GREENLAND MINERALS AND ENERGY LIMITED

ACN 118 463 004

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2014

Corporate Directory

Directors

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

Chief Financial Officer/Company Secretary
Miles Guy

Registered and head office
Unit 6, 100 Railway Road
Subiaco WA 6008

Greenland
Nuugaarmiunt B-847
3921 Narsaq, Greenland

Home Stock Exchange
Australian Securities Exchange, Perth
Code: GGG
GGGOA

Auditors
Deloitte Touche Tohmatsu

Share Registry
Advanced Share Registry
110 Stirling Highway
Nedlands WA 6009

Company Website
www.ggg.gl

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CORPORATE GOVERNANCE STATEMENT

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, Dr John Mair.

The executives (whether or not a director) have clearly identified areas of responsibility and report directly to 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, the Managing Director and senior executive have 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 Anthony Ho, Mr Simon Cato, Mr Michael Hutchinson and Mr Jeremy Whybrow are non-executive Directors, with Mr Hutchinson and Mr Ho fulfilling the independence criteria outlined in the guidelines, Simon Cato and Jeremy Whybrow are not independent non-executive directors.

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 of the Board is 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 Anthony Ho and Dr John Mair fills the role of Managing Director and Chief Executive Officer.

CORPORATE GOVERNANCE STATEMENT

The Board has convened an Audit and Risk Committee.

The Board maintains the roles of Nomination and Remuneration to itself as it considers that the Company is not of a size to justify this as a separate committee.

The Managing Director is a full time role, with executive responsibility for the operations of the Company.

The responsibilities are split into 3 sections:

- In Conjunction with the Chairman, the Managing Director's role includes 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 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, the policy can be viewed on the Company's website. 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 STATEMENT

At 31 December 2014 there were 28 employees including directors in the Consolidated Group and 25% of these employees were women. This compares to 31 December 2013, when there were 18 employees including directors, of which 28% were women.

The positions held by women in the Consolidated Group at 31 December 2014 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). At 31 December 2013, positions held by women included, one senior corporate position and two senior positions within the project team.

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, in person or 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 STATEMENT

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 2014, pursuant to the provisions of the Corporations Act 2001. The directors report the following:

Directors

The names of directors in office at any time during or since the end of the financial year are:

Anthony Ho, Non-Executive Chairman
John Mair, Managing Director
Simon Kenneth Cato, Non-Executive Director
Michael Hutchinson, Non-Executive Director
Jeremy Sean Whybrow, Non-Executive Director
Roderick Claude McIllree, Managing Director – Resigned 11 September 2014

Chief Financial Officer/Company Secretary

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

Miles Simon Guy – *M. Com(PA)* is an accountant with 18 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, located in Southern Greenland.

There were no significant changes in the nature of the Consolidated Group's principal activities during the financial year.

Operating Results

The net loss after providing for income tax amounted to $5,062,999 (2013: loss $8,768,670)

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

In February 2015, the Company entered into an Equity Placement Facility agreement ("**EPF**") with Long State Investment Limited ("long State") Under the terms of the EPF, The Company may, at its discretion, call for Long State to subscribe for Greenland Minerals and Energy Limited shares at any time over a 24 month period, up to a total Placement amount of $20,000,000. The Company may require Long State to pay a placement amount of up to $500,000 in any period of 10 trading days (and up to $1,000,000 with the prior consent of Long State).

Shares issued to Long State will be priced at 95% of the average daily volume weighted average prices (VWAP) of the Company's shares traded on each of the 5 trading days prior to the placement notice date specified by the Company. A cash discount of 5% will be payable by the Company too Long State at the time of issue. Subsequently the price will be adjusted based upon the 95% of the average VWAPs for the 5 trading days prior to the Placement Date and the 5 trading days subsequent to the Placement Date, with Long State either making an additional payment to the Company, or the Company making an additional payment or issuing additional shares to Long State.

DIRECTORS' REPORT

In accordance with the requirements of entering the EPF, 2 tranches of 7,500,000 unlisted options with exercise prices of 20 cents and 25 cents respectively and a 3 year expiry date were issued to Long State Investment Limited on 4 March 2015.

For further details, please refer to the Company's announcement released to the ASX on 2 March 2015.

In March 2015, the Company finalised the acquisition of the remaining 2% net profit royalty on exploration license 2010/02, which covers the Kvanefjeld project and associated mineral resources in southern Greenland. The Company acquires the 2% royalty on the net profits of Greenland Minerals and Energy (Trading) A/S for a purchase consideration of 13,690,000 ordinary shares and 13,690,000 listed GGGOA options.

This acquisition follows the acquisition of a 3% royalty in 2012 and as a result of the latest acquisition, the Company will hold all royalty agreements associated with license 2010/02.

For further details, please refer to the Company's announcement released to the ASX on 10 March 2015.

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

Future Developments
The Consolidated Group will continue to evaluate the Kvanefjeld project and the development alternatives for the project, as referred to elsewhere in this report, particularly in the Review of Operations on pages 7 to 9.

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 2014, 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 2013.

Shares
During the year ended 31 December 2014, the following ordinary shares of Greenland Minerals and Energy Limited were issued, as detailed in Note 16 to the financial report.

The total number of ordinary shares on issue at 31 December 2014 was 669,389,552 (31 December 2013: 574,572,911).

The total number of shares issued during the current financial year was 94,816,651. .

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

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

Issuing entity	Number of shares issued	Class of share	Amount paid for/ fair value of shares	Amount unpaid on shares
Greenland Minerals and Energy Limited	924,455	Ordinary shares	$0.37	-
Greenland Minerals and Energy Limited	955,471	Ordinary shares	$0.28	-
Greenland Minerals and Energy Limited	25,000	Ordinary shares	$0.60	-
Greenland Minerals and Energy Limited	923,637	Ordinary shares	$0.37	-
Greenland Minerals and Energy Limited	1,538	Ordinary shares	$0.20	-

Options and performance rights
During the year ended 31 December 2014 the number of options and performance rights of Greenland Minerals and Energy Limited that were issued are detailed in Note 24 to the financial report.

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

Issuing entity	Number of shares under option	Number of shares under performance/ employee rights	Class of shares	Exercise price of option	Expiry date of option
Greenland Minerals and Energy Limited	-	1,000,000	Ordinary shares	NA	23 January 2015
Greenland Minerals and Energy Limited	-	9,685,500	Ordinary shares	NA	4 October 2016
Greenland Minerals and Energy Limited	91,685,012	-	Ordinary shares	$0.20	30 June 2016

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 2014, the Consolidated Group made a significant step toward the establishment of its rare earth business unit. With rare earth elements being the primary product stream from the Kvanefjeld project, the rare earth strategy is all important. Following an extensive multi-year engagement program to identify large-scale industrial entities that had a genuine interest in participating in the development of Kvanefjeld, and who presented clear synergies, the Company signed a Memorandum of Understanding with China Non-Ferrous Metal Industry's Foreign Engineering and Construction Co. Ltd. (NFC) in March.

DIRECTORS' REPORT

Review of operations (cont'd)

The Consolidated Group is positioning to develop Kvanefjeld as the world's lowest cost producer of critical rare earth concentrates, and through an alignment with NFC, would separate the concentrates into high-purity individual rare earth oxides. This would see the Consolidated Group and NFC develop a fully-integrated global rare earth supply business from mine, to individual rare earth oxides, which will be marketed globally. NFC is also a highly reputed EPC contractor, with capacity to play a major role in the construction of the Kvanefjeld project.

Through the remainder of 2014, The Consolidated Group and NFC embarked on detailed technical exchanges, to learn more about each organisations respective competencies, and aligning the Kvanefjeld project with NFC's rare earth separation technology and capacity to create the world's first fully integrated rare earth supply network that will market rare earth products globally. Along with numerous visits to China for both technical and corporate meetings, key visits by senior NFC personnel were made to both Greenland and Perth.

Extensive stakeholder engagement continued in Greenland in the lead up to locking into the priority development strategy for the Kvanefjeld project. This will see the beneficiation stage, and initial chemical processing take place in Greenland. The beneficiation stage will produce a rare earth and uranium-rich mineral concentrate, and a saleable zinc concentrate. Fluorspar will also be recovered from this circuit as a marketable product. The rare earth and uranium-rich mineral concentrate will then be leached to produce a critical rare earth concentrate, with by-production of uranium, and lanthanum and cerium products in Greenland.

Technical work programs continued to de-risk the process flow sheet, and demonstrate the production of high-purity rare earth concentrates, which completed the process design for Kvanefjeld. The Consolidated Group then moved in earnest into a detailed feasibility study. By late in the year, a number of major technical studies that are critical to the feasibility study were coming to completion. This included the detailed engineering design study by Tetra Tech. NFC is participating in the Kvanefjeld feasibility study through conducting a substantial amount of the capital cost estimates. This is to ensure that material is prepared in consideration of the Chinese bank system.

In June the Company launched a rights issue to raise $8.9M, which closed oversubscribed on July 3rd. The funds were raised to work toward completing the Feasibility Study, the completion of the environmental and social impact assessments.

Workshops to advance regulatory matters on uranium production and export from Greenland were initiated by the Greenland and Danish governments, with a comprehensive meeting held in south Greenland in June. This was followed by workshops in Denmark on uranium transport, supported by the World Nuclear Transport Institute (WNTI).

The Greenland government also conducted a uranium information tour that was designed to inform the populace on facts associated with uranium production, with an emphasis on environmental and health and safety considerations. The tour was conducted by scientists from the Geological Survey of Denmark and Greenland (GEUS) and Denmark's National Centre for Environment and Energy at Aarhus University (DCE).

The Consolidated group's participation in the EURARE program continued with over 30 tonnes of bulk sample material collected and shipped to Finland for large-scale pilot plant operations in 2015.
Work continued throughout the year with Danish consultants (Orbicon and Grontmij) on the environmental and social impact assessments. These represent key components of the Kvanefjeld mining license application that is being prepared in close consultation with Greenland's Mining License and Safety Authority (MLSA), and Danish technical agencies (particularly the DCE).

DIRECTORS' REPORT

Review of operations (cont'd)

Through the latter part of 2014, Greenland Minerals and Energy Limited saw changes to the board of Directors, as the company evolves toward the development stage with an increasing interface with Asian-based development partners.

