



GREENLAND

MINERALS AND ENERGY LTD



ANNUAL REPORT

Year Ended 31 December 2012



Corporate Directory

Directors

Michael Hutchinson	Non-executive Chairman
Roderick McIlree	Managing Director
Simon Cato	Executive Director
John Mair	Executive Director
Anthony Ho	Non-executive Director
Jeremy Whybrow	Non-executive Director

Company Secretary

Miles Guy

Registered and head office

Unit 6, 100 Railway Road
Subiaco WA 6008

Greenland

Nuugaarmiut B-847
3921 Narsaq, Greenland

Home Stock Exchange

Australian Securities Exchange, Perth
Code: GGG

Auditors

Deloitte Touche Tohmatsu

Share Registry

Advanced Share Registry
150 Stirling Highway
Nedlands WA 6009

Company Website

www.ggg.gl



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CORPORATE GOVERNANCE

Principles of Best Practice Recommendations commentary

The Board of Directors is responsible for the overall strategy, governance and performance of Greenland Minerals & Energy Limited (hereafter GMEL or the Company). The Company is an exploration company whose strategy is to add substantial shareholder value through the acquisition, exploration, development and commercialisation of projects in Greenland with a focus on the Kvanefjeld project. The Board has adopted a corporate governance framework which it considers to be suitable given the size, history and strategy of the Company.

Principles of Best Practice Recommendations

In accordance with ASX Listing Rule 4.10, GMEL is required to disclose the extent to which it has followed the Principles of Best Practice Recommendations during the financial period. Where GMEL has not followed a recommendation, this has been identified and an explanation for the departure has been given.

Principle 1: Lay solid foundations for management and oversight

The Board has established a framework within the Group that:

- enables it to provide strategic guidance and effective supervision of management;
- clarifies the respective roles and responsibilities of Board members and senior executives;
- ensures a balance of authority so that no single individual has unfettered powers; and
- identifies significant business risks and ensures that those risks are well managed.

The day-to-day management of the Consolidated group has been delegated to the Managing Director, Mr Roderick McIlree.

The executives (whether or not a director) have clearly identified areas of responsibility and report directly to an executive director or the Managing Director who monitors their role.

The Board has also adopted a Board Charter which details the functions and responsibilities of the Board and those delegated to management. In addition, each executive director and senior executive has signed an employment agreement. A copy of the Board Charter has been placed on the Company's website.

Principle 2: Structure the Board to add value

The Board has been structured so that it has effective composition, size and commitment to adequately discharge its responsibilities and duties. The names and qualifications of the Directors are stated in the annual report along with the date of appointment. With the prior consultation with the Chairman, each Director is entitled to receive independent professional advice at the Company's expense.

Mr Michael Hutchinson, Mr Anthony Ho and Mr Jeremy Whybrow are non-executive Directors, with Mr Hutchinson and Mr Ho fulfilling the independence criteria outlined in the guidelines.

The Board believes that it is able to exercise independence and judgment and does possess the necessary skills, expertise and experience required to effectively discharge their duties. The focus has been on the ability of the Board to add value by effectively exercising independence and discharging their duties, rather than on meeting the independence test in the guidelines.

The role of the Chairman is fulfilled by Mr Michael Hutchinson and Mr Roderick McIlree fills the role of Managing Director and Chief Executive Officer.



CORPORATE GOVERNANCE

The Board has convened an Audit and Risk Committee as well as a Remuneration Committee.

The Board maintains the role of Nomination to itself as it considers the Company not appropriate in size to justify this as a separate committee.

The executive director board members have full time, executive responsibility for the operations of the Company.

The responsibilities are split into 3 sections:

- In Conjunction with the Chairman, the Managing Director's roles include allocating priorities and tasks to the executives of the Company, leading the Company generally, raising capital as required and public relations at all levels.
- Business and strategic development.
- Other corporate support.

The executive directors are responsible for business strategic development and other corporate support, report on their activities to the Managing Director, who monitors their role and then reports to the board as required. The board as a whole monitors the Chairman's and the Managing Director's performance.

Principle 3: Promote ethical and responsible decision-making

Ethical and responsible decision-making is promoted by the Board in a top-down approach.

The Board has adopted a Code of Conduct to guide the Directors, the Chairman, the Managing Director and other key executives as to practices necessary to maintain confidence in the Company's integrity and to the responsibility and accountability of individuals for reporting and investigating reports of unethical behavior.

The Board recognises legal ethical and other obligations to all legitimate stakeholders and the requirement to act in accordance with these obligations. The Company has formalised its policies accordingly.

The Board has also adopted a Securities Trading Policy, to guide investment decisions. The Company has not adopted compliance standards and procedures to facilitate the implementation and assessment of the Code of Conduct and Securities Trading Policy. Given the Company's size, history and strategy it was not considered appropriate to adopt these policies during the reporting period. The Company will largely comply with these recommendations during future reporting periods.

The Company has formalised its policy accordingly.

The Board has adopted a Diversity Policy as part of the Company's commitment to workplace diversity and to ensure a diverse mix of skills and talent exists amongst its directors, senior management and employees. Diversity includes, but is not limited to, diversity in gender, age, ethnicity and cultural backgrounds.

No Measurable Objectives were specifically set by the Board during the year, other than the recruitment of the most suitable candidate for a position, regardless of the individual's gender or background.

As a result of the developing nature of the project and associated works program, there has been a reduction in staff numbers across the Consolidated group. Decisions regarding the retaining of staff were based solely on the skills required for the project development and future work programs and not on an individual's age, gender or background.



CORPORATE GOVERNANCE

At 31 December 2012 there were 28 employees including directors in the Consolidated group and 32% of these employees were women. This compares to 31 December 2011, when there were 41 employees including directors, of which 34% were women.

The positions held by women in the Consolidated group at 31 December 2012 include one senior corporate position and two senior positions within the project team. There are currently no women holding board or senior management positions (as defined in the remuneration report).

A copy of the Code of Conduct, Securities Trading Policy and Diversity Policy have been placed on the Company's website.

Principle 4: Safeguard integrity in financial reporting

The integrity of the Company's financial reporting is a critical aspect of GMEL's corporate governance and structures are in place to verify and safeguard the integrity of the Company's financial reporting, which is overseen by the Audit and Risk Committee.

The Company's financial statements are reviewed or audited, each half year. The financial statements are reviewed by the Board which operates under formal terms of reference. The Board Charter is placed on the website.

The Board has requested that the Managing director as the Chief Executive Officer and the Chief Financial Officer to state in writing that the financial statements present a true and fair view, in all material respects, of the Company's financial condition and operational results and that,

- The financial records have been properly maintained in accordance with s286 of the Corporations Act 2001
- The financial statements are in accordance with the Corporations Act 2001, comply with relevant Accounting Standards and Corporation Regulations 2001.
- The financial statements are founded on sound system of risk management, as outlined in principle 7.

Principle 5: Make timely and balanced disclosure

The Board promotes timely and balanced disclosure of all material matters concerning the Company.

The Company has formalised its policy to promote a culture whereby all senior management understands the processes in relation to the timely disclosure of information.

A copy of the Reporting Policy has been placed on the Company's website.

Principle 6: Respect the rights of shareholders

The Board respects the rights of all shareholders and, to facilitate the effective exercise of those rights, the Company is committed to effective communication with shareholders. This occurs by electronic ASX releases to the market, through GMEL e-list email communications (registration is available via the Company's website) and by the provision to shareholders of balanced and understandable information in relation to corporate proposals.

Shareholders generally participate in shareholder meetings through the appointment of a proxy. The Company's external Auditor is invited to attend these meetings.

Principle 7: Recognise and manage risk

The Company recognises the importance of managing risk and has established systems to assess monitor and manage risk based on the Company's size, history and strategy. The exploration and development of natural resources is a speculative activity that involves a high degree of financial risk.



CORPORATE GOVERNANCE

The Company has formalised its policy to identify, monitor and manage risk. The Company as part of its risk management, formally established an Audit and Risk Committee

The Company's executives and senior management, through the Managing Director are responsible for the identification of material risks to the business and the design and implementation of internal control systems to manage the identified risks.

The Board has received from management, reports on the effectiveness of the Company's management of its material business risks.

The Board has obtained a written confirmation from the Managing Director and the Chief Financial Officer that the statement in relation to principle 4, that the financial reports are founded on a sound system of risk management and internal compliance and control and the Company's risk management and internal compliance control systems are operating efficiently and effectively in all material respects.

The principle areas of risk for the Company are in the areas of:

- Occupational health and safety and work related safety risks
- Environment risks
- Security of tenure over tenements
- Financial risk in the areas of maintaining sufficient funding for the continuation of operations and risks related to fraud, misappropriation and errors.

The Company has implemented and maintains adequate policies to monitor these areas and to reduce risk exposure.

Principle 8: Remunerate fairly and responsibly

The Board is committed to ensuring that the level and composition of remuneration is sufficient and reasonable and that its relationship to corporate and individual performance is defined.

Executive Remuneration Policy

The Company remunerates its senior executives in a manner that is market competitive, consistent with best practice and aligned to the interests of shareholders. Remuneration comprises a fixed salary, determined from a market review, to reflect core performance requirements and expectations of the relevant position and statutory superannuation where applicable, as well as stock options and rights issues.

Non-Executive Remuneration Policy

Non-Executive Directors are paid a fixed fee out of the maximum aggregate amount which has been approved by shareholders. Non-executive Directors are entitled to statutory superannuation where applicable.

There are no schemes for retirement benefits, other than statutory superannuation, for any non-executive Director.

A copy of the Code of Conduct has been placed on the Company's website.



DIRECTORS' REPORT

The directors of Greenland Minerals and Energy Limited submit herewith the annual financial report for the financial year ended 31 December 2012, in order to comply with 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:

Michael Hutchinson, Non-Executive Chairman
Roderick Claude McIlree, Managing Director
Simon Kenneth Cato, Executive Director
John Mair, Executive Director
Anthony Ho, Non-Executive Director
Jeremy Sean Whybrow, Non-Executive Director

Company Secretary

The following person held the position of Company secretary at the end of the financial year:

Miles Simon Guy – *M. Com(PA)* is an accountant with 16 years' experience in both public practice and commercial environments. Mr Guy is also currently the Chief Financial Officer for Greenland Minerals and Energy Limited.

Principal Activities

The principal activity of the Consolidated group during the financial year was mineral exploration and project evaluation. Specifically the continued evaluation of the Consolidated group's Kvanefjeld project.

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 \$17,344,249 (2011: loss \$14,209,550)

Significant Changes in State of Affairs

During the financial year, there were no significant changes in the state of affairs of the Consolidated group.

Subsequent Events

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

Future Developments

Likely developments in, and expected results of the operations of the Consolidated Group in subsequent years are referred to elsewhere in this report, particularly on pages 7 to 23. In the opinion of the directors, further information on those matters could prejudice the interests of the company and the Consolidated Group and has therefore not been included in this report.



DIRECTORS' REPORT

Environmental Regulations

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

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

Dividends

In respect of the financial year ended 31 December 2012, 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 2011.

Shares

During the year ended 31 December 2012, the following ordinary shares of Greenland Minerals and Energy Limited were issued, as detailed in Note 15 to the financial report.

The total number of ordinary shares on issue at 31 December 2012 was 567,937,409 (31 December 2010: 416,390,488).

The total number of shares issued during the current financial year was 151,546,921.

There is no other class of shares issued by the Company and the Company has no un-issued shares, other than those registered to options and performance rights which are disclosed in the next section.

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

Issuing entity	Number of shares issued	Class of share	Amount paid for/ fair value of shares	Amount unpaid on shares
Greenland Minerals and Energy limited	200,000	Ordinary shares	\$0.37	-
Greenland Minerals and Energy limited	2,138,425	Ordinary shares	\$0.32	-
Greenland Minerals and Energy limited	56,858,499	Ordinary shares	\$0.30	-
Greenland Minerals and Energy limited	92,324,997	Ordinary shares	\$0.29	-
Greenland Minerals and Energy limited	25,000	Ordinary shares	\$0.26	-

Options and performance rights

During the year ended 31 December 2012 the number of options and performance rights of Greenland Minerals and Energy Limited that were issued are detailed in Note 24 to the financial report.



DIRECTORS' REPORT

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

Issuing entity	Number of shares under option	Number of shares under performance rights	Class of shares	Exercise price of option	Expiry date of option
Greenland Minerals and Energy Limited (i)	7,000,000	-	Ordinary shares	\$1.75	31 August 2013
Greenland Minerals and Energy Limited (i)	750,000	-	Ordinary shares	\$0.25	31 March 2013
Greenland Minerals and Energy Limited (ii)	-	17,450,000	Ordinary shares	NA	15 May 2014
Greenland Minerals and Energy Limited (iii)	4,999,520	-	Ordinary shares	\$0.75	15 October 2014
Greenland Minerals and Energy Limited (iii)	25,769,191	-	Ordinary shares	\$0.60	5 October 2014

- (i) Options were issued during the previous financial year.
- (ii) 16,450,000 performance were issued in the previous financial year and 1,000,000 performance rights were issued in the current financial year
- (iii) Options were issued in the current financial year.

The holders of these options and performance rights 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.

Review of operations

In 2012, against a backdrop of global economic uncertainty, greatly restricted capital markets, and suppressed investor interest in the rare earth element and uranium sectors, Greenland Minerals and Energy Limited achieved a number of major milestones that see the Kvanefjeld multi-element project transition towards the development phase, and be well positioned to attract renewed market interest.

On the basis of continued technical advances Kvanefjeld is now increasingly recognised as a project of genuine global significance. This reflects both the scale of the resource and the clear potential to develop Kvanefjeld as a cost-competitive, readily expandable source of rare earth metals and uranium. While the Consolidated group has systematically advanced the Kvanefjeld project, the profile of Greenland's emerging minerals industry continues to grow with increasing coverage in the international press. In particular, media coverage has focussed on growing interest in Greenland's natural resources from South Korean, Chinese and European groups, with the Greenland government actively promoting foreign investment in their resource sector.

On the basis of continued technical advances Kvanefjeld is now increasingly recognised as a project of genuine global significance.

Key technical developments in 2012 included initial Joint Ore Reserve Committee (JORC) code compliant mineral resource estimates for the Sørensen and Zone 3 REE-U deposits, finalisation of the Kvanefjeld prefeasibility study, successful pilot plant operation of the Kvanefjeld concentrator (beneficiation) circuit, and semi-continuous leach test work programs to optimise the atmospheric leach conditions in the refining stage.

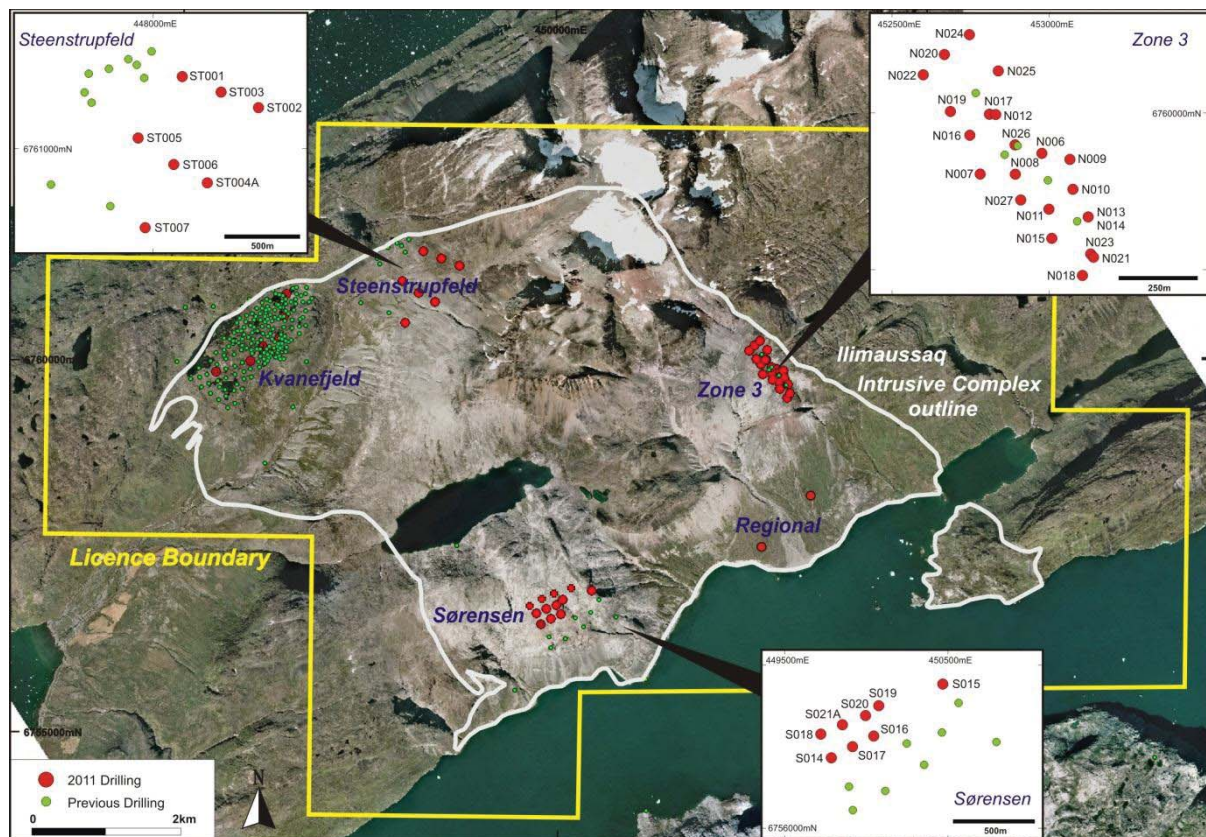


DIRECTORS' REPORT

Review of operations (cont'd)

These achievements have served to significantly de-risk Kvanefjeld's technical development, and see Kvanefjeld rank strongly against other emerging rare earth producers.

Important corporate developments were also achieved in 2012. The company executed the agreement to acquire the outstanding 39% of the Kvanefjeld project, thereby moving to 100% project ownership. With Kvanefjeld moving into definitive feasibility studies the move to full project ownership was an important step as the Consolidated group looks to structure investment opportunities for potential development partners. A \$17M capital raising was also completed late in the year that sees the Company well-funded for the immediate future. On the basis of continued advances across all aspects of the Kvanefjeld project Bell Potter Securities, Australia's largest independent stock broker, commenced comprehensive research coverage on the Consolidated group in the third quarter of 2012.



Overview of the northern Ilimaussaq complex ('Kvanefjeld project'). Mineral resource estimates have now been established at Kvanefjeld, Sørensen, and Zone 3. Drilling at Steenstrupfjeld has produced consistent REE-U intercepts, but a resource estimate is yet to be produced. Regional drilling and geological mapping indicate that the lujavrite layer that hosts the deposits is present throughout the northern Ilimaussaq complex. This highlights the potential for further discoveries resource expansions.

In November during Greenland's fall sitting of parliament a show of unanimous support was shown for a fast-tracked review on the issues and implications of removing the zero-tolerance policy toward the exploitation of uranium. The outcomes of the review are set to be discussed in Greenland's spring sitting of parliament that will follow shortly after a national election in Greenland set for March 12th 2013.



