

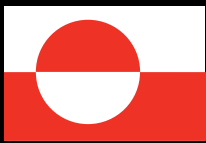
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GREENLAND
MINERALS AND ENERGY LTD



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Greenland

Capital: Nuuk

Population (July 2008 est): 57,564.

Greenland (Kalaallisut: Kalaallit Nunaat, meaning "Land of the Greenlanders"; Danish: Grønland) is a self-governing Danish province located between the Arctic and Atlantic Oceans, east of the Canadian Arctic Archipelago. Greenland is, by area, the world's largest island which is not a continent in its own right.



Though ethnically an Arctic island nation and geographically a part of the continent of North America, politically and historically Greenland is associated with Europe, specifically Iceland, Norway, and Denmark. In 1978, Denmark granted home rule to Greenland.

A referendum on greater autonomy was approved on 25 November 2008. Internationally, on 21 June 2009, Greenland assumed self-determination with

responsibility for self-government of judicial affairs, policing, and natural resources. Greenlanders were recognised as a separate people under international law. Denmark maintains control of finances, foreign affairs, and defense. It is a step towards full independence from Danish rule. Greenlandic became the official language of Greenland at the historic ceremony.

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Company Focus

Greenland Minerals and Energy (“Greenland Minerals” or the “Company”) is a mineral exploration and development Company active in southern Greenland.

Resources

The first, and most critical aspect, in achieving recognition as a major, world class mining project is the completion of a resource inventory to international standards. We understand that at present Kvanefjeld is the largest compliant (JORC) resource of rare earths in the world. In addition Kvanefjeld contains substantial JORC compliant resources of Uranium, Zinc and Sodium Fluoride.

Scoping and feasibility

Following on from metallurgical studies in 2008 and 2009 the Company is focused on mining and engineering studies, for inclusion into a pre-feasibility study, initial results of which will be out late in 2009. This study will be a critical milestone for the Company, with its main focus on developing a process route that can extract the elements of interest in an economically viable and environmentally responsible manner. The mining study is being conducted by Coffey Mining Pty Ltd and covers the mine design and ore scheduling, geotechnical issues, hydrogeology and tailings management. The engineering study component is being completed by GRD Minproc and includes, process design, engineering design and capital and operating costs of a processing plant.

Environmental studies

Environmental studies have been ongoing for the past three years with Orbicon, a leading Danish based environmental sciences group undertaking field work and base-line monitoring around the Kvanefjeld project area. This work is conducted under the supervision of Coffey Natural Systems who are preparing a strategy for the Environmental and Social Impact Assessment.

Community relations

The Company and its representatives have facilitated and participated in many community based information and consultation meetings this year. The meetings have also been attended by representatives of the Government, the local Municipality and the Bureau of Mines and Petroleum (BMP). The topics being discussed at these meetings have widened considerably during that time and the debate no longer focuses solely on the issue of uranium mining but now includes all the social and environmental impacts that a large mining project will have on Greenland. The Company also supports local sporting and educational activities.

Rare Earths

Public awareness of the strategic importance of rare earths in the modern world increased dramatically this year with fears of potential supply constraints and a growing recognition of the “very green” role they have in reducing the impact of global warming and climate change. Given its importance Kvanefjeld, as the largest JORC compliant rare earth project has naturally gained prominence. This is especially so as its magmatic source means we have both light and heavy rare earths in our resource inventory.

Corporate

We are continuing to refine our plans for listing in a major overseas jurisdiction which were delayed due to the global financial crisis. Given the relatively quick rebound in the demand for commodities and the exceptional demand for rare earths the Company is reviewing the opportunity this new situation presents and we are pleased to have advised shareholders on 18 September 2009 of the appointment of Evolution Securities Limited, a major UK stockbroking firm, to handle potential capital raisings and other matters that may arise in the future.



Status of Political and Community Relationships

In early June, 2009 an election took place in Greenland that resulted in a new government coming to power. The IA party (Inuit Ataqatigiit) has formed a coalition government with the Demokraatit party. This election preceded the handover date of June 21, where Greenland officially took the next step to independence from Denmark with the transition from Home Rule to Self Rule. This was an event attended by numerous heads of state and international dignitaries and put Greenland in the global media spotlight. The transition to self-rule has implications for participants in Greenland's exploration and mining industry as Greenland can now assume 100% control of their mineral rights, whereas previously the mineral rights were shared with Denmark. A new mining act is in the process of being drafted and it is anticipated that this will be implemented in early 2010. A genuine recognition is present throughout all political levels in Greenland that the development of a strong minerals industry is of fundamental importance to the economy, and will create many new employment opportunities. In southern Greenland, the global economic crisis has led to rising unemployment and difficulties in traditional industries, including fishing and tourism, and new industry is required to build the foundation of a prosperous independent future.

In early September, 2009, Company representatives participated in a meeting in Narsaq, south Greenland, attended by the new Minister of Commerce and Raw Materials Ove Karl Berthelsen, along with the Mayor and council members of the southern Greenland municipalities. This incorporates the three main towns of southern Greenland - Qaqortoq, Nanortalik and Narsaq. Company representatives presented an update on the status of the Kvanefjeld project to the above parties, before general discussions and any issues were raised, and where the project is within the feasibility frame work. A site visit to the Kvanefjeld plateau was conducted to ensure that the Minister and Mayor had a good understanding of the geography of the project area.

Following the meeting with the council and Minister, a public meeting/debate was held in Narsaq that was well-attended by community members. The meeting was headed by a panel that included the Minister of Commerce and Raw Materials, the Mayor, Company representatives, and spokespersons for groups opposed to mining. The aim of the meeting was to update the community on emerging opportunities in southern Greenland, and specifically update the community on the status of the Kvanefjeld project, as well as discussing issues pertaining to the mining of uranium-bearing ores. Following presentations by panel members the community had the opportunity to ask specific questions and provide their opinion and perspective. The public meeting provided an excellent opportunity to clearly update key stakeholders on the status and significance of Kvanefjeld, and it indicated the strong support from the community for the project to advance to a Definitive Feasibility Study. The meeting was widely reported in the Greenland media.

Overall, the meetings presented a great opportunity for the Company to commence dialogue with the new Greenland government and southern Greenland municipal council, and the outcomes were considered positive by all parties.

Letter from the Chairman

Dear Shareholder

On behalf of the Board of Greenland Minerals and Energy Limited I am pleased to present this Annual Report for the period from the 1 July 2008 to 30 June 2009.

The Company has met significant milestones that has transformed it from an explorer to a company concentrating on development.

When I joined the Company in November 2008 it was a time of great instability in world financial markets, however, the prospects of our Company looked appealing in the medium to long term. Progress since that time has confirmed my view.

As you will see in this report we have met significant milestones that have transformed the Company's focus from exploration to development.

Our resource upgrade, announced 18 June 2009, has shown that the Kvanefjeld project is a world class resource of rare earths and uranium, and indeed our focus, and the worlds focus, is increasingly on the strategic value of the rare earths.

We have now made the strategic decision to devote the majority of our funds to examine the technical issues in bringing this great resource into production. The work conducted this year has therefore focussed on drilling for metallurgical test samples and geotechnical drilling, (that is, testing for rock stability), all important information which will complete our current mine design work.

Progress on our pre-feasibility study has continued for the whole period and this annual report and our quarterly reports for this year detail our progress.

During 2008 and 2009 senior executives of the Company, principally Rod McIlree, John Mair and Shaun Bunn have been able to present our case to the government and people of Greenland. We believe, as many people in Greenland also now believe, that the Kvanefjeld project may well be a magnificent opportunity for Greenland to move to greater economic self sufficiency. We are also keenly aware of the importance of showing all stakeholders in Greenland that the resource can be developed responsibly and for the benefit of all.

I would like to thank all the staff of Greenland Minerals and Energy Limited and our invaluable contractor in Greenland, Greenland Mining Services A/S.

On behalf of the Directors, I thank you for your continuing support as a shareholder of the Company as we develop the world class resource that is Kvanefjeld.



Mr Michael Hutchinson
Chairman

Greenland Minerals and Energy Ltd Annual Report 2009
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Review of Operations by the Managing Director

The Company has achieved much in the past two years, building the foundations for a world class mining operation at our flagship Kvanefjeld multi-element project in southern Greenland.

Introduction

The Company is primarily focused on its license area over the northern Ilimaussaq Intrusive Complex; a unique geological entity with extraordinary resource potential. A large JORC-compliant multi-element resource (rare earth elements, zinc, uranium and sodium fluoride) has been rapidly defined at Kvanefjeld, which clearly highlights the world-class resource potential of the Ilimaussaq Complex. A pre-feasibility study is currently underway, with a focus on defining a process route to extract the elements of interest from these unique multi-element ores in an economically viable and environmentally responsible way.

The Company's vision is one of the big picture; to be a significant producer of commodities of fundamental strategic importance and value to tomorrow's world. Rare earth elements (REE) are now recognised as being critical to the global manufacturing base of many emerging consumer items. China, however, has successfully monopolised global REE supply, raising serious concerns to non-Chinese consumers over the long-term stability of REE supply and pricing. Electricity from nuclear power continues to gain acceptance internationally as the clean base-load energy supply of the future; owing to rapidly increasing power demands coupled with concerns over carbon-based energy sources, greenhouse gas emissions and global warming. As the nuclear renaissance continues to gain momentum, the strategic importance of uranium resources will continue to emerge.

The northern Ilimaussaq Complex offers the potential for multi-element resources of unparalleled scale; resources that could restore balance to the global supply of rare earth elements, and help provide energy security to Europe for many decades.

Exploration activities

Exploration activities in the 2008 exploration season were extensively commented on in the 2008 Annual Report and resulted in the resource upgrade discussed below.

In June 2009, the Company commenced a field program in Greenland that was primarily focused

on generating information that will be utilised in the various studies relating to the broader feasibility process. This includes sterilisation drilling, geotechnical drilling, as well as drilling for metallurgical samples. The metallurgical drill holes were designed to sample various ore-types across the resource. This material will be used in ongoing metallurgical testwork.

In addition, data collection for environmental studies continues, and builds on data collected during the previous two field seasons. Collectively, this data forms the basis of an Environmental Baseline Study.



Kvanefjeld - Strategic location

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Review of Operations by the Managing Director

Whilst actively operating in Greenland, the Company conducts meetings to update community representatives on the current status of our activities in southern Greenland. These community meetings provide an excellent forum for the community to raise any queries and concerns, which can then be discussed by all stakeholders.

Updated Resource Statement

Late in the June quarter, the Company released an updated resource statement for the Kvanefjeld multi-element project. Kvanefjeld is the first defined resource within the Company's exploration license area over the northern Ilimaussaq Complex in southern Greenland. The resource update was based on geochemical assay data that was generated from the substantial diamond drill program conducted during the 2008 field season in Greenland. The 2008 drill program had aimed to improve the resource category, as well as to expand the overall resource base. In consideration of these aims, the 2008 drill program and resulting resource upgrade can be regarded as extremely successful. Following the extensive exercise of data validation for the large multi-element dataset, a new resource estimate was generated by consultants Hellman and Schofield Pty Ltd. The updated resource statement confirms the size and quality of the multi-element resource at Kvanefjeld, with 79% of all rare earth oxide (REO), uranium and zinc resources now in the 'indicated' category. The new resource statement contains 4.79 Mt REO, 0.9 Mt zinc and 283 Mlbs U₃O₈. Significantly, Kvanefjeld represents just a small portion of the Company's exploration license that covers the highly-prospective northern part of the Ilimaussaq Intrusive Complex.

Kvanefjeld Multi-Element Resource Statement, June, 2009

At U ₃ O ₈ % cutoff grades ¹	Tonnes (million)	U ₃ O ₈ % ²	U ₃ O ₈ lb/t	TREO% ³	Zn%	Resource category
0.015	365	0.028	0.62	1.06	0.22	Indicated
	92	0.027	0.59	1.12	0.22	Inferred
	457	0.028	0.62	1.07	0.22	TOTAL
0.020	276	0.032	0.70	1.13	0.23	Indicated
	63	0.031	0.69	1.21	0.24	Inferred
	339	0.032	0.70	1.14	0.23	TOTAL
0.025	207	0.035	0.77	1.20	0.23	Indicated
	43	0.036	0.78	1.31	0.25	Inferred
	250	0.035	0.77	1.22	0.24	TOTAL

1. There is greater coverage of assays for uranium than other elements owing to historic spectral assays. U₃O₈ has therefore been used to define the cutoff grades to maximise the confidence in the resource calculations.
2. Additional decimal places do not imply an added level of precision.
3. Total Rare Earth Oxide (TREO) refers to the rare earth elements in the Lanthanide series plus yttrium.

Note: Figures quoted may not sum due to rounding.



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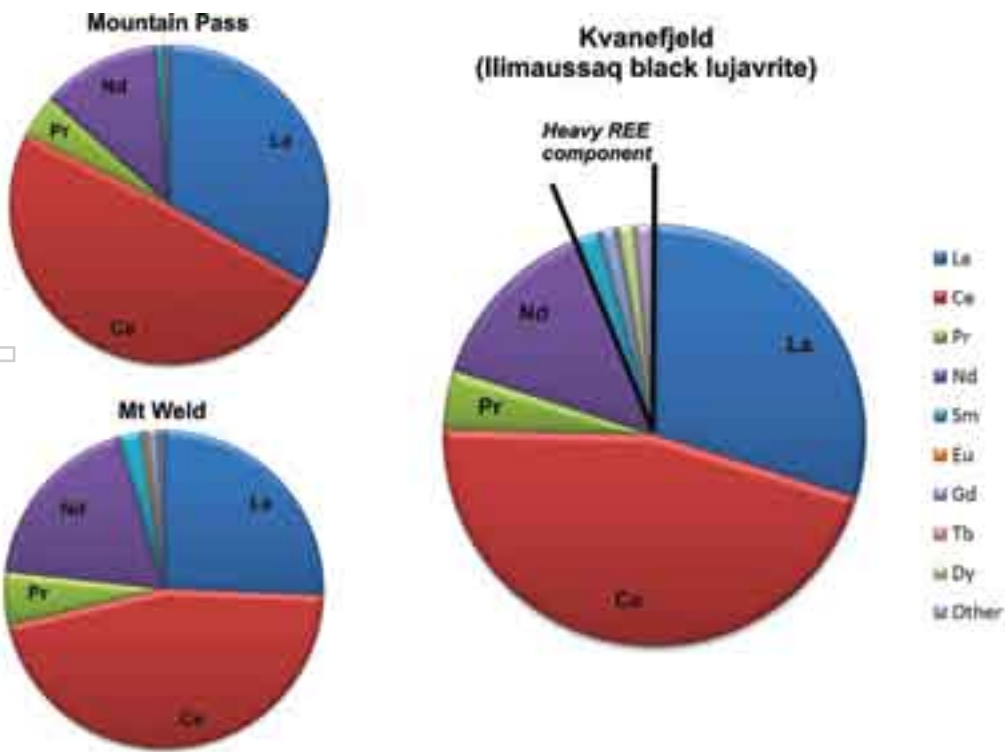


Rare Earths at Kvanefjeld

The value of a rare earth element resource is not just dependant on the overall grade and tonnage of the resource, but is greatly influenced by the proportion of individual rare earth elements. Light rare earth elements nearly always occur in much greater abundance than heavy rare earth elements. Owing to the relative scarcity of heavy rare earths, and the ever increasing applications for these metals, their demand and value is soaring. Two dominant types of rare earth deposits include those associated with carbonatites (Mountain Pass, Mt Weld, Hoidas Lake), and those associated with peralkaline igneous complexes (Thor Lake, Strange Lake, Kvanefjeld). It is generally the deposits that are associated with peralkaline complexes that are relatively enriched in the lucrative heavy rare earth elements. The Ilimaussaq Complex, host to Kvanefjeld, is the world's type example for apgaitic nepheline syenites; an extreme form of peralkaline igneous rocks. Accordingly, the rare earth element resource at Kvanefjeld is not just extremely large, but also contains a favourable mix of rare earth elements, with a relative enrichment of the heavy rare earths. Kvanefjeld is also strongly enriched in yttrium; an element that is not a lanthanide but it is included with rare earths owing to its similar chemical properties to heavy rare earths. The heavy rare earth elements and yttrium combined account for 14% of the rare earth resource at Kvanefjeld.

Kvanefjeld multi-element ore: Rare earth constituents plus yttrium by percent

La	Ce	Pr	Nd	Sm	Eu	Gd	Tb	Dy	Ho	Er	Tm	Yb
27.5	42.0	4.2	12.9	1.6	0.1	1.1	0.2	1.1	0.2	0.6	0.1	0.5



Pie charts illustrating the relative abundance of individual rare earth elements within the resources at Kvanefjeld, and two other well documented rare earth element deposits; Mountain Pass in California, USA, and Mt Weld, in Western Australia. Kvanefjeld is hosted by peralkaline igneous rocks of the Ilimaussaq Complex, and is relatively enriched in heavy rare earths in comparison to deposits hosted by carbonatites, such as Mt Weld and Mountain Pass (source: IMCOA, Company websites).

Review of Operations by the Managing Director

Update on Geological Framework and Resource Potential

In the geological world alkaline magmatism is known to be associated with some of the world's most prolific mineral deposits. Alkaline intrusions host a variety of mineral deposit types that include phosphate deposits, specialty metal deposits inclusive of REEs, niobium, tantalum, and titanium, and some alkaline complexes are also associated with prolific copper and gold deposits.

The Ilimaussaq Intrusive Complex is the world's type-example of a particularly unusual group of alkaline rocks that are referred to as agpaitic nepheline syenites. Similar alkaline igneous complexes include the Khibina Complex in Sweden that hosts the world's largest apatite deposits (phosphate ores), and the Lovozero Complex in Russia (Kola Peninsula) that hosts vast loparite deposits that are rich in niobium and titanium. The Ilimaussaq Complex is unique, in that it contains almost purely agpaitic rocks. For these reasons, it has been the subject of extensive studies from scientists worldwide. Henning Sørensen, one of the world's most highly regarded geoscientists, devoted a significant portion of his career to understanding the Ilimaussaq Complex and its economic significance. In a paper published in 1992 Sørensen theorised that agpaitic rocks could contain vast resources of rare elements that could be exploited in a multi-element capacity. As the work programs of Greenland Minerals and Energy progress, the results are starting to indicate that Sørensen's theory is correct.



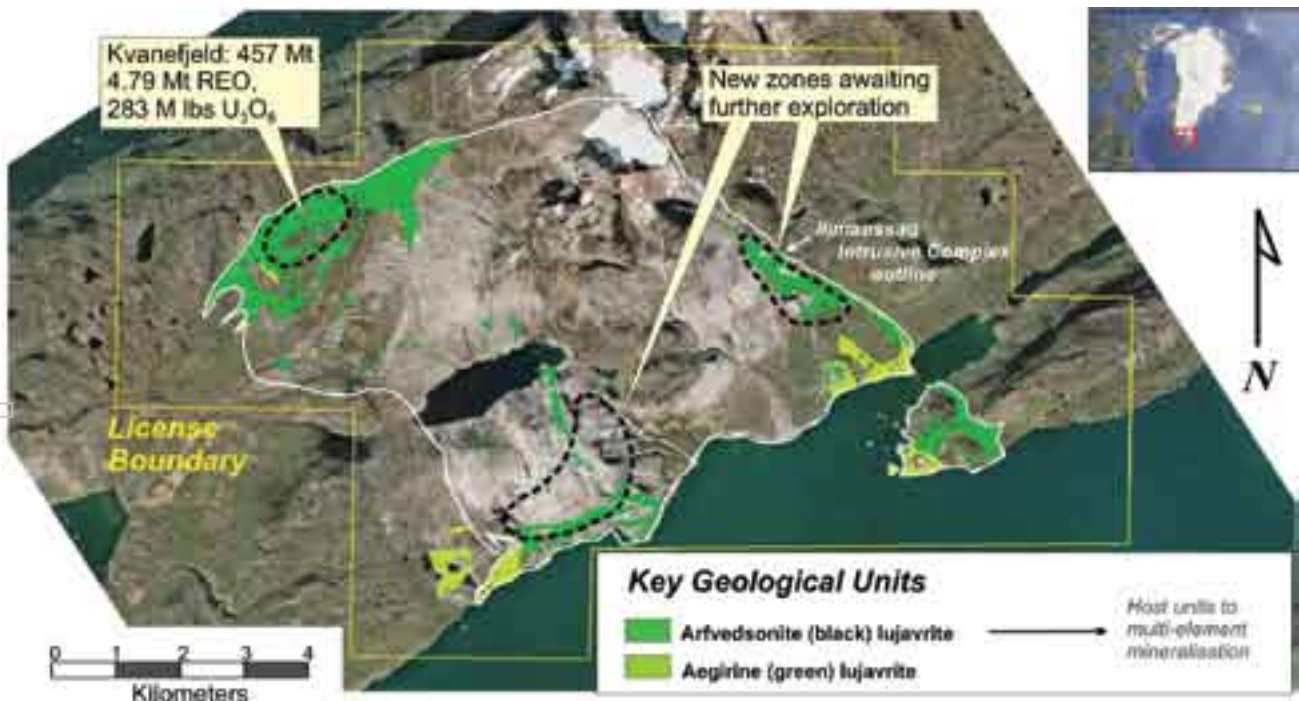
Shipping samples from Narsaq.

A JORC-compliant 457Mt resource has been defined at Kvanefjeld in a lujavrite host. This lujavrite underlies naujaite throughout the majority of the northern part of the complex, where regional resources are likely located. The lujavrite is host to REE, uranium, zinc and sodium fluoride mineralisation. The regional extent of the lujavrites can be seen in the diagram on the facing page.

