

# **GREENLAND MINERALS AND ENERGY LIMITED**

## **ACN 118 463 004**

### **PROSPECTUS**

**For the pro-rata non-renounceable rights issue of approximately 175,491,368 New Shares,  
on the basis of 1 New Share for every 4 Shares held  
at an issue price of 3.5 cents per New Share, to raise up to approximately \$6,142,198 and 1  
free New Option for every 1 New Share subscribed for under the Prospectus**

**Offer closes at 5:00pm WST on 29 September 2015**

**The Offer is partly underwritten by Patersons Securities Limited up to the Minimum  
Subscription amount of \$3,000,000**

This document is a transaction-specific prospectus issued in accordance with section 713 of the Corporations Act. This Prospectus contains important information about the Offer. You should read the entire document including the Entitlement and Acceptance Form. If after reading this Prospectus you have any questions about the Offer or this Prospectus, you should speak to your professional adviser.

The New Shares and New Options offered by this Prospectus should be considered highly speculative.

## **IMPORTANT NOTICE**

This Prospectus is dated 9 September 2015 and was lodged with ASIC on that date. Neither ASIC, ASX nor any of their respective officers take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

Certain terms and abbreviations used in this Prospectus have defined meanings, which are explained in the Glossary. In this Prospectus, the words "we", "our" and "us" refer to the Company. The words "you" or "your" refer to Shareholders.

No securities will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus. Application for quotation of the New Shares and New Options will be made to ASX within 7 days after the date of this Prospectus.

We are an ASX listed company whose securities are granted official quotation by ASX. In preparing this Prospectus regard has been had to the fact that we are a disclosing entity for the purposes of the Corporations Act and that certain matters may reasonably be expected to be known to investors and professional advisers who investors may consult.

No person is authorised to give any information or to make any representations in connection with this Offer that is not contained in this Prospectus. Any information or representation that is not contained in this Prospectus may not be relied upon as having been authorised by the Directors or by us.

### **Restrictions on distribution**

The Offer is made in Australia and New Zealand only. This Prospectus does not constitute an offer in any overseas jurisdiction where it would be unlawful to make the Offer. You must ensure compliance with all laws of any country relevant to your Application. We will take the return of a duly completed Entitlement and Acceptance Form as a representation by you that there has been no breach of any laws and that you are an Eligible Shareholder.

The Corporations Act prohibits any person passing on to another person an application form unless it is accompanied by or included in a hard copy, or the complete and unaltered electronic version of this Prospectus. Please contact us if you wish to obtain a hard copy of this Prospectus free of charge.

A copy of this Prospectus can be downloaded from our website at [www.ggg.gl](http://www.ggg.gl). If you access the electronic version of this Prospectus you should ensure that you download and read the entire Prospectus. The electronic version of this Prospectus is only available to Australian residents.

## **CORPORATE DIRECTORY**

### **DIRECTORS**

Mr Anthony Ho (Non-Executive Chairman)  
Dr John Mair (Managing Director)  
Mr Simon Cato (Non-Executive Director)  
Mr Michael Hutchinson (Non-Executive Director)  
Mr Jeremy Whybrow (Non-Executive Director)

### **UNDERWRITER**

Patersons Securities Limited  
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### **SOLICITORS**

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### **COMPANY SECRETARY**

Mr Miles Guy

### **SHARE REGISTRY \***

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\* The name of the Share Registry is included for information purposes only. It has not been involved in the preparation of any part of this Prospectus and has not consented to being named in the Prospectus.

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## 1. INVESTMENT OVERVIEW

| Question   | Response  | Where to find more information |
|--|---|--------------------------------|
| What is the Offer?   | <p>We are offering to issue New Shares and New Options to Eligible Shareholders by a pro-rata non-renounceable rights issue.</p> <p>Under the Rights Issue, Eligible Shareholders may subscribe for 1 New Share for every 4 Shares held on the Record Date. Each Eligible Shareholder will also be entitled to 1 free New Option for every 1 New Share subscribed for under the Prospectus. Application will be made for quotation of the New Options.</p>  | Section 2.1                    |
| What is the Issue Price for the New Shares?                  | The Issue Price is 3.5 cents per New Share.   | Section 2.1                    |
| What are the terms of the New Options?                       | The New Options have an exercise price of 8 cents and an expiry date of 30 September 2018. The full terms of the New Options are set out in Section 5.2.  | Section 5.2                    |
| Who is an Eligible Shareholder?                              | The Offer is made to Eligible Shareholders only. An Eligible Shareholder is a Shareholder with a registered address in Australia or New Zealand on the Record Date.   | Section 4.1(a)                 |
| What are the key highlights of an investment in the Company? | <ul style="list-style-type: none"><li>• The Company 100% owns the Kvanefjeld project in southern Greenland, that is underpinned by one of the largest resources of rare earth elements and uranium globally</li><li>• A positive feasibility study has been completed on the Kvanefjeld project, and ore reserves established for an initial 37 year mine life</li><li>• The strategy is to develop the Kvanefjeld project to be a long term producer of critical rare earths in the lowest cost quartile, with by-production of uranium, lanthanum, cerium zinc and fluorspar.</li><li>• The Company has successfully completed large scale testwork in collaboration with European laboratories and expertise.</li><li>• The Company's current focus is on finalising the environmental and social impact assessments upon the Kvanefjeld project so as to supplement the feasibility study and complete material for a mining licence application.</li></ul> |                                |

| Question  | Response   | Where to find more information |
|---|--|--------------------------------|
|   | <p>This is a selective overview of the highlights and should be read in conjunction with the key risks below, the information in this Prospectus and other public announcements and reports of the Company.</p>  |                                |
| <p>What are the key risks of a further investment in the Company?</p> | <p>The Rights Issue should be considered highly speculative. Before deciding to subscribe under the Offer, you should consider the risk factors set out in this Prospectus and all other public announcements and reports of the Company. Some of the specific risks relevant to an investment in the Company are:</p> <ul style="list-style-type: none"> <li>• Development risk – The Company's current focus is on the documentation of the environmental and social impact assessments upon the Kvanefjeld project so as to supplement the feasibility study and complete material for a mining licence application. Ultimately the Company seeks to develop a mining operation at the Kvanefjeld project. There is no guarantee of achievement of milestones to successfully develop the Kvanefjeld project including the grant of a mining (exploitation) licence, the economic recoverability of ore bodies and funding of a mining operation.</li> <li>• Funding a mining operation and strategic partnerships – financing, constructing and operating any mining operation will be a significant cost and beyond any funds raised under this Offer. The Company is looking to progress relationships with funding and strategic development partners. No assurance can be given that future funding will be available to the Company on favourable terms or at all or that a suitable agreement can be reached with a strategic partner which would prejudice the development of the Kvanefjeld project. To date, the Company has entered into a memorandum of understanding with China Non-Ferrous Metal Industry Foreign Engineering and Construction Co. (NFC) which is a non-binding framework agreement (see ASX announcement of 7 April 2015).</li> <li>• Regulatory/Political risk – The issue of a mining (exploitation) licence (needed to mine) for the Kvanefjeld project is a matter of Greenland Government discretion. There can be no guarantee that the Greenland Government will issue a mining licence.</li> <li>• Commodity prices – The Company is aiming to produce a critical rare earth concentrate and by-products consisting of, uranium oxide, lanthanum, cerium, zinc and fluorspar from the Kvanefjeld project. Adverse fluctuations in prices of these products may detrimentally affect any earnings of the Company and the terms of any offtake agreement it may enter into.</li> </ul> | <p>Section 3</p>               |