DIRECTORS' REPORT

Review of operations (cont'd)



Drilling on the Sørensen REE-U deposit during the 2011 summer.

Mineral Resources

During the first half of 2012 the Consolidated group finalised initial mineral resource estimates for the Sørensen and Zone 3 REE-U deposits. The resource estimates were independently produced by SRK Consulting. In both cases the results exceeded expectations and expanded the resource base for the overall project substantially. Collectively, the Kvanefjeld, Sørensen and Zone 3 deposits contain a resource inventory of 575Mlbs U_3O_8 and 10.3 Mt total rare earth oxide (TREO), including over 1.2 Mt of heavy REO's and yttrium oxide. This makes the overall Kvanefjeld project one of the largest undeveloped resources of both rare earth elements and uranium globally. All deposits are part of the same broader geological system and feature the same style of mineralisation with the mineral steenstrupine the dominant host to both REEs and uranium. The bulk, mostly outcropping resources are conducive to low-cost open pit mining, and feature a consistent ore type from surface owing to recent glacial activity that has removed any oxide material. Importantly, recent metallurgical breakthroughs have demonstrated that the Kvanefjeld ore-type is highly favourable from a processing perspective in that the ore can be simply beneficiated to produce a high-grade REE and uranium rich mineral concentrate that can then be treated with an atmospheric acid leach, as opposed to requiring complex and costly acid bake and caustic cracking processes.

Collectively, the Kvanefjeld, Sørensen and Zone 3 deposits that are all hosted within the northern Ilimaussaq Complex contain a resource inventory of 575 Mlbs U_3O_8 and 10.3 Mt total rare earth oxide (TREO), including over 1.2 Mt of heavy REO's and yttrium oxide. This makes the overall Kvanefjeld project one of the largest undeveloped resources of both rare earth elements and uranium globally.

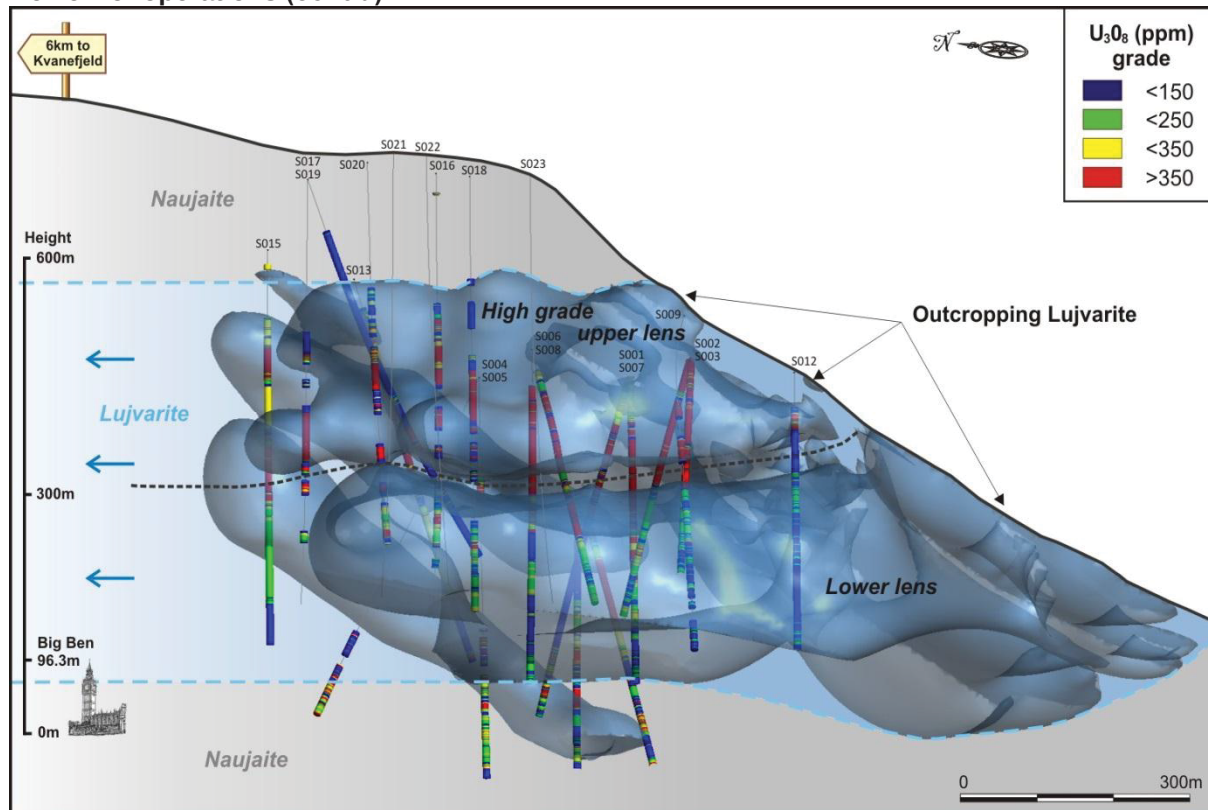
Feasibility Studies and Process Development Kvanefjeld Prefeasibility Study

On 4th May 2012, the Company announced the outcomes of a comprehensive prefeasibility study (PFS) for the development of the Kvanefjeld Project (rare earth elements, uranium, zinc). The PFS builds upon extensive drilling, research and test work programs conducted by the GMEL over the past five years in association with internationally respected research institutions and accredited analytical facilities.



DIRECTORS' REPORT

Review of operations (cont'd)



Long section through the geological model of the Sørensen deposit. The model is constrained by both drill intersections and outcrop mapping of the lujavrite horizon. The deposit remains open to the north (left of page), with the lujavrite horizon undulating for 6km to the northern contact of the Ilimaussaq Complex where Kvanefjeld is located. The Sørensen deposit is characterised by improving grades with proximity to surface. The model was generated using Leapfrog™ software. Big Ben, a well-known tall landmark, is shown at same scale to allow an appreciation of the vertical dimensions of Sørensen. The initial resource estimate for Sørensen is an impressive 242 Mt.

The PFS also draws on extensive historical work conducted by Danish authorities and scientists in the 1970s and early 1980s, which culminated in an 'historic' prefeasibility study published by Risø National Laboratory (Risø) in 1983. In contrast to the Risø studies that focused solely on the exploitation of uranium, the Consolidated group has evaluated Kvanefjeld for the production of REEs and uranium to access the inherently greater value of a multi commodity resource.

The PFS demonstrates the clear potential for Kvanefjeld to be developed as a long-life, cost effective producer of heavy, light and mixed rare earth concentrates, uranium oxide and zinc.

The production profile is of global significance in terms of output capacity, and low production costs.

The high upgrade ratio achieved using flotation, the high extraction of uranium and heavy REEs from mineral concentrates using a conventional atmospheric acid leach, and the ability to produce multiple RE products represent key advantages of the Kvanefjeld Project.



DIRECTORS' REPORT

Review of operations (cont'd)

Through 2010 and 2011, focused research programs led to important metallurgical breakthroughs. The identification of an effective method to beneficiate the Kvanefjeld ore to generate a low mass, REE-uranium-rich mineral concentrate opened the opportunity to leach both REEs and uranium with conventional acidic solutions under atmospheric conditions; a highly favourable outcome by industry standards. Importantly, this eliminated the need for a whole-of-ore alkaline pressure leach circuit that was considered in the 'Interim Prefeasibility Study', released by the Company in the first quarter of 2010.

The removal of reagent-consuming silicate minerals through beneficiation allows for the effective use of conventional acidic solutions to leach REEs and uranium from the mineral concentrates. It also allows for significant downsizing of the leach circuits. These key technical developments have led to a simpler flowsheet with lower technical risk and improved capital and operating costs over those released in the 2010 Interim Prefeasibility Study.

The identification of an effective method to beneficiate the Kvanefjeld ore to generate a low mass, REE-uranium-rich mineral concentrate opened the opportunity to leach both REEs and uranium with conventional acidic solutions under atmospheric conditions; a highly favourable outcome by industry standards.

Increasing uranium and heavy REE output can be readily achieved through subsequent development phases that future work programs are scoped to address.

The work commissioned by the Consolidated group has been carried out by internationally recognised consulting firms covering a wide range of disciplines, and in particular:

- **Resource definition and mine plans**
 - SRK Consulting, Coffey Mining
- **Metallurgy and process development**
 - AMEC Minproc, ANSTO, SGS Oretest, CSIRO, ALS AMMTEC, Mintek
- **Environmental Impact Assessment and Social Impact Assessment**
 - Coffey Environments, Orbicon (Denmark), Grontmij (Denmark)
- **Plant engineering design, infrastructure, capital development**
 - AMEC Minproc, NIRAS (Denmark)

Key Prefeasibility Study Outcomes:

- The Prefeasibility Study outlines an initial development scenario with an annual mine throughput of 7.2 Mt, to generate four main products as well as a high-grade zinc sulfide concentrate:
 - Uranium Oxide – 2.6 Mlbs pa U_3O_8
 - Heavy Rare Earth Hydroxide – 4,200 tpa TREO
 - Mixed Rare Earth Carbonate – 10,400 tpa TREO
 - Light Rare Earth Carbonate – 26,200 tpa TREO



DIRECTORS' REPORT

Review of operations (cont'd)



The pilot plant scale Jameson Cell, ready for action.



DIRECTORS' REPORT

Review of operations (cont'd)



Scavenger rare earth flotation in pilot scale conventional cells isolates remaining REE-U rich minerals, following the rougher flotation in the Jameson Cell. This concentrate is further treated in a cleaning circuit to increase grade.

- Unit costs of production are low; less than US\$31/lb U_3O_8 and less than US\$8/kg TREO (as contained in the three combined rare earth products). This places the Kvanefjeld Project into The bottom half of the cost curve for uranium producers and it will be one of the lowest cost REE producers worldwide.
- The Kvanefjeld Project generates a pre-tax, ungeared internal rate of return of 32% and a cash payback period less than 4 years, based on long term prices of US\$70/lb U_3O_8 and US\$41.60/kg TREO. The pre-tax NPV is US\$4,631 M (at 10% discount rate).
- Capital costs of an open cut mine, a mineral concentrator and a refining plant, capable of treating 7.2 Mtpa, is estimated to cost US\$1.53 Billion (inclusive of US\$247 M contingency).
- The Project has an initial mine life of over 33 years, based on the indicated mineral resources established near surface at the Kvanefjeld deposit. Construction is scheduled to commence in 2014 and first production in 2016.



DIRECTORS' REPORT

Review of operations (cont'd)

- Highly efficient process flowsheet established drawing on conventional, proven methodologies;
 - *Beneficiation utilising froth flotation achieves high up-grade ratio with dominant REE-uranium minerals concentrated into <15% of ore mass*
 - *Atmospheric leaching of mineral concentrates using sulfuric acid results in >90% extraction of heavy REEs and uranium, with slightly lower LREE extraction. High purity concentrates recovered using solvent extraction.*
 -
- The Kvanefjeld Project global resource contains 956 Mt and is located 7 km from tidewater, with deep fjords running directly to the North Atlantic Ocean. The resource is mostly outcropping and within 300 m of ground surface. Local infrastructure is well established, with the local town of Narsaq within 10kms of the mine and an international airport at Narsarsuaq 30 kms away.
- Mining studies indicate a large open pit with a low waste strip ratio (1.1 tonne of waste for each tonne of ore) in addition to the highest grade material occurring at surface. Total life of mine production is 232.6 Mt at an average mine grade of 341 ppm U_3O_8 and 1.22% TREO. Mining studies are based on only the resources in the Kvanefjeld deposit that are categorized as 'indicated'. There remains over 700 Mt of defined resources that are not yet factored into the current mine schedule, which provide an obvious means to increase the mine life substantially.

Prefeasibility Study Updates – Significant Project Enhancements

In early September, the Consolidated group released a technical update that further strengthened the Kvanefjeld project metrics. Process enhancements in the leach stage served to produce cleaner separation between REEs and uranium. The cleaner product separation allowed for further major circuit simplification that results in improving overall product recovery and reducing costs. Outcomes of the technical advances included:

- **Increased rare earth recovery by 27%**
- **Increased uranium recovery by 4%.**
- **Reduced capital costs to USD1.3B**
- **Reduced rare earth oxide unit costs to USD \$3/kg**

Process enhancements in the leach stage served to produce cleaner separation between REEs and uranium. The cleaner product separation allowed for further major circuit simplification that results in improving overall product recovery and reducing costs.

These results are supported by extensive laboratory test work and engineering trade off studies. Further details are provided in the following table. The project enhancements result in substantial improvements to economic metrics of the Kvanefjeld project.



DIRECTORS' REPORT

Review of operations (cont'd)

Impact of the improvements to the Kvanefjeld hydrometallurgical flowsheet*.

	Kvanefjeld PFS (May 2012)	Updated PFS metrics – (August 2012)	Change
Uranium Production (tpa U ₃ O ₈)	1,185	1,230	+4%
Rare Earth Production (tpa REO)	40,780	51,900	+27%
Capex (US\$M)	1,534	1,297	-15%
Unit cost (US\$/kg REO after U Credit @ \$70/lbs) [#]	\$5.28	\$3.07	-42%
Pre-Tax NPV (US\$B)	4.63	6.59	+42%
IRR	32%	43%	+34%

*Based on pricing assumptions outlined in the Kvanefjeld PFS (May 2012).

[#] Unit cost per kilogram of rare earth oxide produced as a mixed rare earth intermediate product net of uranium by-product credits

Further Refinery (Leach Stage) Developments

Process development for the Kvanefjeld concentrate refinery continued through to late 2012 with promising results. Semi-continuous leach testwork was performed on Kvanefjeld mineral concentrate at ANSTO laboratories in Sydney. This testwork demonstrated that leaching of impurities can be effectively controlled whilst achieving high extractions of uranium and rare earth elements. The results further confirm that the non-refractory nature of the Kvanefjeld value containing minerals allows for the use of atmospheric leaching and its associated advantages. This work program followed a test work program conducted in August 2012 at SGS Minerals in Perth that provided critical data in constraining the optimal leach conditions.

An international application under the Patent Cooperation Treaty (PCT) was filed for the Kvanefjeld Hydrometallurgical Refinery Process on the 30th November 2012. This provides protection for all of the leading edge metallurgical technology applied to produce a metallurgical flowsheet which consists of simple equipment and elegant chemistry. Potential off-take partners are now able to secure both the concentrate and the technology to treat the concentrate efficiently.

The results further confirm that the non-refractory nature of the Kvanefjeld value containing minerals allows for the use of atmospheric leaching and its associated advantages.

Final Pilot Plant Operation of Concentrator Circuit

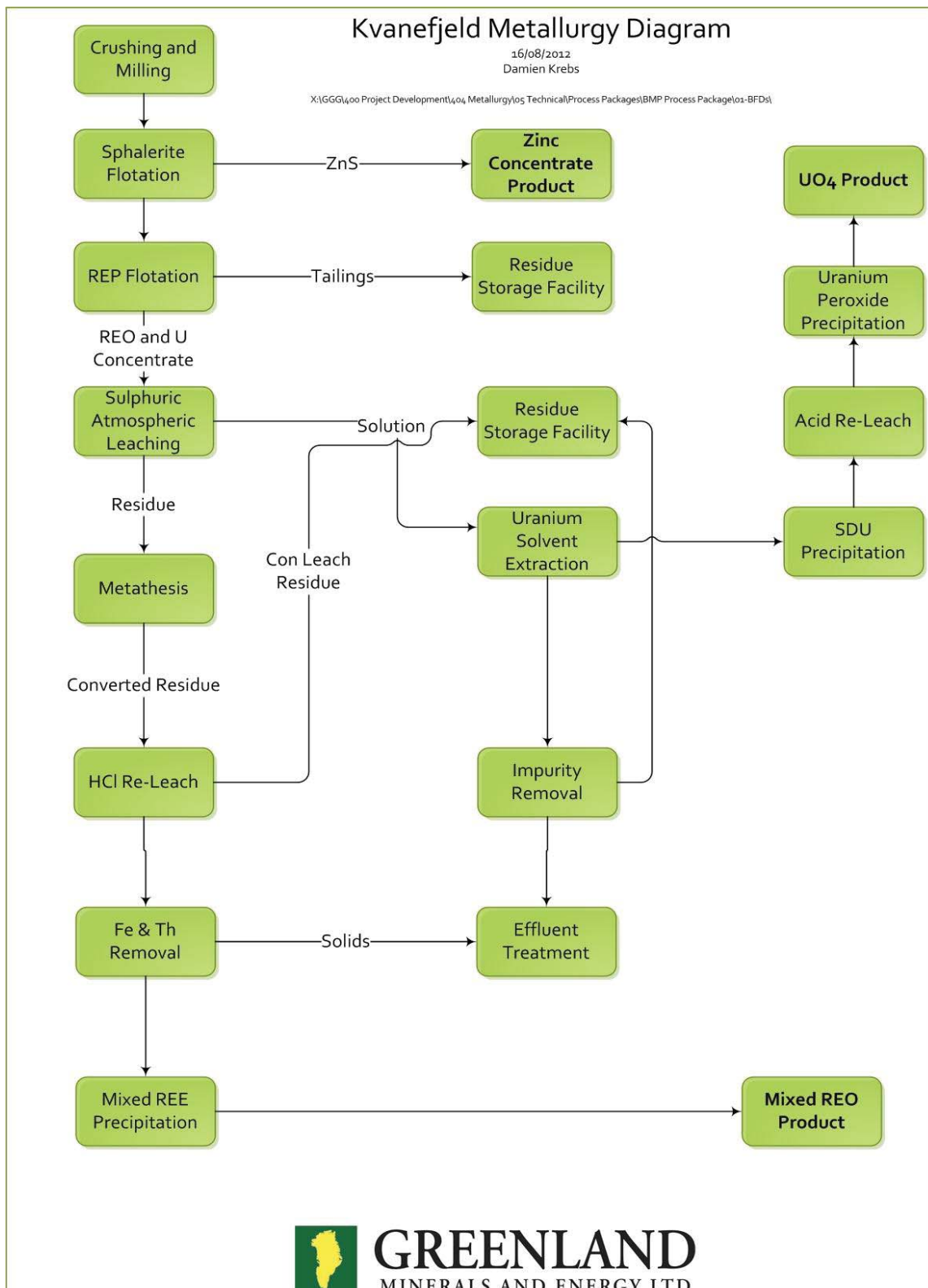
Between the 19th and 22nd of November 2012, the Consolidated group continuously operated a flotation pilot plant at the laboratory of SGS-Oretest in Perth, Western Australia. The pilot plant produced over 300 kg of rare earth mineral concentrate ("Concentrate") from 4 tonnes of Kvanefjeld ore.

Successfully completing this continuous piloting campaign represents the final phase of process de-risking for the concentrator circuit in the Kvanefjeld flow-sheet.



DIRECTORS' REPORT

Review of operations (cont'd)



The Kvanefjeld process flowsheet; rigorously developed, extensively tested, and significantly de-risked.