Ongoing geological studies by the Company have built on the existing knowledge base to improve the understanding of ore-genesis within the Ilimaussaq Intrusive Complex. The northern half of the complex preserves the uppermost levels, which are the most prospective areas for bulk-tonnage, multi-element resources. The southern half of the complex is more deeply eroded, exposing basal units referred to as kakortokites that contain the zirconium-rich mineral eudialyte. Black lujavrite, the dominant

host to REEs, uranium, zinc and sodium fluoride mineralisation at Kvanefjeld, is now known to be widespread through the northern part of the complex. Whilst black lujavrites are mineralised throughout, the grades of REEs, uranium and zinc are highest in the uppermost portions of the black lujavrite where they have been concentrated by magmatic processes. The Company is working to identify broad domal upwellings of black lujavrite where new bulk-tonnage ore zones are likely to occur. As the geological understanding improves, the Company is increasingly confident of the immense resource potential of the Ilimaussaq Complex. In this sense, Kvanefjeld can be considered as the first multi-element resource defined within the broader Ilimaussaq mineral field.

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Aerial photograph over the Company's exploration license covering the northern Ilimaussaq Complex. Black lujavrite is the main host unit to multi-element mineralisation, and outcrops most extensively on Kvanefjeld Plateau. Whilst black lujavrite is limited in outcrop, it occurs through most of the complex at shallow to moderate depths. There is genuine scope to define new significant multi-element ore zones within the license area.

Review of Operations by the Managing Director

Update on the Pre-Feasibility Study

Following two highly successful exploration campaigns, conducted in 2007 and 2008, and the subsequent rapid growth of the resource base, the Company commenced a pre-feasibility study on the Kvanefjeld multi-element project in late 2008. The study, scheduled for completion in late 2009, is a critical milestone for the Company and given the unique nature of the geology and the multi-element ores its main focus is on developing a process route that can extract the elements of interest in an economically viable and environmentally responsible manner. The recently upgraded resource statement has confirmed the world class potential of Kvanefjeld, and emphasises the importance of the pre-feasibility process to the evolution of the project.

The mining study component is being conducted by Coffey Mining Pty Ltd and covers mine design and ore scheduling, geotechnical issues, hydrogeology and tailings management.

The engineering study component is being completed by GRD Minproc and includes the process design, engineering design and capital and operating costs of a processing plant.

Environmental studies are also underway with Coffey Natural Systems preparing a strategy for the Environmental and Social Impact Assessment and Orbicon, a Danish based environmental science group, undertaking field work and base-line monitoring.



Previous work by the Danish Atomic Energy Agency (RISO) identified a viable way to extract uranium. However, given the emerging economic and strategic significance of specialty metals, such as rare earths, the Company is taking a multi-element approach with other process routes being evaluated to maximise specialty metal recoveries and the economic viability of the project.

The initial metallurgical development program has been completed. As part of this testwork program the Company engaged Perth based SGS Lakefield Orestest to carry out a fourth stage of testwork (T4), following on from the initial T1 and T2 research programs conducted in 2008 at Amdel, in South Australia and the T3 research program completed early in 2009 by SGS Lakefield Orestest.

ANSTO (Australian Nuclear Services and Technology Organisation) were also engaged to work on process development, specifically for REE metallurgical behavior and recovery. The results of ANSTO's current work program will feed into the broader process development and plant design that is being conducted by GRD Minproc.

During the 1970's and early 1980's the Danish government, through RISO and the Geological Survey of Greenland, commissioned a series of high quality studies to assess the viability of Kvanefjeld as a potential uranium resource. Their work included exploration and resource definition, detailed environmental studies, socio-economic impact studies and infrastructure studies that included investigations into hydro-electric power. Mine plans were established, which included the plant

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location and potential sites for tailings disposal. A series of metallurgical programs were run to identify a viable route to extract uranium. This culminated in the development of a pilot plant to test high pressure carbonate leaching on bulk samples extracted from Kvanefjeld. Despite the extensive studies and significant technical advances made, work on the project ceased in the early 1980's due to a change in the political sentiment toward nuclear energy that emerged globally.

Given the extensive and successful research program and pilot plant operation conducted by RISO on the Kvanefjeld project Greenland Minerals strategy is to build on this knowledge and to use this as the basis of its prefeasibility study. With this in mind the Company engaged Jorgen Jensen, the former project manager of the Kvanefjeld project for RISO. Mr Jensen has contributed significantly to the Company's metallurgical studies, and has helped ensure that the results of all the previous test work are incorporated into the current metallurgical program.

Metallurgical Testwork

The key results achieved from the extensive metallurgical testing to date show that:

- the rare earths can be beneficiated by froth flotation, and uranium to a lesser extent. The recovery of U and REE to a flotation concentrate equated to over 70% and 90% respectively;
- a processing route using Flotation/Sulphation Roast/Water Leaching was unlikely to prove economic due to the lower selectivity for uranium during flotation and high reagent consumptions;
- Carbonate Pressure Leaching (CPL), based on the process parameters developed by RISO during the 1983 Pre-feasibility Study, was highly selective for uranium;
- REEs can be recovered from CPL residues in a float concentrate. Further work is required to improve selectivity and hence concentrate grades; and
- REEs can be recovered from CPL residues, with or without a flotation stage, using a dilute acid leach. More work is required to improve recovery and reduce acid consumption; and
- at least one of the more valuable minerals, containing uranium and heavy REE, is amenable to heavy liquid separation techniques opening up the possibility of beneficiating the ore prior to CPL.

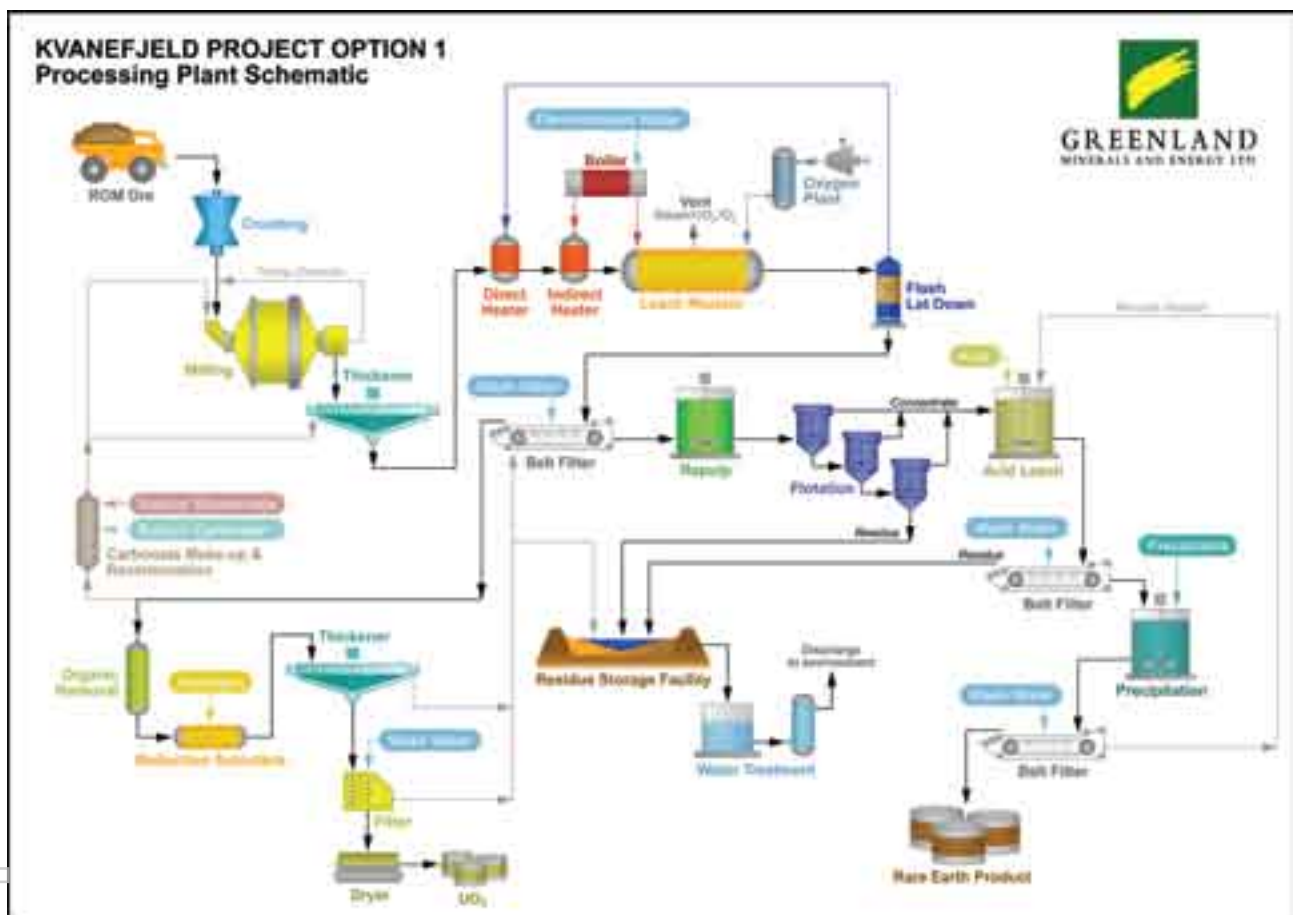


Overall, the advances on REE metallurgy made to date are considered as extremely encouraging.

Review of Operations by the Managing Director

Flowsheet Development

Based on the testwork results to date, and the substantial piloting work carried out by RISO for their 1983 Study, the Company has developed a basic flowsheet which allows the uranium to be extracted ahead of the REE refining stage using CPL technology. The CPL residues are then treated by froth flotation, to concentrate the REEs prior to acid leach and subsequent refining into a REE carbonate product. The flowsheet is detailed in the figure below.



2009 Field Activities in Greenland

The Company has just recently completed a field program in Greenland that included sterilisation drilling, geotechnical drilling, and drilling for metallurgical samples. The metallurgical drill holes were designed to sample various ore-types across the resource. This material will be used in ongoing metallurgical testwork.

In addition, data collection for environmental studies was completed. This builds on data collected during the previous two field seasons. Collectively, this forms the basis of an Environmental Baseline Study.



Whilst actively operating in Greenland, the Company conducts community meetings to update community representatives on the current status of the Company's exploration activities in southern Greenland. These community meetings provide an excellent forum for the community to raise any queries and concerns, which can then be discussed by all stakeholders.

Mineralogical Studies and Ore-Type Classification

As part of the pre-feasibility study, the Company is undertaking a detailed mineralogical and geochemical study of the Kvanefjeld ore body. This will enable ore types to be classified on the basis of mineralogy and geochemistry. The various ore types will then be metallurgically tested at a bench scale level, to ensure that the optimal process route is confirmed and that variations in ore type are fully accounted for. During previous studies, variations in the ore body were not sufficiently understood nor accurately mapped as there was no multi-element geochemical coverage. This was essentially due to a lack of geochemical data as the drill core was only analysed spectrally during that phase of the study carried out by RISO. Greenland Minerals now has a more complete geochemical coverage of the deposit allowing ore types to be clearly identified and mapped in three dimensions. The vast multi-element dataset has been investigated geostatistically, and modeled in three dimensions with Leapfrog™ software. This has led to the development of a three-dimensional geochemical and mineralogical model of the resource as it is currently defined.

Rare Earths Market Overview

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Greek alchemists defined earths as materials that could not be changed by the sources of heat available to them. This perception lasted for many centuries, so long in fact that until late in the 18th century the oxides of metals such as calcium, aluminium and magnesium were known as earths.

In 1794, while investigating a rare Swedish mineral, a Finnish chemist named Johan Gaddin, discovered a new 'earth' to which he gave the name 'Ytterbia', after Ytterby, the village where the mineral was found – subsequently shortened to Yttria. Later, in 1803, from the same rare mineral a new earth named Ceria was discovered and since Yttria and Ceria had been discovered in a rare mineral and closely resembled one another, they were referred to as 'rare earths'.

Today, the term rare earths refers to a series of 17 chemically similar metals, consisting of the 15 elements known as the lanthanides, plus yttrium and scandium. It is the rare earth metals and oxides that are of particular interest to scientists and industrialists, due to their unique magnetic and spectroscopic properties. The major applications for rare earths are given in Table 1.



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IMCOA

Industrial Minerals Company of Australia Pty Ltd
ABN 42 084 433 992

Rare Earths Market Overview

September 2009

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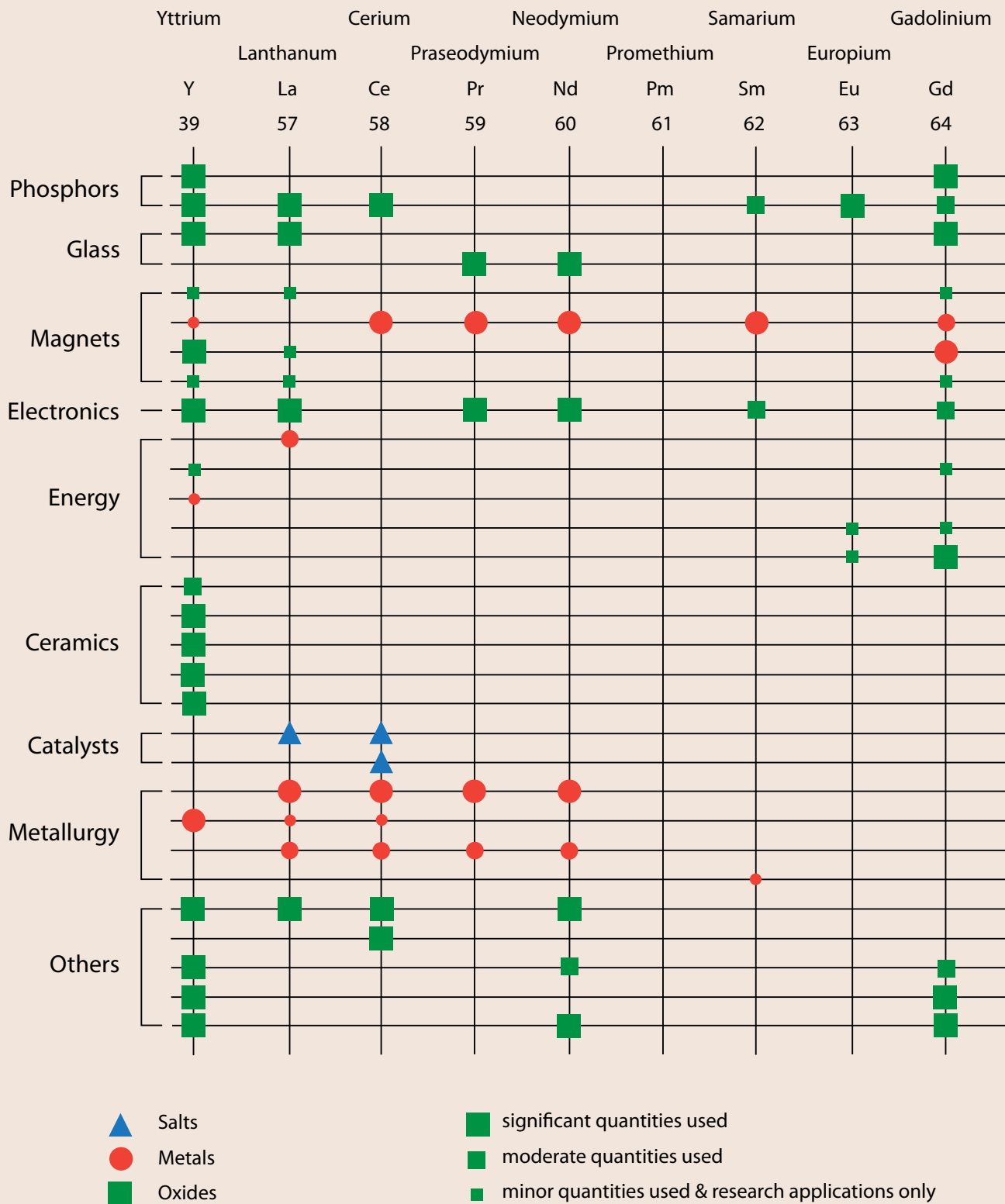
The statements in this Overview for Greenland Minerals & Energy Ltd ("GGG") 2009 Annual Report represent the considered views of the Industrial Minerals Company of Australia Pty Ltd (IMCOA). It includes certain statements that may be deemed "forward-looking statements". All statements in this overview, other than statements of historical facts, that address future market developments, government actions and events, are forward-looking statements. While IMCOA believes the outcomes expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include rare earths applications, the development of economic rare earths substitutes and general economic, market or business conditions.

While, IMCOA has made every reasonable effort to ensure the veracity of the information presented it cannot expressly guarantee the accuracy and reliability of the estimates, forecasts and conclusions contained herein. Accordingly, if data from the overview is to be quoted then the above Disclaimer should be included.

Dudley J. Kingsnorth
Executive Director
Industrial Minerals Company of Australia Pty Ltd

Rare Earths Market Overview

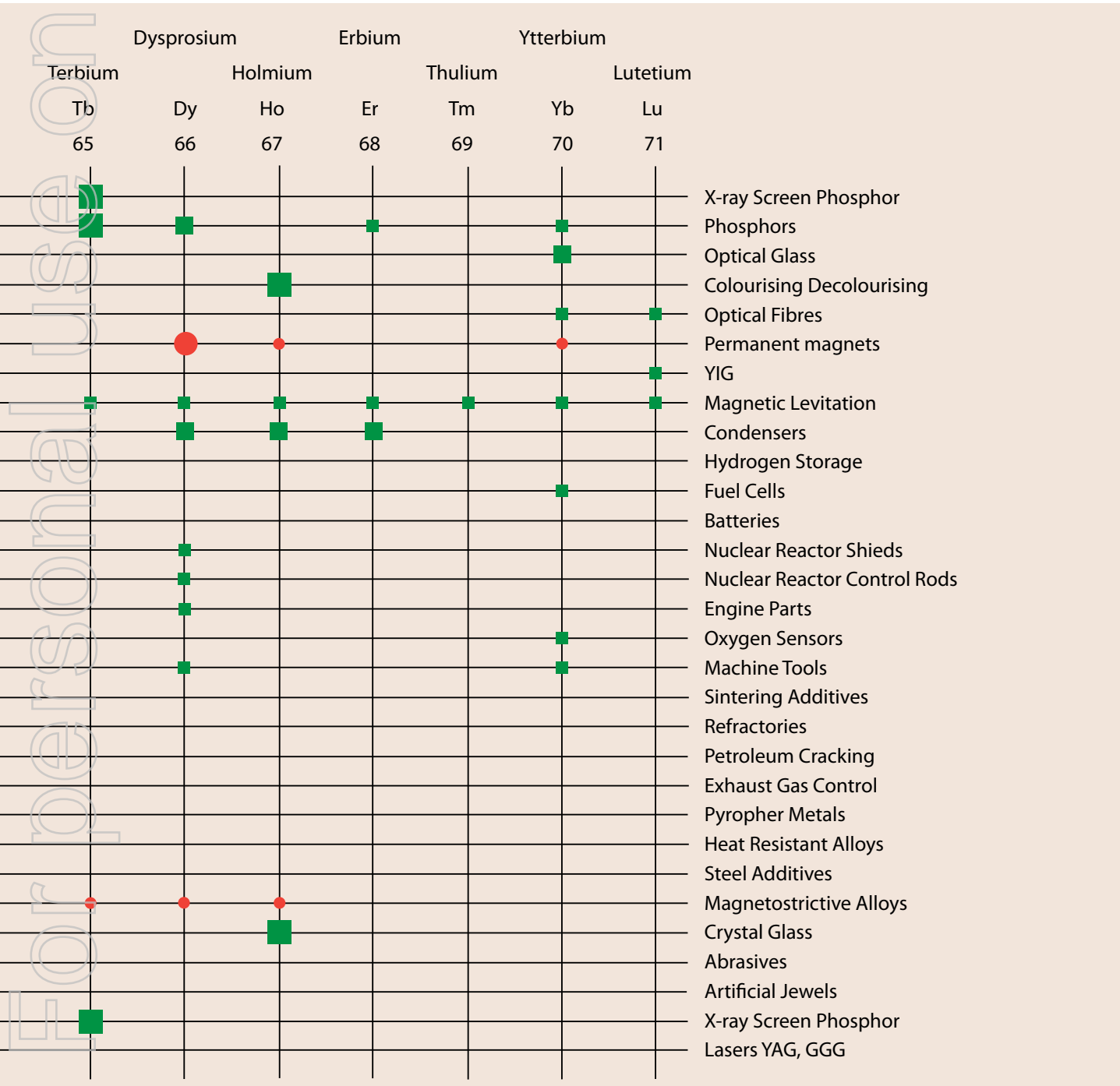
Applications of Rare Earth



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Rare Earths Market Overview

1. Introduction

Throughout the industry rare earths are normally expressed in terms of rare earth oxides (REO) and often classified into three groups: Light, Medium and Heavy. At other times the light and medium rare earths are referred to as the 'cerics' and the heavy rare earths as the 'yttrics'. The rare earths with their atomic weights and symbols are detailed in Table 2.

Rare earths are a critical minor constituent of many advanced materials that are essential inputs to the manufacture of items such as hybrid vehicles, mobile telephones, computers, televisions and energy efficient lights. Although rare earths have a relatively high unit value, the impact of their cost has little, if any, impact on the selling price of the final item. Furthermore, as they are generally present in minute concentrations they are not recycled. It is for these reasons that rare earths are considered strategic materials. In Japan rare earths are often referred to as the 'seeds of high technology'.

Rare earth products are generally priced in terms of US\$ per kg REO, regardless of the chemical form in which they are sold.

