth underpins strong outlook

## EIA review process complete:

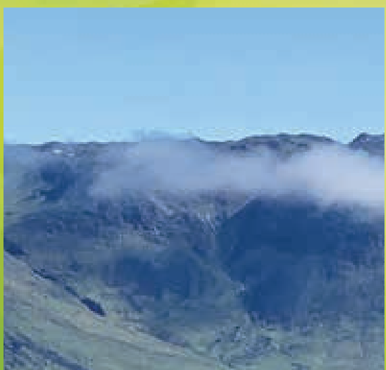
project meets principles of 'Best Available Technology' and 'Best Available Practice'

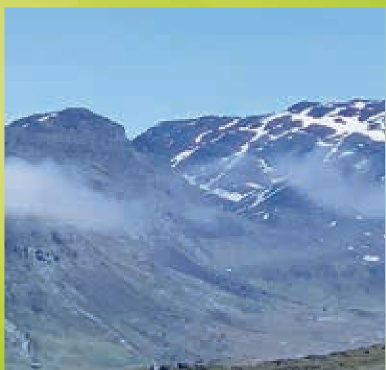
## Commencement of public consultation phase – all aspects of the project assessed as meeting Greenland Guidelines

## Project optimisation improves rare earth recoveries to boost output and lower costs

## European engagement increasing – strong interest from European industry

**GREENLAND HAS THE OPPORTUNITY TO BECOME A KEY PLAYER IN THE SUPPLY OF CRITICAL MATERIALS FOR GREEN INDUSTRIES TO REDUCE GLOBAL CARBON EMISSIONS.**





GREENLAND MINERALS LTD

# Chairman's Letter

Dear Fellow Shareholder,

Notwithstanding a challenging COVID-19 2020 to global economies, our company continued to push ahead with development of our flagship rare earth project at Kvanefjeld in South Greenland. The strengthening of our leadership team in Greenland during the year, with the appointment of Jørn Skov Nielsen and use of video technology have provided seamless mitigations to the impacts of travel restrictions.

Substantial progress was achieved during the year in advancing the Company's Kvanefjeld project with the completion of the environmental impact assessment (EIA) and the acceptance of the EIA by the Greenland government. In December, the Greenland government approved the commencement of the public consultation process as part of the permitting process. The EIA together with the social impact assessment and marine safety study were first lodged with the Greenland government to commence the guidance phase, in late 2015. During this guidance phase the documents have undergone rigorous reviews by the Greenland government and their appointed independent expert advisors to ensure the reports meet the requirements of Greenland legislation and the expectations of the Greenland community. The EIA was the final document to be accepted by the government as meeting these requirements.

The public consultation will provide an opportunity for the Company to present the project to the Greenland community and stakeholders and to explain the project and its benefits to the present and future citizens of Greenland.

The global geopolitical shifts during the year have re-focused the world on the importance of reductions of global carbon emissions. This will continue to drive strong increasing demand for rare earths, particularly in 'magnet metals'. The drive to a low carbon global economy and specifically to the demand for high-powered permanent magnets will see demand for magnet metals reach 40% of the total demand for rare earths by the end of the decade. As a result of increasing demand, the prices of magnet rare earths surged strongly toward the end of 2020 with this trend continuing into 2021.

During the year, the Company successfully raised $34 million (before costs) through a $30 million placement to international investors, with a further $4 million raised via a shareholder purchase plan (SPP). Both placement and SPP were heavily over-subscribed. We welcome the new shareholders to the Company and thank shareholders for their continuous support.

The Company continued to work closely with Shenghe Resources Holding Co., Ltd on optimisation studies through 2020. These studies were to increase recoveries, reducing future operating costs and reducing the environmental impact of the project. The Company also continued and expanded the engagement with European industry groups, to ensure that production from the Kvanefjeld project is well placed to meet key European increasing demand.

During 2021, the Company will be into the final stages of the permitting process and working with the Greenland government to ensure the project meets the Greenland community's expectations. The Company will also continue to work with European industrials with a focus on commercial outcomes. Final engineering design and work programs will also commence with the aim to bring the Kvanefjeld project into production expeditiously.

In closing, I would like to thank our teams in Australia and Greenland for their dedication and commitment during what has at times been a difficult year. We also acknowledged the guidance and assistance from the Greenland government and the tireless support from of our expert consultants.

Yours sincerely

**Anthony Ho**
Non-executive Chairman

# Operations Report

**2020 Overview and Review of Operations**

Greenland Minerals Limited's ('GML or 'the Company') focus since 2007 has been the development of its 100%-owned Kvanefjeld project in Greenland.

Kvanefjeld is one of the world's most important emerging rare earth projects and is well positioned to transform GML into a globally significant supplier of materials that are key to an energy efficient and environmentally sustainable future.

Kvanefjeld is underpinned by a JORC-code compliant resource of >1 billion tonnes, and an ore reserve estimate of 108 million tonnes to sustain an initial 37-year mine life. Kvanefjeld offers a new, simpler path to rare earth production than traditional refractory sources. Recovery of several by-products in addition to neodymium, praseodymium, terbium and dysprosium during the production of a rare earth intermediate product rich in critical magnet rare earths will ensure low rare earth production costs.

GML achieved several important milestones in Kvanefjeld's development during 2020 which places the Company in a prime position to capitalise on the increase demand for rare earths and global interest in rare earth projects. The advancement of the project permitting was a primary focus.

## Kvanefjeld Environmental Impact Assessment Accepted

In September, Greenland's Environmental Agency for Mineral Resource Activities (EAMRA) advised that the independent scientific review of the Kvanefjeld Environmental Impact Assessment (EIA) and supporting studies had concluded, and the EIA assessed to meet the requirements of the EIA Guidelines for public consultation.

Acceptance of the Kvanefjeld EIA was a major 2020 milestone, and the culmination of many years of in-depth studies by a broad cross section of global independent experts.

Fulfilment of the Guidelines means that all aspects of the Kvanefjeld Project are based on international environmental standards and the principles of 'Best Available Technology' and 'Best Environmental Practice'. Independent scientific reviews of the Kvanefjeld EIA were conducted by the Danish Centre for Environment with assistance from the Greenland Institute of Natural Resources.

In its assessment, the EAMRA said it was very satisfied with the review process which demonstrated a high degree of mutual flexibility and cooperation.

Major contributing independent specialists for the technical aspects of the Kvanefjeld EIA included Arcadis, Danish Hydraulic Institute, Klohn Crippen Burger Ltd, Environmental Resources Management, Orbicon A/S, Danish Technical University, Wood Group, GHD International, and SRK Consulting. Specialist consultant Shared Resources provided important guidance to the EIA report.

## Commencement of Kvanefjeld public consultation

On 17 December 2020, Greenland's Government approved the commencement of statutory public consultation for Kvanefjeld's Environmental Impact Assessment (EIA) and the Social Impact Assessment (SIA), following key application documents for an exploitation (mining) license meeting Greenland Guidelines.

**This is an important milestone for compliance with the Greenlandic Government's formal decision-making process in relation to granting an exploitation license for Kvanefjeld.**

The Greenlandic Minerals Act stipulates EIA and SIA reports require a public consultation period. The public consultation started on 18 December 2020 with Greenlandic, Danish, and English versions of the EIA and the SIA made available on the Greenland Governments public hearing portal (**https://naalakkersuisut.gl/en/Hearings/Current-Hearings**). Initially the public consultation process was set for a 12-week period, however in February 2021, this was extended to a 23-week period due to COVID-19 travel restrictions and a high degree of stakeholder interest.

During the public consultation period, GML is conducting public meetings in towns and villages in South Greenland. The meetings are attended by representatives of the Greenlandic Government and officials from the Ministries of Mineral Resources and Environment. In addition, independent scientific experts and representatives from the Company participate.

At the end of the consultation period, GML subsidiary Greenland Minerals A/S which holds the Kvanefjeld licence is required to address all consultation comments in a White Paper. Following consultation with the authorities, final EIA and SIA reports incorporating outcomes of the public hearing are submitted to the Mineral Resources Authority. The Greenlandic Government will then formally process the application for an exploitation licence for the Kvanefjeld Project.

## Project optimisation

### Advanced Flotation Test Work Delivers Exceptional Performance

GML undertook locked cycle flotation test work at the BTMR laboratories in China through 2020, overseen by rare earth specialists Shenghe Resources Holding Co Ltd.

Locked cycle test work closely represents the performance of a commercial circuit and builds on extensive single batch flotation and initial locked cycle tests which were performed in 2018-19. The results were validated with check assays at SGS Laboratories in Perth, Australia and an independent Chinese assay laboratory. The process development progressed to the extent where conditions comparable to that of a commercial plant have been tested.

The latest locked cycle test work completed multiple cycles of tests using the planned commercial circuit. Critically, the test included recycling of process water to determine the impact of residual reagents in solution on flotation performance.

**This is a significantly closer representation of the commercial flowsheet than previous test work and further de-risks the process.**

The optimised test work utilised eight full flowsheet cycles to ensure a steady state was achieved. Samples were taken over the whole flowsheet during the eighth cycle to provide a 'snapshot' of the circuit performance. The results demonstrated 87% of the light rare earths and 68% of the heavy rare earths were amassed into a mineral concentrate, which assayed at a grade of 23.3% rare earth oxide.

**THE RESULTS OF 2020 TEST WORK CONFIRMED THE OUTSTANDING PERFORMANCE OF GML'S OPTIMISED FLOTATION CIRCUIT THAT WILL CONCENTRATE RE'S INTO A MUCH SMALLER MASS, ALLOWING FOR A SMALLER SIMPLER REFINERY CIRCUIT.**

### Key Parameters of Locked Cycle Flotation Circuit:

- **Rare earth feed grade = 1.5% rare earth oxide (REO)**
- **Flotation concentrate grade = 23.3% REO**
- **% Mass reporting to concentrate = 5.4%**
- **Light REO recovery = 87%**
- **Heavy REO recovery = 68%**
- **Total REO recovery = 85% (previously 80%)**

The results confirmed the outstanding performance of GML's optimised flotation circuit, with the ability to concentrate the rare earths into a much smaller mass than that of the original ore, allowing for a small refinery circuit for hydrometallurgical treatment. The unique rare earth minerals can be effectively processed in a single stage atmospheric acid leach circuit in which all impurities can be managed, allowing for the production and export of a clean intermediate rare earth product.

Continued development of the flotation circuit has also involved further investigation of the removal of excess fluoride ions in the process water. The fluoride comes from the soluble mineral villiaumite which is present in the ore. Configuration changes to the flotation circuit allow for greater fluoride removal prior to the main rare earth flotation stage. The fluoride will be recovered as fluorspar (metspar). Significantly, this results in lower flotation reagent consumption, and a substantial reduction of fluoride in tailings which mitigates environmental impacts and benefits environmental management. Further enhancements in fluoride removal are expected with ongoing process development.

### Refinery pilot plant

During the December 2020 - January 2021 period, independent laboratory Nagrom in Perth, Australia generated more than 50kg of flotation concentrate assaying >20% TREO. The concentrate will be processed in the first quarter of 2021 using the refinery flowsheet to generate various intermediate products for further evaluation.