The Consolidated Group worked through a public pre-hearing for the Kvanefjeld project in late 2014, which comes as a precursor to finalising the Terms of Reference for Kvanefjeld, and lodging a mining license application. The 'white book' associated with the pre-hearing is being finalised in early 2015.

Greenland Minerals and Energy Limited is the first company operating in Greenland to conduct the pre-hearing process, emphasising the Company's commitment to transparency and stakeholder engagement. The last quarter of 2014 saw the focus shift to Greenland political matters, when a snap election was called. The election took place in November, and saw the Siumut Party, which had been in power, return, but under a new leader Mr Kim Kielsen, with a new coalition structure. The Consolidated Group believes the election has resulted in a much more stable government underpinned by a stronger coalition, which will be focussed on providing a stable backdrop for foreign investment and the development of mining projects. The coalition is of a pro-uranium position, and in early 2015 has continued to advance regulatory matters in cooperation with Denmark.

Financial Position

The net assets of the Consolidated Group were $74,228,576 as at 31 December 2014 (2013: $71,230,107).

The information in this report that relates to Mineral Resources is based on information compiled by Robin Simpson, a Competent Person who is a Member of the Australian Institute of Geoscientists. Mr Simpson is employed by SRK Consulting (UK) Ltd ("SRK"), and was engaged by Greenland Minerals and Energy Ltd on the basis of SRK's normal professional daily rates. SRK has no beneficial interest in the outcome of the technical assessment being capable of affecting its independence. Mr Simpson has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Robin Simpson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The mineral resource estimate for the Kvanefjeld Project was updated and released in a Company Announcement on February 12th, 2015. There have been no material changes to the resource estimate since this announcement.

DIRECTORS' REPORT

Information on Directors

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

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

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

Tony was the past non-executive chairman of 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, Tony was a partner of Cox Johnston & Co, Chartered Accountants, which has since merged with Ernst & Young.

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

Interest in shares & options
1,300,000 Ordinary Shares
450,000 Listed GGGOA options
1,000,000 Unvested performance rights

Other board positions held
Non-executive director - 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
Non-executive Chairman – Metal Bank Limited, October 2011 to August 2013
Non-executive director - DoloMatrix International Limited, April 2007 – August 2012

Dr John Mair – Managing 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.

DIRECTORS' REPORT

Information on Directors
John Mair (cont'd)

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
6,291,249 Ordinary Shares
500,000 Listed GGGOA options

Other board positions held
Nil

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

Special responsibilities
Chairman of the Audit Committee

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

From 1991 until 2006 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 Simon holds a number of non-executive roles with listed companies in Australia.

Interest in shares, options and performance rights
4,862,198 Ordinary shares
100,000 listed GGGOA options

DIRECTORS' REPORT

Information on Directors
Simon Cato (cont'd)

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

Positions held in the last 3 Years
Queste Communications Limited – February 2008 to 3 April 2013
Transaction Solutions International Limited – February 2010 to 30 September 2013

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

Special responsibilities
Member of the Audit Committee

Qualifications
BSc (Hons) Geography

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

Michael was previously 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, Michael previously served as a director of MG PLC.

Interest in shares, options and performance rights
921,276 Ordinary shares
500,000 Listed GGGOA options

Directorships held in other listed entities
Non-executive chairman – Noricum Gold Limited – since November 2013
Non-executive director - Mecom Plc – since April 2009

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

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

Special responsibilities
Member of the Audit Committee

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

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

DIRECTORS' REPORT

Information on Directors
Jeremy Whybrow (cont'd)

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
6,260,200 Ordinary shares

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

Positions held in the last 3 Years
Nil

Roderick McIllree - Managing Director – Appointed 23 March 2007 – Resigned 11 September 2014

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

Experience
Mr Roderick McIllree is a geologist and graduate of Curtin University School of Mines

Interest in shares, options and performance rights (i)
15,178,865 Ordinary Shares
666,266 Listed GGGOA options

Directorships held in other listed entities
Non-executive Director – Noricum Gold Limited – 11 April 2013

Other board positions held in the last 3 years
Nil

(i) As at date of resignation, 11 September 2014

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 2014.

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

Anthony Ho, Non-Executive Chairman
John Mair, Managing Director
Simon Kenneth Cato, Non-Executive Director
Michael Hutchinson, Non-Executive Director
Jeremy Sean Whybrow, Non-Executive Director
Roderick Claude McIllree, Managing Director – Resigned 11 September 2014

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 **–** Resigned 31 December 2014
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 meeting service period requirements and share price vesting hurdles. It is the Board's opinion that significant project advancements would be required for the share price vesting hurdles to be met and therefore increasing value to all stakeholders. The board of Greenland Minerals and Energy Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best senior management and directors to run and manage the Consolidated Group, as well as create alignment of interests between directors, senior management and shareholders.

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

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

The directors and senior management, where applicable receive a superannuation guarantee contribution required by the government, which is currently 9.5% and do not receive any other retirement benefits.

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

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

DIRECTORS' REPORT

Remuneration Report – Audited (cont'd)

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 shares that have been issued and are to be issued to directors and senior management as compensation for the directors and senior management agreeing to a reduction in salaries and other employment entitlements that would have otherwise been payable in cash.

The share based payments are also 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 has been realised over the service vesting period and are subject to the satisfying of vesting and other conditions.

At 31 December 2014, all of the outstanding employee rights remained un-vested as the share price vesting conditions had not been satisfied.

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

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

Remuneration – Cash paid or payable

Year ended 31 Dec 2014	Short term employee benefits			Post-employment	Long-term Remuneration Provision for long service leave	TOTAL REMUNERATION PAID OR PAYABLE IN CASH
	Salary/ consultancy fees	Director fees	Allowances	Super-annuation		
	$	$		$	$	**$**
Executive Directors						
John Mair	256,250	-	-	24,062	37,942	**318,254**
Roderick McIllree (i)	268,249(ii)	-	145,633(iii)	-	-	**413,882**
Non-executive Directors						
Anthony Ho	7,792	65,102	-	6,055	-	**78,949**
Simon Cato	-	46,413(iv)	-	4,218	-	**50,631**
Michael Hutchinson	-	100,000	-	-	-	**100,000**
Jeremy Whybrow	50,800	45,000	-	-	-	**95,800**
Senior Management						
Shaun Bunn	223,463	-	-	41,479	-	**264,942**
Miles Guy	180,000	-	-	16,875	-	**196,875**
TOTAL	**986,554**	**256,515**	**145,633**	**92,689**	**37,942**	**1,519,333**

(i) Resigned 11 September 2014

DIRECTORS' REPORT

Remuneration Report – Audited (cont'd)

(ii) Includes $117,519 pay out on termination of employment contract, inclusive of $15,750 unused annual leave accrued in the current and prior years and $2,965 long service leave entitlement accrued in the current year.
(iii) Payment of expense allowance related to the payment of rent for R McIllree in the UK.
(iv) Includes a payment of $1,413 in long service leave entitlement that was accrued and paid in the current year.

Remuneration – Share based payments at fair value

	Shares in lieu of salary	Long term remuneration		Total share based payments	TOTAL REMUNER-ATION	% Consisting of share based payments
	Shares (i)	Rights (ii)	Options			
Year ended 31 Dec 2014	$	$	$	$	**$**	
Executive Directors						
John Mair	58,062	-	-	58,062	**376,316**	15%
Roderick McIllree	(12,774) (iii)	-	-	(12,774)	**401,180**	-
Non-executive Directors						
Anthony Ho	-	-	-	-	**78,949**	-
Simon Cato	-	-	-	-	**50,631**	-
Michael Hutchinson	53,856	-	-	53,856	**153,856**	35%
Jeremy Whybrow	-	-	-	-	**95,800**	-
Senior Management						
Shaun Bunn	127,745	279,282	-	407,027	**671,969**	61%
Miles Guy	45,568	159,590	-	205,158	**402,033**	51%
TOTAL	**272,457**	**438,872**	**-**	**711,329**	**2,230,662**	**32%**

(i) Shares were issued to directors and senior management as compensation for the directors and senior management agreeing to a reduction in salary and other employment entitlements that would have otherwise been payable in cash. The shares were issued in up to four tranches over a two year period, the values stated above represent the fair value of tranches vested during the current year. Refer to note 24 for further details.

(ii) All 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. The rights do not vest into fully paid shares unless the vesting conditions are satisfied. At 31 December 2014 all rights remain unvested and as a result the rights represent no immediate monetary value to the holder of the rights, at this date, with a monetary benefit only arising if the vesting conditions are satisfied prior to the expiry date. The above share based payment values are for reporting purposes only.

(iii) The final tranche of shares due to be issued to Rod McIllree in October 2014 lapsed due to Mr McIllree resigning prior to the vesting date. As a result of the shares not vesting due to the service period not being satisfied, the value of the final tranche has been reversed in accordance with AASB2.

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 paid or payable

	Short term employee benefits			Post-employment	Long-term Remuneration Provision for long service leave	TOTAL REMUNERATION PAID OR PAYABLE IN CASH
	Salary/ consultancy fees	Director fees	Allowances	Super-annuation		
Year ended						
31 Dec 2013	$	$		$	$	**$**
Executive Directors						
Roderick McIllree	238,750	-	86,612(i)	11,812	(18,668) (ii)	**318,506**
Simon Cato	52,916	-	-	4,866	(11,084) (ii)	**46,698**
John Mair	235,417	-	-	21,469	-	**256,886**
Non-executive Directors						
Anthony Ho	-	50,000	-	4,500	-	**54,500**
Michael Hutchinson	-	139,317		-	-	**139,317**
Jeremy Whybrow	59,583	45,000		1,875	-	**106,458**
Senior Management						
Shaun Bunn	242,167	-	-	14,719	-	**256,886**
Miles Guy	181,667	-	-	16,575	-	**198,242**
TOTAL	**1,010,500**	**234,317**	**86,612**	**75,816**	**(29,752)**	**1,377,493**

(i) Allowance for the payment of expenses related to R McIllree relocating to the UK.

(ii) A reduction in salaries has resulted in a lower salary base for the calculation of long service leave and other statutory entitlements. This has resulted in a reduction in the provision for long service leave recognised in prior years.