Table 2: Rare Earths and their Atomic Weights

Element	Type	Atomic No.	Symbol	Atomic Weight
Lanthanum		57	La	138.92
Cerium	'Light'	58	Ce	140.13
Praseodymium	or	59	Pr	140.92
Neodymium	'Ceric'	60	Nd	144.27
Promethium*		61	Pm	145.00
Samarium		62	Sm	150.43
Europium	'Medium'	63	Eu	152.00
Gadolinium		64	Gd	156.90
Terbium		65	Tb	159.20
Dysprosium		66	Dy	162.46
Holmium	'Heavy'	67	Ho	163.50
Erbium		68	Er	167.20
Thulium	Or	69	Tm	169.40
Ytterbium		70	Yb	173.04
Lutetium	'Yttric'	71	Lu	174.99
Yttrium		39	Y	88.92
Scandium		21	Sc	45.10

Note: ppm = parts per million

*Promethium does not occur naturally as a stable isotope, although it can be artificially manufactured

2. The Dimensions of the Global Rare Earths Market Today

- Forecast volume in 2008: 124,000t REO
- Value: Approximately US\$1¼billion in 2008.
- Over the past decade market growth has been in the range of 8-11%pa, with the exception of the correction in 2001/02 (due to the 'technology crash'); while the current global financial crisis is anticipated to have reduced consumption in 2008 to 124,000t REO from mid-2008 estimates of 135-145,000t REO.
- China supplies ~92% of global demand and consumes ~60% of the demand.
- To assist in generating manufacturing jobs for the millions of Chinese moving from the country to the urban areas China has adopted policies that encourage rare earth producers to go downstream and add value. To achieve this goal the following measures are now in place, which effectively mean that China's rare earth resources are primarily for China's domestic manufacturing industries :
 - o Export quotas.
 - o Export taxes.
 - o Production quotas.
 - o Foreign investment in rare earth resources/mines is prohibited.

Table 3: Global Rare Earths Demand in 2008 (t REO ±10%)

Application	China	Japan1 & SE Asia	USA	Others	Total	Market Share
Catalysts	7,000	2,000	12,500	1,500	23,000	19%
Glass	8,000	2,000	1,000	1,500	12,500	10%
Polishing	8,000	4,500	1,000	1,500	15,000	12%
Metal Alloys	16,000	4,500	1,250	1,000	22,500	18%
Magnets	21,000	3,500	750	1,000	26,500	21%
Phosphors	5,500	2,500	500	500	9,000	7%
Ceramics	2,500	2,500	1,250	750	7,000	6%
Other	6,000	2,000	250	250	8,500	7%
Total	74,000	23,500	18,500	8,000	124,000	100%

Source: IMCOA, Roskill and CREIC

Note: 1. Large proportions of both the rare earth alloys for batteries and magnets are exported from China to Japan for the manufacture of the NiMH batteries and the NdFeB magnets; which, if they were included in the statistics as Japanese consumption would increase that country's consumption of rare earths to approximately 35,000t REO, or 40-45,000t in all forms as shown in Tables 19 & 20. It is this dependence upon China as an effective sole source for many of these strategic materials that is the driving force behind Japanese industry's support for non-Chinese rare earths projects.

Rare Earths Market Overview

The estimated gross value of the global rare earths market is given in Table 4 below:

Table 4: Estimated 'Gross Value' of Rare Earths Market in 2008 US\$M (±15%)

Application	Average Value	Gross Value US\$M	Market Share by Value
Catalysts	US\$3/kg REO	60	5%
Glass	US\$2/kg REO	25	2%
Polishing	US\$4/kg REO	60	4%
Metal Alloys	US\$8/kg REO	175	14%
Magnets	US\$18/kg REO	475	37%
Phosphors	US\$45/kg REO	400	31%
Ceramics	US\$7½/kg REO	50	4%
Other	US\$5/kg REO	40	3%
Total	11/kg REO avg	US\$1200-1400M	100%

Source: metal pages©, Roskill, IMCOA

The average value of rare earths in mid-2008 would have been US\$11-13/kg REO, while at the end of the year it was closer to US\$10/kg REO; a clear reflection of the current global financial crisis. It is anticipated that prices will pick-up again in the latter half of 2009, with restoration to the levels in mid 2008 in late 2010 when the impact of ongoing reductions in Chinese export quotas will start to have an impact on availability.

3. Global Rare Earth Resources

Hard rock deposits of bastnasite and placer deposits of monazite and xenotime host most of the world's economic concentrations of rare earths. The majority of rare earth mining operations are based on the exploitation of these minerals. Due to the relative concentration of the rare earth oxides in these minerals, it is the light rare earths that predominate and account for the largest proportion of rare earth oxides produced.

World production of light rare earths is dominated by the processing of bastnasite at Baotou in Inner Mongolia, where it is a by-product of iron ore mining. Monazite and xenotime are usually extracted as by-products of mineral sands and tin operations, often from placer deposits. The relative rare earth contents of key world commercial resources are shown in Tables 5A to 5C below:

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Table 5A: Rare Earths Content of Major Source Minerals (% total REO)

Rare Earth Oxide	Bastnasite		Xenotime		Ion Adsorption Clays	
	Bayun Obo, Mongolia, China	Mountain Pass, California, USA	Lahat Perak, Malaysia	Guangdong, China	Xunwu, Jiangxi, China	Lognan, Jiangxi, China
La2O3	23.0	33.2	1.2	1.2	42.0	1.8
CeO2	50.0	49.1	3.1	3.0	2.3	0.4
Pr6O11	6.2	4.3	0.5	0.6	8.8	0.7
Nd2O3	18.5	12.0	1.6	3.5	30.8	3.0
Sm2O3	0.8	0.8	1.1	2.2	3.8	2.8
Eu2O3	0.2	0.1	trace	0.2	0.5	0.1
Gd2O3	0.7	0.2	3.5	5.0	2.9	6.9
Tb4O7	0.1	trace	0.9	1.2	trace	1.3
Dy2O3	0.1	trace	8.3	9.1	trace	6.7
Y2O3	trace	0.1	61.0	59.3	8.0	65.0
Total	99.6	99.8	81.2	85.3	99.1	88.7

Source for Tables 5A, 5B and 5C is Roskill, USGS and company literature

Table 5B: Rare Earths Content of Major Source Minerals (% total REO)

Rare Earth Oxide	Monazite		Loparite	Bastnasite & Parisite	
	Mt Weld, Australia	India	Guandong, China	Lovozerky, Russia	Dong Pao Vietnam
La2O3	25.1	23.0	23.0	28.0	32.4
CeO2	48.5	46.0	42.7	57.5	50.4
Pr6O11	5.3	5.5	4.1	3.8	4.0
Nd2O3	16.7	20.0	17.0	8.8	10.7
Sm2O3	2.2	4.0	3.0	1.0	0.9
Eu2O3	0.6	-	0.1	0.1	-
Gd2O3	0.9	-	2.0	0.2	-
Tb4O7	0.1	-	0.7	0.1	-
Dy2O3	0.2	-	0.8	0.1	-
Y2O3	0.3	-	2.4	trace	0.7
Total	99.9	98.5	95.8	99.6	99.1

Rare Earths Market Overview

Table 5C: Rare Earths Content of Potential Source Minerals (%total REO)

Rare Earth Oxide	Trachyte	Apatite		Steenstrupine	Fergusonite
	Dubbo, Australia	Nolans, Australia	Hoidas Lake, Canada	Kvanefjeld, Greenland	Thor Lake, Canada
La ₂ O ₃	19.5	18.5	19.8	27.4	0.3
CeO ₂	36.7	47.8	45.6	41.2	4.4
Pr ₆ O ₁₁	4.0	6.1	5.8	4.2	1.7
Nd ₂ O ₃	14.1	21.4	21.9	12.9	15.6
Sm ₂ O ₃	2.5	2.4	2.9	1.6	10.4
Eu ₂ O ₃	0.1	0.5	0.6	0.1	1.6
Gd ₂ O ₃	2.1	1.2	1.3	1.1	14.3
Tb ₄ O ₇	0.3	0.1	0.1	0.2	1.8
Dy ₂ O ₃	2.0	0.3	0.4	1.1	9.9
Y ₂ O ₃	15.8	1.5	1.3	7.7	29.0
Total	97.1	99.8	99.7	97.5	89.0

The less abundant, but more valuable, yttrium and heavy rare earths are mainly sourced from ionic absorption clays in southern China.

Current world reserves of rare earths, as assessed by the US Geological Survey, are estimated to be about 88 million tonnes REO contained (see Table 6 below) which, based on their continued availability and typical metallurgical recoveries, should theoretically be sufficient for the next 200 years. The largest proportion of these reserves lie in China (27 million tonnes) and are equivalent to around 30% of the world's reserves, while the USA accounts for another 13 million, Australia 5 million and India 2.3 million tonnes. World Mine Production, Reserves and Reserve Base, as defined by the US Geological Survey are shown below.

Table 6: Estimated Mine Production, Reserves and Reserve Base 2007-08

Country	Mine Production ^e		Reserves	Reserve Base
	2007	2008		
United States	-	-	13,000,000	14,000,000
Australia	-	-	5,200,000	5,800,000
Brazil	650	650	48,000	84,000
China	120,000	120,000	27,000,000	89,000,000
Former Soviet Union	n/a	n/a	19,000,000	21,000,000
India	2,700	2,700	1,100,000	1,300,000
Malaysia	380	380	30,000	35,000
Other Countries	n/a	n/a	22,000,000	23,000,000
World Total (rounded)	123,000	124,000	88,000,000	150,000,000

Source: USGS, January 2009

It should be noted that the reserve figures in the table encompass a wide range of mineral qualities and do not necessarily comply with the internationally recognised codes for the definition of resources and reserves. Furthermore, the prospectivity of a resource is determined by several factors including grade, cost of processing, impurities and the relative concentration of the rare earth elements in greatest demand, which are not identified in the above table.

The most common minerals that are processed to recover the rare earths are listed in Table 7. Almost all the light rare earths produced today are extracted from bastnasite and monazite, while most of the heavy rare earths are extracted from xenotime and ionic (adsorption) clays. The processes used to separate the rare earths from these minerals have changed little in the past 20 years. The route chosen is based upon the economics of the processes available with particular reference to the local costs of sulphuric acid, hydrochloric acid and caustic soda, the primary reagents used to extract rare earths.

Table 7: Composition of Major Rare Earth Minerals

Mineral	Formula	Major Occurrences	REO max (%)
Bastnasite	LnFCO_3	China, USA	75
Monazite	$(\text{Ln}, \text{Y}, \text{Th})\text{PO}_4$	China, Australia, Brazil, India, Malaysia, Africa	65
Loparite	$(\text{Na}, \text{Ca}, \text{Ln}, \text{Y})(\text{Nb}, \text{Ta}, \text{Ti})_2\text{O}_6$	Former Soviet Union	32
Xenotime	YPO_4	China, Australia, Malaysia, Africa	62
Apatite	$(\text{Ca}, \text{Ln})_5[(\text{P}_2\text{Si})\text{O}_4]_3$	Former Soviet Union, Australia, Canada	12
Ionic Clays	Weathered Xenotime and Apatite	China	n/a

A project in which the rare earths are a by-product to the major commodity could have a significant advantage over a project solely dependent upon rare earths.

4. Global Rare Earths Demand

4.1 Demand in 2000

The first recorded commercial production of rare earths was in Treibach, Austria, in 1903 which took the form of mischmetal for lighter flints. Fifty years later global production was of the order 1,000tpa REO valued at approximately US\$25 million. Over the past eight years rare earths production/consumption has increased by 50%, from 80,000tpa REO to 120,000tpa REO (see Table 8 below).

Rare Earths Market Overview

Table 8: Global Rare Earths Demand in 2000 (t REO ±10%)

Application	China	Japan & SE Asia	USA	Others	Total
Catalysts	2,000	1,750	9,500	4,250	17,500
Glass	2,000	6,500	2,500	3,000	14,000
Polishing	2,000	4,000	2,000	3,500	11,500
Metal Alloys	5,500	2,750	1,750	2,500	12,500
Magnets	3,500	3,500	1,500	2,000	10,500
Phosphors	1,000	2,500	500	2,000	6,000
Ceramics	750	1,250	500	500	3,000
Other	3,250	500	150	100	4,000
Total	20,000	22,750	18,400	17,850	79,000

Source: Roskill, IMCOA and CREIC

4.2 Forecast Global Rare Earths Demand in 2014

In the view of IMCOA the impact of the current global financial crisis is to have set back longer term consumption of rare earths by 2 years; in essence this means that the current forecast demand in 2014 is similar to the forecast demand in 2012 made 2-3 years ago. In forecasting demand in 2014 IMCOA makes the following comments:

- The following assumptions in estimating/forecasting global demand for rare earths have been made:
 - 2008:** Estimated demand in 2006 was 110,000t REO, growing to 120,000t REO in 2007 with expectations in the middle of last year that demand could surge to 132,000t REO (IMCOA) to 144,000t REO (CREIC) in 2008. The current estimate, given the shutdown of many manufacturing operations in China during the Beijing Olympics and the rapid slowdown in the global economy is 124,000t REO.
 - 2009:** As global growth remains subdued and consumers reduce their stocks to reduce working capital rare earths demand this year is forecast to be 95,000t REO. Recent conversations with producers and consumers indicate that there are early signs that demand is picking up in 3Q2009.
 - 2010:** With a modest pick-up in the growth of global GDP, while stocks will continue to be reduced to lessen working capital, global demand is forecast to return to 124,000t REO.
 - 2011 to 2014:** With a forecast return to global GDP growth rates of 3½-4½%pa the growth in demand for rare earths is forecast to be 8-11%pa; which equates to global demand of 180,000t REO in 2014.
- IMCOA is of the view that demand will increase at a faster rate in China than the rest of the world so that China's share of global consumption will grow from 59% in 2007 to 65% in 2014.

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- Growth in demand by the various sectors under which the industry is generally classified is forecast to be at the following rates in the period 2011 to 2014:
 - o Metal alloys @ 15-20% pa
 - o Magnets @ 10-15% pa
 - o Phosphors @ 7-10%
 - o Ceramics and other applications @ 7-9%
 - o Catalysts and Polishing @ 6-8%
 - o Glass at a negligible rate.
- The Copenhagen Climate Change Conference (December 2009) could have a significant impact on the forecast.

Table 9: Forecast Global Rare Earths Demand in 2014 (t REO ±15%)

Application	China	Japan ¹ & SE Asia	USA	Others	Total	Market Share
Catalysts	10,500	2,250	15,000	1,250	29,000	16%
Glass	8,500	2,250	1,000	750	12,500	7%
Polishing	12,500	5,000	1,250	1,250	20,000	11%
Metal Alloys	34,500	7,500	1,750	1,750	45,500	25%
Magnets	34,500	5,000	1,000	1,000	41,500	23%
Phosphors	7,000	3,000	1,000	1,000	12,000	7%
Ceramics	3,000	3,000	2,000	1,000	9,000	5%
Other	7,000	2,500	500	500	10,500	6%
Total	117,500	30,500	23,500	8,500	180,000	100%

Source: IMCOA

Note: 1. Large proportions of both the rare earth alloys for batteries and magnets are exported from China to Japan for the manufacture of the NiMH batteries and the NdFeB magnets; which, if they were included in the statistics as Japanese consumption would increase that country's consumption of rare earths substantially. If these volumes were included in Japanese consumption in 2014 then the country's consumption could well be 40-45,000t REO, or 50-60,000t in all forms. As noted above it is this dependence upon China as a virtual sole source for many strategic materials that is the driving force behind Japanese industry's support for non-Chinese rare earths projects.

5. Global Rare Earths Supply

The major ongoing issue for the rare earths industry is 'balance'; due to the incongruity between the ratio of the individual rare earths produced and consumed, there is always a situation in which there is a shortfall of some rare earths while others are in surplus. On the basis of the known analyses of the major resources it is considered that total production would probably have to be approximately 205,000t REO in 2014 to meet projected demand of 180,000 t REO, (with any shortfall to be drawn from stocks), as illustrated in the Table 10 below, where potential critical shortages are shown in red.

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Table 10: Forecast Global Demand and Supply for Individual Rare Earths in 2014 (±15%)

Rare Earth Oxide	Demand ¹		Supply/Production ^{1,2}	
	REO Tonnes	%	REO Tonnes	%
Lanthanum	51,050	28.4%	55,100	26.9%
Cerium	65,750	36.5%	82,400	40.2%
Praseodymium	7,900	4.4%	10,000	4.9%
Neodymium	34,900	19.4%	33,300	16.3%
Samarium	1,390	0.8%	4,000	2.0%
Europium	840	0.5%	900	0.4%
Gadolinium	2,300	1.3%	3,150	1.5%
Terbium	590	0.3%	400	0.2%
Dysprosium	2,040	1.1%	1,800	0.9%
Erbium	940	0.5%	1,000	0.5%
Yttrium	12,100	6.7%	11,650	5.7%
Ho-Tm-Yb-Lu	200	0.1%	1,300	0.5%
Total	180,000	100.0%	205,000	100.0%

Source: IMCOA estimates

From the above table it is evident that, terbium, dysprosium and yttrium (highlighted in red) will be in short supply, even with total production exceeding total demand in an absolute sense by 15-20%. As praseodymium can be substituted for neodymium in magnets in most cases it appears that a shortage of these important rare earths for permanent magnets could be partially alleviated by the increased production.

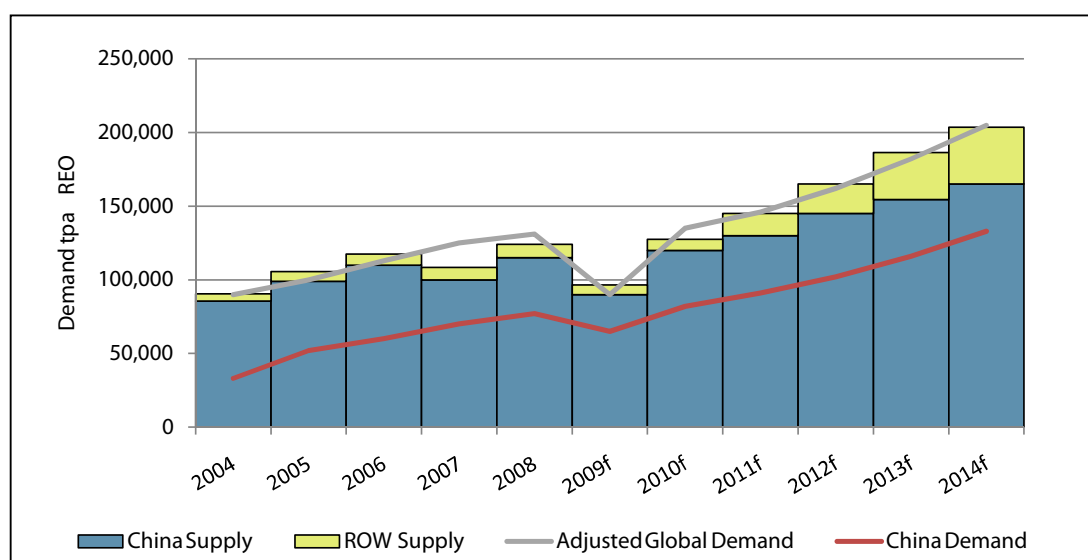
Forecast supply and demand from 2004 through to 2014 are shown/forecast below in Table 11. Demand has been 'adjusted' to allow for the issue of balance. IMCOA is of the view that global supply could fall short of the desired level of 205,000t REO by some 1,500t REO.

Table 11: Adjusted Demand and Supply

Supply & Demand	2004	2005	2006	2007	2008
Global Demand	90,000	98,000	110,000	120,000	124,000
Adjusted Global Demand	90,000	100,000	113,000	125,000	131,000
China Demand	33,000	52,000	60,000	70,000	77,000
China Supply	85,500	99,000	110,000	100,000	115,000
ROW Supply	5,000	6,500	7,500	8,500	9,000
Global Supply	90,500	105,500	117,500	108,500	124,000
Surplus/Deficit	500	5,500	4,500	16,500	7,000

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It should be noted that the Chinese authorities have indicated that production will be 'managed' to conserve resources. As mentioned above it is possible that the Copenhagen Climate Change Conference (December 2009) could have a significant impact on rare earths demand highlighting the potential for a shortfall in supply. However, it is also evident from recent presentations by Chinese officials that the Chinese rare earths industry will not readily surrender effective control of the industry; although it may have to concede its domination of the heavy rare earths sector if it is unable to successfully address the environmental issues associated with the mining and processing of the ionic clays in Southern China. Furthermore, if China continues to reduce its rare earths export quotas (see Section 6 below) then this would put an artificial constraint on supply.



	2009f	2010f	2011f	2012f	2013f	2014f
	85,000	124,000	135,500	148,500	163,000	180,000
	90,000	135,000	146,000	162,000	182,000	205,000
	65,000	82,000	91,000	102,000	116,000	133,000
	90,000	120,000	130,000	145,000	154,500	165,000
	6,500	7,500	15,000	20,000	32,000	38,500
	96,500	127,500	145,000	165,000	186,500	203,500
	6,500	7,500	1,000	3,000	4,500	1,500

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6. China

The current dominance of China as the 'major player' in the rare earths industry is not in question as it supplies 95% of global demand and consumes 60% of the demand. Hence as the major supplier and consumer the country is able to have a significant influence on the future of the industry, with clear indications that China is using this dominance to assist its own manufacturing industries.

6.1 Chinese Consumption of Rare Earths

The breakdown and growth in China's rare earths consumption is illustrated by the following data released by the Chinese Rare Earth Information Centre (CREIC) in November 2008. It should be noted that the Chinese approach to the breakdown of rare earths applications is different from that adopted by IMCOA and the data in Tables 13 & 14 is in absolute tonnes, not REO. CREIC estimate that between 2005 and 2007 China's growth in demand was 18%pa, compared with global growth of 11% and Rest of the World (ROW) growth of 2%pa. (data for 2008 is not available, but the data given below provides a picture of the increasing consumption in China, which did not slow down until the latter half of 2008).