This process will produce three different mixed rare earth products for technical evaluation to be undertaken in conjunction with Shenghe. This is an important step in identifying the optimal intermediate product for downstream processing, and the development of value chain integration. Once a preferred product has been identified, GML will finalise the refinery pilot plant design. The Company intends to complete a pilot plant for the Kvanefjeld refinery process in the first half of 2021 to provide design information and risk reduction to the refinery design, and it has commenced planning for this.

# Operations Report (continued)

## European Industry Engagement Building Momentum

EUROPEAN RAW MATERIALS ALLIANCE ERMA

Through the year, GML continued to engage with several peak European organisations to update on the Kvanefjeld Project. Europe is set to be an important growing demand centre for rare earths, and there is an increasing level of interest and awareness in the security of supply.

In September, the European Commission launched the European Raw Materials Alliance (ERMA) in recognition of the critical importance of raw materials to the EU's supply chain security, sustainability and industrial leadership. If Europe is to deliver a Green Deal as the world's first climate-neutral continent, continue a digital transition and remain a leader in future technologies, it faces a significant increase in demand for critical raw materials.

*'The European Raw Materials Alliance will identify barriers, opportunities and investment cases to build capacity at all stages of the raw materials value chain, from mining to waste recovery. In a first phase, the alliance focuses on the most pressing need, which is to increase EU resilience in the rare earths and permanent magnets value chains, as these are vital to most EU industrial ecosystems. In addition to rapidly rising demand driven by electric vehicles and energy storage, demand for rare earths critical for products like wind turbines could increase ten-fold by 2050' (ERMA website).*

Kvanefjeld is ideally placed to provide stable, long-term supply of all critical rare earths to European industry along with end-users globally. GML is well positioned to develop collaborative relationships with European industry.

## Successful $34 Million Capital Raising

In November, the Company launched a capital raising via an institutional share placement and subsequent Share Purchase Plan for existing shareholders. The institutional placement was heavily bid for, with $30M raised from North American, European and Australian funds, and GML issued 125 million new fully paid ordinary shares at $0.24 per share. The new shares were issued under the Company's existing ASX Listing Rules 7.1 placement capacity.

Shareholders also strongly supported the SPP, with $8.6 million in applications received. Applications were scaled back with $4 million accepted.

In total, $34 million was raised before costs.

GML is using proceeds to fund:

- **Finalisation of Kvanefjeld licencing and permitting;**
- **Conversion of the optimised feasibility study to a definitive feasibility study;**
- **Advancement of offtake and project funding discussions;**
- **Expansion of organisational capacity to accelerate pre-development work; and**
- **General working capital purposes.**

**KVANEFJELD IS IDEALLY PLACED TO PROVIDE STABLE, LONG-TERM SUPPLY OF ALL CRITICAL RARE EARTHS TO EUROPEAN INDUSTRY ALONG WITH END-USERS GLOBALLY.**

# Operations Report (continued)

## Rare earths market

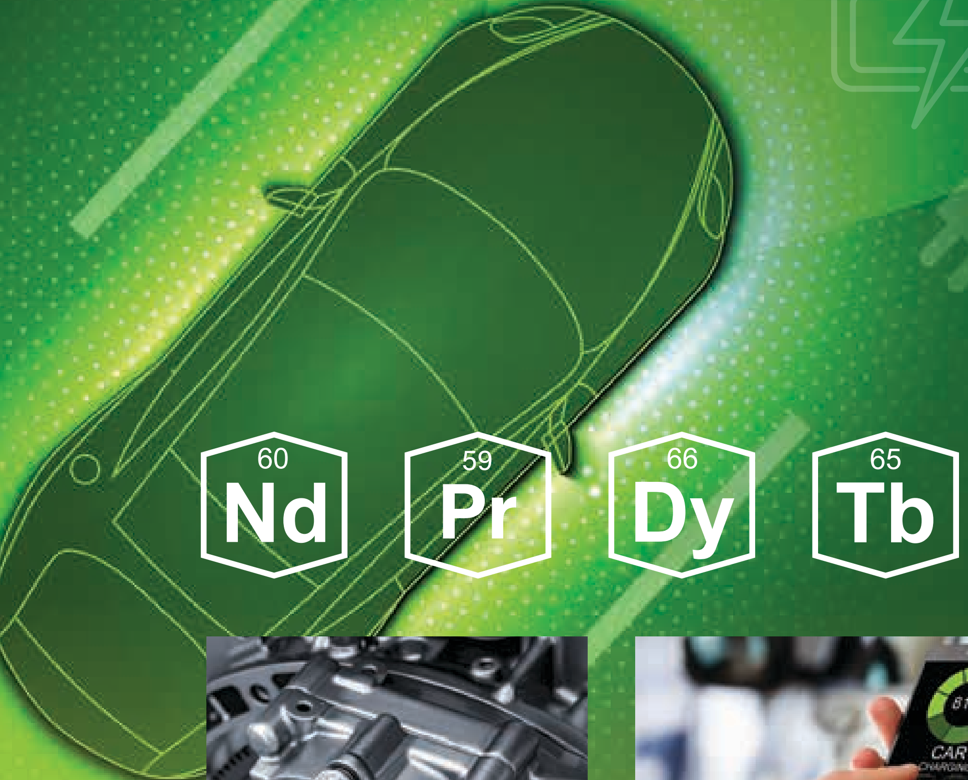
In 2020, the outlook for rare earth demand continued to strengthen as momentum builds globally for reduction in carbon emissions and the transition to electric vehicles, renewable energy, and increased energy efficiency. Critical 'magnet rare earths' are set to play a key role in the facilitation of these important global agendas.

The primary magnet rare earths neodymium, praseodymium, terbium and dysprosium all saw marked price increases through the latter part of 2020, with continued upward movement into 2021. This surge has been driven by strong demand from end-users in China especially.

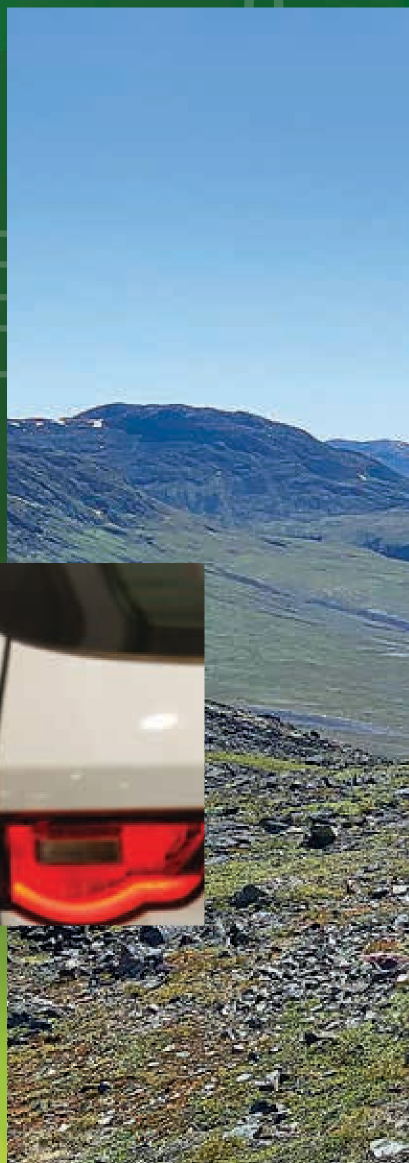
These four magnet rare earths are the main value drivers to GML's Kvanefjeld Project, owing to the project's unique exposure to both light and heavy RE magnet metals. Demand is forecast to continue to grow from to strong growth expected for electric vehicles, wind turbines, and consumer energy-efficient electric items. Demand for EV in the USA is expected to grow with the country re-joining the UN COP21 Paris Agreement.

The longer-term picture for rare earths remains extremely robust. ADAMAS Intelligence is forecasting global annual demand for magnet rare earth oxides (Nd, Pr, Dy, Tb) will increase by 150% through to 2030. Meeting this demand will require current global production to double.

When this is considered together with increasing production costs in China, GML expects considerable upward pressure on prices over time. This outlook creates an optimal development window for the Kvanefjeld Project given its advanced status, favourable production profile across all key magnet RE's, and competitive cost structure.







## 2021 Outlook

The Company's core areas of focus in 2021 are on project permitting, technical work programs to convert all aspects of the Kvanefjeld Project to DFS level, and commercial engagement with a strong focus on European industry.

GML has commenced planning an active field season in Greenland. Preparation is advanced for pilot plant operations to establish parameters for detailed engineering design work, drawing on input from Shenghe's leading technical expertise. The Company will continue to provide updates as milestones are achieved across all key areas.

**RARE EARTHS FROM KVANEFJELD FOR THE WORLD'S GREENER TECHNOLOGY**

# Operations Report (continued)

## Resource Statements

| | | Multi-Element Resources Classification, Tonnage and Grade | | | | | | | | Contained Metal | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Cut-off ($U_3O_8$ ppm)[1] | Classification | M tonnes Mt | TREO[2] ppm | $U_3O_8$ ppm | LREO ppm | HREO ppm | REO ppm | $Y_2O_3$ ppm | Zn ppm | TREO Mt | HREO Mt | $Y_2O_3$ Mt | $U_3O_8$ M lbs | Zn Mt |
| ***Kvanefjeld - February 2015*** | | | | | | | | | | | | | | |
| 150 | **Measured** | 143 | 12,100 | 303 | 10,700 | 432 | 11,100 | 978 | 2,370 | **1.72** | 0.06 | 0.14 | **95.21** | 0.34 |
| 150 | **Indicated** | 308 | 11,100 | 253 | 9,800 | 411 | 10,200 | 899 | 2,290 | **3.42** | 0.13 | 0.28 | **171.97** | 0.71 |
| 150 | **Inferred** | 222 | 10,000 | 205 | 8,800 | 365 | 9,200 | 793 | 2,180 | **2.22** | 0.08 | 0.18 | **100.45** | 0.48 |
| 150 | **Total** | 673 | 10,900 | 248 | 9,600 | 400 | 10,000 | 881 | 2,270 | **7.34** | 0.27 | 0.59 | **368.02** | 1.53 |
| 200 | **Measured** | 111 | 12,900 | 341 | 11,400 | 454 | 11,800 | 1,048 | 2,460 | **1.43** | 0.05 | 0.12 | **83.19** | 0.27 |
| 200 | **Indicated** | 172 | 12,300 | 318 | 10,900 | 416 | 11,300 | 970 | 2,510 | **2.11** | 0.07 | 0.17 | **120.44** | 0.43 |
| 200 | **Inferred** | 86 | 10,900 | 256 | 9,700 | 339 | 10,000 | 804 | 2,500 | **0.94** | 0.03 | 0.07 | **48.55** | 0.22 |
| 200 | **Total** | 368 | 12,100 | 310 | 10,700 | 409 | 11,200 | 955 | 2,490 | **4.46** | 0.15 | 0.35 | **251.83** | 0.92 |
| 250 | **Measured** | 93 | 13,300 | 363 | 11,800 | 474 | 12,200 | 1,105 | 2,480 | **1.24** | 0.04 | 0.10 | **74.56** | 0.23 |
| 250 | **Indicated** | 134 | 12,800 | 345 | 11,300 | 437 | 11,700 | 1,027 | 2,520 | **1.72** | 0.06 | 0.14 | **101.92** | 0.34 |
| 250 | **Inferred** | 34 | 12,000 | 306 | 10,800 | 356 | 11,100 | 869 | 2,650 | **0.41** | 0.01 | 0.03 | **22.91** | 0.09 |
| 250 | **Total** | 261 | 12,900 | 346 | 11,400 | 440 | 11,800 | 1,034 | 2,520 | **3.37** | 0.11 | 0.27 | **199.18** | 0.66 |
| 300 | **Measured** | 78 | 13,700 | 379 | 12,000 | 493 | 12,500 | 1,153 | 2,500 | **1.07** | 0.04 | 0.09 | **65.39** | 0.20 |
| 300 | **Indicated** | 100 | 13,300 | 368 | 11,700 | 465 | 12,200 | 1,095 | 2,540 | **1.34** | 0.05 | 0.11 | **81.52** | 0.26 |
| 300 | **Inferred** | 15 | 13,200 | 353 | 11,800 | 391 | 12,200 | 955 | 2,620 | **0.20** | 0.01 | 0.01 | **11.96** | 0.04 |
| 300 | **Total** | 194 | 13,400 | 371 | 11,900 | 471 | 12,300 | 1,107 | 2,530 | **2.60** | 0.09 | 0.21 | **158.77** | 0.49 |
| 350 | **Measured** | 54 | 14,100 | 403 | 12,400 | 518 | 12,900 | 1,219 | 2,550 | **0.76** | 0.03 | 0.07 | **47.59** | 0.14 |
| 350 | **Indicated** | 63 | 13,900 | 394 | 12,200 | 505 | 12,700 | 1,191 | 2,580 | **0.87** | 0.03 | 0.07 | **54.30** | 0.16 |
| 350 | **Inferred** | 6 | 13,900 | 392 | 12,500 | 424 | 12,900 | 1,037 | 2,650 | **0.09** | 0.00 | 0.01 | **5.51** | 0.02 |
| 350 | **Total** | 122 | 14,000 | 398 | 12,300 | 506 | 12,800 | 1,195 | 2,570 | **1.71** | 0.06 | 0.15 | **107.45** | 0.31 |