| Question  | Response   | Where to find more information |
|---|--|--------------------------------|
|   | <ul style="list-style-type: none"> <li>Reliance on key personnel - The Company's success largely depends on the core competencies of its Directors and management and their familiarisation with, and ability to operate in, the resource industry and the Company's ability to retain its key executives.</li> </ul>  |                                |
| How many New Securities will be issued?                 | <p>The maximum number of New Securities that will be issued under the Offer is 175,491,368 New Shares and 175,491,368 New Options at Full Subscription and 85,714,286 New Shares and 85,714,286 New Options at Minimum Subscription.</p> <p>Where Option holders who reside in Australia or New Zealand exercise their Options before the Record Date, they will be entitled to participate in the Offer. This will increase the maximum number of New Shares and New Options that may be issued under the Offer.</p>  | Section 2.1                    |
| What is the amount that will be raised under the Offer? | <p>At the date of this Prospectus, the maximum amount that may be raised under the Prospectus is \$6,142,198 before expenses at Full Subscription and \$3,000,000 before expenses at Minimum Subscription. If existing Option holders who reside in Australia or New Zealand exercise their Options before the Record Date so as to participate in the Offer, the amount raised under the Offer may increase.</p>  | Section 2.1                    |
| What are the Underwriting arrangements?                 | <p>Patersons Securities Limited is the Underwriter to the Offer to the Underwritten Amount of \$3,000,000 which represents Minimum Subscription. Thereby, the Offer is partly underwritten.</p> <p>The Underwriter is not a related party and has no current relevant interest in Shares.</p> <p>The Underwriter must apply for the Shortfall Shares up to the Underwritten Amount in accordance with the terms of the Underwriting Agreement. The Underwriter has appointed sub-underwriters to subscribe for the Shortfall up to the Underwritten Amount. Each sub-underwriter will not by its sub-underwriting increase its relevant interest in Shares to 20% or more.</p> | Section 4.5                    |
| What is the purpose of the Offer?                       | <p>The purpose of the Offer is to raise funds:</p> <ul style="list-style-type: none"> <li>To finalise the mining licence application process for the Kvanefjeld project and, as moneys are raised beyond Minimum Subscription, to fund project development such as refinery pilot plant development and commercial aspects including off-take agreements and strategic partner assessment and engagement.</li> <li>To provide general working capital.</li> <li>To pay the costs of the rights issue process including the</li> </ul>  | Section 2.2                    |

| Question  | Response  | Where to find more information |
|---|---|--------------------------------|
|   | <p>underwriting fee.</p> <p>A budget of how we intend to use the funds at both Minimum Subscription and Full Subscription is set out in Section 2.2. As with any budget, new circumstances may change the way we apply the funds.</p>   |                                |
| What is the effect of the Offer on share capital and cash reserves? | <p>The effect of the Offer on share capital and cash reserves is to:</p> <ul style="list-style-type: none"> <li>• Increase the number of Shares and Options on issue.</li> <li>• Increase our cash reserves at Full Subscription by up to approximately \$6,142,198 before the costs of the Offer.</li> </ul>   | Section 2.3                    |
| How do I accept my Entitlement under the Offer?                     | <p>All Eligible Shareholders are entitled to subscribe for New Shares and New Options under the Offer. If you wish to make an Application in respect to your Entitlement, you must complete the Entitlement and Acceptance Form that accompanies this Prospectus.</p> <p>You may accept all or part of your Entitlement.</p> <p>If you do not wish to take up any of your Entitlement, you do not need to take any action and your Entitlement will lapse.</p>  | Section 4.2                    |
| What will happen to Excluded Shareholders?                          | The Offer is not extended to Excluded Shareholders (any Shareholder whose registered address on the Record Date is not situated in Australia or New Zealand).   | Section 4.2(b)                 |
| How will Shortfall be allocated?                                    | <p>Any Entitlement not accepted will form the Shortfall.</p> <p>Eligible Shareholders are entitled to apply for Shortfall Securities. The Shortfall Securities may be placed at the discretion of the Directors within 3 months of the Closing Date.</p>  | Section 4.4                    |
| What is the effect of the Offer on control of the Company?          | <p>The Offer is 1 New Share for every 4 Shares held by Eligible Shareholders and the maximum dilution at Full Subscription that will be experienced by any Eligible Shareholder that fails to subscribe for any Entitlement is 20% of its existing shareholding.</p> <p>In the event the Underwriter is required to subscribe for Shortfall Securities up to the Underwritten Amount and no other Eligible Shareholders subscribe for any Entitlement and no Shortfall is otherwise subscribed for, the maximum relevant interest of the Underwriter will be 10.88%. However, the Underwriter has appointed sub-underwriters to subscribe for the Shortfall up to the Underwritten Amount. No sub-underwriter will by its sub-underwriting increase its relevant interest in Shares to 20% or more.</p> | Section 4.5(d)                 |



| Question                             | Response   | Where to find more information |
|--------------------------------------|--|--------------------------------|
|                                      | By reason of the above, the Offer will not result in any party gaining control of the Company.   |                                |
| What are the key dates of the Offer? | <p>Prospectus lodged with ASIC and ASX 9 September 2015</p> <p>Appendix 3B lodged with ASX 9 September 2015</p> <p>"Ex" date (date from which Shares trade on ASX without the entitlement to participate in the Offer) 14 September 2015</p> <p>Record Date (to determine eligibility of Shareholders to participate in the Offer) 16 September 2015</p> <p>Anticipated sending of Prospectus and Entitlement and Acceptance Forms to Eligible Shareholders/Opening Date 18 September 2015</p> <p>Closing Date 29 September 2015</p> <p>Deferred settlement trading 30 September 2015</p> <p>ASX notified of under-subscriptions 2 October 2015</p> <p>Issue date 7 October 2015</p> <p>Deferred settlement trading ends 7 October 2015</p> <p>New Securities commence normal trading on ASX. 8 October 2015</p> <p>Please note that these dates are subject to change. We reserve the right, subject to the Corporations Act and the Listing Rules to amend the timetable at any time, and in particular, to extend the Closing Date or to withdraw the Offer without prior notice.</p> |                                |

## 2. REASON FOR THE RIGHTS ISSUE AND EFFECT ON THE COMPANY

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### 2.1 Background

We listed on ASX on 20 June 2006. The Company 100% owns the Kvanefjeld project in southern Greenland.

Since completing a rights issue raising in July 2014, the Company has completed a number of milestones in the development of the Kvanefjeld project including:

- (a) processing of historic drill cores and mineral resource estimate update to meet JORC 2012 requirements, including the establishment of 'measured' category resources (see ASX announcement of 12 February, 2015);
- (b) completion of the feasibility study (see ASX announcement of 25 May 2015), which included key engineering, infrastructure, mining and cost estimate studies;
- (c) the establishment of an initial ore reserve estimate to underpin a 37 year mine-life (see ASX announcement of 3 June 2015);
- (d) completion of data collection for the environmental and social impact assessments (see ASX announcement of 11 August 2015);
- (e) the successful operation of a beneficiation pilot plant in Finland (see ASX announcements of 16 and 17 June 2015);
- (f) ongoing strategic partner engagement and dialogue on development strategy with NFC; and
- (g) the renewal of the exploration licence over the Kvanefjeld project area for a further 3 years (see ASX announcement of 1 April 2015);

Delays to the anticipated finalisation and submission of a mining license application were partly as a result of an unscheduled general election in Greenland in late 2014.

The Company's current focus is on finalising the environmental and social impact assessments upon the Kvanefjeld project so as to supplement the feasibility study and complete material for a mining licence application.

We are making this Offer which consists of a pro-rata non-renounceable rights issue of approximately 175,491,368 New Shares at Full Subscription and 85,714,286 New Shares at Minimum Subscription. The Offer is made on the basis of 1 New Share for every 4 Shares held by Eligible Shareholders on the Record Date at an issue price of 3.5 cents per New Share and 1 free New Option for every 1 New Share subscribed for under the Prospectus ("**Rights Issue**"). On this basis, the Rights Issue will seek to raise up to approximately \$6,142,198 at Full Subscription and \$3,000,000 at Minimum Subscription.

As at the date of this Prospectus, we have 701,965,471 Shares, 120,674,009 Options and 9,685,500 employee rights on issue. Option holders with an address in Australia or New Zealand may exercise their Options before the Record Date and participate in the Offer. In this event, the number of New Securities to be issued under this Prospectus and the funds raised as a result of the Rights Issue may vary.