Table 12: Break down of Chinese Rare Earths Consumption in 2007 (REO, tonnes)

Application	Field	Consumption Volume	Percentage
Five Advanced Materials	Permanent magnets	22,250	30.7%
	Polishing powder	7,369	10.2%
	Hydrogen storage materials	6,200	8.5%
	Fluorescent materials	4,490	6.2%
	Auto catalysts	2,710	3.7%
	Subtotal	43,019	59.3%
Others	Metallurgy	10,994	15.2%
	Petrochemical industry	7,548	10.4%
	Glass & ceramics	3,303	4.5%
	Others	7,686	10.6%
	Subtotal	29,531	40.7%
Total		72,550	100.0%

Source: CREIC Nov. 2008

Table 13: Output of 'Added Value' Rare Earths Products in China, 2005-2007 (absolute tonnes)

Advanced materials	2005	2006	2007	Average growth rate
Permanent magnets	35,200	41,350	50,800	+20.1%
Hydrogen storage materials	13,000	15,000	18,600	+19.6%
Fluorescent materials	5,650	5,870	8,480	+22.5%
Polishing powder	4,457	6,092	7,523	+29.9%
Auto emission purifier (,000 unit)	8,400	10,000	10,850	+13.8%

Source: CREIC Nov. 2008

Table 14: Output of Rare Earths Phosphors in China, 2005-2007 (absolute tonnes)

Year	2005	2006	2007	Average growth rate
Trichromatic phosphor for lamps	2,500	3,200	6,400	+60%
Phosphor for CRT colour TV	1,650	1,300	1,000	-22.2%
Long afterglow phosphors	1,500	1,195	900	-22.5%
Other phosphors	-	175	180	negligible
Total	5,650	5,870	8,480	+22.5%

Source: CREIC Nov. 2008

6.2 Chinese Taxes, Quotas and Constraints on Rare Earths Trade

Over the past 3-4 years China has made some fundamental changes to the taxes and quotas on rare earth exports. The changes have caused Japanese, European and North American customers to place greater emphasis on identifying and supporting alternative non-Chinese suppliers. The specific developments in China, the aim of which is to promote 'value adding' industries, which appear to be having the desired effect from recent export statistics, are outlined below:

Export Taxes on Rare Earth Exports from China

In late 2006 the Chinese Government introduced a tax on rare earth exports of 10%, which was increased to 15% on selected rare earths in 2007. In December 2007 the authorities increased the export taxes on all rare earth exports, with effect from 1st January 2008, to the following levels:

- Europium, terbium, dysprosium, yttrium as oxides, carbonates or chlorides – 25%
- All other rare earth oxides, carbonates and chlorides – 15%
- Neodymium metal – 15%
- All other rare earth metals – 25%
- Ferro rare earth alloys – 20%

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Refund of VAT on Rare Earth Exports from China

In 2007 China withdrew the refund of VAT (16%) on exports of unimproved rare earths, while the refund on value added exports such as magnets and phosphors remains in place. The effect of this decision, when considered with the export tax regime above, is that non-Chinese rare earth processors such as cerium polishing powder producers and rare earth magnet producers pay 31% more for their rare earth raw materials (plus transport and storage costs).

Chinese Rare Earth Export Quotas

The Chinese Ministry of Commerce has recently announced the rare earth export quotas for Chinese rare earth enterprises for the second half of 2009; which amount to an effective 12% reduction in quotas between 2008 and 2009. The size of the reduction in the annual rare earth export quotas is the largest in the history of the quotas since they were introduced in 2004. The history of China rare earth quotas is shown in Table 15.

Table 15: History of Chinese Rare Earth Export Quotas 2004-2009

Year	1st Allocation		2nd Allocation	
	Domestic Enterprises	Foreign Enterprises	Domestic Enterprises	Foreign Enterprises
2004	n/a	n/a	n/a	n/a
2005	n/a	n/a	n/a	n/a
2006	n/a	n/a	n/a	n/a
2007	19,600t	8,211t	23,974t	8,289t
2008	22,780t	8,211t ¹	11,376t	5,082t ¹
2009	15,043t	6,685t	18,257t	10,160t

Notes:

1. In 2008 quotas were allocated for 10 months (second tranche was effectively for 4 months) so there was alignment with a calendar year.
2. Adjusted for 12 month allocation for comparative purposes.
3. Estimated demand by Japan in 2008 and 2009 is >35,000tREO and >25,000tREO respectively
4. The Cumulative Average Reduction Rate (CARR) of export quotas from 2005 to 2009 is -6½% pa.

The potential impact of the reduction in the export quotas may be put in context when it is recognised that Japan's estimated rare earths consumption in 2008 alone was greater than 40,000t rare earth materials (i.e. not REO), which could well be more than the total export quota in the near future. Foreign companies such as Rhodia, Neo Material Technologies and Santoku receive separate quotas as shown in Table 15.

Toll trading of rare earths

Toll trading of rare earths in China has been banned since November 2006, which effectively means the toll trading of rare earths is also banned; one reason for Lynas moving the location of its secondary processing facilities from China to Malaysia in 2007.

Resultant distortion of prices

For the non-Chinese rare earth consumers the impact of the above actions has not only been limited access to rare earths, thereby imposing restrictions on their ability to expand their businesses, but it has also had a significant impact on prices.

Total		Grand Total	Per Cent Change	Estimated Rest of World Demand
Domestic Enterprises	Foreign Enterprises			
48,040t	17,569t	65,609t	-	57,000t
48,040t	17,569t	65,609t	0%	46,000t
45,752t	16,069t	61,821t	-6%	50,000t
43,574t	16,069t	59,643t	-4%	50,000t
Actual: 34,156t Adjusted: 40,987t ²	Actual: 13,293t Adjusted: 15,834t ²	Actual: 47,449t Adjusted: 56,939t ²	-5.5% ²	50,000t ³
33,300t	16,845t	50,145t	-12%	35,000t ³

Rare Earths Market Overview

7. Japan

Whereas China consumes ~60% of the global demand for rare earths, Japan is the second largest consumer with estimated demand equivalent to ~20% of global demand. If the significant volume of rare earths sold to the US fcc catalyst producers is excluded then the Japanese share of rare earths consumption is 50-60% of ROW demand. Furthermore, Japan purchases significant volumes of rare earth magnet and battery alloys which are not classified as rare earths exports. Hence Japan is seen as the major destination for rare earths produced by the potential non-Chinese projects.

The demand for rare earths in Japan is driven by the high growth in demand for 'hi-tech' products such as HEVs, rare earth magnets and PDPs as shown in Table 16 below. There is every indication that the high growth in demand for these items will continue, when the global financial crisis has past; even though consumption has fallen that significantly during the crisis..

Table 16: Japanese Production of Items Containing Rare Earths, 2004-2007

End-product	Unit	2004	2005	2006	2007	2008
Small motors (under 70 W)	M units	339	340	354	363	353
HEVs (world sales)	000 units	168	299	383	432	463
Sintered rare earth magnets	tonnes	7,900	8,500	10,000	11,250	10,750
Sintered Nd-Fe-B Alloys	tonnes	n/a	14,000	16,500	18,750	18,000
Nickel-metal hydride batteries	M units	306	303	327	305	326
Autocatalysts	tonnes	14,690	15,959	15,644	15,688	15,614
Digital cameras	000 units	29,200	28,880	37,150	46,760	36,270
Ceramic capacitors	M units	406,200	463,900	576,800	677,800	619,200
Fluorescent lamps	000 units	768,560	859,380	987,580	927,400	860,850
LCD Backlights	000 units	403,750	498,170	620,110	607,080	581,610
PDP televisions	000 units	1,720	2,900	5,020	5,160	6,590
LCD Televisions	000 units	2,670	4,350	5,970	7,310	n/a

Source: Roskill's Letters from Japan , Iwatani and IMCOA

The demand for the items above is the driving force for the increasing demand for the rare earths as shown in Table 18. The aggregate annual average increase in imports over the years 2002 to 2007 was 15% pa.; with a fall of approximately 10% in 2008.

Table 17: Japanese Imports of Rare Earths Products, 2003-2008 (gross tonnes)

Rare Earth Product	2003	2004	2005	2006	2007	2008
Yttrium oxide	1,235	1,377	1,226	1,603	1,805	1,673
Cerium Oxide	4,241	4,178	6,147	11,489	11,013	8,883
Cerium compounds	6,609	6,381	7,216	9,069	8,015	7,924
Lanthanum oxide	2,241	1,915	1,801	2,141	3,310	3,617
Rare earth metals	6,119	6,379	8,387	9,450	9,320	6,306
Rare earth compounds (incl. intermediate compounds)	4,802	6,230	5,738	7,664	6,621	5,927
Ferro-cerium	458	298	592	548	840	997
Total	25,705	26,758	31,106	41,964	40,564	35,327

Source: Roskill's Letters from Japan, Iwatani and IMCOA

Table 18: Growth in Japanese Rare Earth Imports 2003-2008

Year	Volume		Value		% Change in price
	Tonnes	% Growth	US\$M	US\$/kg	
2003	25,705	+14%	139.5	5.43	-9%
2004	26,406	+3%	189.9	7.19	+32%
2005	30,495	+15%	218.6	7.17	Nil
2006	41,407	+36%	368.8	8.91	+24%
2007	40,084	-3%	537.0	13.40	+50%
2008	35,327	-13%	453.9	12.87	-4%

Source: Roskill's Letters from Japan, Iwatani and IMCOA

A review of the above tables indicates an apparent discrepancy with the global estimates shown in Table 3, which is due to the fact that the above table is in absolute tonnes and not REO. IMCOA is of the view that the above tables could over-estimate the consumption of rare earths in Japan for the following reasons:

- Japan exports finished rare earth products, which can lead to 'double counting'.
- Stockpiling by the major Japanese consumers.
- The rare earth metals and the ferro-cerium are generally alloys, which 'convert' to lower REO values.

The relatively limited fall in the volume and prices during the onset of the global financial crisis in 2008 is a reflection of the ubiquitous demand for rare earths.

Rare Earths Market Overview

8. Rare Earth Prices

As a result of increasing demand through 2005 to 2008, the export quotas and taxes put in place by China, the increasing enforcement of environmental standards in China and stockpiling by Japanese companies there was a steady increase in prices over the period, but more importantly a distortion in prices. The distortion is caused by the price attached to export quotas, which may be sold within China at US\$1-2/kg REO. The natural tendency of rare earth processors is to maximise their profit; hence, while the sale of terbium at US\$650/kg may realise a profit of US\$100-200/kg, the export of cerium at US\$3/kg, compared with internal prices of US\$1¼/kg has limited appeal. As a result the export sales price of cerium is currently US\$4-6/kg.

Tables 19 & 20 show the steady increase in rare earth prices over the 2005 to 2008 period; a trend that is expected to continue when global growth returns to the levels experienced before the global financial crisis.

Table 19: Comparison of Rare Earth Prices for 2005-09

Rare Earth Product	Rare Earth Price US\$/kg FOB China ¹				
	2005	2006	2007	2008	YTD Aug 2009
Lanthanum Oxide	1.60	1.80	3.10	7.75	6.20
Cerium Oxide	1.40	1.50	2.50	4.35	4.30
Praseodymium Oxide	8.30	13.60	28.00	27.00	14.25
Neodymium Oxide	7.40	14.80	29.00	27.00	14.25
Samarium Oxide	4.50	4.50	4.50	4.50	4.50
Europium Oxide	280	240	300	475	455
Gadolinium Oxide	n/a	n/a	10.50	9.75	6.80
Terbium Oxide	325	460	555	650	355
Dysprosium Oxide	50	70	85	110	100
Yttrium Oxide	n/a	4	7	15	15

Source: metal pages©

Note: Figures have been rounded

Table 20: Japanese Prices of Rare Earth Metals, 2005-2009 (US\$/kg cif Japan)

Rare Earth Metal	2005	2006	2007	2008	2009 Jan-Mar
Lanthanum	4.10	4.80	6.50	12.90	12.70
Cerium	6.20	6.50	7.40	10.00	9.50
Neodymium	11.40	22.30	40.10	37.20	18.00
Praseodymium	13.30	21.50	39.00	35.30	17.50
Samarium	12.20	12.80	14.10	21.80	21.00
Terbium	426	624	743	878	600
Dysprosium	61	99	119	153	141

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Corporate Governance

Principles of Best Practice Recommendations commentary

The Board of Directors is responsible for the overall strategy, governance and performance of Greenland Minerals & Energy Limited. (hereafter GGG 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, GGG is required to disclose the extent to which it has followed the Principles of Best Practice Recommendations during the financial year. Where GGG 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 Group has been delegated to the Managing Director, Mr Roderick McIlree.

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

The Board has also adopted a Board Charter which details the functions and responsibilities of the Board and those delegated to management. In addition, each executive director and senior executive has signed an employment agreement

A copy of the Board Charter has been placed on the Company's website.

Principle 2: Structure the Board to add value

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

Mr Anthony Ho, Mr Michael Hutchinson, Mr Malcolm Mason and Mr Hank Schønwandt are independent Directors who fulfill the independence criteria outlined in the guidelines. The majority of the board are 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 has been on the ability of the Board to add value by effectively exercising independence and discharging their duties, rather than on meeting the independence test in the guidelines.

The role of the Chairman was fulfilled by Mr Hank Schønwandt (to 25 November 2008), Mr Michael Hutchinson (from 25 November 2008) and the Managing Director, Mr Rod McIlree filled the role of Managing Director and Chief Executive Officer.

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

Corporate Governance

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

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

The responsibilities are split into 3 sections:

- The Managing Directors role in allocating priorities and tasks to the executives of the Company, leading the Company generally, raising capital as required and public relations at all levels.
- The exploration and development effort.
- Other corporate support.

The executive directors are responsible for exploration and development and other corporate support, report on their activities to the Managing Director, who monitors their role and then reports to the board as required. The board as a whole monitors the 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 behaviour.

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.

A copy of the Copy of Conduct and Securities Trading Policy has been placed on the Company's website.

Principle 4: Safeguard integrity in financial reporting

The integrity of the Company's financial reporting is a critical aspect of GGG's corporate governance and structures have been implemented during the reporting period to verify and safeguard the integrity of the Company's financial reporting.

It is the policy of the Board that the Company's financial statements be reviewed or audited, at a minimum, 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 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 GGG e-list email communications (registration is available via the Company's website) and by the provision to shareholders of balanced and understandable information in relation to corporate proposals.

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

Principle 7: Recognise and manage risk

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

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.

Director's Report

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.

The directors of Greenland Minerals and Energy Limited submit herewith the annual financial report for the financial year ended 30 June 2009. In order to comply with the provisions of the Corporations Act 2001, the directors report the following:

Directors

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

Michael Hutchinson – appointed 25 November 2008
 Roderick Claude McIlree
 Simon Kenneth Cato
 Anthony Ho
 Malcolm Geoffrey Mason
 Simon Alexander Stafford Michael – resigned 13 November 2008
 Hans Kristian Vinding Schønwandt
 Jeremy Sean Whybrow

Company Secretary

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

Mr Bruce Richard Acutt, B.Comm – Mr Acutt trained and worked as an accountant with major accounting firms in the audit and resources sector. He has been associated with the mining and exploration sector for over twenty years.

Principal Activities

The principal activity of the consolidated group during the financial year was mineral exploration and project evaluation.

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

Operating Results

The net loss attributable to members of the consolidated group after providing for income tax amounted to \$4,008,712 (2008: loss \$202,767,366)

Subsequent Events

The following subsequent events occurred after 30 June 2009;

- Successful completion of a placement of 4 million shares at \$0.25, raising \$1,000,000, less costs, as per the prospectus issued 31 July 2009.
- The Company announced on 31 August 2009, it had finalised terms on the acquisition of a 4% royalty applicable on net profits from the future production of metals on license 2005/28 in South Greenland. The Company currently holds a legal and beneficial interest of 61%, in the joint venture with the right to move to 100%, when the Company deems it most appropriate.
 Acquisition of the 4% royalty will be subject to shareholders' approval at an Extraordinary Meeting, to be called in due course.
 The Consideration will be payable in escrowed shares in the Company. This transaction is a transaction that requires shareholder approval in accordance with listing rule 10.1 of the Australian Securities Exchange Limited and section 611 of the Corporation Act 2001.

Share placements of 25 million shares at \$0.20 completed on 15 May 2009 and of 4 million shares at \$0.25 completed 31 July 2009, were initially made to fund the acquisition. However, due to the consideration been settled in shares in the Company, these funds will instead be used to fund the pre-feasibility study on Kvanefjeld.

Director's Report

Subsequent Events (cont)

- The Company has been served with writs by Westrip Holdings Limited (Westrip) and Rimbal Pty Ltd, issued in the Supreme Court of Western Australia. The matter relates to the dispute being taken by shareholders of Westrip as a derivative claim on behalf of Westrip against the directors of Westrip.

The writs served on the Company, alleged breaches of confidentiality, misleading conduct and breach of contract and were for unspecified damages and other relief. The Company, through its solicitors, strongly denies the allegations and any wrongdoing and will vigorously defend the action.

Future Developments

Disclosure of information regarding likely developments in the operations of the consolidated group in future financial periods and the expected results of those operations is likely to result in unreasonable prejudice to the consolidated group. Accordingly, this information has not been disclosed in this report.

Environmental Regulations

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

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

Dividends

In respect of the financial year ended 30 June 2009, 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.

Shares

During the year ended 30 June 2009, 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 30 June 2009 was 218,508,543 (2008: 193,008,540).

The total number of shares issued during the current financial year was 25,500,003.

There is no other class of shares issued by the Company and the Company has no un-issued shares.

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

Issuing entity	Number of shares issued	Class of share	Amount paid for shares	Amount unpaid no shares
Greenland Minerals and Energy limited	15	Ordinary shares	\$0.20	-

Options

During the year ended 30 June 2009 the options of Greenland Minerals and Energy Limited were issued as detailed in Note 17 to the financial report.

Details of unissued shares or interests under options at the date of this report are:

Issuing entity	Number of shares under option	Class of shares	Exercise price of option	Expiry date of option
Greenland Minerals and Energy Limited	168,632,047	Ordinary shares	\$0.20	30 June 2011
Greenland Minerals and Energy Limited	750,000	Ordinary shares	\$0.10	30 June 2013
Greenland Minerals and Energy Limited	5,750,000	Ordinary shares	\$0.50	30 June 2011
Greenland Minerals and Energy Limited	5,750,000	Ordinary shares	\$1.00	30 June 2011
Greenland Minerals and Energy Limited	1,888,840	Ordinary shares	\$1.50	30 June 2011

A total of 9,250,000 were granted during the current financial year.

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

Director's Report

Review of Operations

The Company is a mineral exploration and development company actively exploring in southern Greenland. The Company is primarily focused on exploring its license area over the northern Ilimaussaq Intrusive Complex; a unique geological entity with extraordinary resource potential. A large JORC-compliant multi-element resource (rare earth elements (REE), zinc, uranium and sodium fluoride) has been rapidly defined at Kvanefjeld plateau, which clearly highlights the world-class resource potential of the Ilimaussaq Complex. A pre-feasibility study is currently underway, with a focus on defining a process route to extract the elements of interest from these unique multi-element ores in an economically viable and environmentally responsible way.

The Company's vision is one of the big picture, to be a significant producer of commodities of fundamental strategic importance and value to tomorrow's world. Rare earth elements are now recognised as being critical to global manufacturing of many emerging consumer items. However, China has successfully monopolised global REE supply, raising serious concerns to non-Chinese consumers over the long-term stability of REE supply and pricing. Electricity from nuclear power continues to gain acceptance internationally as a clean base-load energy supply of the future. This has been emphasised due to rapidly increasing power demands, concerns over carbon-based energy sources, greenhouse gas emissions and global warming. As the nuclear renaissance continues to gain momentum, the strategic importance of uranium resources will continue to emerge.

The northern Ilimaussaq Complex offers the potential for multi-element resources of unparalleled scale; resources that could restore balance to the global supply of rare earth elements, and provide energy security to Europe for many decades.

Exploration activities

In June 2009, the Company commenced a field program in Greenland that was primarily focused on generating information that will be utilised in the various studies relating to the broader feasibility process. This includes sterilisation drilling, geotechnical drilling, as well as drilling for metallurgical samples. The metallurgical drill holes are designed to sample various ore-types throughout the resource. This material will be used in ongoing metallurgical testwork.

In addition, data collection for environmental studies continues, and builds on data collected during the previous two field seasons. Collectively, this data forms the basis of an *Environmental Baseline Study*. Whilst actively operating in Greenland, the Company conducts community meetings to update community representatives on the current status of the Company's exploration activities in southern Greenland. These community meetings provide an excellent forum for the community to raise any queries and concerns, which can then be discussed by all stakeholders.

Updated Resource Statement

Late in the June 2009 quarter, the Company released an updated resource statement for the Kvanefjeld multi-element project. Kvanefjeld is the first defined resource within the Company's exploration license area over the northern Ilimaussaq Complex in southern Greenland. The resource update was based on geochemical assay data that was generated from the substantial diamond drill program conducted during the 2008 field season in Greenland. The 2008 drill program had aimed to improve the resource category, as well as to expand the overall resource base. In consideration of these aims, the 2008 drill program and resulting resource upgrade can be regarded as extremely successful. Following the extensive exercise of data validation for the large multi-element dataset, a new resource estimate was generated by consultants Hellman and Schofield Pty Ltd. The updated resource statement confirms the size and quality of the multi-element resource at Kvanefjeld, with 79% of all rare earth oxide (REO), uranium and zinc resources now in the 'indicated' category. The new resource statement contains **4.79 Mt REO, 0.9 Mt zinc and 283 Mlbs U₃O₈**. Significantly, Kvanefjeld represents just a small region within the Company's exploration license that covers the highly-prospective northern portion of the Ilimaussaq Intrusive Complex (Table. 1).