Remuneration – Share based payments at fair value

	Shares in lieu of salary	Long term remuneration		Total share based payments	TOTAL REMUNER-ATION	% Consisting of share based payments
	Shares (i)	Rights (ii)	Options (iii)			
Year ended						
31 Dec 2013	$	$	$	$	**$**	
Executive Directors						
Roderick McIllree	453,044	206,302	121,852	781,198	**1,099,704**	71%
Simon Cato	-	24,610	-	24,610	**71,308**	34%
John Mair	198,703	160,457	91,674	450,834	**707,720**	64%
Non-executive Directors						
Anthony Ho	-	188,545	-	188,545	**243,045**	77%
Michael Hutchinson	123,228	60,357	-	183,585	**322,902**	57%
Jeremy Whybrow	-	42,831	-	42,831	**149,289**	29%
Senior Management						
Shaun Bunn	609,578	249,182	91,674	950,434	**1,207,320**	79%
Miles Guy	217,444	65,567	-	283,011	**481,253**	59%
TOTAL	**1,601,997**	**997,851**	**305,200**	**2,905,048**	**4,282,541**	**68%**

DIRECTORS' REPORT

Remuneration Report – Audited (cont'd)

(i) Shares were issued to directors and senior management as compensation for the directors and senior management agreeing to a reduction in salary and other employment entitlements that would have otherwise been payable in cash. The shares were to be issued in up to four tranches over a two year period, the values stated above represent the fair value of all four tranches granted in the prior year. This includes the tranches where shares were issued during the year ended 31 December 2013 as well as a proportion of the value of tranches that vested during the year ended 31 December 2014. This vesting profile resulted in 79% of the total fair value of the four tranches being recognised in the prior year. Refer to note 24 for further details.

(ii) All 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. The rights do not vest into fully paid shares unless the vesting conditions are satisfied. At 31 December 2013 all rights remain unvested and as a result the rights represent no immediate monetary value to the holder of the rights, at this date, with a monetary benefit only arising if the vesting conditions are satisfied prior to the expiry date.

(iii) 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. At 31 December 2013 all options remain unvested and as a result the options represent no immediate monetary value to the holder of the options, at this date, with a monetary benefit only arising if the vesting conditions are satisfied prior to the expiry date.

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.

Shares in lieu of salaries
In February 2013 as part of a strategy to preserve cash reserves, directors, senior management and a number of other staff agreed to a reduction in salary and other employment entitlements that would have been payable by the Company in cash. As compensation for agreeing to these reductions, the Company agreed to issue shares to the individuals concerned. The number of shares to be issued was established by calculating the dollar value of foregone employment entitlements and issuing the equivalent value in shares based on a share price of $0.30. The shares are to vest four tranches over a two year period except for Michael Hutchinson who will be issued shares over three tranches.

The shares that have been and are to be issued to directors were approved by shareholders at the Company's Annual General Meeting on 15 May 2013.

The following shares were issued in the prior year or were issued in the year ended 31 December 2014 and have been issued in lieu of salaries and other employment entitlements.

Director/ senior management	Grant date	Number	Fair value @ grant date $	Issue Date	Share value @date of issue $
R McIllree (ii)					
Tranche 1	15/05/2013	517,750	150,147	15/05/2013	150,147
Tranche 2	15/05/2013	517,750	145,022	31/10/2013	155,325
Tranche 3	15/05/2013	517,750	145,073	30/04/2014	77,662
Total		**1,553,250**	**440,242**		**383,134**

DIRECTORS' REPORT

Remuneration Report – Audited (cont'd

Director/ senior management	Grant date	Number	Fair value @ grant date $ (i)	Issue Date	Share value @date of issue $
J Mair (iii)					
Tranche 1	15/05/2013	227,083	65,854	15/05/2013	65,854
Tranche 2	15/05/2013	227,083	63,609	31/10/2013	68,125
Tranche 3	15/05/2013	227,083	63,637	30/04/2014	34,062
		681,249	**193,100**		**168,041**
M Hutchinson (iv)					
Tranche 1	15/05/2013	210,638	59,003	31/10/2013	63,191
Tranche 2	15/05/2013	210,637	59,028	30/04/2014	31,594
		421,275	**118,031**		**94,785**
S Bunn					
Tranche 1	25/02/2013	480,758	185,092	25/02/2013	185,092
Tranche 2	25/02/2013	485,586	182,192	30/09/2013	121,396
Tranche 3	25/02/2013	490,462	184,070	31/03/2014	93,187
Tranche 4	25/02/2013	495,387	185,968	30/09/2014	54,492
Total		**1,952,193**	**737,322**		**454,167**
M Guy					
Tranche 1	25/02/2014	171,492	66,024	25/02/2013	66,024
Tranche 2	25/02/2013	173,214	64,990	30/09/2013	43,303
Tranche 3	25/02/2013	174,954	65,660	31/03/2014	33,241
Tranche 4	25/02/2013	176,711	66,337	30/09/2014	19,438
		696,371	**263,011**		**162,006**

(i) Fair value for shares issued or to be issued to directors has been based on the Company share price on 15 May 2013 and the Company shares price on 25 February 2013 for senior management, given that these tranches vested immediately on the grant date, with no future service conditions. The fair value has been established for the later tranches by applying a Black Scholes model and taking into account the future service period requirements (refer to note 24).

(ii) A fourth tranche of shares due to be issued to R. McIllree was lapsed prior to vesting as R. McIllree resigned prior to the vesting date.

(iii) A fourth tranche of shares due to be issued to J. Mair was cancelled prior to vesting due to J. Mair's executive service agreement being re-negotiated on J. Mair appointment as Managing Director.

(iv) A fourth tranche of shares due to be issued to M. Hutchinson was cancelled on M. Hutchinson stepping down as Chairman and becoming a non-executive Director.

Employee rights plan

In September 2013 the Remuneration Committee and the Board approved the Employee Rights Plan ("ERP") and approved the issue of Employee Rights under the plan. All employees of the Consolidated Group were invited to participate in the ERP. The number of rights being offered to employees was determined by the seniority of the employee, with three levels of seniority being established and a factor based on the seniority being applied to the employee's base salary.

DIRECTORS' REPORT

Remuneration Report – Audited (cont'd)

The Employee Rights will convert to ordinary fully paid shares subject to a twelve month continuous service period vesting condition and in three tranches subject to share price vesting conditions. The Employee Rights were offered to assist in retaining and to further incentivise employees.

No directors participated in the Employee Rights Issue.

The market based vesting hurdles are based on the Company's share price based on a 5 day Volume Weighted Average Price ("VWAP") as detailed in the following table.

Tranche	5 Day VWAP share price hurdle
Tranche 1	$0.50
Tranche 2	$0.75
Tranche 3	$1.00

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.

No Employee Rights were issued during the year ended 31 December 2014.

The following un-vested Employee Rights were issued to senior management during the previous financial year.

Senior management	Grant date	Number	Fair value @ grant date $	Expiry date	Vesting date
S Bunn					
Tranche 1	4/10/2013	700,000	151,410	30/09/2016	Refer above
Tranche 2	4/10/2013	700,000	119,770	30/09/2016	Refer above
Tranche 3	4/10/2013	700,000	96,810	30/09/2016	Refer above
Total		**2,100,000**	**367,990**		
M Guy					
Tranche 1	4/10/2013	400,000	86,520	30/09/2016	Refer above
Tranche 2	4/10/2013	400,000	68,440	30/09/2016	Refer above
Tranche 3	4/10/2013	400,000	55,320	30/09/2016	Refer above
		1,200,000	**210,280**		

(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.

Options exercised

No options issued to directors or senior management were exercised during the year ended 31 December 2014.

DIRECTORS' REPORT

Remuneration Report – Audited (cont'd)

The following options issued to directors and senior management, were exercised during the previous financial year. 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 $
S Bunn	28/03/2013	750,000	$0.25	$0.30	187,500	-	225,000

(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 ended 31 December 2014, no options issued to directors and senior management lapsed as a result of vesting conditions not being satisfied.

During the previous financial year the following options issued to directors and senior management lapsed as a result of vesting conditions not being satisfied.

Director/senior management	Number	Value @ grant date	Lapse date	Value @ lapse date
R McIllree (i)	2,800,000	974,819	31/08/2013	-
J Mair (i)	2,100,000	733,390	31/08/2013	-
S Bunn (i)	2,100,000	733,390	31/08/2013	-

(i) Options lapsed as a result of not meeting vesting conditions prior to the option expiry date.

Rights expired

During the current financial year ended 31 December 2014 the following un-vested Employee Performance Rights expired due to failing to meet the share price vesting hurdles. The Rights were issued in 2011 and fully expensed proportionately over the years ended 31 December 2011 to 31 December 2013.

Directors	Number	Value @ grant date	Expiry date	Value @ Cancellation date
R McIllree	2,700,000	1,650,664	15/05/2014	-
J Mair	2,100,000	1,283,660	15/05/2014	-
M Hutchinson	1,400,000	482,858	15/05/2014	-
S Cato	600,000	196,884	15/05/2014	-
A Ho	600,000	209,540	15/05/2014	-
J Whybrow	1,000,000	342,646	15/05/2014	-

No Employee Performance Rights expired during the previous financial year.

Rights cancelled

No un-vested Employee Performance Rights were cancelled in during the current financial year ended 31 December 2014.

DIRECTORS' REPORT

Remuneration Report – Audited (cont'd)

During the previous financial year the following un-vested Employee Performance Rights were cancelled upon acceptance of participation in the Employee Rights Plan offered during that year.

Senior management	Number	Value @ grant date	Cancellation date	Value @ Cancellation date
S Bunn	2,100,000	1,283,660	04/10/2013	-
M Guy	350,000	118,938	04/10/2013	-

On the date the Employee performance Rights were cancelled, the service period vesting condition had been satisfied but the market price vesting conditions had not been met, therefore the rights were un-vested at the time of cancellation. The fair value of the cancelled rights had been fully expensed prior to the cancellation.

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 rights	23/01/2012	23/01/2015	460,000	(ii)
Shares in lieu of salary (employees)	25/02/2014	-	1,000,333	(iii)
Share in lieu of salary (directors)	15/05/2014	-	1,019,268	(iii)
Employee Rights	04/10/2013	30/09/2016	578,270	(iv)

(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 price ('VWAP') exceeding the following price hurdles:

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

(ii) 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 price ('VWAP') exceeding the following price hurdles:

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

(iii) The shares issued in lieu of salary were issued in four tranches (three tranches in the case of M Hutchinson), the issue of the shares was subject to continued employment at the date of the tranche issue. If the director or employee resigns or their employment is terminated with cause prior to a tranche vesting date, there will not be any entitlement to un-issued/vested tranches.
If the director or employee is terminated as a result of redundancy, all unissued tranches will be issued on the date of termination.