## 2.2 Use of Funds

We are seeking to raise a total of up to approximately \$6,142,198 from this Rights Issue at Full Subscription. Presented below is how the Company intends to use its current funds at the date of this Prospectus and the proceeds of the Offer at Minimum Subscription and Full Subscription:

| <b>Funds Available</b>                    | <b>Minimum Subscription</b> | <b>Full Subscription</b> |
|---|-----------------------------|--------------------------|
| Cash on hand                              | \$2,004,658                 | \$2,004,658              |
| Funds raised under the Offer <sup>1</sup> | \$3,000,000                 | \$6,142,198              |
| <b>Total funds available</b>              | <b>\$5,004,658</b>          | <b>\$8,146,856</b>       |

### Use of Funds

#### Mining license application process

|   |           |           |
|---|-----------|-----------|
| Payments for environmental and social impact work completed and now being documented                                    | \$970,000 | \$970,000 |
| Translation of documents for public hearing process   | \$200,000 | \$200,000 |
| License application processing costs (includes government administration costs and government appointed expert reviews) | \$300,000 | \$300,000 |
| Stakeholder engagement/communications during license application processing   | \$930,000 | \$930,000 |
| Responses to license application queries (including the engagement of external consultants)                             | \$200,000 | \$200,000 |

#### Project development

|  |     |             |
|--|-----|-------------|
| EURARE refinery pilot plant costs (Company's contribution to costs).   | \$0 | \$450,000   |
| Geo-metallurgy to improve recoveries   | \$0 | \$200,000   |
| Project optimization <sup>1</sup>  | \$0 | \$1,050,000 |
| Commercial development (includes development of strategic partners, off-take agreements and project financing) | \$0 | \$450,000   |

|  |                    |                    |
|--|--------------------|--------------------|
| <b>General working capital<sup>2</sup></b> | <b>\$1,997,338</b> | <b>\$2,801,004</b> |
|--|--------------------|--------------------|

|  |                  |                  |
|--|------------------|------------------|
| <b>Expenses of the Offer<sup>3</sup></b> | <b>\$407,320</b> | <b>\$595,852</b> |
|--|------------------|------------------|

|              |                    |                    |
|--------------|--------------------|--------------------|
| <b>Total</b> | <b>\$5,004,658</b> | <b>\$8,146,856</b> |
|--------------|--------------------|--------------------|

1. Includes all technical staff salaries

2. General working capital includes but is not limited to corporate administration and operating costs and may be applied to directors' fees, ASX and share registry fees, legal, tax and audit fees, insurance and office occupancy costs.
3. The items of expenses are set out in Section 5.8. The Company reserves the right to pay an approximate 6% fee to a broker for placing Shortfall Securities beyond the Underwritten Amount. A 6% fee is assumed in the table above at Full Subscription for all Shortfall Securities placed beyond the Underwritten Amount.
4. In the event that moneys are raised beyond Minimum Subscription to Full Subscription, up to the following amount of net funds are intended to be applied to the following activities:
  - (a) EURARE refinery pilot plant costs (Company's contribution to costs) – up to a further \$450,000;
  - (b) Geo-metallurgy to improve recoveries – up to a further \$200,000;
  - (c) Project optimization – up to a further \$1,050,000;
  - (d) Commercial development (includes development of strategic partners, off-take agreements and project financing) – up to a further \$450,000; and
  - (e) General working capital – up to a further \$803,666.

As net funds are raised beyond Minimum Subscription up to a further \$2,150,000, it is intended to apply these funds pro-rata to the activities in (a) to (d) above in accordance with the above amounts. Thereafter, any net funds raised are intended to be applied to general working capital.

5. The table is a statement of our proposed application of the funds raised as at the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect our decisions and we reserve the right to vary the way the funds are applied.

### 2.3 Effect on share capital and cash reserves

The principal effects of the Rights Issue on the share capital and cash reserves of the Company will be to:

- (a) increase the total number of Shares and Options on issue (see Section 2.4); and
- (b) increase our cash reserves at Full Subscription by approximately \$6,142,198, before taking into account the expenses of the Offer (see Section 2.5).

A pro forma statement of financial position, which contains further information about the effect of the Rights Issue on the Company, is provided in Section 2.5.

### 2.4 Effect on capital structure

Assuming that no Options are exercised before the Record Date, the effect of the Offer on the Company's issued share capital as at the date of this Prospectus at Minimum Subscription and Full Subscription will be as shown in the following table:

| <b>Shares</b>   | <b>Minimum Subscription</b> | <b>Full Subscription</b> |
|---|-----------------------------|--------------------------|
| Existing Shares   | 701,965,471                 | 701,965,471              |
| New Shares issued under Rights Issue                              | 85,714,286                  | 175,491,368              |
| <b>Total Shares on issue after completion of the Rights Issue</b> | <b>787,679,757</b>          | <b>877,456,839</b>       |

| <b>Options</b>   | <b>Minimum Subscription</b> | <b>Full Subscription</b> |
|--|-----------------------------|--------------------------|
| Existing quoted Options (exercise price 20 cents expiring 30 June 2016 – quoted as "GGGOA")            | 105,674,009                 | 105,674,009              |
| Existing unquoted Options (exercise price 20 cents expiring 24 February 2018)                          | 7,500,000                   | 7,500,000                |
| Existing unquoted Options (exercise price 25 cents expiring 24 February 2018)                          | 7,500,000                   | 7,500,000                |
| New Options issued under Rights Issue (exercise price 8 cents expiring 30 September 2018) <sup>1</sup> | 85,714,286                  | 175,491,368              |
| <b>Total Options on issue after completion of the Rights Issue</b>                                     | <b>206,388,295</b>          | <b>261,067,103</b>       |

| <b>Employee rights</b>       | <b>Minimum Subscription</b> | <b>Full Subscription</b> |
|------------------------------|-----------------------------|--------------------------|
| Employee rights <sup>2</sup> | 9,685,500                   | 9,685,500                |

1. Application will be made to the ASX for quotation of these Options.
2. The employee rights if converted will result in the issue of 9,685,500 Shares. The employee rights have various performance hurdles that must be satisfied by 13 September 2016.

## 2.5 Pro forma Statement of financial position

To illustrate the effect of the Rights Issue on the Company, a pro forma statement of financial position has been prepared based on the unaudited proforma statement of financial position as at 30 June 2015. The pro forma statement of financial position shows the effect of the Rights Issue as if it had been made on 30 June 2015 at both Minimum Subscription and Full Subscription based on the following assumptions:

- \* At Full Subscription, the issue of 175,491,368 New Shares under the Offer at an issue price of 3.5 cents each to raise \$6,142,198 and the issue of 175,491,368 New Options for free and estimated expenses of the Offer of \$595,852.

- \* At Minimum Subscription, the issue of 85,714,286 New Shares under the Offer at an issue price of 3.5 cents each to raise \$3,000,000 and the issue of 85,714,286 New Options for free and estimated expenses of the Offer of \$407,320.