DIRECTORS' REPORT

Review of operations (cont'd)

The results obtained during the operation of the pilot plant exceeded the Company's expectations. Highlights of the campaign include:

- *Achieving a Concentrate grade of 15% REO, significantly exceeding both feasibility design and results achieved in bench-scale laboratory test-work*
- *Lower levels of impurities were present in the Concentrate in comparison to the results achieved in bench-scale laboratory test-work*
- *The successful use of Jameson Cells in a scalper/rougher duty to produce final grade concentrate in a single step*
- *Smooth operation of the pilot plant, a reflection of the overall simplicity of the concentrator circuit.*

These results will be incorporated in the process design which will form part of the final feasibility study for the concentrator.

The significant increase in concentrate grade achieved in the pilot plant will lead to further reductions in both operating and capital costs.

The Consolidated group has conclusively demonstrated that a high grade flotation concentrate can be produced from Kvanefjeld ore. The results confirm that few REE ore-types, particularly those enriched in heavy REEs, can be as effectively and simply upgraded as those from Kvanefjeld.

The Consolidated group has always considered that metallurgical success would be the key to unlocking the value in the vast Kvanefjeld resource. The Consolidated group is very pleased that its investment in metallurgical test-work and process design has provided the data upon which a customized and technically robust process has been developed for the Kvanefjeld project.

Corporate Developments

Greenland Minerals and Energy Limited Assumes Full Ownership of Kvanefjeld

In early August 2012, the Company announced that it has finalised an agreement with Westrip Holdings ("Westrip") and Rimbal Pty Ltd ("Rimbal") to complete the acquisition for the outstanding 39% of the exploration license (EL 2010/02) that contains the Kvanefjeld, Sorensen and Zone 3 deposits, with an equity-based transaction.

In order to complete the acquisition the Greenland Minerals and Energy limited was required to pay \$33.4M in cash to Westrip and Rimbal. However during the current year an amendment to the acquisition agreement was made, which reduced the cash requirement to \$5M, with the balance to be paid through issuing ordinary shares and options in the Company.

Post-finalisation, the shares issued in order to complete the acquisition of 39% of the company's core asset in the Kvanefjeld project will represent approximately 15% of the Company's issued capital (not inclusive of the required \$5M cash payment). The favourable equity terms agreed upon by all parties reflect continued advances in the Kvanefjeld project including the inclusion of uranium on exploration license EL 2010/02 in late-2011, major resource expansions, and strong outcomes of the Kvanefjeld pre-feasibility study, released in May 2012.

The move to 100% ownership of Kvanefjeld was finalized on 16th October 2012 following shareholder approval that took place on 8th October 2012.



DIRECTORS' REPORT

Review of operations (cont'd)



Overview of the pilot plant facilities with the Jameson Cell in the foreground.

\$17M Capital Raising Completed

At the beginning of October 2012, the Company announced that it had successfully completed a \$15M capital raising. Funds were raised through issuing 50 million ordinary shares at \$0.30 cents per share and 25 million free attaching options to Australian and international institutions, existing shareholders and sophisticated investor clients of Bell Potter Securities Limited. The options are exercisable at \$0.60 cents and expire in October 2014. The capital raising was conducted to finalise the move to 100% ownership of Kvanefeld, and to provide general working capital.

The Company also offered shareholders the opportunity to purchase shares at \$0.30 cents through a Shareholder Purchase Plan. An additional \$2M was raised through this process, taking the total amount raised to \$17M.

Political Developments in Greenland

On Wednesday 21st November 2012 the position of Greenland in regard to uranium policy was addressed in Greenland's parliament. A show of unanimous support was given from all political parties to fast-track an independent review to finalise the government-driven phase of information gathering on uranium production undertaken over the last three years. Importantly this review includes aspects that relate to Greenland's foreign policy, which is managed by Denmark. The review is aimed to be finalised in March 2013 prior to the sitting of Greenland parliament.



DIRECTORS' REPORT

Review of operations (cont'd)

The information campaign conducted by the Greenland Government has greatly expanded the knowledge base required to evaluate and effectively manage potential uranium production in Greenland. In addition to a compilation and dissemination of technical information, government and key stakeholder representatives have conducted visits to Canada to learn more about the regulation and operation of uranium production, and the effective management of environmental and social impacts.

Parliamentary backing for a fast-tracked review follows a number of key licensing developments for the Kvanefjeld project over the last two years. In Greenland uranium is regulated at the license level, rather than under the Mining Act, and in late 2011 uranium was incorporated into the Consolidated group's exploration license for Kvanefjeld. This effectively provides the Consolidated group with the right to apply for exploitation in accordance with Greenland's broader mining regulatory framework.

A national election in Greenland has been called for March 12th 2013, and will take place prior to the spring sitting of parliament.

GMEL Attends Trade Visit to South Korea with Government Delegation

In December 2012, company executives joined a delegation led by the Greenland government on a visit to South Korea. The trip to Seoul followed an official visit by the South Korean President to Greenland in September 2012, when agreements were signed on resource cooperation and geological research. South Korea is renowned for its strong manufacturing industries yet is resource poor, whereas Greenland is looking to expand its resources industry and is looking for foreign investment and trade partners.

The December visit to Seoul aimed at promoting emerging opportunities in Greenland's resources sector. Presentations were made by members of the Greenland government and representatives of Greenland's resources industry to forums that were very well attended by representatives of South Korean corporations; a number of which are well known to GMEL and the Kvanefjeld project. The visit to Seoul highlights the efforts of the Greenland Government to progressively build a profile as an important new minerals region that is welcoming foreign investment. Through the Bureau of Minerals and Petroleum (BMP), the government actively promotes Greenland's resource opportunities in China, South Korean, Europe, Canada and Australia.

The visit to South Korea was a very positive exercise for all involved and was covered extensively in the Greenlandic, Danish and South Korean media.

The visit to Seoul highlights the efforts of the Greenland Government to progressively build a profile as an important new minerals region that is welcoming foreign investment.

Greenland Minerals and Energy Limited Participates in Danish Industry Forum

At the request of the Confederation of Danish Industry (DI), the premier lobbying organisation for Danish businesses on national and international issues, and the Greenland Employers' Association, Greenland's principal trade organisation, GMEL presented at a seminar held on January 8th 2013 discussing opportunities for Danish companies in Greenland.

Greenland is experiencing a rapidly growing international interest in searching for and extracting mineral resources. Whilst the exploration for raw materials will only be interesting for a few Danish companies, as the Greenland mining industry develops there are great opportunities for all types of Danish companies that can provide services, equipment and know-how for the mining industry. This can usefully be done in cooperation with Greenlandic companies, which through their local roots can facilitate access to the market in Greenland.



DIRECTORS' REPORT

Review of operations (cont'd)

DI and Greenland Employers therefore invited Danish suppliers of services (e.g. logistics, catering, cleaning, and security), equipment (e.g. pipes, pumps, arctic equipment) and know-how (design, knowledge consultancy, contracting) to the seminar to learn about the possibilities that the Greenland mining industry offers. The seminar had over 100 business participants who appreciated the opportunity to hear from international mining companies operating in Greenland, about their expectations for future investments in Greenland in the coming years.

The forum highlighted a growing understanding amongst Danish Industry of the great growth opportunities that Greenland's emerging resources sector can provide.

Current Focus and Aims for 2013

With a solid technical foundation in place, the Consolidated group is currently focused on firming up the implementation strategy for Kvanefjeld, which includes establishing the optimal start up capacity. Notably, the continued improvement in metal recoveries has increased the projected product output substantially, such that it is logical to investigate a smaller start-up operation with a lower output. This will serve to further reduce capital costs significantly.

With the continued improvement and de-risking of the concentrator circuit, the Consolidated group is reviewing the option of shipping high-grade mineral concentrates out of Greenland with the aim of establishing refining capacity elsewhere. This serves to reduce the 'footprint' of the Kvanefjeld project in Greenland which reduces both environmental and social impacts.

With hydrometallurgical leaching conducted outside of Greenland, there would be no requirement for acid plants and related infrastructure in Greenland. This ultimately reduces the complexity of permitting the operation in Greenland, which would include a mine and concentrator (flotation) circuit. Locations that have ready access to industrial infrastructure, skilled labour, proximity to markets and with the regulatory capacity to manage radioactive materials are the focus.

Combined, downsizing the start-up capacity, reviewing refinery locations, and structuring a business model that creates an appealing investment proposition for potential project partners, are major areas of focus moving into 2013. The Consolidated group anticipates that updates on the project implementation strategy will be released to the market through the first half of the year.

As results from last year's extensive metallurgical work programs are progressively finalised, updates to project enhancements will also be released, serving to further de-risk the process development. In parallel, the Consolidated group is awaiting the outcomes of further parliamentary discussions on potential uranium exploitation. Further clarity on clear political support will place the Company in a strong position to finalise the feasibility study components that are critical to a mining license application. Overall the Consolidated group is well placed to gain from renewed market attention in 2013 on the basis of a highly productive year in 2012. Kvanefjeld now has a very robust technical foundation with increasingly strong project economic metrics, and is 100% owned by Greenland Minerals and Energy Limited.

Overall the Consolidated group is well placed to gain from renewed market attention in 2013 on the basis of a highly productive year in 2012. Kvanefjeld now has a very robust technical foundation with increasingly strong project economic metrics, and is 100% owned by Greenland Minerals and Energy Limited.

Financial Position

The net assets of the Consolidated group were \$64,991,703 as at 31 December 2012 (2011: \$57,992,459).



DIRECTORS' REPORT

Review of operations (cont'd)

The information in this report that relates to exploration targets, exploration results, geological interpretations, appropriateness of cut-off grades, and reasonable expectation of potential viability of quoted rare earth element, uranium, and zinc resources is based on information compiled by Mr Jeremy Whybrow. Mr Whybrow is a director of the Company and a Member of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr Whybrow has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined by the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Whybrow consents to the reporting of this information in the form and context in which it appears.

The geological model and geostatistical estimation for the Kvanefjeld and Zone 2 deposits were prepared by Robin Simpson of SRK Consulting. Mr Simpson is a Member of the Australian Institute of Geoscientists (AIG), and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined by the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Simpson consents to the reporting of information relating to the geological model and geostatistical estimation in the form and context in which it appears.



DIRECTORS' REPORT

Review of operations (cont'd)



The Jameson Cell produces a rougher/scalper concentrate which contains 15% REO in a single stage; an excellent outcome by industry standards, which emphasises the applicability of the Jameson Cell technology to the Kvanefjeld ore.



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

Cut-off (U ₃ O ₈ ppm) ¹	Multi-Element Resources Classification, Tonnage and Grade									Contained Metal				
	Classification	M tonnes Mt	TREO ² ppm	U ₃ O ₈ ppm	LREO ppm	HREO ppm	REO ppm	Y ₂ O ₃ ppm	Zn ppm	TREO Mt	HREO Mt	Y ₂ O ₃ Mt	U ₃ O ₈ M lbs	Zn Mt
Kvanefjeld - March 2011														
150	Indicated	437	10929	274	9626	402	10029	900	2212	4.77	0.18	0.39	263	0.97
150	Inferred	182	9763	216	8630	356	8986	776	2134	1.78	0.06	0.14	86	0.39
150	Grand Total	619	10585	257	9333	389	9721	864	2189	6.55	0.24	0.53	350	1.36
200	Indicated	291	11849	325	10452	419	10871	978	2343	3.45	0.12	0.28	208	0.68
200	Inferred	79	11086	275	9932	343	10275	811	2478	0.88	0.03	0.06	48	0.20
200	Grand Total	370	11686	314	10341	403	10743	942	2372	4.32	0.15	0.35	256	0.88
250	Indicated	231	12429	352	10950	443	11389	1041	2363	2.84	0.10	0.24	178	0.55
250	Inferred	41	12204	324	10929	366	11319	886	2598	0.46	0.02	0.03	29	0.11
250	Grand Total	272	12395	347	10947	431	11378	1017	2398	3.33	0.12	0.27	208	0.65
300	Indicated	177	13013	374	11437	469	11906	1107	2414	2.30	0.08	0.20	146	0.43
300	Inferred	24	13120	362	11763	396	12158	962	2671	0.31	0.01	0.02	19	0.06
300	Grand Total	200	13025	373	11475	460	11935	1090	2444	2.61	0.09	0.22	164	0.49
350	Indicated	111	13735	404	12040	503	12543	1192	2487	1.52	0.06	0.13	98	0.27
350	Inferred	12	13729	403	12239	436	12675	1054	2826	0.16	0.01	0.01	10	0.03
350	Grand Total	122	13735	404	12059	497	12556	1179	2519	1.68	0.06	0.14	108	0.31
Sørensen - March 2012														
150	Inferred	242	11022	304	9729	398	10127	895	2602	2.67	0.10	0.22	162	0.63
200	Inferred	186	11554	344	10223	399	10622	932	2802	2.15	0.07	0.17	141	0.52
250	Inferred	148	11847	375	10480	407	10887	961	2932	1.75	0.06	0.14	123	0.43
300	Inferred	119	12068	400	10671	414	11084	983	3023	1.44	0.05	0.12	105	0.36
350	Inferred	92	12393	422	10967	422	11389	1004	3080	1.14	0.04	0.09	85	0.28
Zone 3 - May 2012														
150	Inferred	95	11609	300	10242	396	10638	971	2768	1.11	0.04	0.09	63	0.26
200	Inferred	89	11665	310	10276	400	10676	989	2806	1.03	0.04	0.09	60	0.25
250	Inferred	71	11907	330	10471	410	10882	1026	2902	0.84	0.03	0.07	51	0.2
300	Inferred	47	12407	358	10887	433	11319	1087	3008	0.58	0.02	0.05	37	0.14
350	Inferred	24	13048	392	11392	471	11864	1184	3043	0.31	0.01	0.03	21	0.07
Project Total														
Cut-off (U ₃ O ₈ ppm) ¹	Classification	M tonnes Mt	TREO ² ppm	U ₃ O ₈ ppm	LREO ppm	HREO ppm	REO ppm	Y ₂ O ₃ ppm	Zn ppm	TREO Mt	HREO Mt	Y ₂ O ₃ Mt	U ₃ O ₈ M lbs	Zn Mt
150	Indicated	437	10929	274	9626	402	10029	900	2212	4.77	0.18	0.39	263	0.97
150	Inferred	520	10687	272	9437	383	9820	867	2468	5.55	0.20	0.45	312	1.28
150	Grand Total	956	10798	273	9524	392	9915	882	2351	10.33	0.37	0.84	575	2.25

¹There is greater coverage of assays for uranium than other elements owing to historic spectral assays. U₃O₈ has therefore been used to define the cut-off grades to maximise the confidence in the resource calculations.

²Total 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.



DIRECTORS' REPORT

Information on Directors

Michael Hutchinson - Non-Executive Chairman – Appointed 25 November 2008

Special responsibilities

Member of the Remuneration Committee (Chairman)
Member of the Audit Committee

Qualifications

BSc (Hons) Geography

Experience

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

Mr Hutchinson also served as Chairman of RBS Sempra Metals Limited, and Wogen PLC; a trader of off-exchange metals that sources metals worldwide for industrial end users. In addition, Mr Hutchinson previously served as a director of MG PLC.

Interest in shares, options and performance rights

1,400,000 Unvested performance rights

Directorships held in other listed entities

Non-executive director - Mecom Plc – since April 2009

Former directorships in other- listed entities in the last 3 years

Wogen Plc – July 2009 to November 2009

Roderick McIlree - Managing Director – Appointed 23 March 2007

Qualifications

B.Sc. (Mineral Exploration and Mining Geology), G.Cert. (Mineral Economics) MAusIMM.

Experience

Mr McIlree is a corporate Geologist. A graduate of Curtin University School of Mines he has worked extensively throughout the globe in the geological field from grassroots through to mine development. After completing a Graduate Diploma in Mineral Economics, Roderick moved into the finance sector and worked as a mining analyst and equities advisor. This broad based experience in terms of both capital markets and the minerals business provided the platform necessary to be an active member of the various teams that have established several successful mining ventures including Medusa Mining, Anvil and Kingsrose Mining Ltd

Roderick was the founding Managing Director of Greenland Minerals and Energy Ltd, and identified, planned and executed the push into Greenland and the subsequent acquisition of Kvanefjeld in 2007 being the result. Together with a team of professional's he has guided the company through the discovery delineation and onto the feasibility stage where the project is now de-risked and ready for strategic investment.



DIRECTORS' REPORT

Information on Director (cont'd)

Roderick McIlree (cont'd)

Interest in shares, options and performance rights

12,111,456 Ordinary Shares
2,800,000 Unvested unlisted options
2,700,000 Unvested performance rights

Directorships held in other listed entities

Non-executive Director – Noricum Gold Limited – 11 April 2012

Other board positions held in the last 3 years

Convergent Minerals Limited – July 2006, Resigned 19 Dec 2011

Simon Cato - Executive Director – Appointed 21 February 2006

Qualifications

B.A. (USYD)

Experience

Mr Simon Cato has had over 30 years capital markets experience in broking, regulatory roles and as director of listed companies. He initially was employed by the ASX in Sydney and then in Perth.

From 1991 until 2006 he was an executive director and/or responsible executive of three stockbroking firms and in those roles he has been involved in many aspects of broking including management issues such as credit control and reporting to regulatory bodies in the securities industry. As a broker he was also involved in the underwriting of a number of IPO's and has been through the process of IPO listing in the dual role of broker and director. Currently he holds a number of executive and non-executive roles with listed companies in Australia.

Interest in shares, options and performance rights

4,762,198 Ordinary shares
600,000 Unvested performance rights

Other board positions held

Chairman of:

Advanced Share Registry Limited - since August 2007.

Director of:

Bentley International Limited – since February 2004

Queste Communications Limited – since February 2008

Transaction Solutions International Limited – since February 2010

Positions held in the last 3 Years

Convergent Minerals Limited - July 2006 to 19 Dec 2011

Sofcom Limited – January 2004 to March 2008

Scarborough Equities Limited – November 2004 to March 2009



DIRECTORS' REPORT

Information on Directors (cont'd)

Dr John Mair – Executive Director – Appointed 7 October 2011

Qualifications

PhD (Geol), MAus IMM

Experience

Dr John Mair completed a Bachelor of Science with Honours, majoring in geology, at the University of Western Australia, before commencing a career in the minerals sector, working in gold exploration and mining in Western Australia's goldfields. He returned to the university system to undertake a PhD study on the gold and base metal deposits of Canada's Yukon Territory and east-central Alaska. After completing the PhD in 2004, John returned to the minerals industry working in exploration for porphyry Cu-Au deposits in New South Wales, and gold deposits in China. In mid-2005 John took the position of Post-Doctoral Research Fellow at the University of British Columbia, with a focus on the metallogeny of southwest Alaska.

At completion of the project in 2006, John returned to the minerals industry as a project co-coordinator for Vancouver-based exploration group Geoinformatics Exploration Inc., who in alliance with Kennecott, were exploring for Cu-Mo-Au deposits in western North America from Mexico to Alaska. During this period, John planned and implemented large-scale exploration programs through remote northern British Columbia, as well as providing technical expertise to exploration programs in Alaska and Mexico. In mid-2008 John returned to Australia to join Greenland Minerals and Energy Limited as General Manager.