DIRECTORS' REPORT

Remuneration Report – Audited (cont'd)

(iv) The employee rights are subject to a 1 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 price ('VWAP') exceeding the following price hurdles:

Tranche	5 Day VWAP share price hurdle
Tranche 1	$0.50
Tranche 2	$0.75
Tranche 3	$1.00

Key management personnel equity holdings

Refer to note 27 for full details of key management personnel equity holdings.

Transactions with related parties

Simon Cato is a Non-executive Director and Chairman of Advanced Share Registry Limited. Advanced Share Registry Limited provides share registry services to Greenland Minerals and Energy Limited. These services are supplied on normal commercial terms and Mr Cato does not receive any remuneration from Advanced Share Registry Limited based on the supply of share registry services to the Consolidated Group. For the year ended 31 December 2014 $83,333(i) was paid to Advance Share Registry Limited for services provided (Dec 2013: $36,867).

(i) The increase in fees in 2014 was due to additional costs related to the renounceable rights issue completed during the year.

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

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

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

The following table shows the gross revenue and profits for the period from 31 December to 31 December 2014 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 2014	12 Month period ended 31 Dec 2013	12 Month period ended 31 Dec 2012	12 Month period ended 31 Dec 2011	6 Month period ended 31 Dec 2010
Revenue	$760,583	$297,067	$351,106	$1,116,879	$717,276
Net loss before and after tax	($5,062,999)	($8,768,670)	$(17,344,250)	$(14,209,550)	$(7,163,998)
Share price at beginning of period	$0.21	$0.27	$0.46	$1.20	$0.58
Share price at end of period	$0.07	$0.21	$0.27	$0.46	$1.20
Dividend	-	-	-	-	-
Basic loss per share	$0.08	$0.20	$0.04	$0.04	$0.03
Diluted loss per share	$0.08	$0.20	$0.04	$0.04	$0.03

DIRECTORS' REPORT

Remuneration Report – Audited (cont'd)

Key terms of employment contracts

Directors

Anthony Ho, Non-*executive Chairman*

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

John Mair, *Managing Director*

- Term and type of contract – service agreement subject to annual review.
- Base salary, of $350,000 per annum and is paid monthly two weeks in advance and two weeks in arrears.
- Superannuation at 9.5% is payable on the base salary.
- 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.

Simon Cato, *Non-Executive Director*

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

Michael Hutchinson, *Non-Executive Director*

- Director fee of $45,000 per annum from 1 January 2015, the cash portion of the director fee was $100,000 per annum up to 31 December 2014
- Entitled to be reimbursed for all out of pocket expenses necessarily incurred in the performance of his duties including relating to travel, entertainment, accommodation, meals and telephone.
- No fixed term.

Jeremy Whybrow, *Non-Executive Director*

- Director fee of $45,000 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 McIllree, *Managing Director – Resigned 11 September 2014*

- Term and type of contract – service agreement subject to annual review.
- Base salary of $215,000 per annum per annum and is paid monthly two weeks in advance and two weeks in arrears, reduced from $500,000 per annum on 1 February 2014.
- Entitled to shares equal in value to the reduction in salary based on a $0.30 share price.
- Rental expenses while residing in the UK.
- Entitled to be reimbursed for all out of pocket expenses necessarily incurred in the performance of their duties including relating to travel, entertainment, 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)

Senior Management

Shaun Bunn, *Chief Operations Officer* – Resigned 31 December 2014

- Term and type of contract – service agreement subject to annual review.
- Base salary, of $225,000 per annum and is paid monthly two weeks in advance and two weeks in arrears, reduced from $350,000 on 1 February 2014.
- Entitled to shares equal in value to the reduction in salary and notice period, based on a $0.30 share price.
- Superannuation at 9.5% is payable on the base salary.
- Entitled to be reimbursed for all out of pocket expenses necessarily incurred in the performance of his duties including relating to travel, entertainment, accommodation, meals and telephone.
- Either the Company or the employee may terminate his engagement without cause by giving the other party three months written notice, there are no other specific payout clauses.
- Remuneration will be reviewed every 12 months or as otherwise agreed between the parties.

Miles Guy, *Chief Financial Officer and Company Secretary*

- Term and type of contract – service agreement subject to annual review.
- Base salary, of $180,000 per annum and is paid monthly two weeks in advance and two weeks in arrears, reduced from $200,000 per annum on 1 February 2014.
- Entitled to shares equal in value to the reduction in salary and notice period, based on a $0.30 share price.
- Superannuation at 9.5% is payable on the base salary.
- Entitled to be reimbursed for all out of pocket expenses necessarily incurred in the performance of his duties including relating to travel, entertainment, accommodation, meals and telephone.
- Either the Company or the employee may terminate his engagement without cause by giving the other party three months written notice, there are no other specific payout clauses
- Remuneration will be reviewed every 12 months or as otherwise agreed between the parties.

Meetings of Directors

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

	Directors Meetings	
Director	Number of meetings eligible to attend	Number attended
A Ho	16	16
J Mair	16	16
S Cato	16	16
M Hutchinson	16	15
J Whybrow	16	15
R McIllree	12	11

Audit and Risk Committee

The audit committee members are Simon Cato (Chairman), Michael Hutchinson and Jeremy Whybrow. 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:

DIRECTORS' REPORT

Audit Committee Meetings		
Member	Number of meetings eligible to attend	Number Attended
A Ho	2	2
M Hutchinson	2	1
J Whybrow	2	1

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

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

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

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

Auditor's Independence Declaration
The auditor's independence declaration for the year ended 31 December 2013 has been received and is included on page 30 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.

John Mair
Managing Director

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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

20 March 2015

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 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

D Newman

David Newman
Partner
Chartered Accountants

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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

Report on the 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 2014, the statement of profit or loss and other 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 30 to 69.

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.

Deloitte.

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 2014 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 14 to 25 of the directors' report for the year ended 31 December 2014. 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 2014, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

D Newman.

David Newman
Partner
Chartered Accountants
Perth, 20 March 2015

Directors' declaration

The directors declare that:

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

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

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

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

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

On behalf of the Directors

John Mair
Managing Director
Subiaco, 20 March 2015

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2014

	Note	Dec 2014 $' 000	Dec 2013 $' 000
Revenue from continuing operations	5	761	297
Expenditure			
Director and employee benefits	6(a)	(3,035)	(5,923)
Professional fees	6(b)	(895)	(523)
Occupancy expenses	6(c)	(338)	(405)
Listing costs	6(d)	(177)	(102)
Other expenses	6(e)	(1,379)	(2,113)
Loss before tax		(5,063)	(8,769)
Income tax expense	7	-	-
Loss for year		(5,063)	(8,769)
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss			
Exchange difference arising on translation of foreign operations		(2,015)	9,893
Income tax relating to components of comprehensive income	7	-	-
Other comprehensive income for the year		(2,015)	9,893
Total comprehensive income for the year		(7,078)	1,124
Loss attributable to:			
Owners of the parent		(5,063)	(8,769)
		(5,063)	(8,769)
Total comprehensive income attributable to:			
Owners of the parent		(7,078)	1,124
		(7,078)	1,124
Basic loss per share – cents per share	20	0.82	1.53
Diluted loss per share – cents per share		0.82	1.53

Notes to the financial statements are included on pages 35 to 69

Consolidated statement of financial position as at 31 December 2014

	Note	Dec 2014 $' 000	Dec 2013 $' 000
Current Assets			
Cash and cash equivalents	8	5,569	5,343
Trade and other receivables	9	172	49
Other assets	10	219	275
Total Current Assets		5,960	5,667
Non-Current Assets			
Investments in associates		41	41
Property, plant and equipment	11	1,311	1,505
Capitalised exploration and evaluation expenditure	12	68,031	64,859
Total Non-Current Assets		69,383	66,405
Total Assets		75,343	72,072
Current Liabilities			
Trade and Other Payables	13	786	543
Other liabilities	14	85	125
Provisions	15	192	144
Total Current Liabilities		1,063	812
Non-Current Liabilities			
Provisions	15	50	30
Total Non-Current Liabilities		50	30
Total Liabilities		1,113	842
Net Assets		74,230	71,230
Equity			
Issued Capital	16	344,349	336,950
Reserves	17	(9,582)	(10,246)
Accumulated Losses	19	(260,537)	(255,474)
Total Equity		74,230	71,230

Notes to the financial statements are included on pages 35 to 69

Consolidated statement of changes in equity for the year ended 31 December 2014

	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	Total $' 000
Balance at 1 January 2013	334,399	22,324	(5,355)	(39,672)	(246,705)	64,991	64,991
Net loss for the year	-	-	-	-	(8,769)	(8,769)	(8,769)
Other Comprehensive income	-	-	9,893	-	-	9,893	9,893
Total comprehensive for the year	-	-	9,893	-	(8,769)	1,124	1,124
Issue of shares from Recognition of share based payments	2,102	2,825	-		-	4,927	4,927
Issue of shares from option exercise	449	(261)	-	-	-	188	188
Balance at 31 December 2013	336,950	24,888	4,538	(39,672)	(255,474)	71,230	71,230
Balance at 1 January 2014	336,950	24,888	4,538	(39,672)	(255,474)	71,230	71,230
Net loss for the year	-	-	-	-	(5,063)	(5,063)	(5,063)
Other Comprehensive income	-	-	(2,015)	-	-	(2,015)	(2,015)
Total comprehensive for the year	-	-	(2,015)	-	(5,063)	(7,078)	(7,078)
Issue of shares Net of transaction costs	6,302	2,135		-	-	8,437	8,437
Issue of shares from Recognition of share based payments	1,081	545	-	-	-	1,626	1,626
Issue of shares from option exercise	16	(1)	-	-	-	15	15
Balance at 31 December 2014	344,349	27,567	2,523	(39,672)	(260,537)	74,230	74,230

Notes to the financial statements are included on pages 35 to 69

Consolidated statement of cash flows for the year ended 31 December 2014

	Note	31 Dec 2014 $' 000	31 Dec 2013 $' 000
Cash flows from operating activities			
Receipts from customers		508	24
Payments to suppliers and employees		(3,747)	(4,156)
Net cash used in operating activities	23	(3,239)	(4,132)
Cash flows from investing activities			
Interest received		183	267
Payments for property, plant and equipment		(47)	(9)
Payments for exploration and development		(6,312)	(2,332)
Payment for investments in associates		-	(10)
Proceeds from sale of property, plant and equipment		-	3
Proceeds from sale of investments		-	1
Proceeds from government grants and rebates		1,188	566
Net cash used in investing activities		(4,988)	(1,514)
Cash flows from financing activities			
Proceeds from issue of shares/options		8,843	188
Payment for shares/options issue costs		(390)	-
Net cash from financing activities		8,453	188
Net increase (decrease) in cash and equivalents		226	(5,458)
Cash and equivalents at the beginning of the financial year		5,343	10,801
Cash and equivalents at the end of the Financial year	8	5,569	5,343

Notes to the financial statements are included on pages 35 to 69

Notes to the accounts

1. General information

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

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

Registered office	**Principal place of business**
Unit 6, 100 Railway Road Subiaco WA	Unit 6, 100 Railway Road Subiaco WA

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

2. Significant accounting policies

Statement of compliance

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

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

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

The financial statements were authorised for issue by the directors on 20 March 2015.