| Multi-Element Resources Classification, Tonnage and Grade | | | | | | | | | | Contained Metal | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Cut-off ($U_3O_8$ ppm)[1] | Classification | M tonnes Mt | TREO[2] ppm | $U_3O_8$ ppm | LREO ppm | HREO ppm | REO ppm | $Y_2O_3$ ppm | Zn ppm | TREO Mt | HREO Mt | $Y_2O_3$ Mt | $U_3O_8$ M lbs | Zn Mt |
| ***Sørensen - March 2012*** | | | | | | | | | | | | | | |
| 150 | **Inferred** | 242 | 11,000 | 304 | 9,700 | 398 | 10,100 | 895 | 2,602 | **2.67** | 0.10 | 0.22 | **162.18** | 0.63 |
| 200 | **Inferred** | 186 | 11,600 | 344 | 10,200 | 399 | 10,600 | 932 | 2,802 | **2.15** | 0.07 | 0.17 | **141.28** | 0.52 |
| 250 | **Inferred** | 148 | 11,800 | 375 | 10,500 | 407 | 10,900 | 961 | 2,932 | **1.75** | 0.06 | 0.14 | **122.55** | 0.43 |
| 300 | **Inferred** | 119 | 12,100 | 400 | 10,700 | 414 | 11,100 | 983 | 3,023 | **1.44** | 0.05 | 0.12 | **105.23** | 0.36 |
| 350 | **Inferred** | 92 | 12,400 | 422 | 11,000 | 422 | 11,400 | 1,004 | 3,080 | **1.14** | 0.04 | 0.09 | **85.48** | 0.28 |
| ***Zone 3 - May 2012*** | | | | | | | | | | | | | | |
| 150 | **Inferred** | 95 | 11,600 | 300 | 10,200 | 396 | 10,600 | 971 | 2,768 | **1.11** | 0.04 | 0.09 | **63.00** | 0.26 |
| 200 | **Inferred** | 89 | 11,700 | 310 | 10,300 | 400 | 10,700 | 989 | 2,806 | **1.03** | 0.04 | 0.09 | **60.00** | 0.25 |
| 250 | **Inferred** | 71 | 11,900 | 330 | 10,500 | 410 | 10,900 | 1,026 | 2,902 | **0.84** | 0.03 | 0.07 | **51.00** | 0.20 |
| 300 | **Inferred** | 47 | 12,400 | 358 | 10,900 | 433 | 11,300 | 1,087 | 3,008 | **0.58** | 0.02 | 0.05 | **37.00** | 0.14 |
| 350 | **Inferred** | 24 | 13,000 | 392 | 11,400 | 471 | 11,900 | 1,184 | 3,043 | **0.31** | 0.01 | 0.03 | **21.00** | 0.07 |
| ***All Deposits – Grand Total*** | | | | | | | | | | | | | | |
| 150 | **Measured** | 143 | 12,100 | 303 | 10,700 | 432 | 11,100 | 978 | 2,370 | **1.72** | 0.06 | 0.14 | **95.21** | 0.34 |
| 150 | **Indicated** | 308 | 11,100 | 253 | 9,800 | 411 | 10,200 | 899 | 2,290 | **3.42** | 0.13 | 0.28 | **171.97** | 0.71 |
| 150 | **Inferred** | 559 | 10,700 | 264 | 9,400 | 384 | 9,800 | 867 | 2,463 | **6.00** | 0.22 | 0.49 | **325.66** | 1.38 |
| 150 | Grand Total | 1010 | 11,000 | 266 | 9,700 | 399 | 10,100 | 893 | 2,397 | **11.14** | 0.40 | 0.90 | **592.84** | 2.42 |

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

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

Note: Figures quoted may not sum due to rounding.

## Kvanefjeld Ore Reserves Estimate – April 2015

| Class | Inventory (Mt) | TREO (ppm) | LREO (ppm) | HREO (ppm) | $Y_2O_3$ (ppm) | $U_3O_8$ (ppm) | Zn (ppm) |
|---|---|---|---|---|---|---|---|
| Proven | 43 | 14,700 | 13,000 | 500 | 1,113 | 352 | 2,700 |
| Probable | 64 | 14,000 | 12,500 | 490 | 1,122 | 368 | 2,500 |
| **Total** | **108** | **14,300** | **12,700** | **495** | **1,118** | **362** | **2,600** |

## 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 Limited 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 Limited 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.*

**THE VAST KVANEFJELD RESOURCE IS ENRICHED IN ALL COMMERCIALLY IMPORTANT RARE EARTH ELEMENTS.**

# GREENLAND MINERALS LTD

## 2020 ANNUAL FINANCIAL REPORT
## FOR THE YEAR ENDED 31 DECEMBER 2020

## DIRECTORS' REPORT

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 2020, 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 $3,075,973 (2019: loss $2,851,390).

### Review of operations
Refer to the Operations Report on pages 4 to 14.

### COVID-19
The Consolidated Group acknowledges the impact COVID-19 has had on the global community. While this impact has been wide spread and often significant, during the year ended 31 December 2020, the Consolidated Group has been well placed to continue work programs, including the permitting process for the Kvanefjeld project.

The Consolidated Group has deferred scheduled pilot plant operations during 2020, however this is not expected to impact on the Consolidated Group's overall project timeline. The statutory public consultation process for the Kvanefjeld project commenced on 17 December 2020 and was initially set for a 12 week period. In early February 2021, the Greenland government extended the public consultation period to 23 weeks, as a result of COVID-19 travel restrictions.

The Consolidated Group will continue to monitor any future impacts of COVID 19 and will make appropriate ASX announcements if required.

During the year ended 31 December 2020 government assistance of $27,036 was received through a reduction in payroll tax from the West Australian government and $117,500 was received in cashflow support through the Australian Taxation Office. The cashflow support received was recognised in accordance with the Consolidated group's accounting policy. As outlined in note 2 of the financial statements.

## DIRECTORS' REPORT

**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.

**Shares**
During the year ended 31 December 2020, 148,089,016 ordinary shares of Greenland Minerals were issued, as detailed in Note 17 to the financial report.

The total number of ordinary shares on issue at 31 December 2020 was 1,339,071,546 (31 December 2019: 1,190,982,530).

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

No shares issued during the year or shares issued since the end of the financial year were issued as a result of exercised options.

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

**Options**
During the year ended 31 December 2020 the number of options and performance rights of Greenland Minerals Limited that were issued are detailed in Note 25 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 | 1,754,000 | - | Ordinary Shares | $0.15 | 31 March 2021 |
| Greenland Minerals Limited | 6,000,000 | - | Ordinary Shares | $0.35 | 31 January 2023 |
| Greenland Minerals Limited | - | 2,525,000 | Ordinary Shares | - | 31 July 2021 |
| Greenland Minerals Limited | - | 4,000,000 | Ordinary Shares | - | 15 August 2024 |

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 $124,771,456 as at 31 December 2020 (2019: $94,489,369).

**Dividends**

During the financial year ended 31 December 2020, 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 2019.

**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 14.

**Subsequent Events**

On 16 February 2021, an early general election was called in Greenland, to be held on 6 April 2021. A change of the Greenland government and any subsequent changes in government policy may impact the Company's Kvanefjeld project and the permitting process. It is not possible to assess what these impacts may be at the date of signing this annual report.

The Company has a history of working cooperatively with Greenland governments and will look to continue this co-operation into the future.

The statutory public consultation process for the Kvanefjeld project commenced on 17 December 2020 and was initially scheduled to continue for a 12 week period. The Greenland government extended this to a 23 week period in early 2021 due to COVID 19 travel restrictions. The public consultation period is now scheduled to conclude on 1 June 2021.

There have been no other 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.

## DIRECTORS' REPORT

### Information on Directors

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

**Special responsibilities**
Member of the Audit Committee

**Qualifications**
B.Com (UNSW), 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 and the Edward H O'Brien group of companies.

Tony is currently the chairman of ASX listed Bioxyne Limited (ASX: BXN), Truscreen Group Limited (NZX and ASX:TRU) and Cannasouth Limited (NZX:CBD). He was previously the non-executive chairman of Credit Intelligence Limited (ASX:CI1).

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.

**Interest in shares & options**
4,032,798 Ordinary Shares

**Other board positions held**
Non-executive Chairman – Bioxyne Limited (SAX:BXN) – November 2012
Non-executive Chairman – Truscreen Group Limited (NZX and ASX:TRU) – October 2018
Non-executive Chairman – Cannasouth Limited (NZX:CBD) - June 2019

**Board positions held in the last 3 years**
Non-executive Chairman Credit Intelligence Limited – June 2018 – April 2020

## **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 engagement with strategic entities, the 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).

**Interest in shares & options**
8,364,062 Ordinary Shares

**Other board positions held**
Non-executive director – Rox Resources Limited – 24 October 2019

## **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.

## DIRECTORS' REPORT

**Simon Cato (cont'd)**

**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

**Positions held in the last 3 Years**
Non-executive director – Keybridge Capital limited – July 2016 to January 2020

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

**Special responsibilities**
Nil

**Qualifications**
BA.Law(CnU)

**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 from July 2004, then joined King & Wood Mallesons in September 2007, working in the securities department specialising in providing securities and investment services to clients. He was extensively involved in IPOs, M&A bond issues bankruptcy and other corporate matters.