Table 1 - Kvanefjeld Multi-Element Resource Statement, June, 2009

At U ₃ O ₈ % Cut-off grades ¹	Tonnes (million)	U ₃ O ₈ % ²	U ₃ O ₈ lb/t	TREO% ³	Zn%	Resource category
0.015	365	0.028	0.62	1.06	0.22	Indicated
	92	0.027	0.59	1.12	0.22	Inferred
	457	0.028	0.62	1.07	0.22	TOTAL
0.020	276	0.032	0.70	1.13	0.23	Indicated
	63	0.031	0.69	1.21	0.24	Inferred
	339	0.032	0.70	1.14	0.23	TOTAL
0.025	207	0.035	0.77	1.20	0.23	Indicated
	43	0.036	0.78	1.31	0.25	Inferred
	250	0.035	0.77	1.22	0.24	TOTAL

1. There is greater coverage of assays for uranium than other elements owing to historic spectral assays. U₃O₈ has therefore been used to define the cut-off grades to maximise the confidence in the resource calculations.
 2. Additional decimal places do not imply an added level of precision.
 3. Total Rare Earth Oxide (TREO) refers to the rare earth elements in the Lanthanide series plus yttrium.
- Note: Figures quoted may not sum due to rounding.

Update on Geological Framework and Resource Potential

In the geological world alkaline magmatism is known to be associated with some of the world's most prolific mineral deposits. Alkaline intrusions host a variety of mineral deposit types that include phosphate deposits, specialty metal deposits inclusive of REEs, niobium, tantalum, and titanium, and some alkaline complexes are also associated with prolific copper and gold deposits.

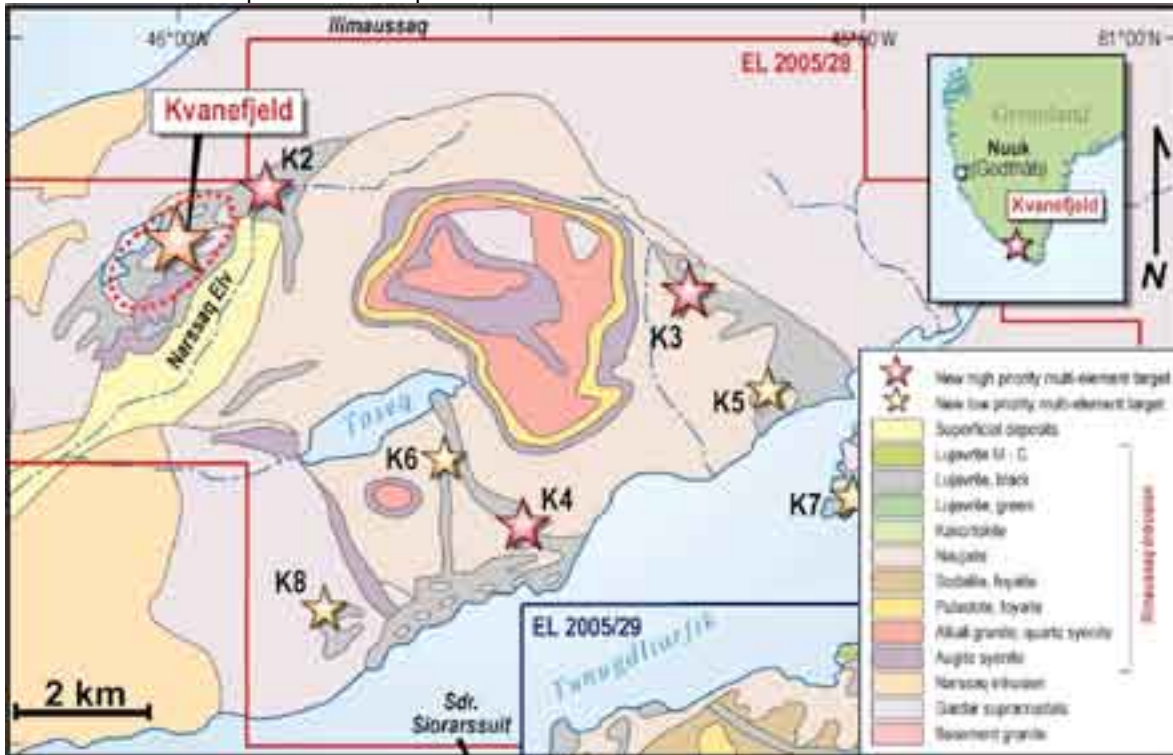
The Ilimaussaq Intrusive Complex is the world's type-example of a particularly unusual group of alkaline rocks that are referred to as agpaite¹ nepheline² syenites³. Similar alkaline igneous complexes include the Khibina Complex in Sweden that hosts the world's largest apatite deposits (phosphate ores), and the Lovozero Complex in Russia (Kola Peninsula) that hosts vast loparite deposits that are rich in niobium and titanium. The Ilimaussaq Complex is unique, in that it comprises almost purely agpaite rocks. For these reasons, it has been the subject of extensive studies by scientists worldwide. Henning Sørensen, one of the world's most highly regarded geoscientists, devoted a significant portion of his career to understanding the Ilimaussaq Complex and its economic significance. In a paper published in 1992 Sørensen theorised that agpaite rocks could contain vast resources of rare elements that could be exploited in a multi-element capacity. As the work programs of the Company progress, the results are encouraging and indicate that Sørensen's theory may be correct.

¹ The term agpaite is applied to nepheline syenites that contain unusual minerals such as eudialyte and rinkite, rather than the common zirconium- and titanium-bearing minerals such as zircon, titanite and ilmenite. Agpaite rocks are enriched in rare elements such as REEs, niobium, titanium, yttrium, tantalum, uranium, beryllium and fluorine.

² Nepheline, also called nephelinite is a feldspathoid: a silica-undersaturated aluminosilicate, Na₄KAlSi₃O₁₀, that occurs in intrusive and volcanic rocks with low silica.

³ Syenite is a coarse-grained intrusive igneous rock which is relatively depleted in silica, and enriched in the alkali elements sodium and potassium. Igneous rocks are those that formed by the crystallisation of magmas.

Figure 1. Schematic geological map of the northern Ilimaussaq Intrusive Complex (after Anderson, 1964). Black lujavrite is host to REE, uranium, zinc and sodium fluoride mineralisation. A JORC-compliant 457Mt resource has been defined at Kvanefjeld (highlighted by stippled red line). Targets K2 to K8 were defined on the basis of radiometric surveys, and geological mapping. Black lujavrite underlies naujaite through much of the northern part of the complex.



Ongoing geological studies by the Company have built on the existing knowledge base to improve the understanding of ore-genesis within the Ilimaussaq Intrusive Complex. The northern half of the complex preserves the uppermost levels, which are the most prospective areas for bulk-tonnage, multi-element resources. The southern half of the complex is more deeply eroded, exposing basal units referred to as *kakortokites* that contain the zirconium-rich mineral eudialyte. Black lujavrite, the dominant host to REEs, uranium, zinc and sodium fluoride mineralisation at Kvanefjeld, is now known to be widespread through the northern part of the complex. Whilst black lujavrites are mineralised throughout, the grades of REEs, uranium and zinc are highest in the uppermost portions of the black lujavrite where they have been concentrated by magmatic processes. The Company is working to identify broad domal upwellings of black lujavrite where new bulk-tonnage ore zones are likely to occur. As the geological understanding improves, the Company is increasingly confident of the immense resource potential of Ilimaussaq Complex. In this sense, Kvanefjeld can be considered as the first multi-element resource defined within the broader *Ilimaussaq ore field*.

Update on the Pre-Feasibility Study

Following the two highly successful exploration campaigns and rapid resource growth, the Company launched a pre-feasibility study on the Kvanefjeld multi-element project in late 2008. The study is scheduled for completion in late 2009. The recently upgraded resource statement confirms the world class potential of Kvanefjeld, and emphasises the importance of the pre-feasibility process to the evolution of the project. Given the unique nature of the geology and the multi-element ores, it is a critical milestone for the Company to develop a process route that can extract the elements of interest in an economically viable manner.

The mining study component is being conducted by Coffey Mining Pty Ltd and covers the mine design and ore scheduling, geotechnical issues, hydrogeology and tailings management.

The engineering study component is being conducted by GRD Minproc and includes the process design, engineering design and capital and operating costs of a milling and processing plant including a rare earth refinery and uranium recovery plant. Environmental studies are also underway with Coffey Natural Systems preparing a strategy for the Environmental and Social Impact Assessment. Orbicon, a Danish based environmental sciences group, is undertaking field the work and base-line monitoring.

Previous work by the Danish Atomic Energy Agency (RISO) identified a viable way to extract uranium. However, given the emerging economic and strategic significance of specialty metals, such as rare earths, the Company is taking a multi-element approach with other process routes being evaluated to maximise specialty metal recoveries and the economic viability of the project.

During the year, metallurgical testwork continued, and the work programs were implemented in Greenland to generate data pertinent to the feasibility process. ANSTO (Australian Nuclear Services and Technology Organisation) have commenced work on process development specifically for REE metallurgical behaviour and recovery. The results of ANSTO's current work program will feed into the broader process development and plant design that is being conducted by GRD Minproc.

Changes in State of Affairs

The following significant changes in the state of affairs of the Company occurred during the financial year.

- (i) Completion of the sale of the Company's Three Sisters project in Queensland. The sale was completed on the 19 December 2008 for the consideration of \$130,000 in cash proceeds and 1,200,000 shares in Riviera Minerals Limited (the purchaser).

Other than the above, there was no significant change in the state of affairs of the consolidated group.

Financial Position

The net assets of the consolidated group were \$48,109,043 at year end. The consolidated group was in a strong financial position at the end of the financial year with sufficient financial resources to undertake its objectives. The consolidated group's objective is to locate new mineral discoveries that significantly upgrade the value of its projects and consider other opportunities in Greenland's resources sector.

The board adopted AASB-2 Share Based Payments on the accounting of the acquisition of Chahood Capital Limited and the joint venture interest in the Kvanefjeld project, for the financial year ended 30 June 2008. The transactions were previously recorded pursuant to AASB-3 Business Combinations. The required adjustments are summarised in Note 21 of the financial statements for the year ended 30 June 2009. The adjustments have no impact on cash flow.

Information on Directors

Michael Hutchinson	- Non-Executive Chairman
Appointed	- 25 November 2008
Special responsibilities	- Member of the Remuneration Committee (Chairman) Member of the Audit Committee
Qualifications	- BSc

Director's Report

Michael Hutchinson (cont)

Experience

- Mr Hutchinson has more than 30 years experience in non-ferrous metal trading. He is a long standing Director of LME Holdings Limited and The London Metal Exchange Limited, the world's largest market in options and futures contracts on base and other metals.
He is currently non-Executive Chairman of RBS Sempra Metals Limited ('RBS Sempra'), having previously served as its Chairman and Chief Executive Officer. RBS Sempra is the successor company of Metallgesellschaft Limited, which became MG plc and floated on the London Stock Exchange in September 1999. Mr Hutchinson is also Chairman of Wogen plc a trader of off exchange metals that sources metals worldwide for industrial end users.

Interest in shares & options

- 4,000,000 unlisted options

Directorships held in other listed entities

- Non-executive Chairman of;
RBS Sempra Metals Limited – since January 2005
Wogen plc – since July 2008
Non-executive Director of;
LME Holdings Limited – since April 2005
Mecom Group plc – since May 2009

Roderick Claude McIlree

Appointed

- Managing Director
- 23 March 2007

Special responsibilities

- Member of the Remuneration Committee

Qualifications

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

Experience

- Mr McIlree graduated from Curtin University of Technology in 1996 with a Bachelor of Science degree (Mineral Exploration and Mining Geology) and commenced a career in the mining industry where he worked for major mining companies both domestically and internationally, gaining experience in mineral exploration and in all facets of mining.
Mr McIlree moved to the finance sector in 2000 and worked as an analyst and advisor for broking houses active in capital markets. Mr McIlree has experience in international capital raisings having initiated several successful mining companies with assets both domestically and overseas. He was instrumental in sourcing the Kvanefjeld Project for the Company.

Interest in shares & options

- 3,361,095 Ordinary Shares of Greenland Minerals and Energy Limited, 2,522,000 listed options and 6,600,000 unlisted unvested options.

Directorships held in other listed entities

- Executive director of;
Convergent Minerals Limited – since July 2006

Simon Kenneth Cato

Appointed

- Executive Director
- 21 February 2006

Qualifications

- B.A.

Experience

- Mr Cato has had over 25 years capital markets experience in broking, regulatory roles and as director of listed companies. He initially was employed by the ASX in Sydney and in Perth.
During the last 19 years he has been an executive director and/or responsible executive of 3 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 has also been involved in the underwriting of a number of initial public offers and has been through the process of an initial public offer listing in a dual role of broker and director. Currently he holds a number of executive and non executive roles with listed companies in Australia.

Interest in shares & options

- 920,100 Ordinary Shares in Greenland Minerals and Energy Limited, 800,100 options and 6,600,000 unvested unlisted options.

Simon Cato (cont)

Directorships held in other listed-entities
 Current Chairman of;
 Convergent Minerals Limited - since July 2006.
 Advanced Share Registry Limited - since August 2007.
 Director of:
 Bentley International Limited – since February 2004
 Queste Communications Limited – since February 2008
 Former directorships in other-listed entities in the last 3 years
 Sofcom Limited – January 2004 to March 2008
 Scarborough Equities Limited – November 2004 to March 2009

Anthony Ho

Appointed
 Special responsibilities
 - Non-Executive Director
 - 9 August 2007
 - Member of the Audit Committee (Chairman)
 Member of the Remuneration Committee

Qualifications
 Experience
 - B.Comm, CA, FAICD, FCIS
 - Mr Ho is an experienced Company director having held executive directorship and chief financial officer roles with a number of publicly listed companies. Mr Ho 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.
 Prior to joining commerce, Mr Ho was a partner of Cox Johnston & Co, Chartered Accountants, which has since merged with Ernst & Young.
 Mr Ho holds a Bachelor of Commerce degree from the University of New South Wales and is a member of the Institute of Chartered Accountants in Australia and a fellow of both the Chartered Institute of Company Secretaries Australia and the Australian Institute of Company Directors.

Interest in shares & options
 Directorships held in other listed-entities
 - 250,000 Ordinary Shares of Greenland Minerals and Energy Limited.
 Non-executive Chairman;
 Esperance Minerals NL – since July 2008; member of Audit Committee
 Director of;
 Dolomatrix International Limited – since April 2007; Chairman of Audit Committee.
 Apollo Minerals Limited – since July 2009; Chairman of Audit Committee.

Former directorships in other-listed entities in the last 3 years
 - Brazin limited – September 1997 to January 2007

Malcolm Geoffrey Mason

Appointed
 Special responsibilities
 Qualifications
 - Non-Executive Director
 - 9 August 2007
 - Member of the Audit Committee
 - B.Sc. (Hons), MAus IMM

Director's Report

Malcolm Mason (cont)

Experience

- Mr Mason has had more than 40 years experience in the Australian and international exploration and mining industries. His experience covers gold, base metals and non-metallic minerals. Since 1995 he has specialised in uranium. As a principal he has investigated many known deposits in Australia and overseas. His depth of experience extends from acquiring projects and prospects through application or negotiation to mounting intensive and extensive exploration into evaluation programmes and completing feasibility studies. In 1996, Mr Mason formed Acclaim Uranium NL, which successfully listed on the ASX. As Managing Director he implemented his "uranium only" strategy and acquired an extensive portfolio of Australian uranium projects. Among the projects were Millipede/Abercromby, Nowthanna and Lake Maitland calcrete deposits. In 1998, Mr Mason helped identify the Langer Heinrich deposit for Acclaim Uranium NL which then drilled and completed a feasibility study. In early 2005 he joined Redport Limited as Strategic Adviser, assisted the Company to acquire the Lake Maitland uranium deposit, and was involved in its exploration and evaluation.

Interest in shares & options

- 610,000 Ordinary Shares of Greenland Minerals and Energy Limited, 180,000 options and 3,500,000 unvested options.

Directorships held in other listed entities

- Nil

Hans Kristian Vinding

Schönwandt

Appointed

- Non-Executive Director
- 9 August 2007

Qualifications

- PhD (Economic Geology)

Experience

- Dr Schönwandt has been involved in mineral exploration and geological mapping in Greenland since 1963. He has contributed to the mining society's attention to Greenland's mineral potential through numerous international publications and presentations at mining conferences.

Interest in shares & options

- 1,500,000 Ordinary Shares of Greenland Minerals and Energy Limited and 1,000,000 listed options

Directorships held in other listed entities

- Director of;
London Mining plc – since January 2006

Directorships held in other listed entities

- Nil

Simon Alexander Stafford

Michael

Appointed

- Non-Executive Director
- 9 August 2007 – resigned 13 November 2008

Qualifications

- LLB (Hons)

Experience

- Mr Stafford-Michael practised as a barrister in the United Kingdom from 1982 to 2005. He developed a commercial practice, with particular emphasis on financial services, banking, tax, corporate and commercial and insurance and reinsurance.

Mr Stafford-Michael had a substantial advisory practice in the United Kingdom concerning regulation and compliance issues arising under the Banking, Financial Services and Insurance (Companies) Acts and the rules and regulations of the securities markets; compliance with the Money Laundering Regulations; the conduct of fraud and money laundering investigations; and the duties and liabilities of Company directors and their professional advisers under the Companies and Insolvency Acts.

His corporate clients included a substantial number of major oil and mining corporations, particularly in connection with insurance claims predicated on environmental risks.

Simon Stafford Michael (cont)

Interest in shares & options - 1,000,000 Ordinary Shares of Greenland Minerals and Energy Limited.
 Directorships held in other entities - Nil

Jeremy Sean Whybrow

Appointed - Exploration Director
 - 21 February 2006
 Qualifications - B.Sc. (Mineral Exploration and Mining Geology), G.Cert(Minerals Economics), M.Aus.I.M.M
 Experience - Mr Whybrow has had over 12 years experience in the mining industry both domestically and internationally.
 Mr Whybrow 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.
 Previously, Mr Whybrow has worked internationally in China, Africa and the Philippines as well as numerous localities in Australia.
 Interest in shares & options - 900,100 Ordinary Shares of Greenland Minerals and Energy Limited, 710,100 listed options and 6,600,000 unvested unlisted options.
 Directorships held in other listed entities - Director of:
 Convergent Minerals Limited. – since July 2006

Remuneration Report – Audited

This report details the nature and amount of remuneration for each director of Greenland Minerals and Energy Limited and senior management receiving the highest remuneration.

Director and senior management details

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

Roderick Claude McIlree, **Managing Director**
 Simon Kenneth Cato, **Executive Director**
 Jeremy Sean Whybrow, **Exploration Director**
 Michael Hutchinson, **Non-Executive Chairman** – appointed 25 November 2008
 Anthony Ho, **Non-Executive Director**
 Malcolm Geoffrey Mason, **Non-Executive Director**
 Simon Alexander Stafford Michael, **Non-Executive Director** – resigned 13 November 2008
 Hans Kristian Vinding Schønwandt, **Non-Executive Director (non-executive chairman to 25 November 2008)**

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

Bruce Richard Acutt, **Company Secretary**
 John Mair, **General Manager** – appointed 1 July 2008
 Shaun Bunn, **Project Manager** – appointed 30 July 2008

Director's Report

Remuneration report – audit (cont)

Remuneration Policy

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

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

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

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

All remuneration paid to directors and senior management is valued at the cost to the Company and expensed. Shares issued to directors and senior management at market price of those shares. Options are valued using the Black-Scholes methodology.

The board policy is to remunerate non-executive directors with a base fee and, for special exertion, at market rates for time, commitment and responsibilities. The board as a whole, fulfilling the role of the remuneration committee determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. 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. Fees for non-executive directors are not linked to the performance of the Company. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company.