Basis of preparation

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

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

Critical accounting judgments and key sources of estimation uncertainty

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

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

Adoption of new and revised Accounting Standards

In the current period, the Consolidated Group has adopted all of the new and revised Standards and

The following Standards and Interpretations have been adopted in the current year:

AASB 1031 (2013)	Materiality
AASB 2011-4	Amendments to Australian Accounting Standards to Remove Individual Key Management personnel Disclosure Requirements.
AASB 2012-3	Amendments to Australian Accounting Standards – Offsetting Financial Assets and Liabilities

Notes to the accounts

2. Significant accounting policies (cont'd)

AASB 2013-3	Amendments to AASB 136 – Recoverable Amount Disclosures for non-Financial Assets
AASB 2013-7	Amendments to AASB 1038 arising from AASB 10 in relation to consolidation and interests of policyholders
AASB 2013-9	Amendments to Australian Accounting Standards - Materiality
INT 21	Levies

As the Consolidated Entity does not have any offsetting arrangements in place, the application of the amendments has had no material impact on the disclosures or on the amounts recognised in the consolidated financial statements.
The Consolidated Entity has not elected to early adopt any new standards or amendments.
At the date of authorisation of the financial report, a number of Standards and Interpretations were on issue but not yet effective:

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

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', and the relevant amending standards[1]	1 January 2018	31 December 2018
AASB 2014-1 'Amendments to Australian Accounting Standards' - Part A: 'Annual Improvements 2010–2012 and 2011–2013 Cycles' - Part B: 'Defined Benefit Plans: Employee Contributions (Amendments to AASB 119)' - Part C: 'Materiality'	1 July 2014	31 December 2015
AASB 2014-3 'Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations'	1 January 2016	31 December 2016
AASB 2014-4 'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation'	1 January 2016	31 December 2016
AASB 15 'Revenue from Contracts with Customers' and AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15'	1 January 2017	31 December 2017
AASB 2014-9 'Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements'	1 January 2016	31 December 2016
AASB 2014-10 'Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture'	1 January 2016	31 December 2016
AASB 2015-1 'Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'	1 January 2016	31 December 2016
AASB 2015-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101'	1 January 2016	31 December 2016
AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'	1 July 2015	31 December 2016

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 2015-4 'Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent'	1 July 2015	31 December 2016
AASB 2015-5 'Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception'	1 January 2016	31 December 2016

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.

Notes to the accounts

2. Significant accounting policies (cont'd)

(c) Foreign currency

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

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

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

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

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.

Notes to the accounts

2. Significant accounting policies (cont'd)

(f) Share-based payments

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

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

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

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

(g) Income tax

Current tax

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

Deferred tax

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

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

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and interests in joint ventures except where the Consolidated Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Consolidated Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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

Notes to the accounts

2. Significant accounting policies (cont'd)

Current and deferred tax for the period

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

(h) Cash and cash equivalents

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

(i) Financial assets

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

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

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate 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.

Notes to the accounts

2. Significant accounting policies (cont'd)

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.

(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.

Notes to the accounts

2. Significant accounting policies (cont'd)

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.

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.

Notes to the accounts

2. Significant accounting policies (cont'd)

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

(o) Capitalisation of exploration and evaluation expenditure

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

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

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

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

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

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

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

(p) Provisions

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

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

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

Notes to the accounts

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:

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 2014, the carrying value of capitalised exploration expenditure is $68,030,812 (2013: $64,859,287) 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.

Notes to the accounts

5: Revenue

	31 Dec 2014 $' 000	31 Dec 2013 $' 000
Interest - Bank deposits	190	256
Project consulting	508	-
Other revenue	63	41
	761	297

6: Expenditure

		31 Dec 2014 $' 000	31 Dec 2013 $' 000
(a)	**Director and employee benefits**		
	Directors' fees	(197)	(237)
	Directors' and employee salary and wage expense	(1,154)	(1,218)
	Directors' and employee post-employment benefits	(58)	(72)
	Directors' and employee share based payments	(1,626)	(4,396)
		(3,035)	(5,923)
(b)	**Professional fees:**		
	Audit, accounting and taxation expense	(151)	(203)
	Legal fess	(373)	(91)
	Marketing and public relations	(174)	(166)
	Consulting	(197)	(63)
		(895)	(523)
(c)	**Occupancy expense:**		
	Rent	(320)	(382)
	Electricity	(18)	(23)
		(338)	(405)
(d)	**Listing costs:**		
	Stock exchange fees	(94)	(65)
	Share registry fees	(83)	(37)
		(177)	(102)

Notes to the accounts

6: Expenditure (cont'd)

		31 Dec 2014 $' 000	31 Dec 2013 $' 000
(e)	**Other expenses**		
	Loss on disposal of investments	(63)	(15)
	Gain/(Loss) on foreign currency exchange	(17)	1
	Depreciation expense	(186)	(188)
	Insurance	(86)	(129)
	Operating lease rental expenses	(5)	(5)
	Travel expenses	(248)	(171)
	Payroll tax	(81)	(69)
	Printing, stationery and office costs	(41)	(27)
	Telephone	(65)	(73)
	Other expenses	(587)	(566)
		(1,379)	(2,113)

7: Income tax

		31 Dec 2014 $' 000	31 Dec 2013 $' 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	(5,063)	(8,769)
	Prima facie tax benefit on loss at 30%	(1,519)	(2,631)
	add:		
	Tax effect of:		
	other non-allowable items	478	1,698
	provisions and accruals	152	43
	accrued income	5	9
	revenue loss not recognised	3,044	1,981
		3,679	3,731
	Less:		
	Tax effect of:		
	exploration, evaluation and development expenditure	(1,888)	(818)
	provisions and accruals	(103)	(157)
	capital expenditure write off	(162)	(120)
	other deductions	(7)	(5)
		(2,160)	(1,100)

Notes to the accounts

7: Income tax (cont'd)

	31 Dec 2014 $' 000	31 Dec 2013 $' 000
Income tax expense	-	-
The following deferred tax balances have not been recognised:		
Deferred tax assets:		
at 30%		
Carry forward revenue losses	29,100	26,056
Capital expenditure costs	1,165	706
	30,265	26,762
Less: offset against deferred tax liability	(13,549)	(11,665)
	16,716	15,097

The above deferred tax assets will only be recognised if;

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

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

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

	31 Dec 2014 $' 000	31 Dec 2013 $' 000
Deferred tax liabilities:		
at 30%		
Exploration, evaluation and development expenditure	13,544	11,656
Accrued income	5	9
	13,549	11,665
less offset against deferred tax assets	(13,549)	(11,665)
	-	-

8: Cash and equivalents

	Dec 2014 $' 000	Dec 2013 $' 000
Cash at bank	397	253
Cash on deposit at call	4,751	4,665
Cash on deposit	421	425
	5,569	5,343

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

Notes to the accounts

9: Trade and other receivables

	Dec 2014 $' 000	Dec 2013 $' 000
(a) Current		
Accrued interest	25	18
GST refundable	132	31
Refunds due	14	-
	172	49

(i) Trade debtors and sundry debtors are non-interest bearing, unsecured and generally on 30 day terms. As at 31 December 2014 and 31 December 2013 no amounts were past due but not impaired. Additionally there was no allowance for doubtful debts at either 31 December 2014 or 31 December 2013.

10: Other assets

	Dec 2014 $' 000	Dec 2013 $' 000
Deposit bonds	78	96
Prepayments	141	179
	219	275

11: Property, plant and equipment

	Dec 2014 $' 000	Dec 2013 $' 000
Plant and Equipment (cost)	1,560	1,616
Accumulated depreciation	(996)	(906)
Leasehold improvements (cost)	41	99
Accumulated depreciation	(13)	(33)
Buildings	872	844
Accumulated depreciation	(153)	(115)
	1,311	1,505

Notes to the accounts

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

(a) Movements in the carrying amounts

Movement in the carrying values for each class of property, plant and equipment between the beginning and the end of the period.

	Dec 2014 $' 000	Dec 2013 $' 000
Plant and Equipment		
Carrying value at beginning of year	710	833
Acquisitions	29	9
Disposals	(23)	(3)
Effects of currency translation	(12)	15
Depreciation expense	(140)	(144)
Carrying value at end of year	564	710
Leasehold improvements		
Carrying value at beginning of year	66	73
Disposals	(33)	-
Depreciation expense	(5)	(7)
Carrying value at end of year	28	66
Buildings		
Carrying value at the beginning of year	729	
Acquisitions	59	634
Effects of currency translation	(28)	132
Depreciation	(41)	(37)
Carrying value at end of year	719	729
Total property, plant and equipment carrying value at end of period	1,311	1,505

12: Capitalised exploration and evaluation expenditure

	Dec 2014 $' 000	Dec 2013 $' 000
Balance at beginning of year	64,859	53,642
Exploration and/or evaluation phase in current period:		
Capitalised expenses	6,294	2,728
Effects of currency translation (i)	-	9,360
	71,153	65,730
Less:		
Research and development refund	(1,126)	-
Impairment of capitalised expenditure (iii)	-	(871)
Effects of currency translation (i)	(1,996)	-
Balance at end of year	68,031	64,859

Notes to the accounts

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

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

(ii) During the year the Company directly held 100% interest in Greenland exploration licenses EL 2011/26, EL 2011/27and EL 2013/05.