In early 2014, he joined Shenghe Resources Holding Co., Ltd as General Manager 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 2020.

**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 and unless otherwise stated, positions were held for the full year ended 31 December 2020 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
**Jørn Skov Nielsen,** Executive General Manager, Greenland Minerals A/S – commenced 1 July 2020

**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 short and 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.

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 Australian directors and senior management, where applicable receive a superannuation contribution, 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.

## DIRECTORS' REPORT

### Remuneration Report – Audited (cont'd)

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

### Cash based payments

**Salary and fees**
All directors and senior management receive a cash based salary or director fees. No bonuses or additional similar benefits were paid during the year ended 31 December 2020.

**Post-employment benefits**
Directors and senior management, where required also receive superannuation contibution 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 2020.

### Share based payments

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

**Long term incentives (LTI)**
During the year ended 31 December 2020, the board approved the issue of Employee Performance Rights to Jørn Skov Nielsen. The board, during the year ended 31 December 2019 approved the issue of Employee Performance Rights to all employees, including KMP but excluding directors.

**Termination payments**
Director and senior management are not entitled to any termination 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 28 to 29.

**Remuneration Report – Audited (cont'd)**

**Details of Remuneration**

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

| 2020 | Short term benefits | | Post-employment benefits | Long –term remuneration | Share Based payments | | | |
|---|---|---|---|---|---|---|---|---|
| | Salary & fees $ | Other (ii) $ | Super-annuation $ | Provision for long service leave $ | STI $ | Rights (i) $ | Total Remuneration $ | % Performance based |
| **Executive Director** | | | | | | | | |
| J Mair | 350,000 | 26,924 | 33,250 | 2,914 | - | - | 413,088 | - |
| **Non-executive Director** | | | | | | | | |
| A Ho | 100,000 | - | 9,500 | - | - | - | 109,500 | - |
| S Cato | 50,000 | | 4,750 | - | - | - | 54,750 | - |
| X Guo | 40,000 | - | - | - | - | - | 40,000 | - |
| **Senior Management** | | | | | | | | |
| M Guy | 220,000 | 9,308 | 20,900 | 1,833 | - | 118,223 | 370,264 | 31.9% |
| JS Nielsen (iii) | 138,913 | 2,084 | - | - | - | (iv) 149,045 | 290,042 | 51.4% |
| **TOTAL** | **898,913** | **38,316** | **68,400** | **4,747** | **-** | **267,268** | **1,277,644** | **20.9%** |

(i) Rights issued are Employee Performance Rights that are Long Term Incentives and are subject to service period and share price vesting hurdles which are detailed further in Note 25 of the financial statements. The rights do not vest into fully paid shares unless vesting conditions are satisfied.

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

(iii) Jørn Skov Nielsen commenced as Executive General Manager, Greenland Minerals A/S on 1 July 2020. Jørn's cash remuneration is paid in Danish Krone (DKK), an average rate of DKK4.49922 to AU$1.00 has been applied to the cash remuneration.

(iv) At 31 December 2020 the rights granted to Jørn Skov Nielsen remained unvested and as a result, the rights represent no value to monetary value to the holder.

## DIRECTORS' REPORT

### Remuneration Report – Audited (cont'd)

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

| 2019 | Short term benefits | | Post-employment benefits | Long –term remuneration | Share Based payments | | | |
|---|---|---|---|---|---|---|---|---|
| | Salary & fees $ | Other $ | Super-annuation $ | Provision for long service leave $ | STI $ | Rights (i) $ | Total Remuneration $ | % Performance based |
| **Executive Director** | | | | | | | | |
| | | (iii) | | | | (ii) | | |
| J Mair | 350,000 | 226,923 | 33,249 | 5,858 | - | (275,200) | 340,830 | (80.1)% |
| **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** | | | | | | | | |
| | | (iv) | | | | | | |
| M Guy | 220,000 | 11,186 | 20,900 | 3,667 | - | 96,577 | 352,330 | 27.7% |
| **TOTAL** | **760,000** | **238,109** | **68,398** | **9,525** | **-** | **(178,623)** | **897,409** | **(19.9)%** |

(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 25 of the financial statements. The rights do not vest into fully paid shares unless vesting conditions are satisfied. At 31 December 2019, all rights remained unvested and as a result the rights represent no monetary value to the holder.

(ii) Reversal of prior year pro-rata recognition of the value of unvested performance rights following a review at 31 December 2019 of the likelihood of the vesting hurdles being achieved prior to the expiry date of 31 May 2020.

(iii) Recognition of a $200,000 board approved performance bonus for the year ended 31 December 2019 and recognition of increase in annual leave provision resulting from the accrual of statutory annual leave being greater than the annual leave taken.

(iv) Recognition of increase in annual leave provision resulting from the accrual of statutory annual leave being greater than the annual leave taken.

**Rights issued**

The Company issued 4,000,000 performance rights to Jørn Skov Nielsen during the year ended 31 December 2020, under the Company's Employee Incentive Plan.

The rights are subject to service period and share price vesting hurdles and were issued to assist with retaining and incentivising the employee. The rights align with increasing shareholder value. The rights can only vest into fully paid ordinary shares on satisfying the vesting hurdles prior to 15 August 2024. being the expiry date of the rights.

The following un-vested performance rights were issued during the current financial year ended 31 December 2020.

| Jørn Skov Nielsen | Grant date | Number | Fair value @ grant date $ | Expiry date | Number vested |
|---|---|---|---|---|---|
| Tranche 1 | 10/08/2020 | 4,000,000 | 469,200 | 15/08/2024 | Nil |
| Tranche 2 | 10/08/2020 | 2,000,000 | 451,000 | 15/08/2024 | Nil |
| **Total** | | **4,000,000** | **920,200** | | **Nil** |

**Remuneration Report – Audited (cont'd)**

The fair value has been established using a binomial model based on the following inputs. The fair value will be recognised over the determined vesting period, in accordance with Australian Accounting Standards.

| | Tranche 1 | Tranche 2 |
|---|---|---|
| Grant date | 10 Aug 2020 | 10 Aug 2020 |
| Underlying share price at grant date | $0.25 | $0.25 |
| Maximum life | 4 Years | 4 Years |
| Expected future volatility | 75% | 75% |
| Risk free rate | 0.41% | 0.41% |
| Share price hurdle (30-day VWAP) | $0.30 | $0.35 |

Vesting conditions:

| Tranche | Number | Service Condition | Performance Condition |
|---|---|---|---|
| Tranche 1 | 2,000,000 | The employee has to remain as an employee until 15 August 2022 and remain an employee at the time of vesting | From grant date and up to 15 August 2024 the Company's price based on a 20 trading day volume weighted average price to be $0.30 or more |
| Tranche 2 | 2,000,000 | The employee has to remain as an employee until 15 August 2023 and remain an employee at the time of vesting | From grant date and up to 15 August 2024 the Company's price based on a 20 trading day volume weighted average price to be $0.35 or more |

**Rights – vested**

During the year ended 31 December 2020, the following performance rights satisfied the vesting conditions, each exercised performance right was converted to one fully paid ordinary share:

| KMP | Grant date | Opening balance | Vested | Fair value @ grant date $ | Closing balance | Expiry date |
|---|---|---|---|---|---|---|
| Miles Guy | 10/07/2019 | 1,500,000 | 1,500,000 | 214,800 | Nil | 31/07/2021 |
| **Total** | | **1,500,000** | **1,500,000** | **214,800** | **Nil** | |

(i) The weighted average share price at date of vesting was $0.28

No performance rights vested during the prior year ended 31 December 2019.

**Rights expired**

The following performance rights lapsed during the year ended 31 December 2020:

| Director | Grant date | Number | Fair value @ grant date $ | Expiry date | Value @ expiry date |
|---|---|---|---|---|---|
| **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** | | **Nil** |

## DIRECTORS' REPORT

**Remuneration Report – Audited (cont'd)**

The rights were issued 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 was subject to the additional performance hurdle of the Consolidated Group being granted a mining licence for the Kvanefjeld project.

No rights expired or lapsed during the prior year ended 31 December 2019.

**Rights cancelled**
No un-vested Employee Performance Rights were cancelled during the current financial year ended 31 December 2020 or the previous financial year ended 31 December 2019.

**Options exercised**
No options issued to directors or senior management were exercised during the year ended 31 December 2020 or during the prior year ended 31 December 2019.

**KMP inducements**
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 year ended 31 December 2020. A cash bonus of $200,000 was awarded to John Mair during the prior year ended 31 December 2019.

**Key management personnel equity holdings**
Refer to Note 28 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 2020 $91,762 was paid to Advance Share Registry Limited for services provided (Dec 2019: $42,814).

**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 and/or rights 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 benchmarks and milestones may include:

**Remuneration Report – Audited (cont'd)**

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

The following table shows the gross revenue and profits for the period from 31 December 2016 to 31 December 2020 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 2020 | 12 Month period ended 31 Dec 2019 | 12 Month period ended 31 Dec 2018 | 12 Month period ended 31 Dec 2017 | 12 Month period ended 31 Dec 2016 |
|---|---|---|---|---|---|
| Revenue | $158,341 | $63,920 | $132,661 | $126,547 | $82,966 |
| Net loss before and after tax | ($3,075,973) | ($2,851,390) | ($2,829,697) | ($2,488,863) | ($2,172,733) |
| Share price at beginning of period | $0.13 | $0.07 | $0.10 | $0.07 | $0.03 |
| Share price at end of period | $0.27 | $0.13 | $0.07 | $0.10 | $0.07 |
| Dividend | - | - | - | - | - |
| Basic loss per share | $0.03 | $0.03 | $0.03 | $0.03 | $0.03 |
| Diluted loss per share | $0.03 | $0.03 | $0.03 | $0.03 | $0.03 |

**Key terms of employment contracts**

**Directors**

**Anthony Ho, Non-*executive Chairman***

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

**John Mair, *Managing Director***

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

## DIRECTORS' REPORT

**Remuneration Report – Audited (cont'd)**

**Simon Cato,** ***Non-Executive Director***

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

**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.
- 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.

**Jørn Skov Nielsen, Executive General Manager, Greenland Minerals A/S**

- Term and type of contract – service agreement subject to annual review.
- Base salary, of DKK1,250,000 per annum and is paid monthly in arrears.
- Entitled to be reimbursed for all out of pocket expenses necessarily incurred in the performance of his duties including relating to travel, entertainment, accommodation, meals and telephone.
- Either the Company or the employee may terminate his engagement without cause by giving the other party three months written notice, there are no other specific payout clauses
- Remuneration will be reviewed every 12 months or as otherwise agreed between the parties.

**Remuneration Report – Audited - 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 | 11 | 11 |
| J Mair | 11 | 9 |
| S Cato | 11 | 11 |
| X Guo | 11 | 11 |

## Audit and Risk Committee

The audit and risk 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 |

## Indemnifying Officers

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

## Proceedings on Behalf of Consolidated Group

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

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

## Non-audit Services

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

## Auditor's Independence Declaration

The auditor's independence declaration for the year ended 31 December 2020 has been received and is included on page 32 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.