|   | Unaudited<br>30 June 2015<br>2015<br>\$ | Unaudited Pro-<br>forma (Minimum<br>Subscription)<br>\$ | Unaudited<br>Pro-forma<br>(Full<br>Subscription)<br>\$ |
|---|---|---|--|
| <b>Current Assets</b>                                 |   |   |  |
| Cash and cash equivalents                             | 3,428,895                               | 6,021,575   | 8,975,241  |
| Trade and other receivables                           | 64,004                                  | 64,004  | 64,004   |
| Other assets  | 593,707                                 | 593,707   | 593,707  |
| <b>Total Current Assets</b>                           | <u>4,086,606</u>                        | <u>6,679,286</u>  | <u>9,632,952</u>                                       |
| <b>Non-Current Assets</b>                             |   |   |  |
| Property, plant and equipment                         | 1,219,040                               | 1,219,040   | 1,219,040  |
| Capitalised exploration and<br>evaluation expenditure | 68,121,112                              | 68,121,112  | 68,121,112   |
| Available for sale financial assets                   | 41,086                                  | 41,086  | 41,086   |
| Other non-current assets                              | 144,000                                 | 144,000   | 144,000  |
| <b>Total Non-Current Assets</b>                       | <u>69,525,238</u>                       | <u>69,525,238</u>                                       | <u>69,525,238</u>                                      |
| <b>Total Assets</b>                                   | <u>73,611,844</u>                       | <u>76,204,524</u>                                       | <u>79,158,190</u>                                      |
| <b>Current Liabilities</b>                            |   |   |  |
| Trade and Other Payables                              | 707,404                                 | 707,404   | 707,404  |
| Other liabilities                                     | 67,147                                  | 67,147  | 67,147   |
| Provisions  | 204,666                                 | 204,666   | 204,666  |
| <b>Total Current Liabilities</b>                      | <u>979,217</u>                          | <u>979,217</u>  | <u>979,217</u>   |
| <b>Non-Current Liabilities</b>                        |   |   |  |
| Provisions  | 113,356                                 | 113,356   | 113,356  |
| <b>Total Non-Current Liabilities</b>                  | <u>113,356</u>                          | <u>113,356</u>  | <u>113,356</u>   |
| <b>Total Liabilities</b>                              | <u>1,092,573</u>                        | <u>1,092,573</u>  | <u>1,092,573</u>                                       |
| <b>Net Assets</b>                                     | <u>72,519,271</u>                       | <u>75,111,951</u>                                       | <u>78,065,617</u>                                      |
| <b>Equity</b>   |   |   |  |
| Issued Capital  | 346,251,986                             | 347,716,603   | 349,950,655  |
| Reserves  | (11,043,433)                            | (9,915,370)   | (9,195,756)  |
| Accumulated Losses                                    | (262,689,282)                           | (262,689,282)   | (262,689,282)  |
| <b>Total Equity</b>                                   | <u>72,519,271</u>                       | <u>75,111,951</u>                                       | <u>78,065,617</u>                                      |

### **3. RISK FACTORS**

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#### **3.1 Introduction**

An investment in the securities the subject of this Prospectus is highly speculative as the Company is an exploration and development company which 100% owns the Kvanefjeld project in southern Greenland. The Company's current focus is on finalising the environmental and social impact assessments upon the Kvanefjeld project so as to supplement the feasibility study and complete material for a mining licence application.

There are a number of factors that may have a material impact on our future operating and financial performance. The key material risks are described below.

You should carefully consider the risks described below, the information contained in other sections of this Prospectus, and all other relevant material including our public announcements and reports.

The specific risks below are some of the risks specific to the Company including by reason of its involvement in the resource industry and the Kvanefjeld Project being located in Greenland. The general investment risks below are some of the risks to the Company of a general economic nature.

#### **3.2 Specific Risks**

##### **Exploration and Development**

Investors should understand that resource exploration and development is by its nature a high risk undertaking.

Ultimately the Company seeks to develop a mining operation at the Kvanefjeld project. There is no guarantee of achievement of milestones to successfully develop the Kvanefjeld project including the grant of a mining (exploitation) licence, the economic recoverability of ore bodies and funding of a mining operation.

##### **Future capital needs and additional funding**

Financing, constructing and operating any mining operation will be a significant cost and beyond any funds raised under this Offer. The Company is looking to progress relationships with funding and strategic development partners. No assurance can be given that future funding will be available to the Company on favourable terms or at all or that a suitable agreement can be reached with a strategic partner which would prejudice the development of the Kvanefjeld project. Any such future funding may take the form of equity or debt or a combination of equity and debt. To date, the Company has entered into a memorandum of understanding with NFC, which is a non-binding framework agreement (see ASX announcement of 7 April 2015). The Company has further entered into an equity funding facility with Long State Investment Limited where it can access up to a total placement amount of \$20,000,000 (see ASX announcement of 2 March 2015). At the date of this Prospectus the Company has utilised \$1,000,000 of this facility.

Section 2.2 outlines how the Company intends to use funds raised by this Offer at both Minimum Subscription and Full Subscription.

## **Mining**

Possible future development of a mining operation at the Kvanefjeld Project is dependent on a number of factors. Some of the factors limiting or preventing development and operations include, but are not limited to, failing to receive the necessary approvals from all relevant authorities and parties including necessary environmental approvals, unseasonal weather patterns, construction of any necessary production facilities, unanticipated technical and operational difficulties encountered in extraction and production activities, mechanical failure of operating plant and equipment, unexpected shortages or increases in the price of consumables, spare parts and plant and equipment, cost overruns, risk of access to the required level of funding and contracting risk from third parties providing essential services.

In the event that the Company commences production, its operations may be disrupted by a variety of risks and hazards which are beyond its control, including environmental hazards, industrial accidents, technical failures, labour disputes, unusual or unexpected rock formations and extended interruptions due to inclement or hazardous weather conditions.

## **Licensing and Government Regulations**

In October 2013 Greenland's parliament voted in favour of removing a long-standing zero-tolerance policy against the exploitation of radioactive materials. There can be no guarantee that future political restrictions on exploitation of radioactive materials will not be implemented.

The issue of a mining (exploitation) licence (needed to mine) for the Kvanefjeld project is a matter of Greenland Government discretion. The Greenland Government will need to be satisfied as to social and environmental considerations. There can be no guarantee that the Greenland Government will issue a mining licence.

In the event of production involving uranium, the regulatory burden at different levels of the industry increases the cost of doing business.

## **Commodity prices**

The Company is aiming to produce a critical rare earth concentrate, with by-production of uranium oxide, lanthanum, cerium, zinc concentrate and fluorspar from the Kvanefjeld project. Adverse fluctuations in prices of these products may detrimentally affect any earnings of the Company and the terms of any offtake agreement it may enter into.

Commodity prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include worldwide and regional supply and demand for specific commodities, commodity trading on the futures markets, general world economic conditions and the outlook of interest rates, inflation and other economic factors on both a regional and global basis.

## **Reliance on Key Personnel and Contractors**

The Company's success largely depends on the core competencies of its Directors and management and their familiarisation with, and ability to operate in, the metals and mining industry and the Company's ability to retain its key executives.



Additionally, the Company relies on third party contractors to provide logistics and services for the exploration and development field work upon the Kvanefjeld Project.

### **Resource Estimates**

Resources estimates are expressions of judgment based on knowledge, experience and resource modelling. As such, resource estimates are inherently imprecise and rely to some extent on interpretations made.

Additionally, resource estimates may change over time as new information becomes available. Should the Company encounter mineralisation or geological formations different from those predicted by past drilling, sampling and interpretations, resource estimates may need to be altered in a way that could adversely affect the Company's operations.

### **Environmental**

The Company's operations are subject to the environmental risks inherent in the mineral exploration and production industries. This includes the Greenland Government being satisfied as to environmental considerations prior to the issue of a mining licence upon the Kvanefjeld project. Failure to obtain such approvals will prevent the Company from undertaking its desired activities. The Company is unable to predict the effect of additional environmental laws and regulations that may be adopted in the future, including whether any such laws or regulations would materially increase the Company's costs of doing business or affect its operations in any area.

### **Currency**

The Company's future revenue so far as concerns its operations in Greenland may be in US dollars whilst its costs will be payable in Danish Kroner, Australian dollars and Euros. The exchange rates between the various currencies are affected by numerous factors beyond the control of the Company. These factors include economic conditions in the relevant country and elsewhere and the outlook for interest rates, inflation and other economic factors. These factors may have a positive or negative effect on the Company's exploration, project development and production plans and activities, together with the ability to fund those plans and activities.

### **Title**

The Company considers the relevant Greenland exploration licences are valid, in force and enforceable in accordance with their terms. The licences are subject to a number of legislative conditions which if not met would affect the standing of the licences and their ability to be renewed.

### **Sovereign Risk**

The Kvanefjeld Project is located in Greenland. Greenland is an autonomous country within the Kingdom of Denmark.

The political conditions in Greenland and Denmark are generally stable, however, changes in exchange rates, control or fiscal regulations and regulatory regimes, labour unrest, inflation or economic recession could adversely affect the Company's business.