John has published several papers in leading international scientific journals on tectonics, structural geology, mineral deposit geology, igneous petrology and mineralogy. He has also presented at Masters short courses on ore deposit geology. Of particular relevance is his understanding of the behavior of rare earth elements, and is experienced in separating pure rare earth elements from a wide variety of rock types from start to finish. He is a member of the Society of Economic Geologists and the Australian Institute of Mining and Metallurgy.

Since 2008, John has been instrumental in the technical development of the Kvanefjeld project, and also in the corporate evolution of the company. He presents on the Company's behalf in commercial, technical and political forums internationally.

Interest in shares, options and performance rights

5,110,000 Ordinary Shares

2,100,000 Unvested unlisted options

2,100,000 Unvested performance rights

Other board positions held

Nil



DIRECTORS' REPORT

Information on Directors (cont'd)

Anthony Ho - Non-Executive Director - Appointed 9 August 2007

Special responsibilities

Member of the Audit Committee (Chairman)
Member of the Remuneration Committee

Qualifications

B.Comm, CA, FAICD, FCIS

Experience

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

Mr Ho was the past non-executive chairman of St. George Community Housing Limited (November 2002 to December 2009) where he was also a member of the Audit and Remuneration Committees. Prior to joining commerce, Mr Ho was a partner of Cox Johnston & Co, Chartered Accountants, which has since merged with Ernst & Young.

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

Interest in shares & options

350,000 Ordinary Shares
1,600,000 Unvested performance rights

Other board positions held

Non-executive Chairman – Metal Bank Limited, October 2011 and chairman of the Audit Committee
Chairman - Apollo Minerals Limited, July 2009 and chairman of the Audit Committee
Non-executive director - Hastings Rare Metals Limited, March 2011 and chairman of the Audit Committee
Non-executive Chairman – Bioxyne Limited – November 2012

Board positions held in the last 3 years

Chairman Esperance Minerals Limited – July 2008 to March 2010
Non-executive director - DoloMatrix International Limited, April 2007 – August 2012



DIRECTORS' REPORT

Information on Directors (cont'd)

Jeremy Sean Whybrow – Non-executive director – Appointed 21 February 2006

Qualifications

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

Experience

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

Jeremy has worked for companies such as Sons of Gwalia Ltd, PacMin Ltd, Teck Australia Ltd, Mount Edon Gold Mines Ltd and Croesus Mining NL. His experience has been mainly in the operational environment and includes significant exposure to exploration and mining operations, project evaluation and feasibility studies.

Jeremy also has extensive international exploration experience having worked in China, Africa and the Philippines as well as numerous localities in Australia.

As a founding director of Greenland Minerals and Energy, Jeremy has been instrumental in conducting the exploration programs that have seen the Kvanefjeld project emerge as the world's largest resource of rare earth elements (as defined by internationally recognized reporting standards). Drawing on his solid foundation of operational experience Jeremy put in place many of the systems critical to generating the high-quality datasets that underpin the projects mineral resources.

Interest in Shares, options and performance rights

6,010,200 Ordinary shares

1,000,000 Unvested performance rights

Directorships held in other listed entities

Noricom Gold Limited – November 2010, Non-executive director

Positions held in the last 3 Years

Convergent Minerals Limited. – January 2006 to 19 December 2011

Remuneration Report – Audited

This remuneration report, which forms part of the directors' report, details the nature and amount of remuneration for each director of Greenland Minerals and Energy Limited and senior management, for the financial year ended 31 December 2012.

Director and senior management details

The following persons acted as directors of the Company during or since the end of the financial year:

Michael Hutchinson, Chairman
Roderick Claude McIlree, Managing Director
John Mair, Executive Director
Simon Kenneth Cato, Executive Director
Anthony Ho, Non-Executive Director
Jeremy Sean Whybrow, Non-Executive Director



DIRECTORS' REPORT

Remuneration Report – Audited (cont'd)

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

Shaun Bunn, **Chief Operations Officer**
Miles Guy, **Chief Financial Officer and Company Secretary**

Remuneration Policy

The remuneration policy of Greenland Minerals and Energy Limited has been designed to align director and senior management objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance indicators affecting the Consolidated group's financial results. The board of Greenland Minerals and Energy Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best senior management and directors to run and manage the Consolidated group, as well as create alignment of interests between directors, senior management and shareholders.

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

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

The directors and senior management, where applicable receive a superannuation guarantee contribution required by the government, which is currently 9% and do not receive any other retirement benefits.

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

The board policy is to remunerate non-executive directors with a base fee and, for special exertion, at market rates for time, commitment and responsibilities. The board as a whole, fulfilling the role of the remuneration committee determines payments to the non-executive directors and reviews their remuneration annually, based on market rates, their specific duties and responsibilities. Additional consultancy fees may be payable where the non-executive director has had additional responsibilities associated with specific tasks or responsibilities outside their normal duties.

The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. The current shareholder approved cap on these fees is \$400,000 per annum. Fees for non-executive directors are not linked to the performance of the Consolidated group. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company.

Remuneration –Cash payment

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

Remuneration – Share based payments

Share based payments is the recognition of long term remuneration that does not provide a present value to the directors and senior management. The value of the long term remuneration will be realised over future periods subject to the satisfying of vesting and other conditions. At 31 December 2012, all of the performance rights and options remained un-vested as the vesting conditions had not been satisfied.



DIRECTORS' REPORT

Remuneration Report – Audited (cont'd)

Details of Remuneration

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

Remuneration – Cash payments

	Short term employee benefits		Post-employment	Long-term Remuneration Provision for long service leave	TOTAL CASH PAYMENT
	Salary/ consultancy fees	Director fees	Super- annuation		
Year ended					
31 Dec 2012	\$	\$	\$	\$	\$
Executive Directors					
Simon Cato	140,000	-	12,600	16,334	168,934
Roderick McIlree	520,000	-	46,800	43,752	610,552
John Mair	350,000	-	31,500	-	381,500
Non-executive Directors					
Anthony Ho	42,025	50,000	4,500	-	96,525
Michael Hutchinson	-	150,323	-	-	150,323
Jeremy Whybrow	205,000	45,000	22,500	29,168	301,668
Senior Management					
Shaun Bunn	350,000	-	31,500	-	381,500
Miles Guy	200,000	-	18,000	-	218,000
Total	1,807,025	245,323	167,400	89,254	2,309,002

Remuneration – Benefits and share based payments

	Share based payments Fair Value		Total share based payments	TOTAL REMUNER- ATION	% Consisting of share based payments
	Rights (i)	Options (ii)			
Year ended					
31 Dec 2012	\$	\$		\$	
Executive Directors					
Simon Cato	94,422	-	94,422	263,356	36%
Roderick McIlree	825,210	487,409	1,312,619	1,923,171	68%
John Mair	641,830	366,695	1,008,525	1,390,025	72%
Non-executive Directors					
Anthony Ho	402,417	-	402,417	498,942	80%
Michael Hutchinson	241,429	-	241,429	391,752	62%
Jeremy Whybrow	171,323	-	171,323	472,991	36%
Senior Management					
Shaun Bunn	641,830	366,695	1,008,525	1,390,025	72%
Miles Guy	59,469	-	59,469	277,469	21%
Total	3,077,930	1,220,799	4,298,729	6,607,731	65%

- (i) All performance rights are Long Term Incentives that are subject to service period and share price vesting conditions which are detailed further in note 24 to the financial statements and can not be converted to fully paid shares unless the vesting conditions are satisfied.
- (ii) All options are Long Term Incentives that are subject to service period and share price vesting conditions which are detailed further in note 24 to the financial statements and can not be converted to fully paid shares unless the vesting conditions are satisfied.



DIRECTORS' REPORT

Remuneration Report – Audited (cont'd)

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

Remuneration – Cash payments

	Short term employee benefits		Post-employment	Long-term Remuneration Provision for long service leave	TOTAL CASH PAYMENT
	Salary/ consultancy fees	Director fees	Super- annuation		
Year ended 31 Dec 2011	\$	\$	\$	\$	\$
Executive Directors					
Simon Cato	140,000	-	12,600	12,250	164,850
Roderick McIlree	408,000	-	36,720	29,168	473,888
John Mair (iii)	312,500	-	28,125	-	340,625
Non-executive Directors					
Anthony Ho	67,500	50,000	4,500	-	122,000
Michael Hutchinson	-	207,069	-	-	207,069
Jeremy Whybrow	152,500	45,000	17,775	21,876	237,151
Senior Management					
Shaun Bunn	345,000	-	23,626	-	368,626
Miles Guy	199,444	-	17,950	-	217,394
Total	1,624,944	302,069	141,296	63,294	2,131,603

Remuneration – Share based payments

	Share based payments Fair Value		Total share based payments	TOTAL REMUNER- ATION	% Consisting of share based payments
	Rights (i)	Options (ii)			
Year ended 31 Dec 2011	\$	\$		\$	
Executive Directors					
Simon Cato	73,831	-	73,831	238,681	31%
Roderick McIlree	618,907	365,557	984,464	1,458,352	67%
John Mair (iii)	481,372	275,021	756,393	1,097,018	69%
Non-executive Directors					
Anthony Ho	78,577	-	78,577	200,577	39%
Michael Hutchinson	181,072	-	181,072	388,141	47%
Jeremy Whybrow	128,492	-	128,492	365,643	35%
Senior Management					
Shaun Bunn	418,372	548,888	967,260	1,335,886	72%
Miles Guy	44,602	-	44,602	261,996	17%
Total	2,025,225	1,189,466	3,214,691	5,346,294	60%

- (i) All performance rights are Long Term Incentives that are subject to service period and share price vesting conditions which are detailed further in note 24 to the financial statements and can not be converted to fully paid shares unless the vesting conditions are satisfied.
- (ii) All options are Long Term Incentives that are subject to service period and share price vesting conditions which are detailed further in note 24 to the financial statements and can not be converted to fully paid shares unless the vesting conditions are satisfied.
- (iii) John Mair was appointed an Executive Director 7 October 2011, prior to this date Mr Mair held a senior management position



DIRECTORS' REPORT

Remuneration Report – Audited (cont'd)

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

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

Performance rights

On the 23 January 2012, shareholders approved the issue of 1,000,000 un-vested performance rights to Anthony Ho. These rights were issued to Mr Ho in recognition of the work and his valuable input in securing the settlement to acquire the remaining 39% interest in the Kvanefjeld project.

The performance rights will vest in three tranches based on the Company's Volume Weighted Average Share Price ("VWAP") exceeding price hurdles for 10 consecutive trading days. In addition Mr Ho must remain an employee of the Company until 30 June 2013. Upon satisfying the clearly pre-determined vesting conditions, each right issued will be convertible into one fully paid ordinary share of the Company.

Tranche	10 Day VWAP share price hurdle
Tranche 1	\$0.75
Tranche 2	\$1.00
Tranche 3	\$1.50

No amounts are paid or payable by the recipient on receipt of the performance right. The performance rights carry neither rights to dividends nor voting rights and are non-transferrable.

The following un-vested performance rights were issued to Anthony Ho during the current financial year.

Director/ senior management	Grant date	Number	Fair value @ grant date \$	Expiry date	Vesting date
A Ho					
Tranche 1	23/01/2012	500,000	242,000	15/05/2014	Refer above
Tranche 2	23/01/2012	250,000	114,500	15/05/2014	Refer above
Tranche 3	23/01/2012	250,000	103,500	15/05/2014	Refer above
Total		1,000,000	460,000		

- (i) Fair value at grant date has been calculated using a binominal model (refer to note 24) the value will be recognised in remuneration on a pro-rata basis over the service vesting period in accordance with Australian Accounting Standards.

Employee performance rights plan

At the Company's Annual General Meeting, on 12 May 2011, members approved the implementation of an Employee Performance Rights Plan ("EPRP"). The plan is a result of a comprehensive remuneration review the Company conducted. The aim of the plan is to assist in the retention of existing staff and the recruitment of future employees.

Under the EPRP, the Company will issue incentive shares to employees as part of their total remuneration package. The plan will result in a direct cash saving to the Company through a reduction in the salary component payable in remuneration packages.

Upon satisfying clearly pre-determined vesting conditions, each right issued under the EPRP will be convertible into one fully paid ordinary share of the Company. To meet the vesting criteria, the employee must remain an employee of the Company for a minimum of two years (service period).



DIRECTORS' REPORT

Remuneration Report – Audited (cont'd)

In addition the performance rights will vest in three tranches based on the Company's Volume Weighted Average Share Price ("VWAP") exceeding price hurdles for 10 consecutive trading days. Details of these hurdles are included in the following tables.

Tranche	10 Day VWAP share price hurdle
Tranche 1	\$1.50
Tranche 2	\$1.85
Tranche 3	\$2.50

No amounts are paid or payable by the recipient on receipt of the performance right. The performance rights carry neither rights to dividends nor voting rights and are non-transferrable.

There were no performance rights issued under the EPRP during the financial year ended 31 December 2012.

The following un-vested performance rights were issued to directors and senior management during the previous financial year.

Director/ senior management	Grant date	Number	Fair value @ grant date \$	Expiry date	Vesting date
R McIlree					
Tranche 1	15/05/2011	900,000	596,944	15/05/2014	Refer above
Tranche 2	15/05/2011	900,000	551,736	15/05/2014	Refer above
Tranche 3	15/05/2011	900,000	501,984	15/05/2014	Refer above
Total		2,700,000	1,650,664		
S Cato					
Tranche 1	15/05/2011	100,000	40,992	15/05/2014	Refer above
Tranche 2	15/05/2011	200,000	70,884	15/05/2014	Refer above
Tranche 3	15/05/2011	300,000	85,008	15/05/2014	Refer above
Total		600,000	196,884		
J Mair					
Tranche 1	15/05/2011	700,000	464,100	15/05/2014	Refer above
Tranche 2	15/05/2011	700,000	429,128	15/05/2014	Refer above
Tranche 3	15/05/2011	700,000	390,432	15/05/2014	Refer above
Total		2,100,000	1,283,660		
A Ho					
Tranche 1	15/05/2011	200,000	81,984	15/05/2014	Refer above
Tranche 2	15/05/2011	200,000	70,884	15/05/2014	Refer above
Tranche 3	15/05/2011	200,000	56,672	15/05/2014	Refer above
Total		600,000	209,540		
M Hutchinson					
Tranche 1	15/05/2011	400,000	163,968	15/05/2014	Refer above
Tranche 2	15/05/2011	500,000	177,210	15/05/2014	Refer above
Tranche 3	15/05/2011	500,000	141,680	15/05/2014	Refer above
Total		1,400,000	482,858		



DIRECTORS' REPORT

Remuneration Report – Audited (cont'd)

Director/ senior management	Grant date	Number	Fair value @ grant date \$	Expiry date	Vesting date
J Whybrow					
Tranche 1	15/05/2011	300,000	122,976	15/05/2014	Refer above
Tranche 2	15/05/2011	300,000	106,326	15/05/2014	Refer above
Tranche 3	15/05/2011	400,000	113,344	15/05/2014	Refer above
Total		1,000,000	342,646		
S Bunn					
Tranche 1	15/05/2011	700,000	464,100	15/05/2014	Refer above
Tranche 2	15/05/2011	700,000	429,128	15/05/2014	Refer above
Tranche 3	15/05/2011	700,000	390,432	15/05/2014	Refer above
Total		2,100,000	1,283,660		
M Guy					
Tranche 1	15/05/2011	100,000	40,992	15/05/2014	Refer above
Tranche 2	15/05/2011	100,000	35,442	15/05/2014	Refer above
Tranche 3	15/05/2011	150,000	42,504	15/05/2014	Refer above
Total		350,000	118,938		

- (i) Fair value at grant date has been calculated using a binominal model (refer to note 24) the value will be recognised in remuneration on a pro-rata basis over the service vesting period in accordance with Australian Accounting Standards.

At 31 December 2012, all of the performance rights remained un-vested as the vesting conditions had not been satisfied.

Performance options

At the Company's Annual General Meeting on 12 May 2011, in addition to approving the EPRP, members approved the issue of unvested performance options to certain directors and senior management. The options have an exercise price of \$1.75 and are subject to pre-determined vesting conditions. To meet the vesting criteria, a two year service period from the grant date must be satisfied and will vest in three tranches based on the Company's Volume Weighted Average Share Price ("VWAP") exceeding price hurdles for 10 consecutive trading days. Details of the price hurdles are included in the following tables.

Tranche	10 Day VWAP share price hurdle
Tranche 1	\$3.75
Tranche 2	\$5.00
Tranche 3	\$6.25

No amounts are paid or payable by the recipient on receipt of the options. The options are unvested and unlisted, carry neither rights to dividends nor voting rights and are non-transferrable.

On satisfying the vesting conditions, the options can be excised by the payment of the \$1.75 per option exercise price. On exercising each option will be converted to one fully paid ordinary share in Greenland Minerals and Energy limited.

There were no performance options issued to directors or employees during the year ended 31 December 2012.



DIRECTORS' REPORT

Remuneration Report – Audited (cont'd)

As approved by shareholders, the following unvested performance options with an exercise price of \$1.75 were issued during the year ended 31 Dec 2011:

Director/ senior management	Grant date	Number	Fair value @ grant date (i) \$	Expiry date	Vesting date
R McIlree					
Tranche 1	15/05/2011	900,000	368,928	31/08/2013	Refer above
Tranche 2	15/05/2011	950,000	336,699	31/08/2013	Refer above
Tranche 3	15/05/2011	950,000	269,192	31/08/2013	Refer above
Total		2,800,000	974,819		
J Mair					
Tranche 1	15/05/2011	700,000	286,944	31/08/2013	Refer above
Tranche 2	15/05/2011	700,000	248,094	31/08/2013	Refer above
Tranche 3	15/05/2011	700,000	198,352	31/08/2013	Refer above
Total		2,100,000	733,390		
S Bunn					
Tranche 1	15/05/2011	700,000	286,944	31/08/2013	Refer above
Tranche 2	15/05/2011	700,000	248,094	31/08/2013	Refer above
Tranche 3	15/05/2011	700,000	198,352	31/08/2013	Refer above
Total		2,100,000	733,390		

- (i) Fair value at grant date has been calculated using a binominal model (refer to note 24) the value will be recognised in remuneration on a pro-rata basis over the service vesting period in accordance with Australian Accounting Standards.

At 31 December 2012, all of the performance options remained un-vested as the vesting conditions had not been satisfied.

Employee options

During the previous financial year, the employment contract with Shaun Bunn was re-negotiated with Mr Bunn moving from a service contract arrangement to an employment contract. Due to the completion of various project related milestones, whilst engaged under the service contract, Mr Bunn was granted 750,000 options with an exercise price of \$0.25. There were no vesting conditions attached to these options and each option on exercise converts to one fully paid ordinary share of Greenland Minerals and Energy Limited.