## DIRECTORS' REPORT

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 fourth edition of the ASX Corporate Governance Council Principles and Recommendations. The policy was approved by the board on 25 March 2020 and is available on the Company's website: https://www.ggg.gl/investors/corporate-governance/

**Rounding off of amounts**
The Consolidated Group is a Consolidated Group of the kind referred to in ASIC Instrument 2016/191, dated 28 March 2016. In accordance with that Instrument 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**
31 March 2021

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Tower 2, Brookfield Place
123 St Georges Terrace
Perth WA 6000
GPO Box A46
Perth WA 6837 Australia

Tel: +61 8 9365 7000
Fax: +61 8 9365 7001
www.deloitte.com.au

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

31 March 2021

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 2020, 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 Touche Tohmatsu
ABN 74 490 121 060

Tower 2, Brookfield Place
123 St Georges Terrace
Perth WA 6000
GPO Box A46
Perth WA 6837 Australia

Tel: +61 8 9365 7000
Fax: +61 8 9365 7001
www.deloitte.com.au

# 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 2020, the consolidated statement of profit or loss and other comprehensive, 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:

- Giving a true and fair view of the Group's financial position as at 31 December 2020 and of their financial performance for the year then ended; and
- 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 & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

*Key Audit Matters*

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

Deloitte.

<table>
<tr><td>Key Audit Matter</td><td>How the scope of our audit responded to the Key Audit Matter</td></tr>
<tr><td>Carrying value of Exploration and Evaluation Assets<br><br>As at 31 December 2020 the carrying value of exploration and evaluation assets as disclosed in Note 13 to the financial statements amounts to $89.3 million. The Group's accounting policy in respect of exploration and evaluation assets is disclosed in Note 2.<br><br>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:<br><br>• whether the entity has the right to tenure of the area of interest at 31 December 2020;<br><br>• the likelihood of the exploration licence being renewed;<br><br>• the status and results of current exploration programmes;<br><br>• the planned future work programmes and budgeted expenditure on the area of interest;<br><br>• 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; and<br><br>• the impact, if any, of the changing political environment subsequent to year end as disclosed in note 32 of the financial statements.</td><td>Our procedures included, but were not limited to:<br><br>• confirming whether the rights to tenure of the area of interest remained current to balance sheet date,<br><br>• assessing the status of ongoing exploration and evaluation programmes, and the mining licence application process for the respective area of interest,<br><br>• assessing evidence of the future intention for the area of interest, including reviewing future budgeted expenditure and related work programmes;<br><br>• 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; and<br><br>• evaluating whether developments subsequent to year end with respect to the changing political situation in Greenland were indicative of events or circumstances that existed as at 31 December 2020, and assessing the impact of these subsequent events on the carrying value of the project at year end.<br><br>We also assessed the appropriateness of the disclosures in Note 13 and 32 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 2020, but does not include the financial report and our auditor's report thereon.

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

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

*Responsibilities of the Directors for the Financial Report*

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group 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 Group or to cease operations, or has no realistic alternative but to do so.

*Auditor's Responsibilities for the Audit of the Financial Report*

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

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

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

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

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

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

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

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

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

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

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 in pages 22 to 29 of the Directors' Report for the year ended 31 December 2020.

In our opinion, the Remuneration Report of Greenland Minerals Limited, for the year ended 31 December 2020, 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, 31 March 2021

## 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, as at 31 December 2020 and performance of the Consolidated Group for the financial year ended on that date;
(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, 30 March 2021

## Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2020

| | Note | Dec 2020 $' 000 | Dec 2019 $' 000 |
|---|---|---|---|
| **Revenue from continuing operations** | 5 | 158 | 64 |
| **Expenditure** | | | |
| Director and employee benefits | 6(a) | (1,728) | (1,370) |
| Professional fees | 6(b) | (809) | (624) |
| Listing costs | 6(c) | (119) | (114) |
| Finance costs | 6(d) | (24) | (29) |
| Other expenses | 6(e) | (554) | (778) |
| Loss before tax | | (3,076) | (2,851) |
| Income tax expense | 7 | - | - |
| **Loss for year** | | (3,076) | (2,851) |
| **Other comprehensive income** | | | |
| **Items that may be reclassified subsequently to profit and loss** | | | |
| Exchange difference arising on translation of foreign operations | | 339 | (1,267) |
| Income tax relating to components of comprehensive income | 7 | - | - |
| Other comprehensive income for the year | | 339 | (1,267) |
| **Total comprehensive (loss)/gain for the year** | | (2,737) | (4,118) |
| (Loss) attributable to: | | | |
| Owners of the parent | | (3,076) | (2,851) |
| | | (3,076) | (2,851) |
| Total comprehensive (loss)/gain attributable to: | | | |
| Owners of the parent | | (2,737) | (4,118) |
| | | (2,737) | (4,118) |
| Basic loss per share – cents per share | 21 | 0.26 | 0.25 |
| Diluted loss per share – cents per share | | 0.26 | 0.25 |

Notes to the financial statements are included on pages 42 to 72

## Consolidated statement of financial position as at 31 December 2020

| Current Assets | Note | Dec 2020 $' 000 | Dec 2019 $' 000 |
|---|---|---|---|
| Cash and cash equivalents | 8 | 36,438 | 8,599 |
| Trade and other receivables | 9 | 185 | 714 |
| Other assets | 10 | 93 | 86 |
| **Total Current Assets** | | 36,716 | 9,399 |
| | | | |
| **Non-Current Assets** | | | |
| Property, plant and equipment | 11 | 761 | 785 |
| Right of use assets | 12 | 448 | 522 |
| Capitalised exploration and evaluation expenditure | 13 | 89,343 | 85,886 |
| **Total Non-Current Assets** | | 90,552 | 87,193 |
| | | | |
| **Total Assets** | | 127,268 | 96,592 |
| | | | |
| **Current Liabilities** | | | |
| Trade and other payables | 14 | 1,259 | 941 |
| Lease liability | 15(a) | 188 | 138 |
| Provisions | 16(a) | 703 | 441 |
| **Total Current Liabilities** | | 2,150 | 1,520 |
| | | | |
| **Non-Current Liabilities** | | | |
| Lease liability | 15(b) | 302 | 410 |
| Provisions | 16(b) | 44 | 172 |
| **Total Non-Current Liabilities** | | 346 | 582 |
| | | | |
| **Total Liabilities** | | 2,496 | 2,102 |
| **Net Assets** | | **124,772** | **94,490** |
| | | | |
| **Equity** | | | |
| Issued Capital | 17 | 404,688 | 371,808 |
| Reserves | 18 | (31,075) | (31,553) |
| Accumulated Losses | 20 | (248,841) | (245,765) |
| **Total Equity** | | **124,772** | **94,490** |

Notes to the financial statements are included on pages 42 to 72

## Consolidated statement of changes in equity for the year ended 31 December 2020

| | 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 2019** | 365,247 | 604 | 8,503 | (39,672) | (242,914) | 91,768 |
| Net loss for the year | - | - | - | - | (2,851) | (2,851) |
| Other Comprehensive income | - | - | (1,267) | - | - | (1,267) |
| Total comprehensive for the year | - | - | (1,267) | - | (2,851) | (4,118) |
| Issue of shares net of transaction costs | 6,561 | - | - | - | - | 6,561 |
| Recognition of reversal of share based payments – directors | - | (275) | - | - | - | (275) |
| Recognition of share based payments - employees | - | 554 | - | - | - | 554 |
| **Balance at 31 December 2019** | 371,808 | 883 | 7,236 | (39,672) | (245,765) | 94,490 |
| **Balance at 1 January 2020** | 371,808 | 883 | 7,236 | (39,672) | (245,765) | 94,490 |
| Net loss for the year | - | - | - | - | (3,076) | (3,076) |
| Other Comprehensive income | - | - | 339 | - | - | 339 |
| Total comprehensive for the year | - | - | 339 | - | (3,076) | (2,737) |
| Issue of shares net of transaction costs | 31,945 | - | - | - | - | 31,945 |
| Issue of shares- exercise of options | 65 | (18) | - | - | - | 47 |
| Issue of shares- vesting of employee rights | 870 | (870) | - | - | - | - |
| Recognition of share based payments - employees | - | 827 | - | - | - | 827 |
| Recognition of share based payments - other | - | 200 | - | - | - | 200 |
| **Balance at 31 December 2020** | 404,688 | 1,022 | 7,575 | (39,672) | (248,841) | 124,772 |

Notes to the financial statements are included on pages 42 to 72

## Consolidated statement of cash flows for the year ended 31 December 2020

| | Note | 31 Dec 2020 $' 000 | 31 Dec 2019 $' 000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Receipts from customers | | 4 | 8 |
| Government assistance | | 117 | - |
| Payments to suppliers and employees | | (1,602) | (2,006) |
| Interest – leased assets | | (24) | (29) |
| Net cash used in operating activities | 24 | (1,505) | (2,027) |
| **Cash flows from investing activities** | | | |
| Interest received | | 42 | 61 |
| Payments for exploration and development | | (3,151) | (2,506) |
| Proceeds from R&D refund | | 667 | |
| Payments for plant and equipment | | (42) | (11) |
| Net cash used in investing activities | | (2,484) | (2,456) |
| **Cash flows from financing activities** | | | |
| Proceeds from issue of shares/options, net of capital raising costs | | 31,992 | 6,561 |
| Payments on lease liabilities | | (164) | (181) |
| Net cash from financing activities | | 31,828 | 6,380 |
| | | | |
| **Net increase/(decrease) in cash and equivalents** | | 27,839 | 1,897 |
| Cash and equivalents at the beginning of the financial year | | 8,599 | 6,702 |
| **Cash and equivalents at the end of the Financial year** | 8 | 36,438 | 8,599 |

Notes to the financial statements are included on pages 42 to 72

## 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's 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 31 March 2021.

### 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 Instrument, 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

The Consolidated Group has adopted all new and revised Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are relevant to the Consolidated Group's operations and effective for the year end.

The adoption of these standards and interpretations did not have a material impact on the Consolidated Group.

**Notes to the accounts**

**2. Significant accounting policies (cont'd)**

| Date issued | Standard/Interpretation | Effective for annual reporting periods beginning on or after |
|---|---|---|
| 4 December 2018 | AASB 2018-6 Amendements to Australian Accounting Standards – Definition of a business | 1 January 2020 |
| 5 December 2019 | AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material | 1 January 2020 |
| May 2019 | Conceptual Framework for Financial Reporting and AASB 2019-1 Amendments to Australian Accounting Standards – References to Conceptual Framework | 1 January 2020 |
| December 2019 | AASB 2019-5 Amendments to Australian Accounting Standards – Disclosure of the Effects of New IFRS Standards Not Yet Issued in Australia | 1 January 2020 |

The Consolidated Group has not elected to early adopt any new standards or amendments and do not expect the adoption of these standards/interpretations to have a material impact on the financial statements in future periods.

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

**(a) Basis of consolidation**

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

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

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

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

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

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

## 2. Significant accounting policies (cont'd)

**(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 by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Rental income

Revenue from operating sub-leases is recognised as income at the commencement of the relevant rental period.

Government assistance

Government assistance is not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the assistance will be received.

## 2. Significant accounting policies (cont'd)

The assistance amounts are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the assistances are intended to compensate. Amounts that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

### (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 25.

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.