## **Insurance**

The Company, where economically feasible, insures its operations in accordance with industry practice. However, in certain circumstances, the Company's insurance (if obtained) may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

Insurance of all risks associated with mineral exploration and development is not always available and where available the costs can be prohibitive.

### **3.3 General Risks**

#### **Securities Investments and Share Market Conditions**

There are risks associated with any securities investment. The prices at which the securities trade may fluctuate in response to a number of factors.

Furthermore, the stock market, and in particular the market for exploration and mining companies may experience extreme price and volume fluctuations that may be unrelated or disproportionate to the operating performance of such companies. These factors may materially adversely affect the market price of the securities of the Company regardless of the Company's operational performance. Neither the Company nor the Directors warrant the future performance of the Company, or any return of an investment in the Company.

#### **Economic Risk**

Changes in both the world and Greenland economic conditions may adversely affect the financial performance of the Company. Factors such as inflation, currency fluctuations, interest rates, industrial disruption and economic growth may impact on future operations and earnings.

#### **Legislative**

Changes in relevant taxes, legal and administration regimes, accounting practice and government policies in either Greenland or Australia may adversely affect the financial performance of the Company.

## **4. DETAILS OF THE OFFER**

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### **4.1 The Offer**

#### **(a) Overview**

All Eligible Shareholders are entitled to participate in the Rights Issue. You are an Eligible Shareholder if you are a Shareholder with a registered address in Australia or New Zealand on the Record Date. The Record Date is 5.00pm WST, 16 September 2015.

As an Eligible Shareholder you are entitled to subscribe for 1 New Share for every 4 Shares held on the Record Date at the Issue Price of 3.5 cents per New Share. You are also entitled to 1 free New Option for every 1 New Share subscribed for.

When calculating your Entitlement, we will round up fractions to the nearest whole number.

The Company's Share Registry must receive your Entitlement and Acceptance Form by the Closing Date (being 5.00pm WST on 29 September 2015).

The Offer is non-renounceable. This means that you may not sell or transfer all or part of your Entitlement. The Offer will lapse if you do not accept your Entitlement by the Closing Date.

#### **(b) Minimum Subscription**

Minimum Subscription under the Rights Issue is \$3,000,000 representing the Underwritten Amount.

No New Securities will be allotted or issued until the Minimum Subscription has been received. If the Minimum Subscription is not achieved within 4 months after the date of issue of this Prospectus, the Company will either repay the Application moneys to the Applicants or issue a supplementary prospectus or replacement prospectus and allow Applicants one month to withdraw their Application and be repaid their Application moneys.

#### **(c) Offer is partly underwritten**

The Offer is partly underwritten by the Underwriter to the Underwritten Amount. The Underwriter is not a related party or shareholder in the Company. Further information about the underwriting is set out in Section 4.5.

#### **(d) Rights attaching to New Shares and terms of New Options**

A summary of the rights attaching to the New Shares and the terms of the New Options are set out in Sections 5.1 and 5.2.

#### **(e) Taxation**

There may be taxation implications in relation to the Rights Issue and subscribing for New Shares and New Options. These taxation implications vary depending on your individual circumstances. You should seek and rely on your own taxation advice regarding an investment in the Company. Neither the Company nor any of its officers, employees, agents and advisers accepts any liability or responsibility

with respect to the taxation consequences connected with the Rights Issue or the New Shares and New Options.

## 4.2 How to accept the Rights Issue

### (a) Action required by Eligible Shareholders

Your Entitlement is shown on the Entitlement and Acceptance Form accompanying the Prospectus sent to you. To subscribe to the Rights Issue, you must complete this form in accordance with the instructions.

You may take up your Entitlement in whole or in part or allow all of your Entitlement to lapse.

You may pay by cheque or by BPAY.

If you pay by cheque, please make the cheque payable to "Greenland Minerals and Energy Limited – Trust Account" and cross it "Not Negotiable". Completed Entitlement and Acceptance Forms (and a cheque for the Application Money) must be mailed to the postal address, or delivered by hand to the delivery address set out below.

Postal address: Greenland Minerals and Energy Limited  
c/- Advanced Share Registry Services  
PO Box 1156  
Nedlands WA 6909

Delivery address: Greenland Minerals and Energy Limited  
c/- Advanced Share Registry Services  
110 Stirling Highway  
Nedlands WA 6009

If you pay by BPAY, please follow the procedure set out in the Entitlement and Acceptance Form. You do not have to send us a completed Entitlement and Acceptance Form if you pay by BPAY. It is your responsibility to ensure that we receive your payment by the Closing Date. We do not accept any responsibility for incorrectly completed BPAY payments.

You should be aware that your own financial institution may implement earlier cut-off times with regards to electronic payments and you should therefore take this into consideration when making payment.

We must receive your Entitlement and Acceptance Form by the Closing Date. If we receive your Entitlement and Acceptance Form after the Closing Date, we may, at our discretion, accept or reject your Application. If we reject your Application, you will receive a refund in full of any payment of Application Money without interest.

If you complete and lodge an Entitlement and Acceptance Form, you will be deemed to have accepted the Offer to subscribe, on the terms set out in this Prospectus and in the Entitlement and Acceptance Form, for the number of New Shares and New Options specified in the Form.

We will hold your Application Money on trust until we issue the New Shares and New Options in accordance with the Corporations Act. We will retain any interest

earned on the Application Money, whether or not the New Shares and New Options are issued to you.

If you are in any doubt as to how to complete or deal with your Entitlement and Acceptance Form, you should contact your professional adviser for assistance.

**(b) Excluded Shareholders**

The Company is of the view that it is unreasonable to make an offer to Excluded Shareholders (a Shareholder whose registered address is not in Australia or New Zealand) having regard to the number of Excluded Shareholders, the number and value of Shares these Excluded Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is not being extended, and New Securities will not be issued, to Shareholders with a registered address which is outside Australia or New Zealand.

**(c) New Zealand offer restrictions**

The New Shares and New Options are not being offered or sold to the public within New Zealand other than to existing Shareholders of the Company with registered addresses in New Zealand.

This Prospectus has not been registered, filed with or approved by any New Zealand regulatory authority. This Prospectus is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

#### **4.3 Allotment and Quotation**

**(a) Allotment of New Shares and New Options**

The New Shares and New Options issued pursuant to the Rights Issue will be allotted as soon as practicable after the Closing Date. We will allot the New Shares and New Options on the basis of your Entitlement.

Pending the allotment and issue of New Shares and New Options or payment of refunds under this Prospectus, we will hold all Application Money on trust for you in a separate bank account. We will, however, be entitled to retain all interest that accrues on any Application Money we hold.

No securities will be allotted and issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

**(b) Quotation by ASX**

We intend to apply to ASX for quotation of the New Shares and New Options within 7 days of the date of this Prospectus. If the ASX accepts our application, quotation of the New Shares and New Options will commence after the allotment of the New Securities.

If any New Shares and New Options are not granted quotation on ASX within 3 months after the date of this Prospectus, or such longer period as is permitted by the Corporations Act, we will not issue those New Shares and New Options and the

Application Money in respect of those New Shares and New Options will be refunded to you without interest within the time prescribed by the Corporations Act.

(c) **Holding Statements**

We participate in the security transfer system known as CHESS. CHESS is operated by ASX Settlement Pty Ltd (ACN 008 504 532) (a wholly owned subsidiary of ASX) in accordance with the Listing Rules and the ASX Settlement Operating Rules. Under CHESS you will not receive a share certificate. You will receive a holding statement setting out the number of New Shares and New Options issued to you under this Prospectus. If you are broker sponsored, ASX Settlement will send you a CHESS statement.

**4.4 Shortfall**

Any New Shares and New Options under the Rights Issue that are not applied for will form the Shortfall Securities. The Offer to issue Shortfall Securities is a separate offer under the Prospectus.

Under this Prospectus, the Company offers to issue the Shortfall Securities to a party (which may include investors other than Eligible Shareholders) at the same price as the New Shares offered under the Rights Issue.

Shareholders may apply for any Shortfall Securities by completing the relevant section in the Entitlement and Acceptance Form and sending it to the Company's share registry together with payment by cheque or BPAY in the amount of Shortfall applied for.