(iii) 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. Refer below for information on El 2013/05

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

Table of exploration licenses

Exploration Licence	Location	Ownership
EL 2010/02	Southern Greenland	100% held by Greenland Minerals and Energy (Trading) A/S
EL 2011/26	Southern Greenland	100% held by Greenland Minerals and Energy Limited
EL 2011/27	Southern Greenland	100% held by Greenland Minerals and Energy Limited
EL 2013/05 (i)	Western Greenland	100% held by Greenland Minerals and Energy Limited

(i) Unrelated exploration license to the Kvanefjeld project, expenditure incurred on this license is included on the capitalised expenditure for the year ended 31 December 2014.

13: Trade and other payables

	Dec 2014 $' 000	Dec 2013 $' 000
Accrued expenses (i)	298	163
Trade creditors (ii)	381	282
Sundry creditors (ii)	107	98
	786	543

(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: Other liabilities

	Dec 2014 $' 000	Dec 2013 $' 000
EURARE grant advanced payment (i)	85	125
	85	125

(i) Greenland Minerals and Energy (Trading) A/S is a participant in the EURARE Project, a European Union initiated project to assess the development and exploitation of Europe's rare earth deposits. As a participant in the EURARE Project Greenland Minerals and Energy (Trading) A/S has received an advanced grant payment, which is to be applied against approved EURARE Project expenses. The EURARE grant advance payment is the balance of the grant received as at 31 December 2014 that had not been applied to approved project expenses, but is expected to be applied against future expenses.

15: Provisions - Current

	Dec 2014 $' 000	Dec 2013 $' 000
Provision for annual leave	192	144
	192	144

Provisions – Non-Current

	Dec 2014 $' 000	Dec 2013 $' 000
Provision for long service leave	50	30
	50	30

16: Issued capital

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

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

Notes to the accounts

16: Issued capital (cont'd)

	Dec 2014		Dec 2013	
	No ' 000	$' 000	No ' 000	$' 000
Balance brought forward	574,572	336,950	567,937	334,399
Issue of ordinary shares through renounceable rights issue	88,685	8,868	-	-
Issue of ordinary shares as consideration for rights issue costs	3,302	331	-	-
Issue of ordinary shares as consideration for share based payments	2,806	1,081	5,885	2,102
Issue of ordinary shares as a result of exercised options:				
$0.60 exercise price options	25	15	750	449
Less costs associated with shares issued	-	(2,896)	-	-
Balance at end of financial year	669,390	344,349	574,572	336,950

17: Reserves

a) Option reserve	Dec 2014 $' 000	Dec 2013 $' 000
Balance brought forward	24,888	22,324
Issue of options to directors (i)	-	213
Issue of options to senior management (i)	-	92
Issue of performance rights to directors (i)	-	683
Issue of performance rights to senior management (i)	-	175
Issue of performance rights to staff (i)	-	510
Issue of employee rights to senior management (i)	438	140
Issue of employee rights to staff (i)	849	269
Issue of $0.20 exercise price options on the basis of one option for every $0.10 shares issued	2,135	-
Recognition of shares issued in lieu of salary	-	1,912
Transfer to share capital – shares issued in lieu of salary	(743)	(1,169)
Options exercised – transferred to share capital:		
$0.25 exercise price options	-	(261)
Balance at end of financial year	27,567	24,888

(i) Refer to note 24 for further information.

Notes to the accounts

17: Reserves (cont'd)

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 24 to the financial statements.

b) Foreign currency translation reserve	Dec 2014 $' 000	Dec 2013 $' 000
Balance brought forward	4,538	(5,355)
Current period adjustment from currency translation of foreign controlled entities	(2,015)	9,893
Balance at end of year	2,523	4,538

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

c) Non-controlling interest acquisition reserve	Dec 2014 $' 000	Dec 2013 $' 000
Balance brought forward	(39,672)	(39,672)
Balance at end of year	(39,672)	(39,672)

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

d) Total reserves	Dec 2014 $' 000	Dec 2013 $' 000
Option reserve	27,567	24,888
Foreign currency translation reserve	2,523	4,538
Non-controlling interest acquisition reserve	(39,672)	(39,672)
	(9,582)	(10,246)

18: Dividends

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

19: Accumulated losses

	Dec 2014 $' 000	Dec 2013 $' 000
Balance at beginning of financial year	(255,474)	(246,705)
Loss attributable to members of parent entity	(5,063)	(8,769)
Related income tax	-	-
Balance at end of financial year	(260,537)	(255,474)

Notes to the accounts

20: Loss per share

	Dec 2014 Cents Per share	Dec 2013 Cents Per share
Basic loss per share		
From continuing operations	0.82	1.53
Diluted loss per share		
From continuing operations	0.82	1.53

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 2014	Dec 2013
Loss for year ($)	5,062,998	8,768,670
Weighted average number of shares used in the calculation of basic and diluted loss per share (Number)	620,023,610	572,142,187

(i) There were 102,670,512 potential ordinary shares on issue at 31 December 2014 (31 December 2013: 52,454,211) that are not dilutive and are therefore excluded from the weighted average number of ordinary shares and potential ordinary shares used in the calculation of diluted earnings per share.

21: Commitments for expenditure

Exploration commitments: EL 2010/02 is located in Greenland. The tenement expenditure incurred during the year ended 31 December 2014 and prior years was in excess of the minimum expenditure required to maintain the tenement in good standing. The excess expenditure can be carried forward for 3 years. The amount carried forward will be sufficient to meet the minimum expenditure requirements over this period.

The Consolidated Group has recognised sufficient estimated expenditure to keep exploration licenses EL 2011/23, El 2011/26 and El2011/27 in good standing.

	Dec 2014 $'000	Dec 2013 $'000
Tenement commitments		
Not longer than 1 year	-	-
Longer than 1 year but not longer than 5 years	1,000	1,000
Longer than 5 years	-	-
	1,000	1,000
Operating leases (i)		
Not longer than 1 year	250	198
Longer than 1 year but not longer than 5 years	-	17
Longer than 5 years	-	-
	250	215

Notes to the accounts

21: Commitments for expenditure (cont'd)

	Dec 2014 $'000	Dec 2013 $'000
Other contractual obligations		
Not longer than 1 year	-	140
Longer than 1 year but not longer than 5 years	-	-
Longer than 5 years	-	-
	-	140

(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 2016, and is non-cancelable, with a 2 year renewal option.

22: Subsidiaries

Name of subsidiary	Country of incorporation	Ownership interest Dec 2014 %	Dec 2013 %
Chahood Capital Limited	Isle of Man	100	100
Greenland Minerals and Energy (Trading) A/S	Greenland	100	100

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 2014 $' 000	Year ended 31 Dec 2013 $' 000
Loss for the year	(5,063)	(8,769)
(Gain) loss on sale or disposal of non-current assets	63	15
Depreciation	187	188
Equity-settled share-based payments	1,626	4,806
Impairment of capitalised exploration and evaluation expenditure	-	871
Interest income received and receivable	(190)	(256)
(Increase)/decrease in assets		
Trade and other receivables	(87)	287
Increase (decrease) in liabilities		
trade and other payables	177	(1,028)
Provisions	48	(246)
Net cash used in operating activities	(3,239)	(4,132)

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 in existence during the year ended 31 December 2014:

Date	Number	Issue Price	Value
31/03/2014 (i)	924,455	$0.37	$343,566
06/04/2014 (ii)	955,471	$0.28	$2267,757
15/07/2014 (iii)	3,301,500	$0.10	$330,150
31/10/2014 (iv)	923,637	$0.37	$346,733

(i) Shares issued to employee in lieu of salary and other employment entitlements.
(ii) Shares issued to directors in lieu of salary.
(iii) Shares issued as payment for capital raising fees.
(iv) Shares issued to employee in lieu of salary and other employment entitlements.
(v) No share based payments other than as discussed elsewhere within this note were entered into during the prior year.

Shares in lieu of salaries

In February 2013 as part of a strategy to preserve cash reserves, directors, senior management and a number of other staff agreed to a reduction in salary and other employment entitlements that would have been payable by the Company in cash. As compensation for agreeing to these reductions, the Company agreed to issue shares to the individuals concerned. The number of shares to be issued was established by calculating the dollar value of foregone employment entitlements and issuing the equivalent value in shares based on a share price of $0.30. The shares were issued in four tranches over a two year period except for Michael Hutchinson who was issued shares over three tranches.

The shares that have been issued to directors were approved by shareholders at the Company's Annual General Meeting on 15 May 2013.

Shares issued to staff in lieu of salary and other employment entitlements during the year ended 31 December 2014

Tranche	Number	Grant date fair value $	Pro-rata vesting period value recognised during the year ended 31 Dec 2014
3	915,445	343,567	76,727
4	923,733	346,733	161,533
	1,839,178	690,300	238,260

Share based payments issued to directors in lieu of salary during the year ended 31 December 2014

Tranche	Number	Grant date fair value $	Pro-rata vesting period value recognised during the year ended 31 Dec 2014
3	955,470	267,758	91,803
4	955,467	267,874	7,342
	1,910,937	535,632	99,145

Notes to the accounts

Employee Rights
In September 2013 the Remuneration Committee and the Board approved the Employee Rights Plan ("ERP") and approved the issue of Employee Rights under the plan. All employees of the Consolidated Group were invited to participate in the ERP. The number of rights being offered to employees was determined by the seniority of the employee, with three levels of seniority being established and a factor based on the seniority being applied to the employee's base salary.

The Employee Rights will convert to Ordinary fully paid shares subject to a twelve month continuous service period vesting condition and in three tranches subject to share price vesting conditions. The Employee Rights were offered to assist in retaining and to further incentivise employees.

In accepting the offer of the Employee Rights, employees agreed that the Employee Performance Rights issued in 2011 would be cancelled. At the time the Employee Performance Rights were cancelled, the fair value of the cancelled rights had been fully expensed.

No directors participated in the Employee Rights Issue.