## 2. Significant accounting policies (cont'd)

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Consolidated Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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

Current and deferred tax for the period

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

### (g) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value and have a maturity of three 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: Presentation* 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.

**Notes to the accounts**

**2. Significant accounting policies (cont'd)**

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.

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. Right of use assets are depreciated on a straight line method, over the period of the lease.

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

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

| | |
|---|---|
| Leasehold improvements | 10 – 15 years |
| Plant and equipment | 4 – 10 years |
| Buildings | 20 years |
| Right-of-use assets | 1-4 years |

**(j) Leases**

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise :

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies *IAS 37 Provisions, Contingent Liabilities and Contingent Assets* to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Impairment of long-lived assets excluding goodwill' policy.

**Notes to the accounts**

**2. Significant accounting policies (cont'd)**

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other expenses" in profit or loss.

**(k) Employee benefits**

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably. Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

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

**(l) Financial instruments issued by the Consolidated Group**

Debt and equity instruments

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

Financial liabilities

Financial liabilities are classified as either '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.

## 2. Significant accounting policies (cont'd)

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

### (n) Capitalisation of exploration and evaluation expenditure

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:
(i) the rights to tenure of the area of interest are current; and
(ii) at least one of the following conditions is also met:

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

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

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

Where research and development ("R&D") rebates are claimed on eligible expenditure, these are offset against the capitalised exploration and evaluation expenditure asset to the extent that the associated expenditure was also capitalised as such. Where the associated expenditure has been expensed, the R&D rebate is also recognised within the Statement of Profit or Loss.

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

### (o) Provisions

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

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

## Notes to the accounts

### 2. Significant accounting policies (cont'd)

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

### 3: Critical accounting estimates and judgments

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

**a) Significant accounting judgments**

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

Carrying value of exploration and evaluation expenditure

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.

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 2020, the carrying value of capitalised exploration expenditure is $89,343,422 (2019: $85,886,253) refer to note 13 and note 32.

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,

## 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 2020 $' 000 | 31 Dec 2019 $' 000 |
|---|---|---|
| Interest - Bank deposits | 37 | 64 |
| Other revenue | 4 | - |
| Government grants | 117 | - |
| | 158 | 64 |

## 6: Expenditure

| | | 31 Dec 2020 $' 000 | 31 Dec 2019 $' 000 |
|---|---|---|---|
| **(a)** | **Director and employee benefits** | | |
| | Directors' fees | (199) | (199) |
| | Director's and employee salary and wage expense | (637) | (827) |
| | Director's share based payments | - | 275 |
| | Employee share based payments | (827) | (554) |
| | Director's and employee post-employment benefits | (65) | (65) |
| | | (1,728) | (1,370) |
| **(b)** | **Professional fees:** | | |
| | Audit, accounting and taxation expense | (151) | (158) |
| | Legal fees | (57) | (22) |
| | Marketing and public relations | (401) | (440) |
| | Consulting | - | (4) |
| | Share based payment (refer to note 25) | (200) | - |
| | | (809) | (624) |
| **(c)** | **Listing costs:** | | |
| | Stock exchange fees | (69) | (71) |
| | Share registry fees | (50) | (43) |
| | | (119) | (114) |

## Notes to the accounts

### 6: Expenditure (cont'd)

| | | 31 Dec 2020 $' 000 | 31 Dec 2019 $' 000 |
|---|---|---|---|
| (d) | **Finance Costs** | | |
| | Interest expense – lease assets | (24) | (29) |
| | | (24) | (29) |
| (e) | **Other expenses** | | |
| | Depreciation expense – property, plant & equipment | (70) | (74) |
| | Depreciation expense – leased assets | (180) | (178) |
| | Insurance | (63) | (58) |
| | Travel expenses | (64) | (110) |
| | Other expenses | (177) | (358) |
| | | (554) | (778) |

### 7: Income tax

| | | 31 Dec 2020 $' 000 | 31 Dec 2019 $' 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 | (3,076) | (2,851) |
| | Prima facie tax benefit on loss at 30% (2019: 30%) | (923) | (855) |
| | Add/(Deduct) | | |
| | Tax effect of: | | |
| | Non-assessable, non-exempt (NANE) expenditure | 281 | - |
| | Share based payments | 248 | 84 |
| | Movement in deferred tax balance not recognised | (1,784) | (939 |
| | Change in tax rate and difference in tax rate | 332 | - |
| | Income tax expense | (923) | (855) |

## 7: Income tax (cont'd)

| | 31 Dec 2020 $' 000 | 31 Dec 2019 $' 000 |
|---|---|---|
| The following deferred tax balances have not been recognised: | | |
| Deferred tax assets: | | |
| Australian tax losses | 9,992 | 9,589 |
| Greenland tax losses (at 25% (2019: 30%)) | 21,950 | 24,981 |
| Other accruals and provisions | 419 | 138 |
| | 32,361 | 34,708 |
| Less: offset against deferred tax liability | (23,013) | (18,335) |
| | 9,348 | 16,373 |

The above deferred tax assets will only be recognised when:

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

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

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

| | 31 Dec 2020 $' 000 | 31 Dec 2019 $' 000 |
|---|---|---|
| Deferred tax liabilities: | | |
| Exploration, evaluation and development expenditure (at 25%/30% (2019: 30%)) | 22,812 | 18,332 |
| Other | 201 | 3 |
| | 23,013 | 18,335 |
| less offset against deferred tax assets | (23,013) | (18,355) |
| | - | - |

## 8: Cash and equivalents

| | Dec 2020 $' 000 | Dec 2019 $' 000 |
|---|---|---|
| Cash at bank | 495 | 385 |
| Cash on deposit at call | 33,575 | 5,868 |
| Cash on deposit | 2,368 | 2,346 |
| | 36,438 | 8,599 |

The Consolidated Group's financial risk management objectives and policies are discussed further at note 26.

## Notes to the accounts

### 9: Trade and other receivables

| | Dec 2020 $' 000 | Dec 2019 $' 000 |
|---|---|---|
| Accrued interest | 1 | 7 |
| GST refundable | 184 | 40 |
| Research and development tax rebate | - | 667 |
| | 185 | 714 |

### 10: Other assets

| | Dec 2020 $' 000 | Dec 2019 $' 000 |
|---|---|---|
| Deposit bonds | 10 | 9 |
| Prepayments | 83 | 77 |
| | 93 | 86 |

### 11: Property, plant and equipment

| | Dec 2020 $' 000 | Dec 2019 $' 000 |
|---|---|---|
| Plant and Equipment (cost) | 1,349 | 1,335 |
| Accumulated depreciation | (1,129) | (1,116) |
| Buildings (cost) | 939 | 934 |
| Accumulated depreciation | (398) | (368) |
| | 761 | 785 |

**(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.

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

| | Dec 2020 $' 000 | Dec 2019 $' 000 |
|---|---|---|
| **Plant and Equipment** | | |
| Carrying value at beginning of year | 219 | 258 |
| Acquisitions | 42 | 11 |
| Disposals | - | (3) |
| Effects of currency translation | - | (2) |
| Depreciation expense | (41) | (45) |
| Carrying value at end of year | 220 | 219 |
| **Buildings** | | |
| Carrying value at the beginning of year | 566 | 605 |
| Effects of currency translation | 4 | (10) |
| Depreciation | (29) | (29) |
| Carrying value at end of year | 541 | 566 |
| Total property, plant and equipment carrying value at end of period | 761 | 785 |

## 12: Right-of-use assets

| | Dec 2020 $' 000 | Dec 2019 $' 000 |
|---|---|---|
| Balance at beginning of year | 522 | 700 |
| Additions | 106 | - |
| Depreciation | (180) | (178) |
| Balance at end of year | 448 | 522 |

(i) Recognition of property leases in accordance with AASB 16.

## 13: Capitalised exploration and evaluation expenditure

| | Dec 2020 $' 000 | Dec 2019 $' 000 |
|---|---|---|
| Balance at beginning of year | 85,886 | 85,292 |
| Exploration and/or evaluation phase in current period: | | |
| Capitalised expenses | 3,145 | 2,506 |
| Effects of currency translation (i) | 312 | (1,245) |
| Research and development tax rebate | - | (667) |
| Balance at end of year | 89,343 | 85,886 |

## 13: Capitalised exploration and evaluation expenditure (cont'd)

(i) The Kvanefjeld Project EL 2010/02 is held by Greenland Minerals 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.

(iii) The Greenland government, after an extensive review and consultation process approved the Consolidated Group's environmental and social impact assessments and marine safety study as meeting the required legislative requirements and being acceptable for public consultation. The statutory public consultation commenced on 17 December 2020 and scheduled for an initial 12 week period. The Greenland government extended this to a 23 week period in February 2021 due to COVID-19 travel restrictions.

(iv) 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. Future changes to government policy may have an impact on the permitting process.

## 14: Trade and other payables

| | Dec 2020 $' 000 | Dec 2019 $' 000 |
|---|---|---|
| Accrued expenses (i) | 358 | 742 |
| Trade creditors (ii) | 754 | 121 |
| Sundry creditors (ii) | 147 | 78 |
| | 1,259 | 941 |

(i) Accrued expenses related to services and goods provided to the Consolidated Group prior to the period end, but the Consolidated Group was not charged or invoiced for these goods and services by the supplier at period end. The amounts are generally payable and paid within 30 days and are non-interest bearing.

(ii) Trade and sundry creditors are non-interest bearing with the exception of amounts owed on corporate credit cards and after 30 days interest is charged at rates ranging between 15% and 18%. All trade and sundry creditors are generally payable on terms of 30 days.

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

## Notes to the accounts

### 15: Lease Liability

| | Dec 2020 $' 000 | Dec 2019 $' 000 |
|---|---|---|
| **(a) Current** | | |
| Balance at beginning of year | 138 | 152 |
| Interest on lease liabilities | 24 | 29 |
| Lease repayments | (188) | (181) |
| Lease additions | 34 | - |
| Transfer from Non-current to current | 180 | 138 |
| Balance at end of year | 188 | 138 |
| **(b) Non-current** | | |
| Balance at beginning of year | 410 | 548 |
| Lease additions | 72 | - |
| Transfer from Non-current to current | (180) | (138) |
| Balance at end of year | 302 | 410 |

The undiscounted maturity analysis of lease liabilities

| | Within 1 year $' 000 | 1-2 Years $' 000 | 2-3 Years $' 000 | 3-4 Years $' 000 | 4-5 Years $' 000 |
|---|---|---|---|---|---|
| **31 December 2020** | | | | | |
| Lease payments | 205 | 158 | 136 | 23 | - |
| Finance charges | (17) | (10) | (4) | (1) | - |
| Net present value | 188 | 148 | 132 | 22 | - |
| **31 December 2019** | | | | | |
| Lease payments | 160 | 150 | 132 | 136 | 23 |
| Finance charges | (25) | (16) | (10) | (4) | (1) |
| Net present value | 138 | 134 | 122 | 132 | 22 |

### 16: Provisions

| | Dec 2020 $' 000 | Dec 2019 $' 000 |
|---|---|---|
| **(a) Current** | | |
| Provision for annual leave | 553 | 441 |
| Provision for long service leave | 150 | - |
| | 703 | 441 |
| **(b) Non-current** | | |
| Provision for long service leave | 44 | 172 |
| | 44 | 172 |