Details of \$0.25 employee options issued during the current financial year:

senior management	Grant date	Number	Fair value @ grant date \$	Expiry date
S Bunn	21/10/2011	750,000	261,587	31/03/2013

- (i) Fair value at grant date has been calculated using a Black Scholes model (refer to note 24), as there are no further vesting conditions attached to the options the full fair value has been recognised in remuneration in the current financial year.

There were no options granted to directors or employees as remuneration during the financial year ended 31 December 2012.



DIRECTORS' REPORT

Remuneration Report – Audited (cont'd)

Options exercised

There were no options were exercised by directors of senior management during the year ended 31 December 2012.

The following options issued to directors and senior management, were exercised during the financial year ended 31 December 2011. Each options converts into one ordinary share of Greenland Minerals and Energy Limited:

	Date	Number Exercised (i)	Exercise Price	Share price @ exercise date	Amount Paid \$	Amount unpaid \$	Option value at date of exercise \$
R McIlree	16/06/2011	4,400,000	\$0.20	\$0.51	880,000	-	1,364,000
S Cato	29/04/2011	1,550,100	\$0.20	\$0.81	310,200	-	945,561
	07/06/2011	1,992,000	\$0.20	\$0.59	398,400	-	776,880
	23/06/2011	250,000	\$0.20	\$0.69	50,000	-	122,500
J Whybrow	28/06/2011	4,400,000	\$0.20	\$0.68	880,000	-	2,112,000
J Mair	30/06/2011	250,000	\$0.50	\$0.71	125,000	-	52,500
S Bunn	02/02/2011	250,000	\$0.50	\$1.17	125,000	-	167,500

- (i) The number of options exercised relates only to options exercised that were granted as compensation and recognised in remuneration in prior years.

Lapsed options

During the current financial year no options issued to directors or senior management lapsed.

During the previous financial year the following options issued to directors and senior management lapsed either as a result of vesting conditions not being satisfied or the exercise price of the option being in excess of the company's market share price.

Director/senior management	Number	Value @ grant date	Lapse date	Value @ lapse date
R McIlree (i)	2,200,000	2,819,000	30/06/2011	1,122,000
S Cato (i)	2,200,000	2,819,000	30/06/2011	1,122,000
J Whybrow (i)	2,200,000	2,819,000	30/06/2011	1,122,000
M Hutchinson (ii)	2,000,000	258,600	30/06/2011	-
A Ho (ii)	500,000	88,442	30/06/2011	-
A Ho (ii)	500,000	67,988	30/06/2011	-

- (i) Options lapsed as a result of not meeting vesting conditions prior to the option expiry date.
(ii) Options expired due to exercise price being in excess of the Company's market share price.



DIRECTORS' REPORT

Remuneration Report – Audited (cont'd)

During the financial year, the following share-based payment arrangements were applicable;

Options series	Grant date	Expiry date	Grant date fair value \$	Vesting date
Performance rights	15/05/2011	15/05/2014	5,568,606	(i)
Performance options	15/05/2011	31/08/2013	2,441,599	(ii)
19 – Employee options	21/10/2011	30/06/2013	261,587	21/10/2011
Performance rights	23/01/2012	15/05/2014	460,000	(iii)

- (i) The performance rights are subject to a 2 year service period vesting requirement and Company share price hurdles. The performance rights will vest in 3 tranches subject to the Company share price based on the volume weighted average ('VWAP') exceeding the following prices:

	10 Day VWAP share price hurdle
Tranche 1	\$1.50
Tranche 2	\$1.85
Tranche 3	\$2.50

- (ii) The performance options are subject to continued employment until 30 June 2013 and Company share price hurdles. The performance options will vest in 3 tranches subject to the Company Share price based on the volume weighted average ('VWAP') exceeding the following prices:

Tranche	10 Day VWAP share price hurdle
Tranche 1	\$3.75
Tranche 2	\$5.00
Tranche 3	\$6.25

There are no further service or performance criteria that need to be met in relation to any of the above option series.

- (iii) The performance rights are subject to continued employment until 30 June 2013 and Company share price hurdles. The performance rights will vest in 3 tranches subject to the Company share price based on the volume weighted average ('VWAP') exceeding the following prices:

Tranche	10 Day VWAP share price hurdle
Tranche 1	\$0.75
Tranche 2	\$1.00
Tranche 3	\$1.50



DIRECTORS' REPORT

Remuneration Report – Audited (cont'd)

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

The remuneration policy has been tailored to align the interests of shareholders, directors and senior management. To achieve this aim, the entity may issue options to directors and senior management. Any issue of options is based on the performance of the Consolidated group and or individual and is limited to the achievement of clearly defined bench marks and milestones. These bench marks and milestones include:

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

The following table shows the gross revenue and profits for the period from 30 June 2009 to 31 December 2012 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 2012	12 Month period ended 31 Dec 2011	12 Month period ended 31 Dec 2010	6 Month period ended 31 Dec 2009	12 month period ended 30 Jun 2009
Revenue	\$351,106	\$1,116,879	\$717,276	\$387,977	\$1,279,120
Net loss before and after tax	\$(17,344,250)	\$(14,209,550)	\$(7,163,998)	\$(3,823,380)	\$(4,014,473)
Share price at beginning of period	\$0.46	\$1.20	\$0.58	\$0.36	\$0.66
Share price at end of period	\$0.27	\$0.46	\$1.20	\$0.58	\$0.36
Dividend	-	-	-	-	-
Basic loss per share	\$0.04	\$0.04	\$0.03	\$0.02	\$0.02
Diluted loss per share	\$0.04	\$0.04	\$0.03	\$0.02	\$0.02

Key terms of employment contracts

Michael Hutchinson, Non-executive Chairman – Non-Executive Chairman from 6 December 2011 (previously Executive Chairman)

- Director fee excluding superannuation for the period ended 31 December 2011 of £100,000 per annum.
- 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.

Roderick McIlree, Managing Director

- Term and type of contract – service agreement subject to annual review.
- Base salary, for the period ended 31 December 2011 of \$500,000 per annum and is paid monthly two weeks in advance and two weeks in arrears.
- Superannuation at 9% is payable on the base salary.
- Entitled to be reimbursed for all out of pocket expenses necessarily incurred in the performance of their duties including relating to travel, entertainment, accommodation, meals and telephone.
- Either the Company or the director may terminate their engagement without cause by giving the other party twelve months written notice, there are no other specific payout clauses.
- Remuneration will be reviewed every 12 months or as otherwise agreed between the parties.



DIRECTORS' REPORT

Remuneration Report – Audited (cont'd)

Simon Cato, *Executive Director*

- Term and type of contract – service agreement limited to a maximum of 80 hours per month subject to annual review.
- Base salary, for the period ended 31 December 2011 of \$140,000 per annum and is paid monthly two weeks in advance and two weeks in arrears.
- Superannuation at 9% 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 director may terminate their engagement without cause by giving the other party twelve months written notice, there are no other specific payout clauses.
- Remuneration will be reviewed every 12 months or as otherwise agreed between the parties.

John Mair, *General Manager*

- Term and type of contract – service agreement subject to annual review.
- Base salary, for the period ended 31 December 2011 of \$350,000 per annum and is paid monthly two weeks in advance and two weeks in arrears.
- Superannuation at 9% 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 twelve months written notice, there are no other specific payout clauses.
- Remuneration will be reviewed every 12 months or as otherwise agreed between the parties.

Anthony Ho, *Non-Executive Director*

- No fixed term.
- \$50,000 per annum.
- Superannuation at 9% is payable on the 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.

Jeremy Whybrow, *Non-Executive Director*

- Term and type of contract – service agreement subject to annual review.
- Director fees \$45,000 per annum
- Base salary, for the period ended 31 December 2011 of \$205,000 per annum and is paid monthly two weeks in advance and two weeks in arrears.
- Superannuation at 9% 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 twelve months written notice, there are no other specific payout clauses.
- Remuneration will be reviewed every 12 months or as otherwise agreed between the parties.



DIRECTORS' REPORT

Remuneration Report – Audited (cont'd)

Shaun Bunn, *Chief Operations Officer*

- Term and type of contract – service agreement subject to annual review.
- Base salary, for the period ended 31 December 2011 of \$350,000 per annum and is paid monthly two weeks in advance and two weeks in arrears.
- Superannuation at 9% 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 twelve months written notice, there are no other specific payout clauses. (Notice period has been reduced to 3 months from 1 Feb 2013)
- Remuneration will be reviewed every 12 months or as otherwise agreed between the parties.

Miles Guy, *Chief Financial Officer and Company Secretary*

- Term and type of contract – service agreement subject to annual review.
- Base salary, for the period ended 31 December 2011 of \$200,000 per annum and is paid monthly two weeks in advance and two weeks in arrears.
- Superannuation at 9% 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 twelve months written notice, there are no other specific payout clauses. (Notice period has been reduced to 3 months from 1 Feb 2013)
- Remuneration will be reviewed every 12 months or as otherwise agreed between the parties.

Meetings of Directors

During the financial year, 16 meetings of directors were held. Attendances by each director during the year were as follows:

Director	Directors Meetings	
	Number of meetings eligible to attend	Number attended
M Hutchinson	14	14
R McIlree	14	13
S Cato	14	14
J Mair	14	14
A Ho	14	14
J Whybrow	14	12

Audit and Risk Committee

The audit and risk committee was convened at the Directors' Board Meeting on the 22 April 2009. The audit committee members are Anthony Ho (Chairman), Jeremy Whybrow (appointed 28 September 2010). The audit and risk committee is to meet at least twice a year and must have a quorum of two members. There were 2 audit and risk committee meetings held during the current financial year, as follows:

Member	Audit Committee Meetings	
	Number of meetings eligible to attend	Number Attended
A Ho	2	2
M Hutchinson	2	2
J Whybrow	2	2



DIRECTORS' REPORT

Remuneration Committee

There were no remuneration committee meetings held during the year.

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 31.

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 31 December 2012 has been received and is included on page 42 the financial report.

Rounding off of amounts

The Consolidated group is a consolidated group of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998. In accordance with that Class Order amounts in the directors' report and the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

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

On behalf of the Directors.

A handwritten signature in black ink, appearing to read 'R. McIlree', written over a light blue rectangular background.

Roderick McIlree
Managing Director

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

21 March 2013

Dear Board Members

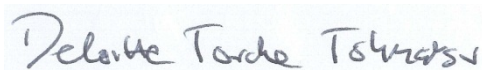
Greenland Minerals and Energy Limited

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

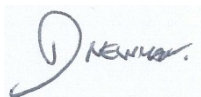
As lead audit partner for the audit of the financial statements of Greenland Minerals and Energy Limited for the financial year ended 31 December 2012, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (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



David Newman
Partner
Chartered Accountants

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

Report on the Financial Report

We have audited the accompanying financial report of Greenland Minerals and Energy Limited, which comprises the statement of financial position as at 31 December 2012, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 45 to 89.

Directors' Responsibility 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 is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the entity's preparation of the financial report that gives a true and fair view, 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Auditor's Independence Declaration

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

Opinion

In our opinion:

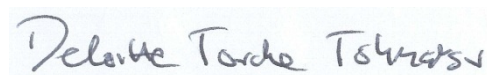
- (a) the financial report of Greenland Minerals and Energy Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 2.

Report on the Remuneration Report

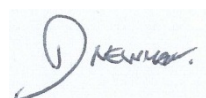
We have audited the Remuneration Report included in pages 28 to 40 of the directors' report for the year ended 31 December 2012. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of Greenland Minerals and Energy Limited for the year ended 31 December 2012, complies with section 300A of the *Corporations Act 2001*.



DELOITTE TOUCHE TOHMATSU



David Newman

Partner

Chartered Accountants

Perth, 21 March 2013



Directors' declaration

The directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Consolidated group;
- (c) the attached financial statements and notes thereto, are in compliance with International Financial Reporting Standards as stated in note 2 of the financial statements; and
- (d) the directors have been given the declarations required by s.295A of the Corporations Act 2001.

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

On behalf of the Directors

Roderick McIlree
Managing Director
Subiaco, 21 March 2013



**Consolidated statement of comprehensive income
for the year ended 31 December 2012**

	Note	Dec 2012 \$' 000	Dec 2011 \$' 000
Revenue from continuing operations	5	351	1,117
Expenditure			
Director and employee benefits	6(a)	(9,205)	(8,208)
Professional fees	6(b)	(1,224)	(2,957)
Occupancy expenses	6(c)	(409)	(467)
Listing costs	6(d)	(217)	(223)
Write-down of royalty acquisition	6(e)	(5,075)	-
Other expenses	6(f)	(1,565)	(3,400)
Loss before tax		(17,344)	(14,210)
Income tax expense	7	-	-
Loss for year		(17,344)	(14,210)
Other comprehensive income			
Exchange difference arising on translation of foreign operations		1,450	(9,879)
Income tax relating to components of comprehensive income	7	-	-
Other comprehensive income for the year		1,450	(9,879)
Total comprehensive income for the year		(15,894)	(24,089)
Loss attributable to:			
Owners of the parent		(16,675)	(12,954)
Non-controlling interest		(669)	(1,256)
		(17,344)	(14,210)
Total comprehensive income attributable to:			
Owners of the parent		(15,247)	(18,981)
Non-controlling interest		(647)	(5,108)
		(15,894)	(24,089)
Basic loss per share – cents per share	19	3.72	3.50
Diluted loss per share – cents per share		3.72	3.50

Notes to the financial statements are included on pages 50 to 89



**Consolidated statement of financial position
as at 31 December 2012**

	Note	Dec 2012 \$' 000	Dec 2011 \$' 000
Current Assets			
Cash and cash equivalents	8	10,801	10,866
Trade and other receivables	9	326	238
Other assets	10	311	348
Total Current Assets		11,438	11,452
Non-Current Assets			
Investments in associates		31	62
Property, plant and equipment	11	1,540	1,734
Capitalised exploration and evaluation expenditure	12	53,642	46,808
Total Non-Current Assets		55,213	48,604
Total Assets		66,651	60,056
Current Liabilities			
Trade and Other Payables	13	1,240	1,584
Provisions	14	331	417
Total Current Liabilities		1,571	2,001
Non-Current Liabilities			
Provisions	14	89	63
Total Non-Current Liabilities		89	63
Total Liabilities		1,660	2,064
Net Assets		64,991	57,992
Equity			
Issued Capital	15	334,399	291,826
Reserves	16	(22,703)	2,603
Accumulated Losses	18	(246,705)	(230,030)
Equity attributable to equity holders of the parent		64,991	64,399
Non-controlling interest	20	-	(6,407)
Total Equity		64,991	57,992

Notes to the financial statements are included on pages 50 to 89



**Consolidated statement of changes in equity
for the year ended 31 December 2012**

	Issued capital \$' 000	Option reserve \$' 000	Foreign currency translation reserve \$' 000	Non - Controlling interest acquisition reserve \$'000	Accumulated losses \$' 000	Attributable to equity holders of the parent \$' 000	Non- controlling interest \$' 000	Total \$' 000
Balance at 1 January 2011	153,754	118,157	(756)	-	(217,076)	54,079	(1,299)	52,780
Net loss for the year	-	-	-	-	(12,954)	(12,954)	(1,256)	(14,210)
Other Comprehensive income	-	-	(6,027)	-	-	(6,027)	(3,852)	(9,879)
Total comprehensive for the year	-	-	(6,027)	-	(12,954)	(18,981)	(5,108)	(24,089)
Issue of shares net of transaction costs	3,500	-	-	-	-	3,500	-	3,500
Issue of shares from option exercise net of transaction costs	134,572	(108,085)	-	-	-	26,487	-	26,487
Recognition of share based payments	-	4,925	-	-	-	4,925	-	4,925
Recognition of deposit paid to acquire non-controlling interest	-	-	-	(5,611)	-	(5,611)	-	(5,611)
Balance at 31 December 2011	291,826	14,997	(6,783)	(5,611)	(230,030)	64,399	(6,407)	57,992
Balance at 1 January 2012	291,826	14,997	(6,783)	(5,611)	(230,030)	64,399	(6,407)	57,992
Net loss for the year	-	-	-	-	(16,675)	(16,675)	(669)	(17,344)
Other Comprehensive income	-	-	1,428	-	-	1,428	22	1,450
Total comprehensive for the year	-	-	1,428	-	(16,675)	(15,247)	(647)	(15,894)
Issue of shares net of transaction costs	15,046	812	-	-	-	15,858	-	15,858
Issue of shares for royalty acquisition	5,075	-	-	-	-	5,075	-	5,075
Issue of shares from Recognition of share based payments	753	6,208	-	-	-	6,961	-	6,961
Recognition acquisition of non-controlling interest	21,699	307	-	(34,061)	-	(12,055)	7,054	(5,001)
Balance at 31 December 2012	334,399	22,324	(5,355)	(39,672)	(246,705)	64,991	-	64,991

Notes to the financial statements are included on pages 50 to 89



**Consolidated statement of cash flows
for the year ended 31 December 2012**

	Note	31 Dec 2012 \$' 000	31 Dec 2011 \$' 000
Cash flows from operating activities			
Receipts from customers		114	403
Payments to suppliers and employees		(5,890)	(10,447)
Net cash used in operating activities	23	(5,776)	(10,044)
Cash flows from investing activities			
Interest received		283	744
Payments for property, plant and equipment		(38)	(1,380)
Payments for exploration and development		(6,008)	(14,758)
Payment related to acquisition of non-controlling interest		(5,000)	(2,111)
Payment for investments		(245)	-
Payment for investments in associates		-	(62)
Proceeds from sale of investments		133	404
Proceeds from sale of investments in associates		50	-
Net cash used in investing activities		(10,825)	(17,163)
Cash flows from financing activities			
Proceeds from issue of shares/options		17,058	26,854
Payment for shares/options issue costs		(522)	(368)
Net cash from financing activities		16,536	26,486
Net decrease in cash and equivalents		(65)	(721)
Cash and equivalents at the beginning of the financial year		10,866	11,587
Cash and equivalents at the end of the Financial year	8	10,801	10,866

Notes to the financial statements are included on pages 50 to 89



Notes to the accounts

1. General information

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

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

Registered office

Unit 6, 100 Railway Road Subiaco WA

Principal place of business

Unit 6, 100 Railway Road Subiaco WA

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

2. Significant accounting policies

Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law.

The financial report includes the consolidated financial statements of the group.

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Consolidated group comply with International Financial Reporting Standards ('IFRS'). The Consolidated group is a for-profit entity for the purpose of preparing the financial statements.

The financial statements were authorised for issue by the directors on 21 March 2013.

Basis of preparation

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

The Company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Critical accounting judgments and key sources of estimation uncertainty

In the application of the Consolidated group's accounting policies, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Refer to note 3 for a discussion of critical judgements in applying the entity's accounting policies, and key sources of estimation uncertainty.

Adoption of new and revised Accounting Standards

In the current period, the Consolidated group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for reporting periods beginning on 1 January 2012.

The following new and revised Standards and Interpretations have been adopted in the current period:

- AASB 1054 Australian Additional Disclosures and AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project
- AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets



Notes to the accounts

2. Significant accounting policies (cont'd)

- AASB 2010-8 Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets

The adoption of these standards and interpretations did not have any effect on the financial position or performance of the Consolidated group.