Application for Shortfall with moneys does not guarantee any allotment of any Shortfall Securities. All application moneys in relation to which Shortfall Securities are not allocated will be returned without interest.

The Shortfall Securities may be placed at the discretion of the Directors within 3 months of the Closing Date. The Directors will consult with the Underwriter to place Shortfall Securities up to the Underwritten Amount. The Company reserves the right to pay up to an approximate 6% fee to a broker for placing Shortfall Securities beyond the Underwritten Amount.

The Underwriter is obliged to take up and subscribe for Shortfall Shares up to the Underwritten Amount.

It is your responsibility to ensure that you will not breach the takeovers provisions in the Corporations Act by applying for Shortfall Securities.

**4.5 Underwriting and sub-underwriting arrangements**

(a) **The Underwriter**

The Underwriter is appointed under the Underwriting Agreement to underwrite the Rights Issue up to the Underwritten Amount. The Underwriter is not a related party and has no current relevant interest in Shares.

In the event of a Shortfall, the Directors are not aware of any reason why the Underwriter would not be in a position to meet its financial obligations to subscribe for the Shortfall in accordance with the Underwriting Agreement.

(b) **Underwriting Agreement**

The Underwriting Agreement was negotiated on an arms length basis. The parties to the agreement are the Company and the Underwriter.

Under the Underwriting Agreement, the Underwriter is obliged to subscribe for all of the Shortfall Shares within 5 business days of receiving notice from us as to the number of Shortfall Shares. The maximum number of Shortfall Securities that the Underwriter is required to subscribe for is 85,714,286 Shares and associated New Options representing the Underwritten Amount.

We must on the Issue Date pay the Underwriter a corporate fee of \$60,000 and an underwriting fee of 6% of the Underwritten Amount being \$180,000. We are also required to reimburse the Underwriter for all reasonable out-of-pocket expenses.

Under the Underwriting Agreement we are required to make the Offer in accordance with all relevant regulatory requirements and we have given various representations and warranties to the Underwriter, which are customary for an agreement of this nature.

As is normal for underwriting agreements of this nature, the Underwriter has a wide discretion (but not an obligation) to terminate the Underwriting Agreement on the occurrence of a number of events, which may occur before the issue of the Shortfall Securities. The more significant termination events are a fall in indices event allowing the Underwriter to terminate its obligations if the All Ordinaries Index falls to a level that is 10% or more than the level at the close of business on the business day prior to the date of this Prospectus, the volume weighted average price of the Shares of the Company during any consecutive 5 trading days upon which Shares trade is less than the Offer price of 3.5 cents and where an event occurs in respect of the Company or its assets which has a material adverse effect. The failure of the Underwriter to appoint sub-underwriters will not relieve the Underwriter of its obligations.

(c) **Sub-Underwriting**

The Underwriter has appointed sub-underwriters to subscribe for Shortfall. Each sub-underwriter will not by its sub-underwriting increase its relevant interest in Shares to 20% or more.

No related parties are sub-underwriting the Offer.

The Underwriter is responsible for fees payable to sub-underwriters.

(d) **Effect on control**

The Offer is 1 New Share for every 4 Shares held by Eligible Shareholders and the maximum dilution at Full Subscription that will be experienced by any Eligible Shareholder that fails to subscribe for any Entitlement is 20% of its existing shareholding.

The Underwriter currently has no relevant interest in Shares.

Under the Underwriting Agreement, the Underwriter is obliged to subscribe for Shortfall Securities up to the Underwritten Amount (maximum of 85,714,286 New Shares and 85,714,286 New Options as at the date of this Prospectus). In the

event that the Underwriter is required to subscribe for Shortfall Securities up to the Underwritten Amount, the maximum relevant interest of the Underwriter will be 10.88%. However, the Underwriter has appointed sub-underwriters to subscribe for the Shortfall up to the Underwritten Amount. No sub-underwriter will by its sub-underwriting increase its relevant interest in Shares to 20% or more.

By reason of the above, the Offer will not result in any party gaining control of the Company.



## **5. ADDITIONAL INFORMATION**

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### **5.1 Rights attaching to New Shares**

The rights attaching to ownership of Shares in the Company (including the New Shares) are:

- (a) set out in the Company's Constitution; and
- (b) in certain circumstances, regulated by the Corporations Act, the Listing Rules and the general law.

A summary of the more significant rights attaching to Shares is set out below. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of our Shareholders.

#### **Voting Rights**

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at a general meeting of members every member has one vote on a show of hands and one vote per Share on a poll. The person who holds a share which is not fully paid shall be entitled to a fraction of a vote equal to that proportion of a vote that the amount paid or credited (excluding amounts paid in advance) on the relevant share bears to the total amounts paid and payable (including amounts credited) on that share. Voting may be in person or by proxy, attorney or representative.

#### **Dividends**

Subject to the rights of holders of shares issued with any special rights (at present there are none), the profits of the Company which the Board may from time to time determine to distribute by way of dividend are divisible to each share of a class on which the Board resolves to pay a dividend in proportion to the amount for the time being paid on a share (including amounts credited) bears to the total amount paid or payable (including amounts credited) on that share. All shares currently on issue and the shares to be issued under this Prospectus are fully paid shares.

#### **Future Issues of Securities**

Subject to the Corporations Act and the Listing Rules, the Directors may issue, grant options over, or otherwise dispose of unissued shares in the Company at the times and on the terms that the Directors think proper and a share may be issued with preferential or special rights.

#### **Transfer of Shares**

A shareholder may transfer Shares by a market transfer in accordance with any computerised or electronic system established or recognised by ASX for the purpose of facilitating transfers in Shares or by an instrument in writing in a form approved by the Board.

#### **Meetings and Notices**

Each shareholder is entitled to receive notice of, and to attend, general meetings for the Company and to receive all notices, accounts and other documents required to be sent to

shareholders under the Constitution, the Corporations Act or the Listing Rules. Shareholders may requisition meetings in accordance with the Corporations Act.

### **Election of Directors**

There must be a minimum of three Directors. At every annual general meeting one third of the Directors (rounded down to the nearest whole number) must retire from office together with any Director who would have held office for more than three years since that Director's election or last election. These retirement rules do not apply to certain appointments including the managing director.

### **Amendment of Constitution**

The Constitution of the Company can only be amended by a special resolution, passed by at least three quarters of the votes cast by holders of Shares entitled to vote on the resolution, at general meeting. At least 28 days' written notice specifying the intention to propose the resolution as a special resolution must be given.

### **Predominance of Listing Rules**

While the Company is admitted to trading on the Official List, then despite anything in the Constitution, if the Listing Rules prohibit an act being done, the act must not be done. Nothing in the Constitution prevents an act being done that the Listing Rules require to be done. If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the Listing Rules require the Constitution to contain a provision and it does not contain such a provision, the Constitution is deemed to contain that provision. If the Listing Rules require the Constitution not to contain a provision and it contains such a provision, the Constitution is deemed not to contain that provision. If a provision of the Constitution is inconsistent with the Listing Rules, the Constitution is deemed not to contain that provision to the extent of the inconsistency.

## **5.2 Terms of New Options**

The terms of the issue of the New Options are:

- (a) Each Option entitles the holder to one Share in the capital of the Company.
- (b) The Options may be exercised at any time prior to 5.00pm WST on 30 September 2018.
- (c) The exercise price of the Options is 8 cents each.
- (d) Application will be made for the Options to be quoted and the Options will be freely tradeable.
- (e) The Company will provide to each Option holder a notice that is to be completed when exercising the Options ("Notice of Exercise"). Options may be exercised by the Option holder in whole or in part by completing the Notice of Exercise and forwarding the same to the Secretary of the Company to be received prior to the expiry date. The Notice of Exercise must state the number of Options exercised, the consequent number of Shares to be allotted and the identity of the proposed allottee. The Notice of Exercise by an Option holder must be accompanied by payment in full for the relevant number of Shares being subscribed, being an amount of the exercise price

per Share. The Company will process all relevant documents received at the end of every calendar month.