## Notes to the accounts

### 17: 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 2020 | | Dec 2019 | |
|---|---|---|---|---|
| | No ' 000 | $' 000 | No ' 000 | $' 000 |
| Balance brought forward | 1,190,982 | 371,808 | 1,132,649 | 365,247 |
| Issue of ordinary shares through capital raising | 141,695 | 34,007 | 58,333 | 7,000 |
| $0.15 exercise price options | 319 | 65 | - | - |
| Vesting of employee performance rights | 6,075 | 870 | - | - |
| Less costs associated with shares issued | - | (2,062) | - | (439) |
| Balance at end of financial year | 1,339,071 | 404,688 | 1,190,982 | 371,808 |

### 18: Reserves

| a) Option reserve | Dec 2020 $' 000 | Dec 2019 $' 000 |
|---|---|---|
| Balance brought forward | 883 | 604 |
| Recognition of performance rights - director | - | (275) |
| Recognition of performance rights - employees | 827 | 554 |
| Recognition of share based payments - consultants | 200 | - |
| Transfer of value of options exercised | (18) | - |
| Transfer of values of vested employee performance rights | (870) | - |
| Balance at end of financial year | 1,022 | 883 |

(i) Refer to note 25 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 25 to the financial statements.

| b) Foreign currency translation reserve | Dec 2020 $' 000 | Dec 2019 $' 000 |
|---|---|---|
| Balance brought forward | 7,236 | 8,503 |
| Current period adjustment from currency translation of foreign controlled entities | 339 | (1,267) |
| Balance at end of year | 7,575 | 7,236 |

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 A/S, to Australian dollars.

| c) Non-controlling interest acquisition reserve | Dec 2020 $' 000 | Dec 2019 $' 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 A/S.

| d) Total reserves | Dec 2020 $' 000 | Dec 2019 $' 000 |
|---|---|---|
| Option reserve | 1,022 | 883 |
| Foreign currency translation reserve | 7,575 | 7,236 |
| Non-controlling interest acquisition reserve | (39,672) | (39,672) |
| | (31,075) | (31,553) |

**19: Dividends**
No dividends have been proposed or paid during the year ended 31 December 2020 or the prior year ended 31 December 2019.

**20: Accumulated losses**

| | Dec 2020 $' 000 | Dec 2019 $' 000 |
|---|---|---|
| Balance at beginning of financial year | (245,765) | (242,914) |
| Loss attributable to members of parent entity | (3,076) | (2,851) |
| Balance at end of financial year | (248,841) | (245,765) |

**21: Loss per share**

| | Dec 2020 Cents Per share | Dec 2019 Cents Per share |
|---|---|---|
| **Basic loss per share** | | |
| From continuing operations | 0.26 | 0.25 |
| **Diluted loss per share** | | |
| From continuing operations | 0.26 | 0.25 |

**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 2020 | Dec 2019 |
|---|---|---|
| Loss for year ($) | 3,075,972 | 2,851,390 |
| Weighted average number of shares used in the calculation of basic and diluted loss per share (Number) | 1,202,289,119 | 1,156,302,164 |

**Notes to the accounts**

**21: Loss per share (cont'd)**

(i) There were 16,205,800 potential ordinary shares on issue at 31 December 2020 (31 December 2019: 18,600,000) 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.

**22: Commitments for expenditure**

Exploration commitments: EL 2010/02 is located in Greenland. The tenement expenditure incurred during the year ended 31 December 2020 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.

**23: Subsidiaries**

| | | Ownership interest | |
|---|---|---|---|
| Name of subsidiary | Country of incorporation | Dec 2020 % | Dec 2019 % |
| Chahood Capital Limited | Isle of Man | 100 | 100 |
| Greenland Minerals 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 A/S are held by Chahood Capital Limited and 39% are held directly by Greenland Minerals Limited.

**24: Notes to the statement of cash flows**

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

| | Year ended 31 Dec 2020 $' 000 | Year ended 31 Dec 2019 $' 000 |
|---|---|---|
| Loss for the year | (3,076) | (2,851) |
| Depreciation- property, plant & equipment | 70 | 74 |
| Depreciation – leased assets | 180 | 178 |
| Equity-settled share-based payments | 1,027 | 279 |
| Interest income received and receivable | (37) | (64) |
| (Increase)/decrease in assets | | |
| Trade and other receivables | (133) | 7 |
| Increase (decrease) in liabilities | | |
| Trade and other payables | 291 | 301 |
| Provisions | 173 | 49 |
| Net cash used in operating activities | (1,505) | (2,027) |

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

**25: Share based payments**

In addition to share based payments discussed elsewhere within this note, the following unlisted options were granted as share based payment arrangements during the year ended 31 December 2020:

| Option | Number | Grant Date | Fair value @ grant date $ | Expiry date |
|---|---|---|---|---|
| $0.35 exercise price | 6,000,000 | 10/12/2020 | 200,000 | 31/01/2023 |

Options were issued in recognition of corporate advisory and investor relations activities that would have been otherwise payable in cash.

The following unlisted options were exercised during the current year ended 31 December 2020:

| Options | Opening balance | Exercised | Expired | Closing Balance |
|---|---|---|---|---|
| $0.15 exercise price | 4,000,000 | 319,200 | - | 3,680,800 |

(i) The weighted average share price at date of exercise was $0.28

No options were exercised during the prior year ended 31 December 2019.

The total options (quoted and unquoted) outstanding as at 31 December 2020 was 9,680,000 as shown below:

| Options | Number | Exercise price | Expiry date | Exercisable @ 31 Dec 2020 |
|---|---|---|---|---|
| Unlisted options | 3,680,800 | $0.15 | 31/03/2021 | 3,680,800 |
| Unlisted options | 6,000,000 | $0.35 | 31/01/2023 | 6,000,000 |

No options expired during the year ended 31 December 2020 or the prior year ended 31 December 2019.

**Rights issued**

The Company issued 4,000,000 performance rights to Jørn Skov Nielsen during the year ended 31 December 2020, under the Company's Employee Incentive Plan.

The rights are subject to service period and share price vesting hurdles and were issued to assist with retaining and incentivising the employee. The rights align with increasing shareholder value. The rights can only vest into fully paid ordinary shares on satisfying the vesting hurdles prior to 15 August 2024. being the expiry date of the rights.

The following un-vested performance rights were issued during the current financial year ended 31 December 2020:

| Jorn Skov Nielsen | Grant date | Number | Fair value @ grant date $ | Expiry date | Number vested |
|---|---|---|---|---|---|
| Tranche 1 | 10/08/2020 | 4,000,000 | 469,200 | 15/08/2024 | Nil |
| Tranche 2 | 10/08/2020 | 2,000,000 | 451,000 | 15/08/2024 | Nil |
| **Total** | | **4,000,000** | **920,200** | | **Nil** |

## Notes to the accounts

### 25: Share based payments (cont'd)

The fair value has been established using a binomial model based on the following inputs. The fair value will be recognised over the determined vesting period, in accordance with Australian Accounting Standards.

| | Tranche 1 | Tranche 2 |
|---|---|---|
| Grant date | 10 Aug 2020 | 10 Aug 2020 |
| Underlying share price at grant date | $0.25 | $0.25 |
| Maximum life | 4 Years | 4 Years |
| Expected future volatility | 75% | 75% |
| Risk free rate | 0.41% | 0.41% |
| Share price hurdle (30-day VWAP) | $0.30 | $0.35 |

Vesting conditions:

| Tranche | Number | Service Condition | Performance Condition |
|---|---|---|---|
| Tranche 1 | 2,000,000 | The employee has to remain as an employee until 15 August 2022 and remain an employee at the time of vesting | From grant date and up to 15 August 2024 the Company's price based on a 20 trading day volume weighted average price to be $0.30 or more |
| Tranche 2 | 2,000,000 | The employee has to remain as an employee until 15 August 2023 and remain an employee at the time of vesting | From grant date and up to 15 August 2024 the Company's price based on a 20 trading day volume weighted average price to be $0.35 or more |

The other terms of the Performance Rights are:

(a) Upon satisfaction of the relevant Vesting Conditions, the holder of a Performance Right may elect to request the Company convert the Performance Rights to fully paid shares.

(b) The Company will not deny a request to convert a Performance Right to a fully paid share without due cause.

(c) Each Performance Right will vest and convert into one fully paid share.

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

(e) (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.

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

(g) (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.

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

(i) (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.

## 25: Share based payments (cont'd)

(j) (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.

(k) (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.

(l) (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.

(m) (Lapse) If the Vesting Conditions relevant to a Performance Right have not been satisfied or have been satisfied but the holder has not elected to request the Company to covert the Performance Right to fully paid shares by the relevant expiry date, then the Performance Right will automatically lapse.

(n) Expiry date will be 5:00pm WST on 15 August 2024.

The following performance rights were issued during the previous financial year ended 31 December 2019.

| Employee | Grant date | Number | Fair value @ grant date $ | Expiry date |
|---|---|---|---|---|
| M Guy | 10/07/2019 | 1,500,000 | 214,800 | 31/07/2021 |
| Employees | 10/07/2019 | 7,100,000 | 1,016,720 | 31/07/2021 |
| **Total** | | **8,600,000** | **1,231,520** | |

**Rights – vested**

During the year ended 31 December 2020, the following performance rights satisfied the vesting conditions, each exercised performance right was converted to one fully paid ordinary share:

| KMP | Grant date | Opening balance | Vested | Exercised | Fair value @ grant date $ | Closing balance | Expiry date |
|---|---|---|---|---|---|---|---|
| Miles Guy | 10/07/2019 | 1,500,000 | 1,500,000 | 1,500,000 | 214,800 | Nil | 31/07/2021 |
| Employees | 10/07/2019 | 7,100,000 | 7,100,000 | 4,575,000 | 1,016,720 | 2,525,000 | 31/07/2021 |
| **Total** | | **8,600,000** | **8,600,000** | **6,075,000** | **1,231,520** | **2,525,000** | |

(i) All rights vested were converted to an equal number of fully paid ordinary shares.

(ii) The weighted average share price at date of vesting was $0.28.

No performance rights vested during the prior year ended 31 December 2019.

## Notes to the accounts

### 25: Share based payments (cont'd)

**Rights expired**
The following performance rights lapsed during the year ended 31 December 2020:

| Director | Grant date | Number | Fair value @ grant date $ | Expiry date | Value @ expiry date |
|---|---|---|---|---|---|
| **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** | | **Nil** |

The rights were issued 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.

No rights expired during the prior financial year ended the prior year ended 31 December 2019.

### 26: 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 2019.
The capital structure of the Consolidated Group consists of fully paid shares and options as disclosed in notes 17 and 18 respectively.

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

**(b) Categories of financial instruments**

| | Dec 2020 $' 000 | Dec 2019 $' 000 |
|---|---|---|
| **Financial assets** | | |
| Cash and equivalents | 36,438 | 8,599 |
| Trade and other receivables - current | 185 | 47 |
| **Financial liabilities** | | |
| Trade and other payables | 1,259 | 941 |

## 26: Financial instruments (cont'd)

### (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:

(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 allowance for credit 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 cash 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.