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

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

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments' (December 2009), AASB 2009-11 'Amendments to Australian Accounting Standards arising from AASB 9' and AASB 2012-6 'Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures'	1 January 2015	31 December 2015
AASB 9 'Financial Instruments' (December 2010) and AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)' and AASB 2012-6 'Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures'		
AASB 10 'Consolidated Financial Statements'	1 January 2013	31 December 2013
AASB 11 'Joint Arrangements'	1 January 2013	31 December 2013
AASB 12 'Disclosure of Interests in Other Entities'	1 January 2013	31 December 2013
AASB 127 'Separate Financial Statements' (2011)	1 January 2013	31 December 2013
AASB 128 'Investments in Associates and Joint Ventures' (2011)	1 January 2013	31 December 2013
AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards'	1 January 2013	31 December 2013
AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'	1 January 2013	31 December 2013



Notes to the accounts

2. Significant accounting policies (cont'd)

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 119 'Employee Benefits' (2011), AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'	1 January 2013	31 December 2013
AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements'	1 July 2013	31 December 2014
AASB 2011-9 'Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income'	1 July 2012	31 December 2013
AASB 2012-2 'Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to AASB 7)'	1 January 2013	31 December 2013
AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities (Amendments to AASB 132)'	1 January 2014	31 December 2014
AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle'	1 January 2013	31 December 2013
AASB 2012-6 'Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures'	1 January 2013	31 December 2013

At the date of authorisation of the financial statements the following IASB Standards and IFRIC Interpretations were also in issue but not yet effective, although Australian equivalent Standards and Interpretations have not yet been issued and have not been adopted by the Consolidated Entity for the year ended 31 December 2012:

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)	1 January 2013	31 December 2013



Notes to the accounts

2. Significant accounting policies (cont'd)

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

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

(a) Basis of consolidation

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

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

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Consolidated group. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

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

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

(b) Joint venture arrangements

Jointly controlled operations

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

(c) Foreign currency

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

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



Notes to the accounts

2. Significant accounting policies (cont'd)

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.

(d) Goods and services tax

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

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

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

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

(e) Revenue

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

Interest revenue

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

Rental income

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

(f) Share-based payments

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

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

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

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



Notes to the accounts

2. Significant accounting policies (cont'd)

(g) Income tax

Current tax

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

Deferred tax

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

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

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and interests in joint ventures except where the Consolidated group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Consolidated group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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

Current and deferred tax for the period

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

(h) Cash and cash equivalents

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

(i) Financial assets

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

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



Notes to the accounts

2. Significant accounting policies (cont'd)

Effective interest method

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

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

Financial assets at fair value through profit or loss

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

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

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

Loans and receivables

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

Impairment of financial assets

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

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

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

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

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

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

Derecognition of financial assets

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



Notes to the accounts

2. Significant accounting policies (cont'd)

(j) Property, plant and equipment

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

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

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

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

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

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

(k) Leased assets

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

Group as lessor

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

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

(l) Employee benefits

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

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

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

(m) Financial instruments issued by the Consolidated group

Debt and equity instruments

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

Financial liabilities

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



Notes to the accounts

2. Significant accounting policies (cont'd)

Other financial liabilities

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

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

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

(n) Impairment of long-lived assets excluding goodwill

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

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

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

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

(o) Capitalisation of exploration and evaluation expenditure

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

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

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

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

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

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



Notes to the accounts

2. Significant accounting policies (cont'd)

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

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

(p) Provisions

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

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

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

3: Critical accounting estimates and judgments

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

a) Significant accounting judgments

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

Capitalisation 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:



Notes to the accounts

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

Impairment 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 2012, the carrying value of capitalised exploration expenditure is \$53,642,412 (2011: \$46,808,574) refer to note 12.

4: Segment information

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

The Consolidated group undertakes mineral exploration and evaluation in Greenland.

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

5: Revenue

	31 Dec 2012 \$' 000	31 Dec 2011 \$' 000
Interest - Bank deposits	274	755
Operating lease revenue - Sub lease	-	76
Other revenue	77	286
	351	1,117

6: Expenditure

	31 Dec 2012 \$' 000	31 Dec 2011 \$' 000
(a) Director and employee benefits		
Directors' fees	(245)	(302)
Directors' and employee salary and wage expense	(2,594)	(2,916)
Directors' and employee post-employment benefits	(158)	(137)
Directors' and employee share based payments	(6,208)	(4,925)
	(9,205)	(8,280)



Notes to the accounts

6: Expenditure (cont'd)

	31 Dec 2012 \$' 000	31 Dec 2011 \$' 000
(b) Professional fees:		
Audit, accounting and taxation expense	(215)	(449)
Legal fees	(388)	(1,527)
Marketing and public relations	(276)	(604)
Consulting	(345)	(377)
	<u>(1,224)</u>	<u>(2,957)</u>
(c) Occupancy expense:		
Rent	(375)	(445)
Electricity	(34)	(22)
	<u>(409)</u>	<u>(467)</u>
(d) Listing costs:		
Stock exchange fees	(150)	(106)
Share registry fees	(67)	(117)
	<u>(217)</u>	<u>(223)</u>
(e) Write-down of royalty acquisition		
Write-down of royalty acquisition (i)	(5,075)	-
	<u>(5,075)</u>	<u>-</u>
(f) Other expenses		
Loss on disposal of investments	(75)	(3)
Changes in fair value of held for trading assets	(27)	(237)
Gain/(Loss) on foreign currency exchange	1	(3)
Depreciation expense	(232)	(228)
Insurance	(145)	(123)
Operating lease rental expenses	(10)	(76)
Travel expenses	(370)	(1,008)
Payroll tax	(195)	(145)
Printing, stationery and office costs	(58)	(118)
Telephone	(111)	(182)
Other expenses	(343)	(1,277)
	<u>(1,565)</u>	<u>(3,400)</u>

- (i) In October 2012 The Company finalised the acquisition of a royalty over future production from the Kvanefjeld project, through the issue of 17,500,000 shares, refer to note 15. The rights to this royalty were previously held by an external party. Any future payments under the royalty would have been a liability to the Consolidated group and recognised as an expense in the relevant future period. The acquisition of the royalty has reduced the future potential costs to the Consolidated group and hence satisfied the recognition criteria for intangible assets as per AASB 138 "*Intangible assets*". The royalty has been assessed for recoverability at the date of acquisition with a write-down recognised based on the present stage of the development of the project. Therefore the value of the royalty acquisition has been recognised as an expense in the year ended 31 December 2012.



Notes to the accounts

7: Income tax

	31 Dec 2012 \$' 000	31 Dec 2011 \$' 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	(17,344)	(14,210)
Prima facie tax benefit on loss at 30%	(5,203)	(4,263)
add:		
Tax effect of:		
other non-allowable items	3,475	1,481
provisions and accruals	177	568
accrued income	11	8
revenue loss not recognised	4,283	7,396
	7,946	9,453
Less:		
Tax effect of:		
exploration, evaluation and development expenditure	(2,309)	(4,278)
provisions and accruals	(112)	(531)
capital expenditure write off	(319)	(291)
other deductions	(3)	(90)
	(2,743)	(5,190)
Income tax expense	-	-
The following deferred tax balances have not been recognised:		
Deferred tax assets:		
at 30%		
Carry forward revenue losses	24,075	19,792
Capital expenditure costs	1,064	493
	25,139	20,285
Less: offset against deferred tax liability	(10,849)	(8,537)
	14,290	11,748

The above deferred tax assets will only be recognised if;

- The Consolidated group derives future assessable income of a nature and amount sufficient to enable the benefits to be utilised,
- The Consolidated group continues to comply with the conditions of deductibility imposed by law, and
- No change in income tax legislation adversely affects the consolidated group's ability to utilise the benefits.



Notes to the accounts

7: Income tax (cont'd)

	31 Dec 2012 \$' 000	31 Dec 2011 \$' 000
Deferred tax liabilities (not recognised): at 30%		
Exploration, evaluation and development expenditure	10,838	8,529
Accrued income	11	8
	10,849	8,537
less offset against deferred tax assets	(10,849)	(8,537)
	-	-

8: Cash and equivalents

	Dec 2012 \$' 000	Dec 2011 \$' 000
Cash at bank	123	388
Cash on deposit at call	10,259	10,040
Cash on deposit	419	438
	10,801	10,866

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

9: Trade and other receivables

	Dec 2012 \$' 000	Dec 2011 \$' 000
(a) Current		
Trade debtors (i)	-	6
Accrued interest	29	37
GST refundable	280	165
Payroll tax refund	17	-
Funds held in trust (ii)	-	30
	326	238

- (i) Trade debtors and sundry debtors are non-interest bearing, unsecured and generally on 30 day terms. As at 31 December 2012 and 31 December 2011 no amounts were past due but not impaired. Additionally there was no allowance for doubtful debts at either 31 December 2012 or 31 December 2011.
- (ii) Funds held in trust at 31 December 2011 consist of \$30,381 being held by the Consolidated group's London based lawyers as a retainer.



Notes to the accounts

10: Other assets

	Dec 2012 \$' 000	Dec 2011 \$' 000
Deposit bonds	103	-
Prepayments	193	291
Investments carried at fair value:		
Shares in listed companies – fair value (i)	15	57
	311	348

- (i) Movement in market value is based on the closing price on the Australian Securities Exchange, of the shares held on the reporting date.

11: Property, plant and equipment

	Dec 2012 \$' 000	Dec 2011 \$' 000
Plant and Equipment (cost)	1,567	1,529
Accumulated depreciation	(734)	(544)
Leasehold improvements (cost)	99	99
Accumulated depreciation	(26)	(19)
Buildings	694	694
Accumulated depreciation	(60)	(25)
	1,540	1,734

(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.



Notes to the accounts

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

	Dec 2012 \$' 000	Dec 2011 \$' 000
Plant and Equipment		
Carrying value at beginning of year	985	528
Acquisitions	38	652
Depreciation expense	(190)	(195)
Carrying value at end of year	833	985
Leasehold improvements		
Carrying value at beginning of year	80	54
Acquisitions	-	34
Depreciation expense	(7)	(8)
Carrying value at end of year	73	80
Buildings		
Acquisitions	669	694
Depreciation	(35)	(25)
Carrying value at end of year	634	669
Total property, plant and equipment carrying value at end of period	1,540	1,734

12: Capitalised exploration and evaluation expenditure

	Dec 2012 \$' 000	Dec 2011 \$' 000
Balance at beginning of year	46,808	42,149
Exploration and/or evaluation phase in current period:		
Capitalised expenses (i)	5,368	14,261
	52,176	56,410
Less:		
Effects of currency translation (ii)	1,466	(9,602)
Balance at end of year	53,642	46,808

- (i) On the 31 July 2007, Greenland Minerals and Energy Limited acquired a 61% interest in the Kvanefjeld Project. As part of the acquisition, the Company entered into an un-incorporated joint venture with Westrip Holdings Limited (Westrip), a UK based company to carry out the exploration and evaluation of Kvanefjeld. The Company held a 61% interest in the joint venture through Greenland Minerals and Energy (Trading) A/S, which holds the EL 2010/02, the exploration license covering the Kvanefjeld Project, with Westrip holding the balance. Under the joint venture agreement, from 17 August 2009 both joint venture parties were required to contribute to the exploration expenditure, in proportion to their respective interests in the joint venture. Greenland Minerals Energy Limited continued to fully fund the exploration expenditure and the Company did not make a claim against Westrip Holdings Limited for its share of the exploration expenditure post 17 August 2009. In October 2012 the Company finalised the settlement to acquire the remaining 39% of Greenland Minerals and Energy (Trading) A/S and move to 100% control of the subsidiary.



Notes to the accounts

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

- (ii) During the prior year, the Company received revised legal advice indicating that legal and beneficial ownership of the Kvanefjeld Project EL 2010/02 resided with Greenland Minerals and Energy (Trading) A/S, the Greenlandic subsidiary and not the Company. As a result all capitalised exploration and evaluation expenditure has been recognised in the Greenlandic subsidiary and at reporting date has been translated at the closing Australian dollar/Danish kroner exchange rate with the movement being recognised in the foreign currency translation reserve.
- (iii) During the year the Company directly held 100% interest in Greenland exploration licenses EL 2011/23, EL 2011/26 and EL 2011/27.
- (iv) The recoverability of the Consolidated Group's carrying value of the capitalised exploration and evaluation expenditure relating to the Kvanefjeld Project and EL 2011/26 and EL 2011/27 is subject to the successful development and exploitation of the exploration property. The Consolidated Group will carry out a feasibility study including among other areas, environmental and social impact studies, with the intention of applying for the right to mine. Tenement EL 2011/23, on the east coast of Greenland, is presently in the early stages of exploration and evaluation. Alternatively recoverability could result from the sale of the tenement at an amount at least equal to the carrying amount.
- (v) In December 2011 the Company announced changes made by the Greenland Government to include uranium in the exploration license EL 2010/02 held by the Consolidated group. This inclusion of uranium to the license is in addition to the changes introduced by the Greenland Government in September 2010 which allowed for the inclusion of radioactive elements as exploitable minerals, for the purpose of thorough evaluation and reporting. The Greenland Government currently has a zero tolerance approach to the exploration and exploitation of uranium, this policy is currently under review. These developments have provided the Consolidated group with a clear pathway to move towards making an application for an exploitation license.

The Consolidated Group and the Greenland Government are currently in consultations with stakeholders, regarding the social and environmental aspects of the project. Based on this combined with the developments outlined above, the Consolidated Group has a positive outlook regarding its ability to successfully develop the project, as a multi element project including uranium. The Consolidated Group will continue to explore and evaluate the project, with the view of moving to development, subject to approval to mine rare earth elements with uranium. This will be done in a manner that is in accordance with both Greenland Government and local community expectations.

13: Trade and other payables

	Dec 2012 \$' 000	Dec 2011 \$' 000
Accrued expenses (i)	329	67
Trade creditors (ii)	703	1,176
Sundry creditors (ii)	208	341
	1,240	1,584

- (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.



Notes to the accounts

13: Trade and other payables (cont'd)

- (ii) Trade and sundry creditors are non-interest bearing with the exception of amounts owed on corporate credit cards and after 30 days interest is charged at rates ranging between 15% and 18%. All trade and sundry creditors are generally payable on terms of 30 days.
- (iii) The financial risk related to trade and other payables is managed by ensuring sufficient at call cash balances are maintained by the Consolidated group to enable the settlement in full of all amounts as and when they become due for payment.

14: Provisions - Current

	Dec 2012 \$' 000	Dec 2011 \$' 000
Provision for annual leave	331	396
Provision for payroll tax	-	21
	331	417

Provisions – Non-Current

	Dec 2012 \$' 000	Dec 2011 \$' 000
Provision for long service leave	89	63

15: Issued capital

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

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

	Dec 2012		Dec 2011	
	No ' 000	\$' 000	No ' 000	\$' 000
Balance brought forward	416,390	291,826	288,672	153,754
Issue of ordinary shares through capital raisings (i)	50,000	15,000	-	-
Issue of ordinary shares through share purchase plan (ii)	6,859	2,057	-	-
Issue of ordinary shares as consideration for acquisition of royalty (refer note 6f)	17,500	5,075	-	-
Issue of ordinary shares as consideration for share based payments	2,363	753	-	-
Issue of ordinary shares in relation to the acquisition of the non-controlling interest in the Kvanefjeld project (refer to note 16)	74,825	21,700	5,983	3,500
Issue of ordinary shares as a result of exercised options:				
\$0.20 exercise price options	-	-	115,195	130,605
\$0.50 exercise price options	-	-	5,450	3,112
\$1.00 exercise options	-	-	1,090	1,223
Less costs associated with shares issued	-	(2,012)	-	(368)
Balance at end of financial year	567,937	334,399	416,390	291,826



Notes to the accounts

15: Issued capital (cont'd)

- (i) In October 2012, the Company issued 50,000,000 at \$0.30 per shares to raise a total of \$15,000,000. For every 2 shares the Company issued 1 free attached option, refer to note 16.
- (ii) In October 2012, the Company completed a Share Purchase Plan (SPP) offer to existing shareholders. Under the SPP, shareholders were entitled to apply for additional shares at \$0.30 per share. The Company issued 6,858,499 shares through the SPP raising \$2,057,549.

16: Reserves

	Dec 2012 \$' 000	Dec 2011 \$' 000
a) Option reserve		
Balance brought forward	14,997	118,157
Issue of options to directors (i)	854	641
Issue of options to senior management (i)	367	536
Issue of performance rights to directors (i)	2,381	1,526
Issue of performance rights to senior management (i)	701	526
Issue of performance rights to staff (i)	1,905	1,696
Issue of \$0.75 exercise price options in relation to the acquisition of the non-controlling interest in the Kvanefjeld project	307	-
Issue of \$0.60 exercise price options on the basis of one option for every two \$0.30 shares issued	812	-
Options exercised – transferred to share capital:		
\$0.10 exercise price options	-	-
\$0.20 exercise price options	-	(107,065)
\$0.50 exercise price options	-	(887)
\$1.00 exercise price options	-	(133)
Balance at end of financial year	22,324	14,997

(i) Refer to note 24 for further information.

The option reserve arises from the grant of 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.

	Dec 2012 \$' 000	Dec 2011 \$' 000
b) Foreign currency translation reserve		
Balance brought forward	(6,783)	(756)
Current period adjustment from currency translation of foreign controlled entities	1,428	(6,027)
Balance at end of year	(5,355)	(6,783)

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



Notes to the accounts

16: Reserves (cont'd)

	Dec 2012	Dec 2011
	\$' 000	\$' 000
c) Non-controlling interest acquisition reserve		
Balance brought forward	(5,611)	-
Settlement consideration – cash (i)	(5,000)	-
Settlement consideration – shares (i)	(21,700)	-
Settlement consideration – options (i)	(307)	-
Settlement deposit - cash (ii)	-	(2,111)
Settlement deposit – shares (iii)	-	(3,500)
Transfer non-controlling interest carrying value	(7,054)	
Balance at end of year	(39,672)	(5,611)

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

- (i) In October 2012, the Company finalised the settlement acquisition of the outstanding 39% of the issued capital of Greenland Minerals and Energy (Trading) A/S and moved to 100% ownership of the subsidiary. As consideration for settlement and in addition to the deposit amounts recognised in the previous year, the Company paid \$5,000,000, issued 74,824,997 shares and 4,999,520 options with an exercise price of \$0.75.
- (ii) Non-refundable cash deposits paid as part of the acquisition of the outstanding 39% of Greenland Minerals and Energy (Trading) A/S.
- (iii) The Consolidated group issued 5,982,345 shares with an issue price of \$0.585 during the year. The shares issued formed part of the deposit under the terms of the extension to settlement deed in relation to the acquisition of the outstanding 39% of Greenland Minerals and Energy (Trading) A/S.