- (f) All Shares issued upon the exercise of the Options will rank equally in all respects with the Company's then issued Shares.
- (g) There are no participating rights or entitlements inherent in the Options and the holders will not be entitled to participate in new issues or pro-rata issues of capital to Shareholders during the term of the Options. Thereby, the Option holder has no rights to a change in the exercise price of the Option or a change to the number of underlying securities over which the Option can be exercised. The Company will ensure, for the purposes of determining entitlements to any issue, that Option holder will be notified of a proposed issue after the issue is announced. This will give Option holders the opportunity to exercise their Options prior to the date for determining entitlements to participate in such issues.
- (h) If there is a bonus issue ("Bonus Issue") to Shareholders, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the holder would have received if the Option had been exercised before the record date for the Bonus Issue ("Bonus Shares"). The Bonus Shares must be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue, and upon issue will rank equally in all respects with the other Shares on issue as at the date of issue of the Bonus Shares.
- (i) In the event of any reconstruction (including consolidation, subdivisions, reduction or return) of the authorised or issued capital of the Company, all rights of the Option holder shall be reconstructed (as appropriate) in accordance with the Listing Rules.

### 5.3 Transaction specific prospectus and continuous disclosure obligations

We are a disclosing entity under the Corporations Act and therefore are subject to regular reporting and disclosure obligations. Under those obligations, we are required to comply with all applicable continuous disclosure and reporting requirements in the Corporations Act and the Listing Rules. In particular, we must comply with the requirement to disclose to ASX any information held by us which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

As this Prospectus is a transaction specific prospectus issued under section 713 of the Corporations Act, it is required to contain information in relation to the effect of the Offer on the Company and the rights and liabilities attaching to the securities offered. This Prospectus is not required to provide information regarding our assets and liabilities, financial position and performance, profits and losses or prospects on the basis that, as at the date of this Prospectus, the Company has not withheld from its continuous disclosure reporting any information about such matters that investors and their professional advisers would reasonably require to make an informed assessment of such matters and expect to find in this Prospectus.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act, states that:

- (a) it is subject to regular reporting and disclosure obligations;

- (b) copies of documents lodged with ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request:
  - (i) the annual financial report most recently lodged by the Company with ASIC;
  - (ii) any half-year financial report lodged with ASIC after lodgement of the annual financial report and before lodgement of this Prospectus with ASIC; and
  - (iii) any continuous disclosure notices given by the Company after the lodgement of the annual financial report and before the lodgement of this Prospectus with ASIC.

We lodged our latest annual report with ASX on 10 April 2015. Since then, we have made the following announcements to ASX, shown in the table below.

| Date       | Description of Announcement                             |
|------------|---|
| 10/04/2015 | Notice of Annual General Meeting/Proxy Form             |
| 17/04/2015 | Appendix 3B and Sec708 Cleansing Statement              |
| 20/04/2015 | Amended - Appendix 3B & Section 708 Cleansing Statement |
| 20/04/2015 | Change in substantial holding                           |
| 24/04/2015 | Research and Development Rebate Received                |
| 29/04/2015 | Quarterly Cashflow Report                               |
| 29/04/2015 | Quarterly Activities Report                             |
| 14/05/2015 | Annual General Meeting Presentation                     |
| 14/05/2015 | Annual General Meeting - Results of Voting              |
| 25/05/2015 | Positive Kvanefjeld Feasibility Study                   |
| 26/05/2015 | Appendix 3B & Sec 708 Cleansing Notice                  |
| 28/05/2015 | ALTA Conference Presentation                            |
| 03/06/2015 | Maiden Ore Reserves Estimate for the Kvanefjeld Project |
| 16/06/2015 | Successful Pilot Plant Operation Kvanefjeld Project     |
| 17/06/2015 | Pilot Plant Presentation                                |
| 22/06/2015 | Change of Director's Interest Notice                    |
| 25/06/2015 | Appendix 3B & Sec 708 Cleansing statement               |
| 09/07/2015 | Change of Director's Interest Notice                    |
| 27/07/2015 | Quarterly Activities Report                             |
| 27/07/2015 | Quarterly Cashflow Report                               |
| 03/08/2015 | Appendix 3B & Sec 708 Cleansing Statement               |

|            |  |
|------------|--|
| 11/08/2015 | Kvanefjeld – Mining Licence Application Update |
| 21/08/2015 | Trading Halt                                   |
| 25/08/2015 | Suspension from Official Quotation             |
| 31/08/2015 | Extension of voluntary trading suspension      |
| 02/09/2015 | Trading suspension update                      |

#### 5.4 Market price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest and lowest closing market price of the Company's quoted Shares on ASX during the 3 months immediately preceding the date of lodgement of this Prospectus with ASIC and the respective dates of those sales and the last closing market price on the day on which Shares traded prior to lodgement of this Prospectus with ASIC were:

|         | Price     | Date           |
|---------|-----------|----------------|
| Highest | 8.5 cents | 26 May 2015    |
| Lowest  | 5.0 cents | 19 August 2015 |
| Latest  | 5.1 cents | 20 August 2015 |

#### 5.5 Board and Management

The Board consists of:

- Mr Anthony Ho (Non-Executive Chairman)
- Dr John Mair (Managing Director)
- Mr Simon Cato (Non-Executive Director)
- Mr Michael Hutchinson (Non-Executive Director)
- Mr Jeremy Whybrow (Non-Executive Director)

Messrs Mair, Cato and Whybrow as current or former executive directors are not considered independent directors.

Messrs Ho and Hutchinson are independent directors.

#### 5.6 Directors' Interests

##### (a) Interests of Directors

Other than as disclosed in this Prospectus, no Director or proposed Director holds, or has held at any time during the last two years, any interest in:

- (i) the formation or promotion of the Company; or

- (ii) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Company or the Offer; or
- (iii) the Offer;

and no amounts have been paid or agreed to be paid by any person and no benefits have been given or agreed to be given by any person to a Director or proposed Director to induce him or her to become, or to qualify as, a Director or for services provided by a Director or proposed Director in connection with the formation or promotion of the Company or the Offer.

**(b) Interests in securities as at the date of this Prospectus**

As at the date of this Prospectus, the Directors (and their respective associates) have relevant interests in the Shares and Options of the Company as set out in the table below. Interests include those held directly and indirectly.

Each Director who is an Eligible Shareholder will be entitled to participate in the Rights Issue. The table below does not include the New shares and New Options that the Directors may subscribe for under the Offer.

| Director           | Number of Shares currently held | Number of Options currently held <sup>1</sup> |
|--------------------|---------------------------------|---|
| Anthony Ho         | 1,700,000                       | 450,000                                       |
| John Mair          | 6,391,249                       | 500,000                                       |
| Simon Cato         | 4,862,198                       | 100,000                                       |
| Michael Hutchinson | 921,276                         | 500,000                                       |
| Jeremy Whybrow     | 6,260,200                       | 250,000                                       |

1. The Options have an exercise price of 20 cents and an expiry date of 30 June 2016 and are quoted under the code "GGGOA".

**(c) Remuneration of Directors**

Mr Anthony Ho is paid \$100,000 per annum as a director's fee as a non-executive chairman. In the two years prior to the date of this Prospectus Mr Ho has received a total remuneration, including consulting fees of \$168,543.

Dr John Mair is paid \$350,000 per annum as managing director. In the two years prior to the date of this Prospectus Dr Mair has received a total remuneration of \$768,957.

Mr Simon Cato is paid \$50,000 per annum as a non-executive director. In the two years prior to the date of this Prospectus Mr Cato has received a total remuneration of \$123,213.

Mr Michael Hutchinson is paid \$45,000 per annum as a director's fee as non-executive director. In the two years prior to the date of this Prospectus Mr Hutchinson has received a total remuneration of \$248,882.

Mr Jeremy Whybrow is paid \$45,000 per annum as a director's fee as a non-executive director. In the two years prior to the date of this Prospectus Mr Whybrow has received a total remuneration, including consulting fees of \$163,950.