## 26: Financial instruments (cont'd)

### (d) Liquidity risk

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

| | Weighted Average Effective interest rate % | < 6 Months $' 000 | 6 – 12 Months $' 000 | 1 - 5 Years $' 000 | > 5 Years $' 000 | Total $' 000 |
|---|---|---|---|---|---|---|
| **Dec 2020** | | | | | | |
| Cash and equivalents | 0.5 | 36,096 | 252 | - | - | 36,348 |
| Trade and receivables - current | - | 185 | - | - | - | 185 |
| | | 36,281 | 252 | - | - | 36,533 |
| **Dec 2019** | | | | | | |
| Cash and equivalents | 1.2 | 8,347 | 252 | - | - | 8,599 |
| Trade and receivables - current | - | 714 | - | - | - | 714 |
| | | 9,061 | 252 | - | - | 9,313 |

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 2020** | | | | | | |
| Trade and other payables | - | 1,259 | - | - | - | 1,259 |
| Other liabilities | - | - | - | - | - | - |
| | | 1,259 | - | - | - | 1,259 |
| **Dec 2019** | | | | | | |
| Trade and other payables | - | 941 | - | - | - | 941 |
| Other liabilities | - | - | - | - | - | - |
| | | 941 | - | - | - | 941 |

(i) Refer to note 15 for maturity profile of lease liabilities.

### (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.

## 26: Financial instruments (cont'd)

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

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

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

**Interest Rate Sensitivity Analysis**
At 31 December 2020, 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 2020 $' 000 | Dec 2019 $' 000 |
|---|---|---|
| **Change in profit** | | |
| Increase in interest rate by 1% (100 basis points) | 85 | 64 |
| Decrease in interest rate by 1% (100 basis points) | (85) | (64) |

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.

## 27: Key management personnel compensation

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

| | Year ended 31 Dec 2020 $ | Year ended 31 Dec 2019 $ |
|---|---|---|
| Short-term employee benefits | 898,913 | 760,000 |
| Bonus payments | - | 200,000 |
| Other benefits (i) | 38,316 | 38,109 |
| Post-employment benefits | 68,400 | 68,398 |
| Other long-term benefits – provision for long service leave | 4,747 | 9,525 |
| Share-based payment | 267,268 | (178,623) |
| | 1,277,644 | 897,409 |

(i) 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.

Refer to the remuneration report included in pages 22 to 29 of the Directors report for more detailed remuneration disclosures.

## 28: Key management personnel equity holdings

Fully paid ordinary shares of Greenland Minerals Limited

| | Balance at beginning of year | Granted as compensation | Received on vesting of performance rights | Net other change (i) | Balance at end of year | Balance held nominally |
|---|---|---|---|---|---|---|
| | No. | No. | No. | No. | No. | No. |
| **Dec 2020** | | | | | | |
| A Ho | 3,875,610 | - | - | 157,188 | 4,032,798 | - |
| J Mair | 8,364,062 | - | - | - | 8,364,062 | - |
| S Cato | 6,389,894 | - | - | - | 6,389,594 | - |
| X Guo | - | - | - | - | - | - |
| M Guy | 1,803,650 | - | 1,500,000 | (361,875) | 2,941,775 | - |
| JS Nielsen | - | - | - | - | - | - |
| **Dec 2019** | | | | | | |
| A Ho | 3,525,610 | - | - | 350,000 | 3,875,610 | - |
| J Mair | 8,364,062 | - | - | - | 8,364,062 | - |
| S Cato | 6,389,894 | - | - | - | 6,389,594 | - |
| X Guo | - | - | - | - | - | - |
| M Guy | 1,603,650 | - | - | 200,000 | 1,803,650 | - |

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

GREENLAND MINERALS LTD

## Notes to the accounts

### 28: 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 No. | Balance at end of year No. | Balance vested at end of year No. | Vested and convertible No. | Rights vested during year No. |
|---|---|---|---|---|---|---|---|---|---|
| **Dec 2020** | | | | | | | | | |
| A Ho | - | - | - | - | - | - | - | - | - |
| J Mair | 6,000,000 | - | - | 6,000,000 | - | - | - | - | - |
| S Cato | - | - | - | - | - | - | - | - | - |
| X Guo | - | - | - | - | - | - | - | - | - |
| M Guy | 1,500,000 | - | 1,500,000 | - | - | - | - | - | 1,500,000 |
| JS Nielsen | - | 4,000,000 | - | - | - | 4,000,000 | - | - | - |
| **Dec 2019** | | | | | | | | | |
| A Ho | - | - | - | - | - | - | - | - | - |
| J Mair | 6,000,000 | - | - | - | - | 6,000,000 | - | - | - |
| S Cato | - | - | - | - | - | - | - | - | - |
| X Guo | - | - | - | - | - | - | - | - | - |
| M Guy | - | 1,500,000 | - | - | - | 1,500,000 | - | - | - |

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

## Notes to the accounts

### 29: 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 2020 $91,762 was paid to Advance Share Registry Limited for services provided (Dec 2019: $42,814).

### 30: Parent Company information

| | Parent | |
|---|---|---|
| | Dec 2020 $' 000 | Dec 2019 $' 000 |
| **Financial position** | | |
| Total Current Assets | 36,486 | 9,260 |
| Total Non-Current Assets | 89,768 | 85,922 |
| Total Assets | 126,254 | 95,182 |
| | | |
| Total Current Liabilities | 1,734 | 1,238 |
| Total non-current liabilities | 463 | 709 |
| Total Liabilities | 2,197 | 1,947 |
| Net Assets | 124,057 | 93,235 |
| | | |
| Equity | | |
| Issued Capital | 404,688 | 371,808 |
| Reserves | 20,579 | 20,439 |
| Accumulated Losses | (301,210) | (299,012) |
| Total Equity | 124,057 | 93,235 |
| | | |
| **Financial Performance** | | |
| | | |
| Profit (Loss) for the year | (2,198) | (3,577) |
| **Total comprehensive income** | **(2,198)** | **(3,577)** |

**Contingent liabilities**
The parent company has no contingent liabilities as at 31 December 2020 or 2019.

**Guarantees**
Greenland Minerals Limited has guaranteed the provision of funding and support to the Company's 100% held subsidiary, Greenland Minerals 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.

## 31: Remuneration of auditors

| Auditor of the parent entity | Dec 2020 $ | Dec 2019 $ |
|---|---|---|
| Audit or review of the financial report | 91,075 | 90,825 |
| Other assurance services | 8,400 | 8,400 |
| | 99,475 | 99,225 |

| Related practice of the parent entity auditor | Dec 2020 $ | Dec 2019 $ |
|---|---|---|
| Audit or review of the financial report | 40,814 | 30,801 |
| Non-audit services – taxation | 4,325 | 1,830 |
| Non-audit services – other | 4,215 | 2,261 |
| | 49,354 | 34,892 |

The auditor of Greenland Minerals Limited is Deloitte Touche Tohmatsu.

## 32: Subsequent Events

On 16 February 2021, an early general election was called in Greenland, to be held on 6 April 2021. A change of the Greenland government and any subsequent changes in government policy may impact the Company's Kvanefjeld project and the permitting process. It is not possible to assess what these impacts may be at the date of signing this annual report.

The Company has a history of working cooperatively with Greenland governments and will look to continue this co-operation into the future.

The statutory public consultation process for the Kvanefjeld project commenced on 17 December 2020 and was initially scheduled to continue for a 12 week period. The Greenland government extended this to a 23 week period in early 2021 due to COVID 19 travel restrictions. The public consultation period is now scheduled to conclude on 1 June 2021.

There have been no other 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.

## Additional stock exchange information as at 19th February 2021

**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 A/S |

**Number of holders of equity securities**
Ordinary share capital
1,340,998,346 fully paid ordinary shares are held by 7,615 individual shareholders.

## Additional stock exchange information as at 19th February 2021

### Substantial Shareholders

| Shareholder | | Number | Percentage |
|---|---|---|---|
| 1. | JP Morgan Nominees Pty Limited | 201,243,534 | 15.0% |
| 2. | Citicorp Nominees Pty Limited | 153,627,258 | 11.5% |
| 3. | HSBC Custody Nominees (Australia) Limited | 145,467,037 | 10.4% |
| 4. | Le Shan Shenghe Rare Earth Company Limited | 125,000,000 | 9.3% |

Distribution of holders of quoted shares

| Share Spread | Holders | Units | Percentage |
|---|---|---|---|
| 1 – 1,000 | 402 | 135,433 | 0.01% |
| 1,001 – 5,000 | 1,623 | 5,265,623 | 0.39% |
| 5,001 – 10,000 | 1,282 | 10,331,033 | 0.77% |
| 10,001 – 100,000 | 3,334 | 123,597,740 | 9.22% |
| 100,001 and over | 974 | 1,201,668,517 | 89.61% |
| | **7,615** | **1,340,998,346** | **100%** |

### Twenty largest holders of quoted shares

| | | Fully paid ordinary shares | |
|---|---|---|---|
| Ordinary shareholders | | Number | Percentage |
| 1. | JP Morgan Nominees Pty Limited | 201,243,534 | 15.0% |
| 2. | HSBC Custody Nominees (Australia) Limited | 155,614,404 | 11.6% |
| 3. | Citicorp Nominees Pty Limited | 153,627,258 | 11.5% |
| 4. | Le Shan Shenghe Rare Earth Company Limited | 125,000,000 | 9.3% |
| 5. | BNP Paribas Noms Pty Limited | 44,706,069 | 3.3% |
| 6. | Merrill Lynch (Australia) Nominees Pty Limited | 39,341,055 | 2.9% |
| 7. | Peto Pty Ltd <1953 Super Fund A/C> | 34,200,000 | 2.6% |
| 8. | Simon Millington | 12,500,000 | 0.9% |
| 9. | GEJJ Super Pty Ltd <GEJJ Superannuation Fund A/C> | 10,993,137 | 0.8% |
| 10. | John Mair | 8,364,062 | 0.6% |
| 11. | Red Eight Pty Ltd <Richardson Family S/F A/C> | 8,200,000 | 0.6% |
| 12. | Simon Cato | 6,389,594 | 0.5% |
| 13. | Melda Super Pty Ltd <Melda Super Fund A/C> | 6,203,125 | 0.5% |
| 14. | Armus Aavelaid | 6,107,372 | 0.5% |
| 15. | Paul Damian Conboy | 5,840,380 | 0.4% |
| 16. | M & H Andrusiewicz <ATOZ Super Fund A/C> | 5,600,000 | 0.4% |
| 17. | Harvey Stern | 5,200,000 | 0.4% |
| 18. | National Nominees <DB A/C> | 4,797,332 | 0.4% |
| 19. | YW Ho & KKL Ho <Vic & Kathy Super Fund A/C> | 4,774,556 | 0.4% |
| 20. | Sie Lung Kwee | 4,756,779 | 0.3% |
| | | **843,458,657** | **62.9%** |

GREENLAND MINERALS LTD

# RARE EARTHS FROM KVANEFJELD FOR THE WORLD'S GREENER TECHNOLOGY

**GREENLAND MINERALS LIMITED**

**Registered Office & Principal Place of Business**
Unit 7, 100 Railway Road, Subiaco, Western Australia, 6008

**Postal Address**
PO Box 2006, Subiaco, Western Australia, 6904

Tel: +61 8 9382 2322
Fax: +61 8 9382 2788

**www.ggg.gl**