	Dec 2012	Dec 2011
	\$' 000	\$' 000
d) Total reserves		
Option reserve	22,324	14,997
Foreign currency translation reserve	(5,355)	(6,783)
Non-controlling interest acquisition reserve	(39,672)	(5,611)
	(22,703)	2,603

17: Dividends

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

18: Accumulated losses

	Dec 2012	Dec 2011
	\$' 000	\$' 000
Balance at beginning of financial year	(230,030)	(217,076)
Loss attributable to members of parent entity	(16,675)	(12,954)
Related income tax	-	-
Balance at end of financial year	(246,705)	(230,030)



Notes to the accounts

19: Loss per share

	Dec 2012 Cents Per share	Dec 2011 Cents Per share
Basic loss per share		
From continuing operations	3.72	3.50
Diluted loss per share		
From continuing operations	3.72	3.50

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 2012	Dec 2011
Loss for year (\$)	16,675,104	12,953,792
Weighted average number of shares used in the calculation of basic and diluted loss per share (Number)	488,501,056	367,323,888

- (i) There were 55,968,711 potential ordinary shares on issue at 31 December 2012 (31 December 2011: 24,200,000) 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.

20: Non-controlling interest

	Greenland Minerals and Energy (trading) A/S Dec 2012	Dec 2011
Balance brought forward	(6,407)	(1,299)
Loss attributable to non-controlling interest for the period	(669)	(1,256)
Currency translation movement attributable to non-controlling interest	22	(3,852)
Transfer to non-controlling interest acquisition reserve	7,054	
Non-controlling interest at the end of financial year	-	(6,407)

- (i) In October 2012 the Company finalised settlement to acquire the outstanding 39% the issued capital of Greenland Minerals and Energy (Trading) A/S and a result moved to 100% control of the subsidiary.

21: Commitments for expenditure

Exploration commitments: EL 2010/02 is located in Greenland. The tenement expenditure incurred during the year ended 31 December 2012 and prior years was in excess of the minimum expenditure required to maintain the tenement in good standing. The excess expenditure can be carried forward for 5 years. The amount carried forward will be sufficient to meet the minimum expenditure requirements over this period.



Notes to the accounts

21: Commitments for expenditure (cont'd)

The Consolidated group has recognised sufficient estimated expenditure to keep explorations licenses EL 2011/23, EL 2011/26 and EL2011/27 in good standing.

	Dec 2012 \$'000	Dec 2011 \$'000
Tenement commitments		
Not longer than 1 year	250	-
Longer than 1 year but not longer than 5 years	1,000	900
Longer than 5 years	-	-
	1,250	900
Operating leases (i)		
Not longer than 1 year	210	210
Longer than 1 year but not longer than 5 years	17	210
Longer than 5 years	-	-
	227	410
Other contractual obligations (ii)		
Not longer than 1 year	-	240
Longer than 1 year but not longer than 5 years	160	400
Longer than 5 years	-	-
	160	640

- (i) The only commitments for operating leases are lease rentals on the Consolidated group's Perth head office premises. The current lease expires on the 14 February 2014, and is non-cancelable, with a 3 year renewal option. No liabilities have been recognised in relation to operating leases at 31 December 2012 or 31 December 2011.
- (ii) Relates to ongoing contractual obligations with Gravner Limited for corporate advisory services.

22: Subsidiaries

Name of subsidiary	Country of incorporation	Ownership interest	
		Dec 2012 %	Dec 2011 %
Chahood Capital Limited	Isle of Man	100	100
Greenland Minerals and Energy (Trading) A/S (i)	Greenland	100	61

- (i) In October 2012 the Company finalised settlement to acquire the outstanding 39% the issued capital of Greenland Minerals and Energy (Trading) A/S and a result moved to 100% control of the subsidiary, refer to note 16 for further information.



Notes to the accounts

23: Notes to the statement of cash flows

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

	Year ended 31 Dec 2012 \$' 000	Year ended 31 Dec 2011 \$' 000
Loss for the year	(17,344)	(14,210)
(Gain) loss on sale or disposal of non-current assets	75	(4)
(Gain) loss on revaluation of fair value through profit and loss of financial assets	27	237
Depreciation	231	228
Equity-settled share-based payments	6,207	4,925
Royalty acquisition	5,075	-
Interest income received and receivable	(274)	(755)
(Increase)/decrease in assets		
Trade and other receivables	51	117
Increase (decrease) in liabilities		
trade and other payables	236	560
in provisions	(60)	(1,142)
Net cash used in operating activities	(5,776)	(10,044)

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

24: Share based payments

In addition to the share based payments discussed elsewhere within this this note, the following share-based payment arrangements were entered into in the year ended 31 December 2012:

Date	Number	Issue Price	Value
15/08/2012 (i)	200,000	\$0.37	\$73,000
16/10/2012 (ii)	74,824,997	\$0.29	21,699,249
26/10/2012 (iii)	2,138,425	\$0.32	\$673,603
26/10/2012 (iv)	17,500,000	\$0.29	\$5,075,000
19/12/2012 (iii)	25,000	\$0.26	\$6,500

- (i) Shares were issued as part consideration for marketing services provided
- (ii) Shares issued in relation to the acquisition of the non-controlling interest in the Kvanefjeld project. Refer to note 16.
- (iii) Shares were issued in lieu of capital raising fees
- (iv) Shares were issued as consideration for the acquisition of the royalty as approved by shareholders on 8 October 2012. Refer note 6(f).
- (v) No share based payments other than as discussed elsewhere within this note were entered into during the prior year.



Notes to the accounts

24: Share based payments (cont'd)

In addition to the share based payments discussed elsewhere within this note, the following options were granted as share-based payment arrangements during the year ended 31 December 2012:

Option series	Grant date	Number	Fair value@ grant date \$	Expiry date
\$0.75 Exercise price (i)	08/10/2012	4,999,520	307,587	15/10/2014
\$0.60 Exercise price (ii)	06/12/2012	25,769,191	812,889	05/10/2014

- (i) Options granted in relation to the acquisition of the non-controlling interest in the Kvanefjeld project. Refer to note 16.
- (ii) Options granted as one free attached option for every two shares issued under the October 2012 capital raising.

Performance rights

On the 23 January 2012, shareholders approved the issue of 1,000,000 un-vested performance rights to Anthony Ho. These rights were issued to Mr Ho in recognition of the work and his valuable input in securing the agreement to acquire the remaining 39% interest in the Kvanefjeld project.

The performance rights will vest in three tranches based on the Company's Volume Weighted Average Share Price ("VWAP") exceeding price hurdles for 10 consecutive trading days.

- Tranche 1 - Will vest upon both the volume weighted average price of Shares being \$0.75 or more for 10 consecutive Trading Days and remain an employee of the Company until 30 June 2013.
- Tranche 2 - Will vest upon both the volume weighted average price of Shares being \$1.00 or more for 10 consecutive Trading Days and remain an employee of the Company until 30 June 2013.
- Tranche 3 - Will vest upon both the volume weighted average price of Shares being \$1.50 or more for 10 consecutive Trading Days and remain an employee of the Company until 30 June 2013.

No amounts are paid or payable by the recipient on receipt of the performance right. The performance rights carry neither rights to dividends nor voting rights and are non-transferrable.

The value of the performance rights issued will be recognised as an expense over the expected service vesting period. The fair value has been established using a binomial model based on the following variables:

Grant date	23/01/2012
Underlying share price at grant date	\$0.51
Maximum life	3 Years
Expected future volatility	100%
Risk free rate	3.03%
Tranche1 share price hurdle	\$0.75
Tranche2 share price hurdle	\$1.00
Tranche3 share price hurdle	\$1.75



Notes to the accounts

24: Share based payments (cont'd)

Employee performance rights plan

At the Company's Annual General Meeting, on 12th May 2011, members approved the implementation of an Employee Performance Rights Plan ("EPRP"). The plan is a result of a comprehensive remuneration review the Company conducted, in consultation with independent consultants. The aim of the plan is to assist in the retention of existing staff and the recruitment of future employees.

Under the EPRP, the Company will issue incentive shares to employees as part of their total remuneration package. The plan will result in a direct cost saving to the Company through a reduction in the salary component payable in remuneration packages.

Upon satisfying clearly pre-determined vesting conditions, each right issued under the EPRP will be convertible into one fully paid ordinary share of the Company. To meet the vesting criteria, the employee must remain an employee of the Company for a minimum of two years and will be converted in three tranches based on the Company's Volume Weighted Average Share Price ("VWAP") exceeding price hurdles for 10 consecutive trading days.

Tranche 1 - Will vest upon both the volume weighted average price of Shares being \$1.50 or more for 10 consecutive Trading Days and 2 years continuous service for the Company from 1 April 2011 save that this continuous service vesting hurdle will be deemed to be satisfied in the event of a successful takeover bid where the bidder has acceptances for greater than 50% of the Shares in the Company.

Tranche 2 - Will vest upon both the volume weighted average price of Shares being \$1.85 or more for 10 consecutive Trading Days and 2 years continuous service for the Company from 1 April 2011 save that this continuous service vesting hurdle will be deemed to be satisfied in the event of a successful takeover bid where the bidder has acceptances for greater than 50% of the Shares in the Company.

Tranche 3 - Will vest upon both the volume weighted average price of Shares being \$2.50 or more for 10 consecutive Trading Days and 2 years continuous service for the Company from 1 April 2011 save that this continuous service vesting hurdle will be deemed to be satisfied in the event of a successful takeover bid where the bidder has acceptances for greater than 50% of the Shares in the Company.

No amounts are paid or payable by the recipient on receipt of the performance right. The performance rights carry neither rights to dividends nor voting rights and are non-transferrable.

The Company did not issue any performance rights under the EPRP during the year ended 31 December 2012.

The Company has issued 16,450,000 performance rights under the EPRP during the previous year year ended 31 December 2011. During the current year 590,000 performance rights were cancelled as a result of the employment of five employees being terminated prior to the service period vesting condition being satisfied.

The value of the performance rights issued will be recognised as an expense over the expected 2 year service vesting period. The fair value has been established using a binomial model based on the following variables:



Notes to the accounts

24: Share based payments (cont'd)

Grant date	12/05/2011
Underlying share price at grant date	\$0.97
Maximum life	3 Years
Expected future volatility	100%
Risk free rate	5.03%
Tranche1 share price hurdle	\$1.50
Tranche2 share price hurdle	\$1.85
Tranche3 share price hurdle	\$2.50

Performance rights granted under the EPRP for the year ended 31 December 2012

Tranche	Opening balance 1 Jan 2012	Number cancelled during year ended 31 Dec 2012	Balance at 31 Dec 2012	Pro-rata vesting period value recognised during the year ended 31 Dec 2012
1	5,000,000	145,000	4,855,000	2,816,507
2	5,325,000	155,000	5,170,000	2,859,010
3	6,125,000	290,000	5,835,000	2,966,368
	16,450,000	590,000	15,860,000	8,641,885

Performance rights granted under the EPRP for the year ended 31 December 2011

Tranche	Number	Grant date fair value \$	Pro-rata vesting period value recognised during the year ended 31 Dec 2011
1	5,000,000	3,315,000	1,243,125
2	5,325,000	3,264,438	1,224,164
3	6,125,000	3,416,280	1,281,105
	16,450,000	9,995,718	3,748,394

10,850,000 performance rights were issued to directors and senior management, the 5,600,000 balance was issued to other employees.

Performance options

At the Company's Annual General Meeting, in addition to approving the EPRP, members approved the issue of unvested performance options to certain directors and senior management. The options have an exercise price of \$1.75 and are subject to pre-determined vesting conditions. To meet the vesting criteria, a two year service period from the grant date must be satisfied and will vest in three tranches based on the Company's Volume Weighted Average Share Price ("VWAP") exceeding price hurdles for 10 consecutive trading days.

Tranche 1 – Will vest upon both the volume weighted average price of shares being \$3.75 or more for 10 consecutive Trading Days and 2 years continuous service for the Company from 1 April 2011 save that this continuous service vesting hurdle will be deemed to be satisfied in the event of a successful takeover bid where the bidder has acceptances for greater than 50% of the Shares in the Company.

Tranche 2 – will vest upon both the volume weighted average price of shares being \$5.00 or more for 10 consecutive Trading Days and 2 years continuous service for the Company from 1 April 2011 save that this continuous service vesting hurdle will be deemed to be satisfied in the event of a successful takeover bid where the bidder has acceptances for greater than 50% of the Shares in the Company.



Notes to the accounts

24: Share based payments (cont'd)

Tranche 3 – will vest upon both the volume weighted average price of shares being \$6.25 or more for 10 consecutive Trading Days and 2 years continuous service for the Company from 1 April 2011 save that this continuous service vesting hurdle will be deemed to be satisfied in the event of a successful takeover bid where the bidder has acceptances for greater than 50% of the Shares in the Company.

No amounts are paid or payable by the recipient on receipt of the options. The options are unvested and unlisted, carry neither rights to dividends nor voting rights and are non-transferrable.

On satisfying the vesting conditions, the options can be exercised by the payment of \$1.75 per option exercise price and on exercising each option will be converted to one fully paid ordinary share in Greenland Minerals and Energy Limited.

The Company did not issue any performance options during the year ended 31 December 2012.

As approved by shareholders, the following performance options were issued during the previous year ended 31 Dec 2011:

Director/employee	Tranche 1	Tranche 2	Tranche 3	Total
R McIlree	900,000	950,000	950,000	2,800,000
J Mair	700,000	700,000	700,000	2,100,000
S Bunn	700,000	700,000	700,000	2,100,000
	2,300,000	2,350,000	2,350,000	7,000,000

The value of the performance options issued will be recognised as an expense over the expected 2 year service vesting period. The fair value has been established using a binomial model based on the following variables:

Grant date	12/05/2011
Underlying share price at grant date	\$0.97
Exercise price	\$1.75
Expiry date	31/08/2013
Expected future volatility	100%
Risk free rate	4.91%
Tranche1 share price hurdle	\$3.75
Tranche2 share price hurdle	\$5.00
Tranche3 share price hurdle	\$6.25

Performance options granted

Tranche	Number	Grant date fair value \$	Pro-rata vesting period value recognised during the year ended 31 Dec 2011
1	2,300,000	942,816	353,556
2	2,350,000	832,887	312,332
3	2,350,000	665,896	249,711
	7,000,000	9,995,718	915,599

Employee options

The Company did not issue any employee options during the year ended 31 December 2012.



Notes to the accounts

24: Share based payments (cont'd)

During the previous year ended 31 December 2011, the employment contract with Shaun Bunn was re-negotiated with Mr Bunn moving from a service contract arrangement to an employment contract. Due to the completion of various project related milestones, whilst engaged under the service contract, Mr Bunn was granted 750,000 options with an exercise price of \$0.25. There were no vesting conditions attached to these options and each option on exercise converts to one fully paid ordinary share of Greenland Minerals and Energy Limited.

Details of \$0.25 employee options issued during the previous financial year ended 31 December 2011:

senior management	Grant date	Number	Fair value@ grant date \$	Expiry date
S Bunn	21/10/2011	750,000	261,587	31/03/2013

- (i) Fair value at grant date has been calculated using a Black Scholes model as there are no further vesting conditions attached to the options the full fair value has been recognised in remuneration in the year ended 31 December 2011.

Grant date	21/10/2011
Underlying share price at grant date	\$0.54
Exercise price	\$0.25
Expiry Date	31/03/2013
Expected future volatility	94%
Risk free rate	3.95%

The weighted average fair value of performance rights granted during the financial year is \$0.46 (2011: \$0.61).

The weighted average fair value of options granted during the financial year is nil (2011: \$0.35).

Employee share option plan

Greenland Minerals and Energy Limited operates an ownership-based scheme for senior management and employees of the Consolidated group. In accordance with the provisions of the plan, as approved by shareholders at the general meeting on the 25 June 2009, eligible employees can be offered participation in the plan, at the discretion of the Board. The Board's discretion will be based on the consideration of, among other things, the seniority of the person, the length of service of the eligible employee with the Consolidated group and the potential contribution of the eligible employee to the growth of the Consolidated group.

On exercise, each employee share option converts into one ordinary share of Greenland Minerals and Energy Limited. All options issued under this plan were exercised and converted into shares on or before 30 June 2011 or expired if not exercised by this date.



Notes to the accounts

24: Share based payments (cont'd)

The following options issued to directors and senior management, were exercised during the financial year ended 31 December 2011:

	Date	Number exercised (i)	Exercise price	Share price @ exercise date	Amount Paid \$	Amount unpaid \$
R McIlree	16/06/2011	4,400,000	\$0.20	\$0.51	880,000	-
S Cato	29/04/2011	1,550,100	\$0.20	\$0.81	310,200	-
	07/06/2011	1,992,000	\$0.20	\$0.59	398,400	-
	23/06/2011	250,000	\$0.20	\$0.69	50,000	-
J Whybrow	28/06/2011	4,400,000	\$0.20	\$0.68	880,000	-
J Mair	30/06/2011	250,000	\$0.50	\$0.71	125,000	-
S Bunn	02/02/2011	250,000	\$0.50	\$1.17	125,000	-

(ii) The number of options exercised relates only to options exercised that were granted as compensation and recognised in remuneration in prior years.

The following are the terms of the Performance Rights:

1. The Performance Rights are non-transferable.
2. The rights under Performance Rights are personal and a Performance Right does not confer any entitlement to attend or vote at meetings of the Company, to dividends, participation in new issues of securities or entitlement to participate in any return of capital.
3. The Performance Rights vest upon the satisfaction of any performance hurdles specified at the time of issue.
4. The Performance Rights lapse upon the Eligible Employee ceasing to be employed or on the death, incapacity or disability of the Eligible Employee or on the failure to satisfy any performance hurdles within a required time of the issue of the Performance Rights.
5. Upon vesting, one (1) Share will be issued for every one (1) Performance Right. The Shares will rank equally in all respects with the existing Shares.
6. If the Company makes a bonus issue of Shares, then the holder of the Performance Right upon vesting will be entitled to have issued to it the increased number of Shares that it would have received if the Performance Right had vested and the holder acquired Shares in respect of the Performance Right before the record date for the bonus issue.
7. In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company prior to the vesting date, the number of Performance Rights will be reconstructed in a manner consistent with the ASX Listing Rules.

The following are the terms of the Performance Options:

1. Each Option entitles the holder to one Share.
2. The Options are exercisable at any time prior to 5.00 pm Western Standard Time on 31 August 2013 ("**Expiry Date**").
3. The exercise price of the Options is \$1.75 per Option.
4. Upon vesting, the Options are freely transferable.
5. The Company will provide to each Option holder a notice that is to be completed when exercising the Options ("**Notice of Exercise**"). Subject to vesting, the Options may be exercised wholly or in part by completing the Notice of Exercise and delivering it together with payment to the secretary of the Company to be received any time prior to the Expiry Date. The Company will process all relevant documents received at the end of every calendar month.