Details of Remuneration

The remuneration for the directors and senior management of the entity receiving the highest remuneration during the year was as follows:

	Short-term employee benefits		Share based payments		Post-employment	Total
	Salary	Fees	Shares	Options	Superannuation	
2009	\$	\$	\$	\$	\$	\$
Executive Directors						
Simon Kenneth Cato	75,000	40,000	-	-	10,350	125,350
Jeremy Sean Whybrow	160,000	50,000	-	-	18,900	228,900
Roderick Claude McIlree	162,000	50,000	-	-	20,700	232,700
Non-executive Directors						
Simon Alexander Stafford-Michael (i)	-	70,000	(1,228,334)	-	-	(1,158,334)
Anthony Ho	-	65,000	-	-	5,850	70,850
Hans Kristian Vinding Schønwandt (ii)	119,006	40,000	961,667	-	-	1,120,673
Malcolm Geoffrey Mason	150,375	40,000	-	784,885	-	975,260
Michael Hutchinson	-	37,453	-	629,800	-	667,253
Senior Management						
Bruce Acutt	-	22,000	-	-	-	22,000
John Mair	210,000	-	-	-	18,900	228,900
Shaun Bunn	299,026	-	-	190,893	-	489,919
Total	1,175,407	414,453	(266,667)	1,605,578	74,700	3,003,471

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Remuneration report – audit (cont)

	Short-term employee benefits		Share based payments		Post-employment	Total
	Salary	Fees	Shares	Options	Superannuation	
2008	\$	\$	\$	\$	\$	\$
Executive Directors						
Simon Kenneth Cato	64,052	40,000		8,420,171	7,650	8,531,873
Jeremy Sean Whybrow	197,600	-		8,420,171	9,450	8,627,221
Roderick Claude McIlree	199,990	-		8,420,171	10,350	8,630,511
Non-executive Directors						
Simon Alexander Stafford-Michael	-	33,980	3,600,834	-	-	3,634,814
Anthony Ho	-	40,678	-	-	3,661	44,339
Hans Kristian Vinding Schønwandt	171,500	40,000	3,600,834	-	-	3,812,334
Malcolm Geoffrey Mason	157,527	40,000		3,122,465	-	3,319,992
Senior Management						
Bruce Acutt	-	26,000	-	-	-	26,000
Total	790,669	220,658	7,201,668	28,382,978	31,111	36,627,084

- (i) Simon Stafford-Michael resigned as a Director effective 13 November 2008. The reversal of share based payments of \$1,228,334 represents the amount recognised as remuneration in the prior year for shares which had not vested as at the date of resignation and were therefore forfeited.
- (ii) During the current financial year Mr Hans Kristian Schønwandt was issued 500,000 shares and granted 1,500,000 options (vesting immediately) as approved at a shareholders' meeting held on 25 November 2008. The purpose of the issue of the shares and options was for consideration for the cancellation of all share milestones under a director service agreement entered into in the prior year that could have potentially lead to the issue of up to 2,000,000 shares to Mr Schønwandt subject to vesting conditions. At the date of alteration, Mr Hans Kristian Schønwandt was entitled to 500,000 shares for each 12 months service (up to 1,500,000 shares) and 1,000,000 shares if the market capitalisation of the Company reached \$150 million and 1,000,000 shares if the market capitalisation of the Company reached \$200 million. The total maximum number of shares that could have been issued under the arrangement was 3,000,000. The cancellation has been accounted for as an acceleration of the vesting conditions with an amount of \$962 thousand recognised in the current financial year. This amount represents the total remaining fair value (including current year vesting expense) as determined at the original grant date. The market price of ordinary shares of the Company on the date of alteration was \$0.27 and the market price of listed options was \$0.15. The fair value of the original share based payment arrangement immediately before alteration was \$837,500. The total fair value of the replacement share based payment arrangement was \$295,000. In accordance with AASB 2 – Share Based Payments, no additional amount has been brought to account for the replacement shares and options as it has been determined that the fair value of these shares and options is less than the net fair value of the cancelled equity instrument as determined at the date of cancellation.

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

Key terms of employment contracts

Michael Hutchinson, Non Executive Chairman

- Director fee excluding superannuation for the year ended 30 June 2009 of £50,000
- 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.

Director's Report

Remuneration report – audit (cont)

Roderick McIlree, *Managing Director*

- Term and type of contract – service agreement subject to annual review.
- Base salary of \$162,000 per annum paid monthly in arrears.
- Entitled to receive a separate director's fee of \$50,000 per annum.
- Superannuation at 9% is payable on the base salary and directors fee.
- Entitled to be reimbursed for all out of pocket expenses necessarily incurred in the performance of their duties including relating to travel, entertainment, accommodation, meals and telephone.
- Either the Company or the director may terminate their engagement without cause by giving the other party three months written notice.
- Remuneration will be reviewed every 12 months or as otherwise agreed between the parties.

Jeremy Whybrow, *Exploration Director*

- Term and type of contract – service agreement subject to annual review.
- Base salary of \$150,000 per annum paid monthly in arrears.
- Entitled to receive a separate director's fee of \$50,000 per annum.
- Superannuation at 9% is payable on the base salary and directors 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.
- Either the Company or the director may terminate their engagement without cause by giving the other party three months written notice.
- Remuneration will be reviewed every 12 months or as otherwise agreed between the parties.

Simon Cato, *Executive Director*

- Term and type of contract – service agreement limited to a maximum of 80 hours per month subject to annual review.
- Base salary of \$80,000 per annum paid monthly in arrears.
- Entitled to receive a separate director's fee of \$40,000 per annum.
- Superannuation at 9% is payable on the base salary and directors 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.
- Either the Company or the director may terminate their engagement without cause by giving the other party three months written notice.
- Remuneration will be reviewed every 12 months or as otherwise agreed between the parties.

Anthony Ho, *Non-Executive Director*

- No fixed term.
- \$40,000 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.

Malcolm Mason, *Non-executive Director*

- No fixed term.
- \$40,000 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.

Hank Schønwandt, *Non-executive Director*

- No fixed term.
- \$40,000 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.
- The company issued 500,000 shares and 1,000,000 options with an exercise price of \$0.20 and an expiry date of 30 June 2011 in satisfaction of outstanding obligations regarding contract.

Remuneration report – audit (cont)

Simon Stafford-Michael, *Non Executive Director* – Resigned 13 November 2008

- Term of contract – service agreement for 3 years.
- Director fee excluding superannuation for the year ended 30 June 2008 of \$30,000.
- Entitled to a living allowance and a daily rate for performing and part of their services outside the country's residence of £600 per day.

John Mair, *General Manager*

- Term and type of contract – service agreement subject to annual review.
- Base salary of \$200,000 per annum paid monthly in arrears. Superannuation at 9% is payable on the base salary.
- Entitled to be reimbursed for all out of pocket expenses necessarily incurred in the performance of his duties including relating to travel, entertainment, accommodation, meals and telephone.
- Either the Company or the director may terminate his engagement without cause by giving the other party three months written notice.
- Remuneration will be reviewed every 12 months or as otherwise agreed between the parties.

Shaun Bunn, *Project Manager*

- Term of contract – consultancy service agreement with Shaun Bunn & Associates Pty Limited, engagement is for a minimum term of 36 months.
- The Company may only terminate the agreement, during the minimum term period term upon limited events akin to poor performance, misconduct or incapacity without cause giving Shaun Bunn & Associates Pty Limited 12 months notice
- Shaun Bunn & Associates Pty Limited will be paid fee of \$30,000 per month
- Shaun Bunn & Associates Pty Limited will be reimbursed for all out of pocket expenses necessarily incurred in the performance of the services including reasonable expenses relating to travel, entertainment, accommodation, meals and telephone.
- The Company has issued 750,000 incentive options with an exercise price of 10 cents and an expiry date of 30 June 2013. A second tranche of 750,000 options with an exercise price of 25 cents will be issued on commencement of a feasibility study in relation to the Kvanefjeld project.

Share based payments granted as compensation for the current financial year

The Company issued 500,000 shares valued at \$135 thousand, to Mr Hans Kristian Schønwandt which was approved at a shareholders' meeting held on 25 November 2008. The fair value of the shares issued is based on the trading price of the company's shares on the ASX, of \$0.27 on the grant date of 25 November 2008. The issue of these shares represents consideration for the cancellation of a previous equity instrument which was subject to vesting conditions.

There were no options exercised by directors or senior management during the financial year ended 30 June 2009. No options issued to directors or senior management lapsed during the year.

During the financial year, the following share-based payment arrangements were in existence

Options series	Grant date	Expiry date	Grant date fair value	Vesting date
3	31/07/07	30/06/2011	25,260,513	(i)
4	31/07/07	30/06/2011	3,827,350	(ii)
9	25/11/08	30/06/2011	240,000 (1)	25/11/08
10	25/11/08	30/06/2013	190,893	25/11/08
13	25/06/09	30/06/2011	371,200	25/06/09
14	25/06/09	30/06/2011	258,600	25/06/09

- (1) This amount includes \$160 thousand representing the fair value of options granted to Mr Hans Kristian Schønwandt as a replacement equity instrument upon cancellation of equity instruments previously granted under a director service agreement. The fair value of the replacement equity instrument has not been brought to account or included in Mr Schønwandt's remuneration for the year as it has been determined that the fair value is less than the net fair value of the original cancelled equity instrument as determined at the date of cancellation.

Director's Report

Remuneration report – audit (cont)

(i) The following vesting conditions are attached to the options issued.

Tranche	Number of options	Vesting hurdle
1	2,200,000	The volume weighted average share price on the ASX of the company's fully paid shares is 50 cents or more for 20 consecutive trading days
2	2,200,000	The volume weighted average share price on the ASX of the company's fully paid shares is \$1.00 or more for 20 consecutive trading days
3	2,200,000	The volume weighted average share price on the ASX of the company's fully paid shares is \$1.50 or more for 20 consecutive trading days

(ii) The following vesting conditions were attached to the options issued.

Tranche	Number of options	Vesting hurdle
1	2,000,000	Mr Mason continues to serve as a director of the company for 12 consecutive months and makes himself available to provide technical geological, services including field services to the company's Kvanefjeld project.
2	1,000,000	Mr Mason continues to serve as a director of the company for 18 consecutive months and makes himself available to provide technical geological, services including field services to the company's Kvanefjeld project.

The following grants of share-based payment compensation to directors and senior management relate to the current financial year:

Name	Option series	During the financial year				% of compensation for the year consisting of options
		No. granted	No. vested	% of grant vested	% of grant forfeited	
H. Schønwandt	9	1,000,000	1,000,000	100	-	-(1)
M. Mason	9	500,000	500,000	100	-	80.5%
S. Bunn	10	750,000	750,000	100	-	38.9%
M. Hutchinson	13&14	4,000,000	4,000,000	100	-	94.4%

- (1) The value of the options granted to H. Schønwandt have not been brought to account as they represent a replacement equity instrument for a share based payment previously granted in prior year. It has been determined that the fair value of the replacement equity instrument is less than the net fair value of the cancelled equity instrument as determined at the date of cancellation.

The following table summarises the value of options granted, exercised or lapsed during the current year to directors and senior management:

Name	Value of options at grant date (i) \$	Value of options exercised at the exercise date \$	Value of options lapsed at the date of lapse (ii) \$
M Mason	80,000	-	-
H Schønwandt	160,000	-	-
S Bunn	190,893	-	-
M Hutchinson	629,800	-	-

- (i) The value of options granted during the period is recognised in compensation over the vesting period of the grant, in accordance with Australian accounting standards.
- (ii) The value of options lapsing during the period due to the failure to satisfy a vesting condition is determined assuming the vesting condition had been satisfied.

Remuneration report – audit (cont)

Company 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 individual or all of senior management. Any issue of options will be based on the performance of the Company and or individual and will be based on the achievement of clearly defined bench marks and milestones. These bench marks and milestones include:

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

The Company notes that all directors are shareholders at present and the Company has no present intention to issue further incentive shares or options to directors. There is no Board policy in relation to limiting the recipient exposure to risk in relation to options issued to any individual.

The following table shows the gross revenue and profits for the period from incorporation date 26 February 2006 to 30 June 2009 for the listed entity, as well as the share price at the end of each financial year.

Remuneration Report	2009	2008	2007	2006
Revenue	\$1,279,120	\$1,334,337	\$228,241	\$21,272
Net loss before and after tax	\$(4,008,712)	\$(202,767,366)	\$(199,700)	\$(324)
Share price at beginning of year	\$0.66	\$1.75	\$0.26	-
Share price at end of year	\$0.36	\$0.66	\$1.75	\$0.26
Dividend	-	-	-	-
Basic loss per share	\$0.02	\$1.25	\$0.62	\$0.00
Diluted loss per share	\$0.02	\$1.25	\$0.62	\$0.00

Meetings of Directors

During the financial year, 7 meetings of directors were held. Attendances by each director during the year were as follows:

Director	Directors Meetings	
	Number of meetings eligible to attend	Number attended
M Hutchinson	2	1
R McIlree	7	7
S K Cato	7	7
A Ho	7	7
M G Mason	7	7
S A S Michael	2	2
H K V Schönwandt	7	7
J S Whybrow	7	6

Audit Committee

The audit committee was formed at the Directors' Board Meeting on the 22 April 2009. The audit committee members are Anthony Ho (Chairman), Michael Hutchinson and Malcolm Mason. The audit committee is to meet at least twice a year and must have a quorum of two members. There was 1 audit committee meeting held between the date of formation and the end of the financial year, as follows:

Member	Audit Committee Meetings	
	Number of meetings eligible to attend	Number Attended
A Ho	1	1
M G Mason	1	1
M Hutchinson	1	-

Director's Report

Indemnifying Officers

During or since the end of the financial year 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 Company, other than conduct involving a willful breach of duty in relation to the Company.

Proceedings on Behalf of Company

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

The Company was not a party to any such proceedings during the year.

Non-audit Services

There were no non-audit services provided to the Company, by the auditor, during the financial year ended 30 June 2009.

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2009 has been received and is included on page 23 the financial report.

Rounding off of amounts

The company is a company 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.

The Board of Directors
Greenland Minerals and Energy Limited
Level 1
33 Colin Street
West Perth WA 6000

30 September 2009

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 30 June 2009, 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



Leanne Karamfiles
Partner
Chartered Accountants

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

Report on the Financial Report

We have audited the accompanying financial report of Greenland Minerals and Energy Limited, which comprises the balance sheet as at 30 June 2009, and the income statement, cash flow statement and statement of changes in equity for the year ended on that date, a summary of significant accounting policies, other explanatory notes 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 26 to 66.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies 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. These Auditing 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 and fair presentation of the financial report 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*.

Auditor's 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 company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

Report on the Remuneration Report

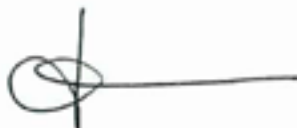
We have audited the Remuneration Report included in pages 15 to 21 of the directors' report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Greenland Minerals and Energy Limited for the year ended 30 June 2009, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Leanne Karamfiles
Partner
Chartered Accountants
Perth, 30 September 2009

Director's Report

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 Company and the consolidated entity; and
- (c) 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



Simon Cato

Director

30 September 2009

Income Statement

for the year ended 30 June 2009

	Note	Consolidated		Company	
		2009 \$' 000	2008 \$' 000	2009 \$' 000	2008 \$' 000
Revenue	5	1,279	1,334	1,279	1,334
Expenditure					
Directors' fees and salary expense		(602)	(374)	(602)	(374)
Share based payments – directors		(981)	(31,303)	(981)	(31,303)
Share based payments – other		-	(170,304)	-	(170,304)
Occupancy expenses		(271)	(67)	(271)	(67)
Other expenses		(3,440)	(2,061)	(3,424)	(2,040)
Loss before tax	6	(4,015)	(202,775)	(3,999)	(202,754)
Income tax expense	7	-	-	-	-
Loss for the year		(4,015)	(202,775)	(3,999)	(202,754)
Attributable to:					
Equity holders of the parent		(4,009)	(202,767)	(3,999)	(202,754)
Minority interest		(6)	(8)	-	-
		(4,015)	(202,775)	(3,999)	(202,754)
Loss per share	20				
Basic loss per share – cents per share		2.00	125.00		
Diluted loss per share – cents per share		2.00	125.00		

Notes to the financial statements are included on pages 32 to 66

Balance Sheet as at 30 June 2008

	Note	Consolidated		Company	
		2009 \$' 000	2008 \$' 000	2009 \$' 000	2008 \$' 000
Current Assets					
Cash and cash equivalents	8	14,039	21,637	13,585	21,631
Trade and other receivables	9	1,281	1,561	1,281	1,469
Other assets	10	1,066	28	1,066	28
Total Current Assets		16,386	23,226	15,932	23,128
Non-Current Assets					
Trade and other receivables	9	-	-	5,207	4,838
Financial assets	11	98	-	4,410	4,311
Property, plant and equipment	12	506	405	506	405
Capitalised exploration and evaluation expenditure	13	33,694	22,355	24,611	13,273
Total Non-Current Assets		34,298	22,760	34,734	22,827
Total Assets		50,684	45,986	50,666	45,955
Current Liabilities					
Trade and Other Payables	14	2,538	259	2,531	249
Provisions	15	37	-	37	-
Total Current Liabilities		2,575	259	2,568	249
Total Liabilities		2,575	259	2,568	249
Net Assets		48,109	45,727	48,098	45,706
Equity					
Issued Capital	16	98,519	93,666	98,519	93,666
Reserves	17	156,538	154,994	156,532	154,994
Accumulated Losses	19	(206,976)	(202,967)	(206,953)	(202,954)
Equity attributable to equity holders of the parent		48,081	45,693	48,098	45,706
Minority Interest		28	34	-	-
Total Equity		48,109	45,727	48,098	45,706

Notes to the financial statements are included on pages 32 to 66

Statement of Changes in Equity for the financial year ended 30 June 2008

Consolidated

	Fully Paid Ordinary Share \$' 000	Option reserve \$' 000	Foreign currency translation reserve \$' 000	Accumulated losses \$' 000	Attributable to equity holders of the parent \$' 000	Minority interest \$' 000	Total \$' 000
Balance at 1 July 2007	5,238	141	-	(200)	5,179	-	5,179
Net loss for the period (recognised income and expenses) (i)	-	-	-	(202,767)	(202,767)	(8)	(202,775)
Contributions of equity net of transaction costs	35,044	-	-	-	35,044	-	35,044
Issue of shares upon exercise of options	514	-	-	-	514	-	514
Issue of shares for acquisition of assets	6,150	-	-	-	6,150	-	6,150
Recognition of share based payments (ii)	46,720	154,853	-	-	201,573	-	201,573
Minority interest arising from acquisition	-	-	-	-	-	42	42
Balance at 1 July 2008	93,666	154,994	-	(202,967)	45,693	34	45,727
Net loss for the period (recognised income and expenses)	-	-	-	(4,009)	(4,009)	(6)	(4,015)
Contributions of equity net of transaction costs	4,718	-	-	-	4,718	-	4,718
Exchange differences arising on translation of foreign operations	-	-	6	-	6	-	6
Recognition of share based payments	135	1,538	-	-	1,673	-	1,673
Balance at 30 June 2009	98,519	156,532	6	(206,976)	48,081	28	48,109

(i) Net loss for the year ended 30 June 2008 has been restated as a result of a prior period adjustment. The net loss for the year was increased by \$164,421 thousand. Refer to Note 21 for details of prior period adjustment.

(ii) Recognition of share based payments for the year ended 30 June 2008 has been restated as a result of a prior period adjustment. The movement in the Option Reserve for the year was increased by \$120,300 thousand and the movement in Issued Capital decreased by \$21,230 thousand. Refer to Note 21 for details of prior period adjustment.

Notes to the financial statements are included on pages 32 to 66

Statement of Changes in Equity for the financial year ended 30 June 2008 (continued)

Company

	Fully Paid Ordinary Shares \$' 000	Option reserve \$' 000	Accumulated losses \$' 000	Total \$' 000
Balance at 1 July 2007	5,238	141	(200)	5,179
Net loss for the period (recognised income and expenses) (i)	-	-	(202,754)	(202,754)
Contributions of equity net of transaction costs	35,044	-	-	35,044
Issue of shares upon exercise of options	514	-	-	514
Issue of shares for acquisition of assets	6,150	-	-	6,150
Recognition of share based payments (ii)	46,720	154,853	-	201,573
Balance at 1 July 2008	93,666	154,994	(202,954)	45,706
Net loss for the period (recognised income and expenses)	-	-	(3,999)	(3,999)
Contributions of equity net of transaction costs	4,718	-	-	4,718
Recognition of share based payments	135	1,538	-	1,673
Balance at 30 June 2009	98,519	156,532	(206,953)	48,098

- (i) Net loss for the year ended 30 June 2008 has been restated as a result of a prior period adjustment. The net loss for the year was increased by \$164,421 thousand. Refer to Note 21 for details of prior period adjustment.
- (ii) Recognition of share based payments for the year ended 30 June 2008 has been restated as a result of a prior period adjustment. The movement in the Option Reserve for the year was increased by \$120,300 thousand and the movement in Issued Capital decreased by \$21,230 thousand. Refer to Note 21 for details of prior period adjustment.

Notes to the financial statements are included on pages 32 to 66

Cash Flow Statement

for the financial year ended 30 June 2008

	Note	Consolidated		Company	
		2009 \$' 000	2008 \$' 000	2009 \$' 000	2008 \$' 000
Cash flows from operating activities					
Receipts from customers		83	15	83	15
Payments to suppliers and employees		(3,032)	(2,331)	(3,112)	(2,331)
GST paid and refundable		(60)	-	(60)	-
Net cash used in operating activities	27	(3,009)	(2,316)	(3,089)	(2,316)
Cash flows from investing activities					
Interest received		1,337	1,023	1,337	1,023
Interest paid		(5)	-	(5)	-
Proceeds from loan establishment fees		100	-	100	-
Proceeds from repayment of advances made to other parties		51	-	51	-
Payments for property, plant and equipment		(191)	(367)	(191)	(367)
Payments for exploration and evaluation		(10,726)	(11,553)	(10,726)	(11,553)
Payments for acquisition of subsidiary	26	-	(3,000)	-	(1,000)
Payments for set up of subsidiaries		-	(24)	-	(24)
Proceeds from sale of tenements		130	-	130	-
Application funds for equity securities held in trust		(725)	-	(725)	-
Net cash used in investing activities		(10,029)	(13,921)	(10,029)	(11,921)
Cash flows from financing activities					
Proceeds from issue of equity securities		5,000	38,922	5,000	38,922
Payments for issue costs		(282)	(3,364)	(282)	(3,364)
Loans to related parties		(3)	(101)	(371)	(2,101)
Loans from related parties		-	6	-	-
Proceeds from application funds for equity securities		725	-	725	-
Net cash from financing activities		5,440	35,463	5,072	33,457
Net (decrease)/increase in cash and equivalents					
Cash and equivalents at the beginning of the financial year		(7,598)	19,226	(8,046)	19,220
Cash and equivalents at the beginning of the financial year		21,637	2,411	21,631	2,411
Cash and equivalents at the beginning of the financial year	8	14,039	21,637	13,585	21,631

Notes to the financial statements are included on pages 32 to 61

Notes to the Financial Statements

For the year ended 30 June 2009

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 a head office in Perth.