The Employee Rights will vest in three tranches based on the Company's Volume Weighted Average Share Price ("VWAP") exceeding price hurdles for 5 consecutive trading days.

Tranche 1 - Will vest upon both the volume weighted average price of Shares being $0.50 or more for 5 consecutive Trading Days and the employee remaining an employee of the Company until 30 September 2014.

Tranche 2 - Will vest upon both the volume weighted average price of Shares being $0.75 or more for 5 consecutive Trading Days and the employee remaining an employee of the Company until 30 September 2014.

Tranche 3 - Will vest upon both the volume weighted average price of Shares being $1.00 or more for 5 consecutive Trading Days and the employee remaining an employee of the Company until 30 September 2014.

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	04/10/2013
Underlying share price at grant date	$0.27
Maximum life	3 Years
Expected future volatility	100%
Risk free rate	2.84%
Tranche1 share price hurdle	$0.50
Tranche2 share price hurdle	$0.75
Tranche3 share price hurdle	$1.00

Rights expired
During the current financial year ended 31 December 2014 the following un-vested Employee Performance Rights expired due to failing to meet the share price vesting hurdles. The Rights were issued in 2011 and fully expensed proportionately over the years ended 31 December 2011 to 31 December 2013.

Notes to the accounts

24: Share based payments (cont'd)

Directors	Number	Value @ grant date	Expiry date	Value @ Cancellation date
R McIllree	2,700,000	1,650,664	15/05/2014	-
J Mair	2,100,000	1,283,660	15/05/2014	-
M Hutchinson	1,400,000	482,858	15/05/2014	-
S Cato	600,000	196,884	15/05/2014	-
A Ho	600,000	209,540	15/05/2014	-
J Whybrow	1,000,000	342,646	15/05/2014	-

No Employee Performance Rights expired during the previous financial year.

Rights cancelled

No un-vested Employee Performance Rights were cancelled during the current financial year ended 31 December 2014.

During the previous financial year the following un-vested Employee Performance Rights were cancelled upon acceptance of participation in the Employee Rights Plan offered during that year.

Senior management	Number	Value @ grant date	Cancellation date	Value @ Cancellation date
S Bunn (i)	2,100,000	1,283,660	04/10/2014	-
M Guy (i)	350,000	118,938	04/10/2014	-

The following are the terms of the Employee Rights:

1. The Employee Rights are non-transferable.

2. The rights under Employee Rights are personal and an Employee 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 Employee Rights vest upon the satisfaction of any Employee hurdles specified at the time of issue.

4. The Employee Rights lapse upon the Eligible Employee ceasing to be employed or on the failure to satisfy any Employee hurdles within a required time of the issue of the Employee Rights.

5. Upon vesting, one (1) Share will be issued for every one (1) Employee 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 Employee Right upon vesting will be entitled to have issued to it the increased number of Shares that it would have received if the Employee Right had vested and the holder acquired Shares in respect of the Employee 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 Employee Rights will be reconstructed in a manner consistent with the ASX Listing Rules.

Notes to the accounts

24: Share based payments (cont'd)

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

	Dec 2014		Dec 2013	
	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
Granted during financial period	-	-	-	-
Forfeited during the financial period	-	-	-	-
Exercised during the financial period	-	-	(750,000)	0.25
Expired during the financial period	-	-	(7,000,000)	1.75
Exercisable at the end of the financial period	-	-	-	-

The average share price during the current period was $0.13 (2013: $0.69).

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 2013.
The capital structure of the Consolidated Group consists of fully paid shares and options as disclosed in notes 16 and 17 respectively.

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

(b) Categories of financial instruments

	Dec 2014 $' 000	Dec 2013 $' 000
Financial assets		
Cash and equivalents	5,569	5,343
Loans and receivables - current	172	49
Financial liabilities		
Amortised cost	871	668

(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:

Notes to the accounts

25: Financial instruments (cont'd)

(i) **Interest Rate Risk**

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

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

(ii) **Credit Risk**

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

The Consolidated Group has no significant credit risk exposure to any single counterparty or any Consolidated Group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit – ratings assigned by international rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the Consolidated Group's maximum exposure to credit risk.

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

(iii) **Liquidity Risk**

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

The Consolidated Group monitors its cash flow forecast and actual cash flow to ensure that present and future commitments are provided for. As well as matching the maturity date of funds invested with the timing of future commitments.

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

(iv) **Foreign Currency Risk**

The Consolidated Group's risk from movements in foreign currency exchange rates, relates to funds transferred by the Company to the Greenland subsidiary and the funds are held in Danish Krone (DKK). This risk exposure is minimised by only holding sufficient funds in DKK, to meet the immediate cash requirements of the subsidiary. Once funds are converted to DKK they are only used to pay expenses in DKK.

(d) Liquidity risk

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

Notes to the accounts

25: Financial instruments (cont'd)

	Weighted Average Effective interest rate %	< 6 Months $' 000	6 – 12 Months $' 000	1 - 5 Years $' 000	> 5 Years $' 000	Total $' 000
Dec 2014						
Cash and equivalents	2.44	5,148	421			5,569
Trade and receivables - current	-	172	-	-	-	172
		5,320	421			5,741
Dec 2013						-
Cash and equivalents	2.72	4,922	421			5,343
Trade and receivables - current	-	49	-	-	-	49
		4,971	421			5,392

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 2014						
Trade and other payables	-	786	-	-	-	786
Other liabilities	-	-	85	-	-	85
		786	85	-	-	871
Dec 2013	-	543	-	-	-	543
Trade and other payables	-	-	125	-	-	125
		543	125	-	-	668

(e) Interest rate risk

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

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

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

Notes to the accounts

25: Financial instruments (cont'd)

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 2014, 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 2014 $' 000	Dec 2013 $' 000
Change in profit		
Increase in interest rate by 1% (100 basis points)	74	81
Decrease in interest rate by 1% (100 basis points)	(71)	(81)

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 2014 $	Year ended 31 Dec 2013 $
Short-term employee benefits	1,388,702	1,331,429
Post-employment benefits	92,689	75,816
Other long-term benefits – provision for long service leave	37,942	(29,752)
Termination benefits		
Share-based payment	711,329	2,905,048
	2,230,662	4,282,541

Refer to the remuneration report included in pages 14 to 25 of the Directors report for more detailed remuneration disclosures.

27: Key management personnel equity holdings

Fully paid ordinary shares of Greenland Minerals and Energy Limited

	Balance at beginning of year No.	Granted as compensation No.	Received on exercise of options No. (i)	Net other change (ii) No.	Balance at end of year No.	Balance held nominally No.
Dec 2014						
A Ho	550,000	-	-	750,000	1,300,000	-
J Mair	5,564,166	227,083	-	500,000	6,291,249	-
S Cato	4,762,198	-	-	100,000	4,862,198	-
M Hutchinson	210,638	210,638	-	500,000	921,276	-
J Whybrow	6,010,200	-	-	250,000	6,260,200	-
R McIllree (iii)	13,346,956	517,750		1,324,159	15,188,865	-
S Bunn	1,711,516	990,677	-	(2,102,193)	600,000	-
M Guy	467,894	353,387	-	(50,000)	771,371	-
Dec 2013						
A Ho	350,000	-	-	200,000	550,000	-
J Mair	5,110,000	454,166	-	-	5,564,166	-
S Cato	4,762,198	-	-	-	4,762,198	-
M Hutchinson	-	210,638	-	-	210,638	
J Whybrow	6,010,200	-	-	-	6,010,200	-
R McIllree	12,111,456	1,035,500	-	200,000	13,346,956	-
S Bunn	-	961,516	750,000	-	1,711,516	-
M Guy	325,000	342,984	-	(200,000)	467,894	-

(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 subscribed for in though the renounceable rights issue, purchased or sold either on market through the ASX, or purchased or sold through third party off market transactions.

(iii) Shares held by R McIllree as at the date of resignation, 11 September 2014.

Notes to the accounts

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

Share options of Greenland Minerals and Energy Limited

	Balance at beginning of year No.	Granted as compensation No.	Exercised No. (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 2014									
A Ho	-	-	-	-	450,000	450,000	-	450,000	-
J Mair	-	-	-	-	500,000	500,000	-	500,000	-
S Cato	-	-	-	-	100,000	100,000	-	100,000	-
M Hutchinson	-	-	-	-	500,000	500,000	-	500,000	-
J Whybrow	-	-	-	-	250,000	250,000	-	250,000	-
R McIllree (iii)	-	-	-	-	666,266	666,266	-	666,266	-
S Bunn	-	-	-	-	-	-	-	-	-
M Guy	50,000	-	-	(50,000)	100,000	100,000	-	100,000	-
Dec 2013									
A Ho	-	-	-	-	-	-	-	-	-
J Mair	2,100,000	-	-	(2,100,000)	-	-	-	-	-
S Cato	-	-	-	-	-	-	-	-	-
M Hutchinson	-	-	-		-	-	-	-	-
J Whybrow	-	-	-	-	-	-	-	-	-
R McIllree	2,800,000	-	-	(2,800,000)	-	-	-	-	-
S Bunn	2,850,000	-	(750,000)	(2,100,000)	-	-	-	-	-
M Guy	50,000	-	-	-	-	50,000	-	-	-

(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 subscribed for in though the renounceable rights issue, purchased or sold either on market through the ASX, or purchased or sold through third party off market transactions.

(iii) Options held by R McIllree as at the date of resignation, 11 September 2014.