Directors are also entitled to be reimbursed for reasonable expenses incurred by them in providing their services to the Company. Non-executive directors are entitled to payment of consulting fees in addition to their director's fee if they undertake work in addition to their services as a non-executive director. Payment for any such additional work will be at agreed market rates.

## **5.7 Interests of experts and advisers**

Other than as disclosed in this Prospectus, no expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of this Prospectus, nor any firm in which any of those persons is or was a partner nor any company in which any of those persons is or was associated with, has now, or has had, in the two year period ending on the date of this Prospectus, any interest in:

- (a) the formation or promotion of the Company; or
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (c) the Offer.

Other than as disclosed in this Prospectus, no amounts of any kind (whether in cash, securities or otherwise) have been paid or agreed to be paid to any expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, or to any firm in which any of those persons is or was a partner or to any company in which any of those persons is or was associated with, for services rendered by that person in connection with the formation or promotion of the Company or the Offer.

Fairweather Corporate Lawyers has acted as lawyers to the Company in relation to the Rights Issue. We estimate that we will pay approximately \$17,500 (excluding GST) for these services. In the past two years, Fairweather Corporate Lawyers has or will be paid fees (excluding GST) of approximately \$230,000 by the Company for other services.

Patersons Securities Limited is the Underwriter in relation to the Rights Issue and will receive a \$60,000 corporate fee and a fee of 6% of the Underwritten Amount being \$180,000. In the past two years, Patersons Securities Limited has been paid a fee for underwriting a rights issue in June 2014 consisting of a \$30,000 corporate fee and an underwriting fee of \$532,110.

## **5.8 Expenses of the Offer**

The expenses connected to the Rights Issue payable by the Company are estimated at approximately \$407,320 at Minimum Subscription and approximately \$595,852 at Full Subscription. These estimated expenses include fees to be paid to the Underwriter, legal fees, ASX and ASIC fees and other miscellaneous expenses directly attributable to the Rights Issue.

## 5.9 Consents

The following parties has given their written consent to be named in this Prospectus and for the inclusion of statements made by that party (as described below in the form and context in which they are included), and has not withdrawn such consent before lodgement of this Prospectus with ASIC.

FW Legal Pty Ltd trading as Fairweather Corporate Lawyers has consented to Fairweather Corporate Lawyers being named as the Solicitors to the Offer.

Patersons Securities Limited has consented to being named as the Underwriter to the Offer and the inclusion in the Prospectus of all statements referring to it.

The parties referred to above in this Section:

- do not make, or purport to make any statement in this Prospectus, or on which a statement made in this Prospectus is based other than as specified in this Section;
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in the Prospectus with the consent of that party as specified in this Section; and
- has not caused or authorised the issue of this Prospectus.

## 5.10 Privacy Disclosure

The Company collects information about each Applicant on the Entitlement and Acceptance Form for the purposes of processing the Application and administering the Applicant's security holding in the Company. The Company must maintain a public register. Information contained in the Company's register is also used for corporate communications and compliance by the Company with legal and regulatory requirements.



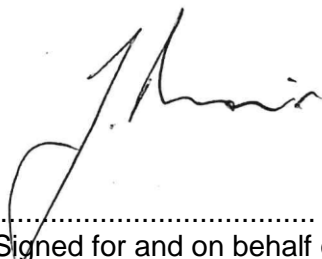
## 6. DIRECTORS' AUTHORISATION AND CONSENT

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This Prospectus is authorised by the Company and lodged with the ASIC pursuant to section 718 of the Corporations Act.

Each Director has consented to lodgement of this Prospectus with ASIC in accordance with the terms of section 720 of the Corporations Act and has not withdrawn that consent.

Dated: 9 September 2015

A handwritten signature in black ink, appearing to read 'J Mair', is written over a horizontal dotted line.

Signed for and on behalf of Greenland Minerals and Energy Limited  
By Dr John Mair  
Managing Director

## 7. GLOSSARY

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Where the following terms are used in this Prospectus they have the following meanings:

|  |  |
|--|--|
| <b>Applicant</b>                       | A person who submits and Entitlement and Acceptance Form.  |
| <b>Application</b>                     | An application for New Shares and New Options under the Rights Issue.  |
| <b>Application Money</b>               | The Issue Price multiplied by the total number of New Shares applied for by an Applicant under an Entitlement and Acceptance Form.   |
| <b>AFSL</b>                            | Australian Financial Services Licence.   |
| <b>ASIC</b>                            | Australian Securities and Investments Commission.  |
| <b>ASX</b>                             | ASX Limited (ACN 008 624 691) and the Australian Securities Exchange it operates   |
| <b>Board</b>                           | The Board of Directors.  |
| <b>Closing Date</b>                    | The time and date at which the Offer expires, being 5.00pm WST, 29 September 2015, subject to the Company varying this date in accordance with the Listing Rules.                        |
| <b>Company or Greenland Minerals</b>   | Greenland Minerals and Energy Limited (ACN 118 463 004).   |
| <b>Constitution</b>                    | The constitution of the Company.   |
| <b>Corporations Act</b>                | The Corporations Act 2001 (Cth)  |
| <b>Director</b>                        | A director of the Company for the time being.  |
| <b>Eligible Shareholders</b>           | Shareholders with a registered address in Australia or New Zealand at the Record Date.   |
| <b>Entitlement</b>                     | The entitlement to subscribe for New Shares and New Options under the Rights Issue.  |
| <b>Entitlement and Acceptance Form</b> | The entitlement and acceptance form attached to or accompanying this Prospectus, personalised for each Eligible Shareholder, which allows each Eligible Shareholder to accept the Offer. |
| <b>Excluded Shareholder</b>            | A Shareholder whose registered address is not in Australia or New Zealand.   |
| <b>Full Subscription</b>               | The maximum amount to be raised under the Offer being the sum of \$6,142,198 assuming no existing Options are exercised.   |
| <b>Issue Price</b>                     | 3.5 cents per New Share, being the price payable to subscribe for each New Share.  |
| <b>Listing Rules</b>                   | The official listing rules of ASX.   |
| <b>Minimum Subscription</b>            | The minimum amount to be raised under the Offer being the sum of \$3,000,000.  |
| <b>NFC</b>                             | China Non-Ferrous Metal Industry's Foreign Engineering and Construction Co Ltd.  |

|                               |   |
|-------------------------------|---|
| <b>New Options</b>            | The Options offered under the Rights Issue exercisable at 8 cents on or before 30 September 2018 on terms set out in Section 5.2.   |
| <b>New Securities</b>         | The New Shares and New Options.   |
| <b>New Share</b>              | The Shares offered under the Rights Issue.  |
| <b>Offer</b>                  | The offer to Eligible Shareholders of New Shares and New Options under the Rights Issue.  |
| <b>Official List</b>          | The official list of the ASX.   |
| <b>Option</b>                 | An option to acquire a Share.   |
| <b>Prospectus</b>             | This prospectus dated 9 September 2015.   |
| <b>Record Date</b>            | The time and date for determining a Shareholder's entitlement to participate in the Rights Issue, being 5.00pm WST, 16 September 2015.  |
| <b>Rights Issue</b>           | The pro-rata non-renounceable offer to Eligible Shareholders of 1 New Shares for every 4 Shares held by Eligible Shareholders on the Record Date with 1 free New Option for every 1 New Share subscribed for. |
| <b>Share</b>                  | A fully paid ordinary share in the issued capital of the Company.   |
| <b>Shareholder</b>            | Registered holder of Shares.  |
| <b>Shortfall</b>              | Securities not applied for under the Offer before the Closing Date.   |
| <b>Shortfall Securities</b>   | New Securities constituting the Shortfall.  |
| <b>Underwriter</b>            | Patersons Securities Limited (ACN 008 896 311) (AFSL 239052).   |
| <b>Underwriting Agreement</b> | The underwriting agreement between the Company and the Underwriter.   |
| <b>Underwritten Amount</b>    | \$3,000,000.  |
| <b>WST</b>                    | Western Standard Time.  |
| <b>\$</b>                     | Australian dollars unless otherwise stated.   |