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

Registered office

33 Colin Street West Perth, WA

Principal place of business

33 Colin Street West Perth, WA

The entity'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 separate financial statements of the company and the consolidated financial statements of the Group.

Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with A-IFRS ensures that the financial statements and notes of the company and the Group comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the directors on 30 September 2009.

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 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 year, the Group has adopted no new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period.

2. Significant accounting policies (cont'd)

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 controlled by the Company (its subsidiaries) (referred to as 'the Group' in these financial statements). 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 income statement from the effective date of acquisition or 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 Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. In the separate financial statements of the Company, intra-group transactions ('common control transactions') are generally accounted for by reference to the existing (consolidated) book value of the items. Where the transaction value of common control transactions differ from their consolidated book value, the difference is recognised as a contribution by or distribution to equity participants by the transacting entities.

Minority interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

(b) Joint venture arrangements

Jointly controlled operations

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

(c) Foreign currency

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

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

Notes to the Financial Statements

For the year ended 30 June 2009

2. Significant accounting policies (cont'd)

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

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

On consolidation, the assets and liabilities of the 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 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 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 Group's accounting policy.

(f) Share-based payments

Equity-settled share-based payments with employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. Fair value is measured by use of a Black Scholes. 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 has been determined can be found in note 28.

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 Group's estimate of equity instruments that will eventually vest.

At each reporting date, the 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.

2. Significant accounting policies (cont'd)

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 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 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/Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the income statement, 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.

Notes to the Financial Statements

For the year ended 30 June 2009

2. Significant accounting policies (cont'd)

(i) Financial assets

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment 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.

Subsequent to initial recognition, investments in subsidiaries are measured at cost in the company financial statements.

Other financial assets are classified into the following specified categories: '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'.

Available-for-sale financial assets

Certain shares held by the Group are classified as being available-for-sale and are stated at fair value. Fair value is determined in the manner described in note 11. Gains and losses arising from changes in fair value are recognised directly in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is included in profit or loss for the period.

Dividends on available-for-sale equity instruments are recognised in profit and loss when the Group's right to receive the dividends is established.

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 balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted.

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

The carrying amount of financial assets including uncollectible trade receivables is reduced by the impairment loss through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

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

2. Significant accounting policies (cont'd)

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 Group derecognises 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 Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the 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

(k) **Leased assets**

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

Group as lessor

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

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

(l) **Employee benefits**

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

Liabilities recognised in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Notes to the Financial Statements

For the year ended 30 June 2009

2. Significant accounting policies (cont'd)

Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

(m) Financial instruments issued by the company

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 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 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 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.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

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, unless the relevant asset is carried at re-valued amount, in which case the impairment loss is treated as a revaluation decrease.

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, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

2: Significant accounting policies (cont'd)

(o) Capitalisation of exploration and evaluation expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off to the income statement in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest will be amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration at the current stage are expensed as they are incurred. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining or petroleum permits.

(p) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the 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.

(q) Standards and Interpretations issued not yet effective

At the date of authorisation of the financial report, the Standards and Interpretations listed below were in issue but not yet effective.

Initial application of the following Standards will not affect any of the amounts recognised in the financial report, but will change the disclosures presently made in relation to the Group and the Company's financial report:

Standard	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
<ul style="list-style-type: none"> AASB 101 'Presentation of Financial Statements' (revised September 2007), AASB 2007-8 'Amendments to Australian Accounting Standards arising from AASB 101', AASB 2007-10 'Further Amendments to Australian Accounting Standards arising from AASB 101' 	1 January 2009	30 June 2010

Notes to the Financial Statements

For the year ended 30 June 2009

2: Significant accounting policies (cont'd)

Standard	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
	1 January 2009	30 June 2010
<ul style="list-style-type: none"> AASB 8 'Operating Segments', AASB 2007-3 'Amendments to Australian Accounting Standards arising from AASB 8' 	1 January 2009 (and that ends on or after 30 April 2009)	30 June 2010
<ul style="list-style-type: none"> AASB 2009-2 'Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments' 		

Initial application of the following Standards/Interpretations is not expected to have any material impact on the financial report of the Group and the Company however the impact of the application is yet to be fully evaluated:

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
<ul style="list-style-type: none"> AASB 123 'Borrowing Costs' (revised), AASB 2007-6 'Amendments to Australian Accounting Standards arising from AASB 123' 	1 January 2009	30 June 2010
<ul style="list-style-type: none"> AASB 3 'Business Combinations' (revised), AASB 127 'Consolidated and Separate Financial Statements' (revised) and AASB 2008-3 'Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127' 	Business combinations occurring after the beginning of annual reporting periods beginning 1 July 2009	30 June 2010
<ul style="list-style-type: none"> AASB 2008-1 'Amendments to Australian Accounting Standard - Share-based Payments: Vesting Conditions and Cancellations' 	1 January 2009	30 June 2010
<ul style="list-style-type: none"> AASB 2008-2 'Amendments to Australian Accounting Standards - Puttable Financial Instruments and Obligations arising on Liquidation' 	1 January 2009	30 June 2010
<ul style="list-style-type: none"> AASB 2008-5 'Amendments to Australian Accounting Standards arising from the Annual Improvements Project' 	1 January 2009	30 June 2010
<ul style="list-style-type: none"> AASB 2008-6 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project' 	1 July 2009	30 June 2010
<ul style="list-style-type: none"> AASB 2008-7 'Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate' 	1 January 2009	30 June 2010

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 2008-8 'Amendments to Australian Accounting Standards – Eligible Hedged Items'	1 July 2009	30 June 2010
• AASB 2009-4 'Amendments to Australian Accounting Standards arising from the Annual Improvements Process'	1 July 2009	30 June 2010
• AASB 2009-5 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Process'	1 January 2010	30 June 2011
• AASB 2009-6 "Amendments to Australian Accounting Standards"	1 January 2009 (i)	30 June 2010
• AASB 2009-7 "Amendments to Australian Accounting Standards"	1 July 2009 (ii)	30 June 2010
• AASB 1 'First-time Adoption of Australian Accounting Standards'	1 July 2009	30 June 2010
• AASB 2009-8 "Group Cash Settled Share Based Payment Transactions"	1 July 2009	1 January 2010
• AASB Interpretation 15 'Agreements for the Construction of Real Estate'	1 January 2009	30 June 2010
• AASB Interpretation 16 'Hedges of a Net Investment in a Foreign Operation'	1 October 2008	30 June 2010
• AASB Interpretation 17 'Distributions of Non-cash Assets to Owners', AASB 2008-13 'Amendments to Australian Accounting Standards arising from AASB Interpretation 17 – Distributions of Non-cash Assets to Owners'	1 July 2009	30 June 2010
AASB Interpretation 18 'Transfers of Assets from Customers'	1 July 2009 (iii)	30 June 2010

- (i) Applicable to financial years beginning on or after 1 January 2010, except for the amendments made to the guidance to AASB118 'Revenue' that have no explicit application date and are taken to be immediately effective.
- (ii) Applicable to financial years beginning on or after 1 January 2009 that end on or after 30 June 2009.
- (iii) AASB Interpretation 18 applies to transfers of assets from customers received on or after 1 July 2009.

3: CRITICAL ACCOUNTING ESTIMATES & JUDGEMENTS

In preparing this Financial Report the Company 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.

Notes to the Financial Statements

For the year ended 30 June 2009

3: CRITICAL ACCOUNTING ESTIMATES & JUDGEMENTS (cont)

a) Significant accounting judgments

In the process of applying the Company'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 Company 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 carry value of the capitalised exploration and evaluation expenditure would need to be written down to its recoverable amount.

Deferred tax assets

The Company 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 Company 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 given the Greenlandic governments stance on uranium mining and development in Greenland and changes to environmental restoration obligations) and changes to commodity prices. As at 30 June 2009, the carrying value of capitalised exploration expenditure is \$33,693,900, refer to note 13.

Legal claims

A contingent liability has been disclosed, refer to note 23, relating to an estimate of the liability that will be incurred by the Company in defending writs, issued to the Company by Westrip Holdings Limited and Rimbali Pty Ltd. The liability is based on an estimation by directors after obtaining legal opinions.

4: Segment Information

The company operates in one geographical segment, being Greenland and in one business, being mineral exploration and evaluation.

5: Revenue

	Consolidated		Parent	
	2009 \$' 000	2008 \$' 000	2009 \$' 000	2008 \$' 000
Interest - Bank deposits	1,113	1,325	1,113	1,325
Operating lease revenue - Sub lease	63	9	63	9
Other revenue	103	-	103	-
	1,279	1,334	1,279	1,334

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6: Loss for the year before tax

	Consolidated		Parent	
	2009 \$' 000	2008 \$' 000	2009 \$' 000	2008 \$' 000
(a) Gains and losses				
Loss for the year have been arrived at after crediting the following items:				
Loss on disposal of tenement	(207)	-	(207)	-
Loss on disposal of leasehold assets	(3)	-	(3)	-
Changes in fair value of available for sale investments	(142)	-	(142)	-
Gain on foreign currency exchange	88	-	88	-
(b) Other expenses				
Loss for the year included the following expenses:				
Consulting expenses	(492)	(249)	(492)	(249)
Depreciation expense	(94)	(82)	(94)	(82)
Directors fees and salary expense	(602)	(374)	(602)	(374)
Employee benefits - salaries	(40)	(139)	(40)	(139)
Post employment benefits – defined contribution plan	(31)	(27)	(31)	(27)
Share based payments - directors	(981)	(31,303)	(981)	(31,303)
Share based payments - other	-	(170,304)	-	(170,304)
Finance costs	(5)	-	(5)	-
Insurance	(121)	(61)	(121)	(61)
Legal costs	(481)	(62)	(481)	(62)
Marketing & PR consulting	(563)	(171)	(563)	(171)
Operating lease rental expenses	(63)	(9)	(63)	(9)
Occupancy expenses	(208)	(58)	(208)	(58)
Stock exchange fees	(86)	(86)	(86)	(86)
Travel expenses	(628)	(826)	(628)	(826)
Other expenses	(394)	(350)	(389)	(337)

7: Income tax expense

	Consolidated		Parent	
	2009 \$' 000	2008 \$' 000	2009 \$' 000	2008 \$' 000
(a) Tax expense				
Current tax	-	-	-	-
Deferred tax	-	-	-	-
	-	-	-	-

Notes to the Financial Statements

For the year ended 30 June 2009

7: Income tax expense (cont)

- (b) The prima facie income tax expense on pre-tax accounting loss from operations reconciles to the income tax expenses in the financial statements as follows:

Prima facie tax benefit on loss at 30%	(1,204)	(60,832)	(1,199)	(60,826)
Add:				
Tax effect of:				
other non-allowable items	479	123	479	123
share based payments	-	60,482	-	60,482
provisions and accruals	144	-	144	-
accrued income	67	-	67	-
Unused tax losses not recognised as deferred tax assets	3,105	2,456	3,100	2,450
	<u>3,795</u>	<u>63,061</u>	<u>3,790</u>	<u>63,055</u>

Less:

Tax effect of:				
exploration, evaluation and development expenditure	(2,354)	(1,917)	(2,354)	(1,917)
provisions and accruals	-	(5)	-	(5)
capital expenditure write off	(237)	(219)	(237)	(219)
accrued income	-	(88)	-	(88)
	<u>(2,591)</u>	<u>(2,229)</u>	<u>(2,591)</u>	<u>(2,229)</u>

Income tax expense

	-	-	-	-
The applicable weighted tax rates are as follows:	0%	0%	0%	0%

- (c) The following deferred tax balances have not be recognised:

Deferred tax assets:				
at 30%				
Carry forward revenue losses	6,478	3,373	6,473	3,373
Capital raising costs	696	843	696	843
	<u>7,174</u>	<u>4,216</u>	<u>7,169</u>	<u>4,216</u>
Less: offset against deferred tax liability	(5,113)	(2,826)	(5,113)	(2,826)
	<u>2,061</u>	<u>1,390</u>	<u>2,056</u>	<u>1,390</u>

The tax benefits of the above deferred tax assets will only be obtained if;

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

7: Income tax expense (cont)

	Consolidated		Parent	
	2009 \$' 000	2008 \$' 000	2009 \$' 000	2008 \$' 000
Deferred tax liabilities: at 30%				
Exploration, evaluation and development expenditure	5,090	2,736	5,090	2,736
Accrued income	23	90	23	90
	<u>5,113</u>	<u>2,826</u>	<u>5,113</u>	<u>2,826</u>
Less: offset of deferred tax asset	(5,113)	(2,826)	(5,113)	(2,826)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The above deferred tax liabilities have not been recognised, as they have given rise to the carry forward losses for which the deferred tax asset has not been recognised.

8: Cash and equivalents

	Consolidated		Parent	
	2009 \$' 000	2008 \$' 000	2009 \$' 000	2008 \$' 000
Cash on hand	12	1	12	1
Cash at bank and on deposit	14,027	21,636	13,573	21,630
	<u>14,039</u>	<u>21,637</u>	<u>13,585</u>	<u>21,631</u>

9: Trade and other receivables

	Consolidated		Parent	
	2009 \$' 000	2008 \$' 000	2009 \$' 000	2008 \$' 000
(a) Current				
Trade debtors (i)	34	-	34	-
Other debtors (i)	-	142	-	50
Accrued interest	77	301	77	301
Loan to related parties	3	51	3	51
GST refundable	127	67	127	67
Funds held in trust (ii)	1,040	1,000	1,040	1,000
	<u>1,281</u>	<u>1,561</u>	<u>1,281</u>	<u>1,469</u>
(b) Non-current				
Loan to Chahood Capital Limited (iii)	-	-	4,838	4,838
Loan to Greenland Minerals & Energy (Trading) A/S (iv)	-	-	369	-
	<u>-</u>	<u>-</u>	<u>5,207</u>	<u>4,838</u>

- (i) Trade debtors and sundry debtors are non-interest bearing, unsecured and generally on 30 day terms.

Notes to the Financial Statements

For the year ended 30 June 2009

9: Trade and other receivables (cont)

- (ii) Funds held in trust consist of a deposit of \$1,000,000 which is being held in trust by Gravner Limited. The money is being held as a deposit whilst Gravner Limited negotiates on behalf of the company for the purchase of the 4% royalty issued by Westrip Holdings Ltd. The deposit will form part of the consideration if the purchase is successful. In the event that the purchase transaction does not go ahead the money will be refunded to the company. A further \$40 thousand is being held by the Group's London based lawyers as a retainer in relation to funding the minority shareholders of Westrip Holdings Limited in their dispute with the major shareholders.
- (iii) The loan to Chahood Capital Limited (Chahood), are funds that were on lent by Chahood to Greenland Minerals and Energy (Trading) A/S to acquire a 61% interest in the Kvanefjeld project. This loan is unlikely to be called for repayment in the foreseeable future and forms part of Greenland Minerals and Energy Limited net investment in the subsidiaries. No interest is charged on this loan balance.
- (iv) The loan to Greenland Minerals and Energy (Trading) A/S, is a funding arrangement provided by the parent company. The funds are used by the subsidiary to pay for exploration expenses incurred by the parent company. No interest is charged on this loan balance.

10: Other assets

	Consolidated		Parent	
	2009 \$' 000	2008 \$' 000	2009 \$' 000	2008 \$' 000
Deposit bonds	96	28	96	28
Prepayments	245	-	245	-
Funds held in trust for un-allotted shares	725	-	725	-
	1,066	28	1,066	28

11: Financial assets

	Consolidated		Parent	
	2009 \$' 000	2008 \$' 000	2009 \$' 000	2008 \$' 000
Investment in subsidiary (at cost)	-	-	4,312	4,311
Available for sale investments carried at fair cost:				
Shares in listed companies	240	-	240	-
Changes in fair value (i)	(142)	-	(142)	-
	98	-	4,410	4,311

- (i) Movement in market value is based on the closing price on the Australian Securities Exchange, of the shares held on 30 June 2009.

12: Property, plant and equipment

	Consolidated		Parent	
	2009 \$' 000	2008 \$' 000	2009 \$' 000	2008 \$' 000
Historical cost - Plant and Equipment	607	500	607	500
Accumulated depreciation	(182)	(95)	(182)	(95)
Historical cost - Leasehold improvements	85	-	85	-
Accumulated depreciation	(4)	-	(4)	-
	506	405	506	405

(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.

	Consolidated		Parent	
	2009 \$' 000	2008 \$' 000	2009 \$' 000	2008 \$' 000
Plant and Equipment				
Carrying value at beginning of period	405	119	405	119
Acquisitions	113	368	113	368
Disposals	(3)	-	(3)	-
Depreciation expense	(90)	(82)	(90)	(82)
Carrying value at end of period	425	405	425	405
Leasehold improvements				
Carrying value at beginning of period	-	-	-	-
Acquisitions	85	-	85	-
Depreciation expense	(4)	-	(4)	-
Carrying value at end of period	81	-	81	-
Total property, plant and equipment carrying value at end of period	506	405	506	405

13: Capitalised exploration and evaluation expenditure

	Consolidated		Parent	
	2009 \$' 000	2008 \$' 000	2009 \$' 000	2008 \$' 000
Balance at beginning of period	22,355	2,729	13,272	2,729
Acquisition costs	-	9,150	-	-
Exploration and/or evaluation phase in current period:				
Capitalised expenses (i)	11,915	10,476	11,915	10,544
	34,270	22,355	25,187	13,272
Less:				
Disposal of tenement (ii)	(576)	-	(576)	-
Balance at end of period	33,694	22,355	24,611	13,273

Notes to the Financial Statements

For the year ended 30 June 2009

13: Capitalised exploration and evaluation expenditure (cont)

- (i) On the 31 July 2007, Greenland Minerals and Energy Limited acquired a 61% interest in the Kvanefjeld Project. As part of the acquisition, the company entered into an un-incorporated joint venture with Westrip Holdings Limited (Westrip), a UK based company to carry out the exploration and evaluation of Kvanefjeld. The company holds a 61% interest in the joint venture with Westrip holding the balance. Under the initial acquisition agreement, Greenland Minerals and Energy Limited, for the first 2 years from the date of acquisition is required to fully fund the exploration and evaluation expenditure, while maintaining the 61%-39% holding interest.
- (ii) In September 2008 the Group sold the Three Sisters Project, disposal of tenement amount, represents the carry cost of the tenement at the time of the sale.
- (iii) The recoverability of the Group's carrying value of the capitalised exploration and evaluation expenditure relating to the Kvanefjeld Project is subject to the successful development and exploitation of the exploration property, which includes among other issues, obtaining the right to mine. Alternatively recoverability could result from the sale of the tenement at an amount at least equal to the carrying amount.

The company is currently developing the Kvanefjeld Project, recognised as the largest undeveloped multi-element occurrence of rare earth oxides (REO), zinc and uranium in the world. The company is aware of and respects the Greenlandic government's present stance on uranium mining and development in Greenland. This is currently a zero tolerance approach to the exploration and exploitation of uranium however the Government has commenced a community consultation process. The Company will continue to develop this project in a manner that is in accord with both Greenlandic Government and local community expectations, and in due course looks forward to being part of the community discussion on the social and economic benefits associated with development of the Kvanefjeld project.

14: Trade and other payables

	Consolidated		Parent	
	2009 \$' 000	2008 \$' 000	2009 \$' 000	2008 \$' 000
Accrued expenses (i)	512	50	512	50
Trade creditors (ii)	1,292	199	1,292	199
Sundry creditors (ii)	9	4	2	-
Amounts payable to related parties	-	6	-	-
Funds held in trust (iii)	725	-	725	-
	2,538	259	2,531	249

- (i) Accrued expenses related to services and goods provided to the Group prior to 30 June 2009, but the Group was not charged or invoiced for these goods and services by the supplier until after 30 June 2009. The amounts are generally payable and paid within 30 Days and are non-interest bearing.
- (ii) Trade and sundry creditors are non-interest bearing with the exception of amounts owed on corporate credit cards and after 30 days interest is charged at rates ranging between 14% and 16%. All trade and sundry creditors are generally payable on terms of 30 days
- (iii) Funds held in trust, relate to funds received as part of a capital raising but the raising was not completed and shares issued until August 2009.

14: Trade and other payables (cont)

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

15: Provisions

	Consolidated		Parent	
	2009 \$' 000	2008 \$' 000	2009 \$' 000	2008 \$' 000
Provision for annual leave	37	-	37	-

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 company 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

	2009		2008	
	No ' 000	\$' 000	No ' 000	\$' 000
Balance brought forward	193,009	93,666	37,202	5,238
Issue of ordinary shares through capital raisings	25,000	4,718	56,235	35,044
Issue of ordinary shares for acquisition of assets	-	-	65,000	6,150
Issue of ordinary shares for equity based payments (refer to note 28)	500	135	32,000	46,720
Issue of ordinary shares as a result of exercised options	-	-	2,572	514
Balance at end of financial year	218,509	98,519	193,009	93,666

17: Reserves

	Consolidated		Parent	
	2009 \$' 000	2008 \$' 000	2009 \$' 000	2008 \$' 000
a) Option reserve				
Balance brought forward	154,994	141	154,994	141
Issue of options to corporate advisors	-	126,482	-	126,482
Issue of options to directors (i)	1,013	28,382	1,013	28,382
Issue of options to senior management (i)	191	-	191	-
Issue of options to consultants (i)	334	-	334	-
Options exercised	-	(11)	-	(11)
Balance at end of financial year	156,532	154,994	156,532	154,994

(i) Refer to note 28

Notes to the Financial Statements

For the year ended 30 June 2009

17: Reserves (cont)

The option reserve arises from the accumulated proceeds received from the issuing of options and accumulate the value of options issued in consideration for share based payments. 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 32 to the financial statements.