Notes to the accounts

24: Share based payments (cont'd)

6. Upon the exercise of an Option and receipt of all relevant documents and payment, the holder in accordance with paragraph 5 will be allotted and issued a Share ranking pari passu with the then issued Shares.
7. There will be no participating rights or entitlements inherent in the Options and the holders will not be entitled to participate in new issues of capital which may be offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 business days after the issue is announced. This will give Optionholders the opportunity (where Options have vested) to exercise their Options prior to the date for determining entitlements to participate in any such issue.
8. If there is a bonus issue ("**Bonus Issue**") to Shareholders, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the holder would have received if the Option had been exercised before the record date for the Bonus Issue ("**Bonus Shares**"). The Bonus Shares must be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue, and upon issue will rank equally in all respects with the other Shares on issue as at the date of issue of the Bonus Shares.
9. In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company prior to the Expiry Date, all rights of an Optionholder are to be changed in a manner consistent with the Listing Rules.
10. In the event that the Company makes a pro rata issue of securities, the exercise price of the Options will be adjusted in accordance with the formula set out in Listing Rule 6.22.2.

The following are the terms of the Employee Options:

1. Each Option entitles the holder to one Share.
2. The Options are exercisable at any time prior to 5.00 pm Western Standard Time on 31 March 2013 ("**Expiry Date**").
3. The exercise price of the Options is \$0.25 per Option.
4. The Options are freely transferable.
5. The Company will provide to each Option holder a notice that is to be completed when exercising the Options ("**Notice of Exercise**"). The Options may be exercised wholly or in part by completing the Notice of Exercise and delivering it together with payment to the secretary of the Company to be received any time prior to the Expiry Date. The Company will process all relevant documents received at the end of every calendar month.
6. Upon the exercise of an Option and receipt of all relevant documents and payment, the holder in accordance with paragraph 5 will be allotted and issued a Share ranking pari passu with the then issued Shares.
7. There will be no participating rights or entitlements inherent in the Options and the holders will not be entitled to participate in new issues of capital which may be offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 business days after the issue is announced. This will give Optionholders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
8. If there is a bonus issue ("**Bonus Issue**") to Shareholders, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the holder would have received if the Option had been exercised before the record date for the Bonus Issue ("**Bonus Shares**"). The Bonus Shares must be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue, and upon issue will rank equally in all respects with the other Shares on issue as at the date of issue of the Bonus Shares.
9. In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company prior to the Expiry Date, all rights of an Optionholder are to be changed in a manner consistent with the Listing Rules.



Notes to the accounts

24: Share based payments (cont'd)

10. In the event that the Company makes a pro rata issue of securities, the exercise price of the Options will be adjusted in accordance with the formula set out in Listing Rule 6.22.2.

The following reconciles the outstanding share options granted at the beginning and end of the financial period.

	Dec 2012		Dec 2011	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance at beginning of the financial period	7,750,000	1.60	136,442,341	0.27
Granted during financial period	-	-	7,750,000	1.60
Forfeited during the financial period	-	-	-	-
Exercised during the financial period	-	-	(121,735,419)	(0.22)
Expired during the financial period	-	-	(14,706,922)	(0.69)
Exercisable at the end of the financial period	7,750,000	1.60	7,750,000	1.60

The average share price during the current period was \$0.40 (2011: \$0.83).

The share options outstanding at the end of the financial period had a weighted average exercise price of \$1.60 (December 2011: \$1.60), and a weighted average remaining contractual life of 229 days (December 2011: 594 days).

25: Financial instruments

(a) Capital risk management

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

The Consolidated group's overall strategy remains unchanged from December 2011.

The capital structure of the consolidated group consists of fully paid shares and options as disclosed in notes 15 and 16 respectively.

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

(b) Categories of financial instruments

	Dec 2012 \$' 000	Dec 2011 \$' 000
Financial assets		
Cash and equivalents	10,801	10,866
Loans and receivables - current	326	238
Fair value through profit and loss – held for trading	15	57
Financial liabilities		
Amortised cost	1,092	1,584



Notes to the accounts

25: 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 period under review, it is the Consolidated group's policy not to trade in financial instruments

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

(i) Interest Rate Risk

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

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

(ii) Credit Risk

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

The Consolidated group has no significant credit risk exposure to any single counterparty or any consolidated group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit – ratings assigned by international rating agencies. The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the Consolidated group's maximum exposure to credit risk.

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

(iii) Liquidity Risk

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

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.



Notes to the accounts

25: 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 2012						
Cash and equivalents	4.28	10,381	420			10,801
Trade and receivables - current	-	326	-	-	-	326
		10,707	418			11,127
Dec 2011						-
Cash and equivalents	5.51	10,448	418			10,866
Trade and receivables - current	-	238	-	-	-	238
		10,686	418			11,104

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 2012						
Trade and other payables	-	1,240	-	-	-	1,240
		1,240	-	-	-	1,240
Dec 2011						
Trade and other payables	-	1,584	-	-	-	1,584
		1,584	-	-	-	1,584

(e) Interest rate risk

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

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



Notes to the accounts

25: Financial instruments (cont'd)

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

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

Interest Rate Sensitivity Analysis

At 31 December 2012, 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 2012 \$' 000	Dec 2011 \$' 000
Change in profit		
Increase in interest rate by 1% (100 basis points)	80	81
Decrease in interest rate by 1% (100 basis points)	(83)	(84)

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.

The only financial assets or liabilities carried at fair value are the investments held in listed entities as disclosed in note 10. The fair value of these assets is based on quoted market prices at the reporting date (being level 1 of the fair value hierarchy).

26: Key management personnel compensation

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

	Year ended 31 Dec 2012 \$	Year ended 31 Dec 2011 \$
Short-term employee benefits	2,052,348	1,927,013
Post-employment benefits	167,400	141,296
Other long-term benefits – provision for long service leave	89,254	63,294
Termination benefits	-	-
Share-based payment	4,298,729	3,214,691
	6,607,731	5,346,294

Refer to the remuneration report included in pages 28 to 40 of the Directors report for more detailed remuneration disclosures.



Notes to the accounts

27: Transactions with related parties

Simon Cato is a Non-executive Director and Chairman of Advanced Share Registry Limited. Advanced Share Registry Limited provides share registry services to Greenland Minerals and Energy Limited. These services are supplied on normal commercial terms and Mr Cato does not receive any remuneration from Advanced Share Registry Limited based on the supply of share registry services to the Consolidated group. For the year ended 31 December 2012 \$67,085 was paid to Advance Share Registry Limited for services provided (Dec 2011: \$117,290).

Shaun Bunn and Associates Pty Ltd is a company of which Mr Shaun Bunn is a director, was paid consultancy fees of \$82,500 during the prior year ended 31 December 2011. This amount has been disclosed in the details of remuneration paid to Mr Bunn. There were no payments made to Shaun Bunn and Associates during the current year ended 31 December 2012.

Pro Count Pty Ltd is a company of which Mr Miles Guy is a director, was paid or entitled to be paid during the prior year ended 31 December 2011, fees for the provision of services by Mr Guy as Chief Financial Officer (CFO) and other fees totalling \$54,844. Of this amount \$32,094 relates to services provided to the Consolidated group by Mr Guy as CFO. There were no payments made to Pro Count Pty Ltd during the current year ended 31 December 2012.



Notes to the accounts

28: Key management personnel equity holdings

Fully paid ordinary shares of Greenland Minerals and Energy Limited

	Balance at beginning of year	Granted as compensation	Received on exercise of options	Net other change (ii)	Balance at end of year	Balance held nominally
	No.	No.	No. (i)	No.	No.	No.
Dec 2012						
M Hutchinson	-	-	-	-	-	-
R McIlree	11,411,456	-	-	700,000	12,111,456	-
S Cato	4,712,200	-	-	50,000	4,762,200	-
J Mair	5,110,000	-	-	-	5,110,000	-
A Ho	250,000	-	-	100,000	350,000	-
J Whybrow	6,010,200	-	-	-	6,010,200	-
S Bunn	600,000	-	-	(600,000)	-	-
M Guy	300,000	-	-	25,000	325,000	-
Dec 2011						
M Hutchinson	-	-	-	-	-	-
R McIlree	3,361,095	-	6,373,018	1,677,343	11,411,456	-
S Cato	920,100	-	3,792,100	-	4,712,200	-
J Mair	260,000	-	5,250,000	(400,000)	5,110,000	-
A Ho	250,000	-	-	-	250,000	-
J Whybrow	900,100	-	5,110,100	-	6,010,200	-
S Bunn	350,000	-	350,000	-	600,000	-
M Guy	200,000	-	100,000	-	300,000	-

- (i) The number of shares received on exercise of options relates to options exercised that were granted as compensation and recognised in remuneration in prior years as well as listed options acquired by way of placement or options purchased either on market through the ASX, or through third party off market transactions.
- (ii) Net other change relates to shares purchased or sold either on market through the ASX, or through third party off market transactions.



Notes to the accounts

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

Share options of Greenland Minerals and Energy Limited

	Balance at beginning of year No.	Granted as compensation No.	Exercised No. (i)	Expired No	Net other change (ii) No.	Balance at end of year No.	Balance vested at end of year No.	Vested and exercisable No.	Options vested during year No.
Dec 2012									
M Hutchinson	-	-	-	-	-	-	-	-	-
R McIlree	2,800,000	-	-	-	-	2,800,000	-	-	-
S Cato	-	-	-	-	-	-	-	-	-
J Mair	2,100,000	-	-	-	-	2,100,000	-	-	-
A Ho	-	-	-	-	-	-	-	-	-
J Whybrow	-	-	-	-	-	-	-	-	-
S Bunn	2,850,000	-	-	-	-	2,850,000	-	-	-
M Guy	-	-	-	-	50,000	50,000	-	-	-
Dec 2011									
M Hutchinson	-	-	-	-	-	-	-	-	-
R McIlree	9,372,000	2,800,000	(6,373,081)	(2,200,000)	(798,982)	2,800,000	-	-	4,400,000
S Cato	7,400,100	-	(3,792,100)	(2,200,000)	-	-	-	-	4,400,000
J Mair	5,600,000	2,100,000	(5,250,000)	(250,000)	(100,000)	2,100,000	-	-	-
A Ho	1,000,000	-	-	(1,000,000)	-	-	-	-	-
J Whybrow	7,310,100	-	(5,110,000)	(2,200,000)	-	-	-	-	4,400,000
S Bunn	500,000	2,850,000	(500,000)	-	-	2,850,000	750,000	750,000	-
M Guy	100,000	-	(100,000)	-	-	-	-	-	-

(i) The number of options exercised relates to options exercised that were granted as compensation and recognised in remuneration in prior years as well as listed options acquired by way of placement or options purchased either on market through the ASX, or through third party off market transactions

(ii) Net other change relates to options purchased or sold either on market through the ASX, or through third party off market transactions.

All share options issued to key management personnel were made in accordance with the provisions of the employee share option plan. Further details of the share option plan and of options granted during the current and prior period are contained in note 24.



Notes to the accounts

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

Performance rights of Greenland Minerals and Energy Limited

	Balance at beginning of year No.	Granted as compensation No.	Converted No.	Expired No.	Net other change (i) No.	Balance at end of year No.	Balance vested at end of year No.	Vested and convertible No.	Rights vested during year No.
Dec 2012									
M Hutchinson	1,400,000	-	-	-	-	1,400,000	-	-	-
R McIlree	2,700,000	-	-	-	-	2,700,000	-	-	-
S Cato	600,000	-	-	-	-	600,000	-	-	-
J Mair	2,100,000	-	-	-	-	2,100,000	-	-	-
A Ho	600,000	1,000,000	-	-	-	1,600,000	-	-	-
J Whybrow	1,000,000	-	-	-	-	1,000,000	-	-	-
S Bunn	2,100,000	-	-	-	-	2,100,000	-	-	-
M Guy	350,000	-	-	-	-	350,000	-	-	-
Dec 2011									
M Hutchinson	-	1,400,000	-	-	-	1,400,000	-	-	-
R McIlree	-	2,700,000	-	-	-	2,700,000	-	-	-
S Cato	-	600,000	-	-	-	600,000	-	-	-
J Mair	-	2,100,000	-	-	-	2,100,000	-	-	-
A Ho	-	600,000	-	-	-	600,000	-	-	-
J Whybrow	-	1,000,000	-	-	-	1,000,000	-	-	-
S Bunn	-	2,100,000	-	-	-	2,100,000	-	-	-
M Guy	-	350,000	-	-	-	350,000	-	-	-

All performance rights issued to key management personnel were made in accordance with the provisions of the employee performance rights plan. Further details of the employee performance rights plan and of options granted during the current and prior period are contained in note 24.



Notes to the accounts

29: Parent Company information

	Dec 2012 \$' 000	Dec 2011 \$' 000
Financial position		
Total Current Assets	11,469	11,424
Total Non-Current Assets	63,761	64,903
Total Assets	75,230	76,327
Total Current Liabilities	1,429	1,643
Total non-current liabilities	89	63
Total Liabilities	1,518	1,706
Net Assets	73,712	74,621
Equity		
Issued Capital	334,339	291,827
Reserves	22,324	9,385
Accumulated Losses	(282,951)	(226,591)
Total Equity	73,712	74,621
Financial Performance		
Loss for the year	(56,360)	(11,278)
Total comprehensive income	(56,360)	(11,278)

Contingent liabilities

The parent company has no contingent liabilities as at 31 December 2012 or 2011.

Guarantees

Greenland Minerals and Energy Limited has guaranteed the provision of funding and support to the Company's 100% held subsidiary, Greenland Minerals and Energy Limited (Trading) A/S (2011: 61%). This funding forms part of the Consolidated group's approved budgeted expenditure.

Greenland Minerals and Energy Limited has placed \$220,000 and \$169,905 into two separate deposit accounts with the Company's bank. These deposits are held by the bank as security over corporate credit cards issued to the Company.

During the prior financial year, Greenland Minerals and Energy limited provided a guarantee to the Greenland Government on the behalf of Arctic Energy Pty limited ("Arctic"). The guarantee relates to the rectification of any potential environmental damage by Arctic in relation to an on-shore oil exploration license held by Arctic. Under the guarantee Arctic is prevented from carrying out any activity on the license without the expressed approval of Greenland Minerals and Energy limited. No such approval has been granted to date.

Greenland Minerals and Energy limited currently holds a 24% interest in Arctic Energy Pty Limited.



Notes to the accounts

30: Remuneration of auditors

Auditor of the parent entity	Dec 2012 \$	Dec 2011 \$
Audit or review of the financial report	88,830	118,191
Non-audit services - taxation	3,465	137,485
	92,295	266,676

Related practice of the parent entity auditor	Dec 2012 \$	Dec 2011 \$
Audit or review of the financial report	44,698	56,282
Non-audit services – taxation	9,693	8,907
Non-audit services – other	6,691	10,608
	61,074	75,797

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

31: Subsequent Events

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



Additional stock exchange information as at 15th February 2013

Consolidated group secretary

Miles Guy

Registered office

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

Principal administration office

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

Share registry

Advanced Share Registry Services
150 Stirling Highway
Nedlands, Western Australia, 6009

Number of holders of equity securities

Ordinary share capital

567,937,409 fully paid ordinary shares are held by 3,718 individual shareholders.

Substantial Shareholders

Shareholder	Number	Percentage
1. Citicorp Nominees Pty Limited	69,894,390	16.8%
1. Rimbal Pty Limited	76,212,075	13.5%
2. Citicorp Nominees Pty Limited	74,695,374	13.1%
3. JP Morgan Nominees Australia Limited	69,106,580	12.2%
4. HSBC Custody Nominees (Australia) Limited	52,489,391	9.2%
4. GCM Nominees Pty Limited	35,000,000	6.1%



Additional stock exchange information as at 15th February 2013

Distribution of holders of quoted shares

Share Spread	Holders	Units	Percentage
1 – 1,000	358	221,712	0.039%
1,001 – 5,000	1,097	3,321,336	0.585%
5,001 – 10,000	742	6,178,442	1.088%
10,001 – 100,000	1,263	42,868,935	7.548%
100,001 and over	258	515,346,984	90.740%
	3,718	567,937,409	100%

Twenty largest holders of quoted shares

Ordinary shareholders	Fully paid ordinary shares	
	Number	Percentage
1. Rimbal Pty Limited	76,212,075	13.5%
2. Citicorp Nominees Pty Limited	74,695,374	13.1%
3. JP Morgan Nominees Australia Limited	69,106,580	12.2%
4. HSBC Custody Nominees (Australia) Limited	52,489,391	9.2%
5. GCM Nominees Pty Limited	35,000,000	6.1%
6. National Nominees Limited	28,332,620	4.9%
7. Pure Steel Limited	16,160,000	2.8%
8. Zero Nominees Pty Limited	12,860,627	2.3%
9. Roderick Claude McIlree	12,111,456	2.1%
10. Benoit Company Limited	12,200,000	2.1%
11. Jeremy Sean Whybrow	5,820,200	1.1%
12. Giacobbe, Dimitri and David Iesini	5,431,505	1.0%
13. Christopher and Rita Read	5,431,505	1.0%
14. John Mair	5,110,000	0.9%
15. Mandarin Securities Limited	5,000,000	0.8%
16. Simon Cato	4,712,200	0.8%
17. Merrill Lynch (Australia) Nominees Pty Limited	3,697,556	0.7%
18. Pre-emptive trading Pty Limited	3,260,000	0.6%
19. Falfaro Investments Limited	3,000,000	0.5%
20. ABN Amro Clearing Sydney Nominees Pty Limited	2,734,755	0.5%
	433,365,844	76.3%



Additional stock exchange information as at 15th February 2013

Distribution of holders of quoted options

Share Spread	Holders	Units	Percentage
1 – 1,000	0	0	0.000%
1,001 – 5,000	3	13,213	0.051%
5,001 – 10,000	7	57,670	0.224%
10,001 – 100,000	78	3,443,507	13.363%
100,001 and over	38	22,254,801	86.362%
	126	25,769,191	100%

Twenty largest holders of quoted options

Ordinary shareholders	Fully paid ordinary shares	
	Number	Percentage
1. Tracor Limited	5,500,000	21.3%
2. Pre-Emptive Trading Pty Limited	4,500,000	17.5%
3. JP Morgan Nominees Australia Limited	2,781,667	10.8%
4. USB Nominees Pty Limited	1,900,000	7.3%
5. Twofivetwo Pty Limited	712,814	2.7%
6. Citicorp Nominees Pty Ltd	536,656	2.1%
7. Merrill Lynch (Australia) nominees Pty Limited	416,666	1.7%
8. David Patrick Webb	333,333	1.3%
9. RAH (STC) Pty Limited	333,325	1.3%
10. Yarandi Investments Pty Limited	333,267	1.3%
11. Anthony Richard Bangor Ward and Adam & Company (Nominees) Limited	266,667	1.0%
12. KSL Corp Pty Limited	262,500	1.0%
13. Ronan O'Murchu	250,001	0.9%
14. Greatside Holdings Pty Limited	250,000	0.9%
15. Berfen Global Opportunity Fund LP	250,000	0.9%
16. RAH STC <MEH Retirement Fund A/C>	250,000	0.9%
17. Per Wimmer	250,000	0.9%
18. Nicole Youngman	216,922	0.8%
19. ABN Amro Clearing Sydney Nominees Pty Limited	208,967	0.8%
20. National Nominees Pty Limited	201,994	0.7%
	19,754,779	76.7%



GREENLAND
MINERALS AND ENERGY LTD



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