Notes to the accounts

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

Performance rights of Greenland Minerals and Energy Limited

	Balance at beginning of year No.	Granted as compensation No.	Converted No.	Expired No	Net other change (i) No.	Balance at end of year No.	Balance vested at end of year No.	Vested and convertible No.	Rights vested during year No.
Dec 2014									
A Ho	1,600,000	-	-	600,000	-	1,000,000	-	-	-
J Mair	2,100,000	-	-	2,100,000	-	-	-	-	-
S Cato	600,000	-	-	600,000	-	-	-	-	-
M Hutchinson	1,400,000	-	-	1,400,000	-	-	-	-	-
J Whybrow	1,000,000	-	-	1,000,000	-	-	-	-	-
R McIllree	2,700,000	-	-	2,700,000	-	-	-	-	-
S Bunn	-	-	-	-	-	-	-	-	-
M Guy	-	-	-	-	-	-	-	-	-
Dec 2013									
A Ho	1,600,000	-	-	-	-	1,600,000	-	-	-
J Mair	2,100,000	-	-	-	-	2,100,000	-	-	-
S Cato	600,000	-	-	-	-	600,000	-	-	-
M Hutchinson	1,400,000	-	-		-	1,400,000	-	-	-
J Whybrow	1,000,000	-	-	-	-	1,000,000	-	-	-
R McIllree	2,700,000	-	-	-	-	2,700,000	-	-	-
S Bunn	2,100,000	-	-	-	(2,100,000)	-	-	-	-
M Guy	350,000	-	-	-	(350,000)	-	-	-	-

(i) Performance rights cancelled when employees accepted an offer to participate in the October 2013 Employee Rights issue

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

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

Employee Rights of Greenland Minerals and Energy Limited

	Balance at beginning of year No.	Granted as compensation No.	Converted No.	Expired No	Net other change (i) No.	Balance at end of year No.	Balance vested at end of year No.	Vested and convertible No.	Rights vested during year No.
Dec 2014									
A Ho	-	-	-	-	-	-	-	-	-
J Mair	-	-	-	-	-	-	-	-	-
S Cato	-	-	-	-	-	-	-	-	-
M Hutchinson	-	-	-		-	-	-	-	-
J Whybrow	-	-	-	-	-	-	-	-	-
R McIllree	-	-	-	-	-	-	-	-	-
S Bunn	2,100,000	-	-	-	-	2,100,000	-	-	-
M Guy	1,200,000	-	-	-	-	1,200,000	-	-	-
Dec 2013									
A Ho	-	-	-	-	-	-	-	-	-
J Mair	-	-	-	-	-	-	-	-	-
S Cato	-	-	-	-	-	-	-	-	-
M Hutchinson	-	-	-		-	-	-	-	-
J Whybrow	-	-	-	-	-	-	-	-	-
R McIllree	-	-	-	-	-	-	-	-	-
S Bunn	-	2,100,000	-	-	-	2,100,000	-	-	-
M Guy	-	1,200,000	-	-	-	1,200,000	-	-	-

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

28: Transactions with related parties

Simon Cato is a Non-executive Director and Chairman of Advanced Share Registry Limited. Advanced Share Registry Limited provides share registry services to Greenland Minerals and Energy Limited. These services are supplied on normal commercial terms and Mr Cato does not receive any remuneration from Advanced Share Registry Limited based on the supply of share registry services to the Consolidated Group. For the year ended 31 December 2014 $83,333(i) was paid to Advance Share Registry Limited for services provided (Dec 2013: $36,867).

(ii) The increase in fees in 2014 was due to additional costs related to the renounceable rights issue completed during the year.

29: Parent Company information

	Parent	
	Dec 2014 $' 000	Dec 2013 $' 000
Financial position		
Total Current Assets	5,804	5,592
Total Non-Current Assets	69,369	74,231
Total Assets	75,173	79,823
Total Current Liabilities	893	586
Total non-current liabilities	50	30
Total Liabilities	943	616
Net Assets	74,230	79,207
Equity		
Issued Capital	344,349	336,950
Reserves	18,833	24,888
Accumulated Losses	(288,952)	(282,631)
Total Equity	74,230	79,207
Financial Performance		
Profit (Loss) for the year	6,321	320
Total comprehensive income	**6,321**	**320**

Contingent liabilities
The parent company has no contingent liabilities as at 31 December 2014 or 2013.

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

Greenland Minerals and Energy Limited 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.

Notes to the accounts

30: Remuneration of auditors

Auditor of the parent entity	Dec 2014 $	Dec 2013 $
Audit or review of the financial report	91,350	87,536
Other assurance services	8,500	8,500
Non-audit services - taxation	8,085	14,700
	107,935	110,736

Related practice of the parent entity auditor	Dec 2014 $	Dec 2013 $
Audit or review of the financial report	25,659	26,661
Non-audit services – taxation	1,579	1,838
Non-audit services – other	4,590	2,942
	31,828	31,441

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

31: Subsequent Events

In February 2015, the Company entered into an Equity Placement Facility agreement ("**EPF**") with Long State Investment Limited ("**Long State**") Under the terms of the EPF, The Company may, at its discretion, call for Long State to subscribe for Greenland Minerals and Energy Limited shares at any time over a 24 month period, up to a total Placement amount of $20,000,000. The Company may require Long State to pay a placement amount of up to $500,000 in any period of 10 trading days (and up to $1,000,000 with the prior consent of Long State).

Shares issued to Long State will be priced at 95% of the average daily volume weighted average prices (VWAP) of the Company's shares traded on each of the 5 trading days prior to the placement notice date specified by GMEL. A cash discount of 5% will be payable by GMEL to Long State at the time of issue. Subsequently the price will be adjusted based upon the 95% of the average VWAPs for the 5 trading days prior to the Placement Date and the 5 trading days subsequent to the Placement Date, with Long State either making an additional payment to GMEL, or the Company making an additional payment or issuing additional shares to Long State.

In accordance with the requirements of entering the EPF, 2 tranches of 7,500,000 unlisted options with exercise prices of 20 cents and 25 cents respectively and a 3 year expiry date were issued to Long State Investment Limited on 4 March 2015.

For further details, please refer to the Company's announcement released to the ASX on 2 March 2015.

In March 2015, the Company finalised the acquisition of the remaining 2% net profit royalty on exploration license 2010/02, which covers the Kvanefjeld project and associated mineral resources in southern Greenland. The Company will acquire the 2% royalty on the net profits of Greenland Minerals and Energy (Trading) A/S for a purchase consideration of 13,690,000 ordinary shares and 13,690,000 listed GGGOA options.

This acquisition follows the acquisition of a 3% royalty in 2012 and as a result of the latest acquisition, the Company will hold all royalty agreements associated with license 2010/02.

31: Subsequent Events (cont'd)

For further details, please refer to the Company's announcement released to the ASX on 10 March 2015.

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

Additional stock exchange information as at 20th February 2015

Consolidated Group secretary
Miles Guy

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

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

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

Number of holders of equity securities
Ordinary share capital
669,389,552 fully paid ordinary shares are held by 3,681 individual shareholders.

Substantial Shareholders

Shareholder		Number	Percentage
1.	Citicorp Nominees Pty Limited		121,450,656
2.	HSBC Custody Nominees (Australia) Limited		115,485,489
3.	JP Morgan Nominees Australia Limited		98,637,258
4.	Rimbal Pty Limited		43,341,667
5.	GCM Nominees Pty Limited		35,000,000

Additional stock exchange information as at 20th February 2015

Distribution of holders of quoted shares

Share Spread	Holders	Units	Percentage
1 – 1,000	385	169,337	0.025%
1,001 – 5,000	920	2,768,537	0.414%
5,001 – 10,000	623	5,149,669	0.769%
10,001 – 100,000	1,381	50,103,208	7.485%
100,001 and over	372	611,198,801	91.307%
	3,681	**669,389,552**	**100%**

Twenty largest holders of quoted shares

	Fully paid ordinary shares	
Ordinary shareholders	Number	Percentage
1. Citicorp Nominees Pty Limited	121,450,656	18.5%
2. HSBC Custody Nominees (Australia) Limited	115,485,489	17.2%
3. JP Morgan Nominees Australia Limited	98,637,258	14.7%
4. Rimbal Pty Limited	43,341,667	6.5%
5. GCM Nominees Pty Limited	35,000,000	5.2%
6. Benoit Company Limited	12,200,000	1.8%
7. Pure Steel Limited	10,344,214	1.5%
8. Roderick McIllree	8,037,755	1.2%
9. John Mair	6,291,249	0.9%
10. Jeremy Sean Whybrow	6,260,200	0.9%
11. Aharon Bosme	6,000,000	0.9%
12. Giacobbe, Dimitri and David Iesini	5,431,505	0.8%
13. Simon Cato	4,862,198	0.7%
14. National Nominees Limited	4,058,091	0.6%
15. Merrill Lynch (Australia) Nominees Pty Limited	4,042,744	0.6%
16. Christopher and Rita Read	3,913,700	0.6%
17. ABN Amro Clearing Sydney Nominees Pty Limited	3,832,776	0.6%
18. Peter Harry Hatch	3,550,000	0.5%
19. Jay and Linda Hughes	3,500,000	0.5%
20. Falfaro Investments Limited	3,000,000	0.4%
	499,239,502	**74.6%**

Additional stock exchange information as at 20th February 2015

Distribution of holders of quoted options - GGGOA

Share Spread	Holders	Units	Percentage
1 – 1,000	171	87,950	0.096%
1,001 – 5,000	202	537,339	0.584%
5,001 – 10,000	85	642,368	0.698%
10,001 – 100,000	177	6,789,534	7.381%
100,001 and over	76	83,927,821	91.241%
	711	**91,985,012**	**100%**

Twenty largest holders of quoted options

		Fully paid ordinary shares	
Ordinary shareholders		Number	Percentage
1.	Citicorp Nominees Pty Limited	16,031,396	17.4%
2.	HSBC Custody Nominees (Australia) Limited	14,329,251	15.6%
3.	JP Morgan Nominees Australia Limited	8,607,130	9.3%
4.	Roderick McIllree	7,888,130	8.6%
5.	Sampension KP Livsforsikring	5,000,000	5.4%
6.	Jomot Pty Limited	1,944,590	2.1%
7.	Catchpole Investments Pty Limited	1,868,106	2.0%
8.	Dymax Consultants Pty Limited	1,600,000	1.7%
9.	Twofivetwo Pty Limited	1,516,750	1.7%
10.	Jacqueline Louise Holloway	1,500,000	1.6%
11.	Walter Graham	1,183,121	1.3%
12.	Cameron French	1,000,000	1.2%
13.	National Nominees Limited	1,086,663	1.1%
14.	Potatomagic Pty Limited	1,010,529	1.1%
15.	Jay and Linda Hughes	1,000,000	1.1%
16.	Michael Anthony Brownlee	1,000,000	1.1%
17.	Adonis Kiritsopoulos and Jennifer Anne Ford	846,153	1.0%
18.	Christopher Darveniza	800,000	0.9%
19.	Daniel Arthur John and Frances Margaret Smart	743,957	0.8%
20.	James Bradley Richardson <Est Edward B Richardson A/C>	616,666	0.4%
		69,572,442	**75.4%**