	Consolidated		Parent	
	2009 \$' 000	2008 \$' 000	2009 \$' 000	2008 \$' 000
b) Foreign Currency translation reserve				
Current year adjustment from currency translation of foreign controlled entities (i)	6	-	-	-
	6	-	-	-

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

	Consolidated		Parent	
	2009 \$' 000	2008 \$' 000	2009 \$' 000	2008 \$' 000
c) Total reserves				
Option reserve	156,532	156,994	156,532	156,994
Foreign currency translation reserve	6	-	-	-
	156,538	156,994	156,532	156,994

18: Dividends

No dividends have been proposed or paid during the year.

19: Accumulated losses

	Consolidated		Parent	
	2009 \$' 000	2008 \$' 000	2009 \$' 000	2008 \$' 000
Balance at beginning of financial year	(202,967)	(200)	(202,954)	(200)
Loss attributable to members of parent entity	(4,009)	(202,767)	(3,999)	(202,754)
Related income tax				
Balance at end of financial year	(206,976)	(202,967)	(206,953)	(202,954)

20: Earnings per share

	Consolidated	
	2009 Cents Per share	2008 Cents Per share
Basic loss per share		
From continuing operations	2.00	125.00
Diluted loss per share		
From continuing operations	2.00	125.00

20: Earnings per share (cont)

Weighted average number of shares used in the calculation of basic and diluted loss per share	197,406	162,302
<p>(i) There were 174,199,287 potential ordinary shares on issue at 30 June 2009 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.</p>		

21: Prior period adjustments

- a) In the prior period the acquisition of Chahood Capital Limited and interest in the Kvanefjeld Joint Venture were accounted for under AASB 3 – Business Combinations. The application of this standard resulted in the shares issued as consideration being valued at the market value on date of issue with the excess of the consideration over the fair value of assets acquired capitalised, as part of capitalised exploration and evaluation expenditure in the consolidation financial report. Subsequently it was identified that the transactions did not meet the definition of a business combination under AASB 3. The transactions should have been measured under AASB 2 – Share Based Payments and the value of the shares issued by the Company were based on the independent valuation of the joint venture assets at the time of the acquisition. As a result, both the Capitalised exploration and evaluation expenditure and Issued capital balances decreased by \$65,350 thousand, refer to the table below.
- b) In the prior period the valuation of the directors' options and shares did not appropriately reflect the relevant grant date and vesting conditions. As a result, the option reserve decreased by \$7,277 thousand, issued capital increased by \$320 thousand and equity based payments decreased by \$6,957 thousand, refer to the table below.
- c) In the prior period the valuations of the options and shares issued to the Corporate Advisor did not appropriately reflect the relevant grant date and vesting conditions and were not recognised as equity based payments. As a result, the option reserve increased by \$127,587 thousand, issued capital increased by \$43,800 thousand and equity based payments increased by \$171,378 thousand, refer to table below.

An adjustment has been applied to the comparative disclosures in the financial statements for the period ended 30 June 2009.

The aggregate effect of this adjustment is as follows:

	Previously stated 30 Jun 2008 \$'000	Adjustment \$'000	Restated 30 June 2008 \$'000
Capitalised exploration and evaluation expenditure	87,705	(65,350)	22,355
Option Reserve	34,693	120,300	154,994
Issued Capital	114,896	(21,230)	93,666
Accumulated Losses	38,546	164,421	202,967

The impact on the basic and diluted loss per share for the period ended 30 June 2008 as a result of the adjustment to the Loss for the period is as follows:

Notes to the Financial Statements

For the year ended 30 June 2009

21: Prior period adjustments (cont)

	Previously stated 30 Jun 2008	Restated 30 Jun 2008
Basic loss per share (cents)	(0.24)	(125.00)
Diluted loss per share (cents)	(0.24)	(125.00)

22: Commitments for expenditure

Exploration Commitments: The Company has one exploration license for which it has exploration commitments. EL 2005/28 is located in Greenland. The Bureau of Minerals and Petroleum of Greenland have advised Greenland Minerals and Energy Limited that expenditure made in the 2008 year is sufficient to keep the license in good standing until December 2011.

	Consolidated		Parent	
	2009	2008	2009	2008
Tenement commitments				
Not longer than 1 year				
Longer than 1 year but not longer than 5 years	500	500	500	500
Longer than 5 years	500	500	500	500
Operating leases				
Not longer than 1 year	121	121	121	121
Longer than 1 year but not longer than 5 years	550	671	550	671
Longer than 5 years	671	792	671	792
Other contractual obligations (ii)				
Not longer than 1 year	250	250	250	250
Longer than 1 year but not longer than 5 years	250	250	250	250
Longer than 5 years	500	500	500	500

- (i) The only commitments for operating leases are lease rentals on the Company's Perth head office premises. The current lease expires on the 30 November 2013, with a 5 year renewal option. Lease payments are reviewed every two years with the first review due 1 December 2010 and are based on movement in the consumer price index.
- (ii) Relates to ongoing contractual obligations with Gravner Limited for corporate advisory services.

23: Contingent liabilities and contingent assets

	Consolidated		Parent	
	2009 \$' 000	2008 \$' 000	2009 \$' 000	2008 \$' 000
Payroll tax (i)	1,500	1,100	1,500	1,100
Legal related costs (ii)	500	-	500	-
	<u>2,000</u>	<u>1,100</u>	<u>2,000</u>	<u>1,100</u>

- (i) As a result of the requirements of the Western Australian Payroll Tax Assessment Act 2002, the Company may have a contingent liability in respect of the granting of the equity instruments of approximately \$1,500,000. This liability will only become payable upon the options vesting.
- (ii) Costs associated with defending writs served on the Company by Westrip Holdings Limited and Rimbal Pty Ltd. The contingent liability is based on an estimation by directors after obtaining legal opinion.

24: Jointly controlled operations

The Group is a venturer in the following jointly controlled operations:

Name of venture	Principal activity	Total interest	
		2009 %	2008 %
Kvanefjeld Project (i)	Mineral exploration and evaluation	61	61

The joint venture is an un-incorporated joint venture between the Group and Westrip Holdings Limited as described in Note 13.

- (i) There are no assets employed separately in the joint venture or capital commitments separate from the commitments brought to account by the Company.
- (ii) There are no contingent liabilities in relation to the joint venture.

25: Subsidiaries

Name of subsidiary	Country of incorporation	Ownership interest	
		2009 %	2008 %
Chahood Capital Limited	Isle of Man	100	100
Greenland Minerals and Energy (Trading) A/S	Greenland	61	61

These companies are not members of a tax-consolidated group.

26: Acquisition of assets

(a) On 31 July 2007, Greenland Minerals and Energy Limited acquired 100% of Chahood Capital Limited. As the entity was non-trading and the only asset held was cash, this purchase transaction was accounted for as an acquisition of an asset, not a business combination. Purchase consideration

	Number of shares	Fair Value per security	Fair value
Consideration		\$	\$
Cash	-	-	1,000,000
Shares Issued – in Greenland Minerals and Energy Limited (i)	35,000,000	0.0946	<u>3,311,538</u>
Total consideration			<u>4,311,538</u>

Notes to the Financial Statements

For the year ended 30 June 2009

26: Acquisition of assets (cont)

(b) On 31 July 2007, Greenland Minerals and Energy acquired a 61% interest in Greenland Minerals and Energy (Trading) A/S, through its subsidiary, Chahood Capital Limited. Greenland Minerals and Energy (Trading) A/s holds the mineral exploration rights to the Kvanefjeld Project. As the entity was non-trading and the only asset held was cash of \$100,000, this purchase transaction was accounted for as an acquisition of an asset, not a business combination.

	Number of shares	Fair Value per security	Fair value
Consideration		\$	\$
Cash	-	-	2,000,000
Shares Issued – in Greenland Minerals and Energy Limited	30,000,000	0.0946	2,838,462
Total consideration			<u>4,838,462</u>

- (i) Determined with reference to the fair value of the interest in Kvanefjeld Project, acquired through Greenland Minerals and Energy (Trading) A/S, which Chahood Capital Limited acquired a 61% interest in on 31 July 2007.

27: Notes to the cash flow statement

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

	Consolidated		Parent	
	2009 \$' 000	2008 \$' 000	2009 \$' 000	2008 \$' 000
Loss for the year	(4,015)	(202,775)	(3,999)	(202,754)
(Gain) loss on sale or disposal of non-current assets	210	-	210	-
Impairment of fair value through profit and loss of financial assets	142	-	142	-
Depreciation	94	82	94	82
Equity-settled share-based payments	981	201,607	981	201,607
Interest income received and receivable	(1,337)	(1,023)	(1,337)	(1,023)
Interest expense paid	5	-	5	-
(Increase)/decrease in assets				
Trade and other receivables	280	(280)	188	(296)
Other assets		(25)		(25)
Increase (decrease) in liabilities				
trade and other payables	594	102	590	93
in other liabilities	-	(4)	-	-
in provisions	37	-	37	-
Net cash used in operating activities	<u>(3,009)</u>	<u>(2,316)</u>	<u>(3,089)</u>	<u>(2,316)</u>

27: Notes to the cash flow statement (cont)

Non-cash financing and investing activity

- (i) The Company, as part consideration for the sale of its Three Sisters Tenement, received 1,200,000 shares valued at \$240 thousand in Riviera Minerals Limited, the purchaser.
- (ii) During the year the company capitalised share based payments made to directors, senior management and corporate advisors totaling \$692 thousand for services provided which are directly related to the Kvanefjeld Project.

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

28: Share based payments

a) The issue of shares for share based payments

The issue of 500,000 shares valued at \$135 thousand, to Mr Hans Kristian Schønwandt was approved at a shareholders' meeting held on 25 November 2008. The fair value of the shares issued was \$0.27, based on the trading price of the company's shares on the ASX, on the original grant date. The purpose of the issue of the shares and options (refer to Note 28 (b) for details of options granted) was for consideration for the cancellation of all share milestones under a director service agreement that could have potentially lead to the issue of up to 2,000,000 shares to Mr Schønwandt subject to vesting conditions. The cancellation has been accounted for as an acceleration of the vesting conditions with an amount of \$962 thousand recognised in the current financial year. This amount represents the total remaining fair value (including current year vesting expense) as determined at the original grant date. In accordance with AASB 2 – Share Based Payments, no additional amount has been brought to account for the replacement shares and options as it has been determined that the fair value of these shares and options is less than the net fair value of the cancelled equity instrument as determined at the date of cancellation

During the year, shares previously granted to S Stafford-Michael were forfeited upon his resignation as a director of the company. As a result, an amount of \$1,228,334 recognised in the share based payments reserve to 30 June 2008 was reversed to the income statement in the current year. These shares were subject to vesting conditions that were not met at the date of resignation.

(b) The issue of options for share based payments

The company granted 9,250,000 share options as shareholder approved share based payments to directors, senior management and corporate advisors.

The following share-based payment arrangements, to directors, senior management and corporate advisors were in existence during the current and comparative reporting periods:

Series	No	Grant Date	Expiry Date	Exercise Price	Value @ grant Date \$
2008					
3	19,800,000	31/07/2007	30/06/2011	\$0.20	25,260,513
4	3,000,000	31/07/2007	30/06/2011	\$0.20	3,827,350
5	75,000,000	31/07/2007	30/06/2011	\$0.20	95,683,756
6	25,000,000	31/07/2007	30/06/2011	\$0.20	31,894,585
	<u>122,800,000</u>				<u>156,666,204</u>

Notes to the Financial Statements For the year ended 30 June 2009

28: Share based payments (cont)

Series	No	Grant Date	Expiry Date	Exercise Price	Value @ grant Date \$
2009					
9	1,500,000	25/11/2008	30/06/2011	\$0.20	240,000 (1)
10	750,000	25/11/2008	30/06/2013	\$0.10	190,893
11	1,500,000	11/03/2009	30/06/2011	\$0.50	177,876
12	1,500,000	11/03/2009	30/06/2011	\$1.00	156,703
13	2,000,000	25/06/2009	30/06/2011	\$0.50	371,200
14	2,000,000	25/06/2009	30/06/2011	\$1.00	258,600
	9,250,000				1,395,272

- (1) This amount includes \$160 thousand representing the fair value of options granted to Mr Hans Kristian **Schönwandt** as a replacement equity instrument upon cancellation of equity instruments previously granted under a director service agreement. As noted at Note 28 (a), the fair value of the replacement equity instruments have not been brought to account as it has been determined that the fair value is less than the original cancelled equity instrument determined as at the date of acquisition.

Options were priced using the Black Scholes model. The expected life of the option is based on the time between grant date of the option and the option expiry date. The expected volatility has been calculated using the closing price on the ASX of the company's fully paid shares over varying time periods.

Input into model	Series 3	Series 4	Series 9	Series 10	Series 11	Series 12	Series 13	Series 14
Grant date share price	\$1.42	\$1.42	\$0.27	\$0.27	\$0.16	\$0.16	\$0.37	\$0.37
Exercise Price	\$0.20	\$0.20	\$0.20	\$0.10	\$0.50	\$1.00	\$0.50	\$1.00
Expected volatility	70%	70%	148%	148%	179%	179%	109%	109%
Option life (years)	3.92	3.92	2.59	4.59	2.30	2.30	2.01	2.01
Dividend yield	-	-	-	-	-	-	-	-
Risk free rate of return	6.12%	6.12%	5.65%	5.65%	2.78%	2.78%	4.17%	4.17%

No options issued to directors and senior management were exercised during the financial year ended 30 June 2009.

28: Share based payments (cont)

Series 3

These director incentive options were granted equally to Messrs Cato, McIlree and Whybrow subject to the following vesting hurdles:

Tranche	Number of options	Vesting hurdle
1	2,200,000	The volume weighted average share price on the ASX of the company's fully paid shares is 50 cents or more for 20 consecutive trading days
2	2,200,000	The volume weighted average share price on the ASX of the company's fully paid shares is \$1.00 or more for 20 consecutive trading days
3	2,200,000	The volume weighted average share price on the ASX of the company's fully paid shares is \$1.50 or more for 20 consecutive trading days

Series 4

These director incentive options were granted to Mr Malcolm Mason subject to the following vesting hurdles:

Tranche	Number of options	Vesting hurdle
1	2,000,000	Mr Mason continues to serve as a director of the company for 12 consecutive months and makes himself available to provide technical geological, services including field services to the company's Kvanefjeld project.
2	1,000,000	Mr Mason continues to serve as a director of the company for 18 consecutive months and makes himself available to provide technical geological, services including field services to the company's Kvanefjeld project.

Series 5 & 6

These series consist of 75,000,000 options and 25,000,000, both with an exercise price of \$0.20, granted Gravner Limited under a corporate advisor agreement that formed part of the Kvanefjeld acquisition. These options are vested unrestricted options.

Series 9

These are director incentive options series consisting of 1,000,000 options issued to Mr H Schönwandt and 500,000 options issued to Mr M Mason of 2,000,000. These were \$0.20 exercise prices options and there were no further vesting conditions attached to these options.

Series 10

Senior management incentive options issued to Mr S Bunn, consisting of 750,000 options with a \$0.10 exercise price. There were no further vesting conditions attached to these options.

Series 11 & 12

These options were issued to consultants for services provided to the Company in securing contracts for the drilling program at the Kvanefjeld project. The series consists of 1,500,000 options with an exercise price of \$0.50 and 1,500,000 options with an exercise price of \$1.00. There were no further vesting conditions attached to these options.

Series 13 & 14

Director options issued to Mr M Hutchinson, consisting of 2,000,000 options with a \$0.50 exercise price and 2,000,000 options with a \$1.00 exercise price. There were no further vesting conditions attached to these options.

Notes to the Financial Statements

For the year ended 30 June 2009

28: Share based payments (cont)

Terms under which the options are issued are as follows:

- (i) Each Option entitles the holder to one Share
- (ii) Until the Options are vested, the Options will be unlisted and will not be transferable except with the approval of the Board. Once the Options are vested, the Company will apply to have the Options listed and the Options will be freely transferable.
- (iii) The Company will provide to each Options holder a notice that is to be completed when exercising the Options (Notice of Exercise). Subject to these terms, the Options may be exercised wholly or in part by completing the Notice of Exercise and delivering it together with payment to the secretary of the Company to be received any time prior to the Expiry Date. The Company will process all relevant documents received at the end of every calendar month.
- (iv) Upon the exercise of an Option and receipt of all relevant documents and payment, the holder in accordance with paragraph (i) will be allotted and issued a Share ranking pari passu with the then issued Shares.
- (v) There will be no participating rights or entitlements inherent in the Options and the holders will not be entitled to participate in new issues of capital which may be offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 business days after the issue is announced. This will give Option holders the opportunity (where available) to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- (vi) 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.
- (vii) In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company prior to the Expiry Date, all rights of an Option holder are to be changed in a manner consistent with the Listing Rules.
- (viii) In the event that the Company makes a pro rata issue of securities, the exercise price of the Options will be adjusted in accordance with the formula set out in Listing Rule 6.22.2.

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

	2009		2008	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance at beginning of the financial year	122,800,000	0.2	122,800,000	0.2
Granted during financial year	9,250,000	0.62	-	0.2
Forfeited during the financial year	-	-	-	-
Exercised during the financial year	-	-	-	-
Expired during the financial year	-	-	-	-
Exercisable at the end of the financial year	132,050,000	0.22	122,800,000	0.2

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29: Financial instruments

(a) Capital risk management

The Group manages its capital in order to maintain sufficient funds are available provide the shareholders with adequate returns and ensure that the Group can fund its exploration and evaluation activities as a going concern.

The Group's overall strategy remains unchanged from 30 June 2008.

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

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

(b) Categories of financial instruments

	Consolidated		Parent	
	2009 \$' 000	2008 \$' 000	2009 \$' 000	2008 \$' 000
Financial assets				
Cash and equivalents	14,039	21,637	13,585	21,631
Loans and receivables - current	1,281	1,561	6,488	6,307
Available for sale financial asset	98	-	4,410	4,311
Financial liabilities				
Amortised cost	2,538	259	2,531	249

(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 a low risk to the Group. For the period under review, it has been the Group's policy not to trade in financial instruments

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

(i) **Interest Rate Risk**

The Company 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 Company does not have short or long term debt, and therefore this risk is minimal.

There has been 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 Group does not have any significant credit risk exposure to any single counterparty or any Company of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit – ratings assigned by external international rating agencies. The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the Company's maximum exposure to credit risk

Notes to the Financial Statements

For the year ended 30 June 2009

29: Financial instruments (cont)

There has been 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 Group, are funds the Group holds on deposit with varying maturity dates. The 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 has been no change in managing credit risk or the method of measuring risk from the prior year.

The following table details the company's and the 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/Group anticipates that the cash flow will occur in a different period.

Consolidated

	Weighted Average Effective interest rate %	< 6 Months \$' 000	6 – 12 Months \$' 000	1 - 5 Years \$' 000	> 5 Years \$' 000	Total \$' 000
2009						-
Cash and equivalents	3.2	6,114	7,925	-	-	14,039
Trade and receivables - current	-	281	1,000	-	-	1,281
Other financial assets	-	-	-	98	-	98
		6,395	8,925	98	-	15,418
2008						
Cash and equivalents	6.4	637	21,000	-	-	21,637
Trade and receivables - current	-	561	-	1,000	-	1,561
		1,198	21,000	1,000	-	23,198

29: Financial instruments (cont)
Company

	Weighted Average Effective interest rate	< 6 Months	6 -12 Months	1 -5 Years	> 5 Years	Total
	%	\$' 000	\$' 000	\$' 000	\$' 000	\$' 000
2009						
Cash and equivalents	3.2	5,660	7,925	-	-	13,585
Trade and receivables - current	-	281	1,000	-	-	1,281
Trade and receivables - Non- current	-	369	-	-	4,838	5,207
Other financial assets		-	-	98	4,312	4,410
		6,310	8,925	98	9,150	24,483
2008						
Cash and equivalents	6.4	631	21,000	-	-	21,631
Trade and receivables - current	-	469	-	1,000	-	1,469
Trade and receivables - Non- current		-	-	-	4,838	4,838
Other financial assets		-	-	-	4,311	4,311
		1,100	21,000	1,000	9,149	32,249

The following tables detail the company's and the 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.

Consolidated

	Weighted Average Effective interest rate	< 6 Months	6 - 12 Months	1 - 5 Years	> 5 Years	Total
	%	\$' 000	\$' 000	\$' 000	\$' 000	\$' 000
2009						
Trade and other payables	-	2,538	-	-	-	2,538
		2,538	-	-	-	2,538
2008						
Trade and other payables	-	259	-	-	-	259
		259	-	-	-	259

Notes to the Financial Statements

For the year ended 30 June 2009

29: Financial instruments (cont)

Company

	Weighted Average Effective interest rate %	< 6 Months \$' 000	6 -12 Months \$' 000	1 – 5 Years \$' 000	> 5 Years \$' 000	Total \$' 000
2009						
Financial liabilities						
Trade and other payables	-	2,531	-	-	-	2,531
		2,531	-	-	-	2,531
2008						
Trade and other payables	-	249	-	-	-	249
		249	-	-	-	249

(d) Market risk

(i)

Interest Rate Risk

The Group's exposure to interest rate risk, which is the risk that a financial instruments value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities in as follows

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 more than that, taking into account the current interest rate levels and general state of the economy.

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

Interest Rate Sensitivity Analysis

At 30 June 2009, 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:

	Consolidated		Parent	
	2009 \$' 000	2008 \$' 000	2009 \$' 000	2008 \$' 000
Change in profit				
Increase in interest rate by 1% (100 basis points)	148	226	148	226
Decrease in interest rate by 1% (100 basis points)	(148)	(226)	(148)	(226)

- (i) 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.

29: Financial instruments (cont)

Fair value of financial instruments

The carrying value of all financial instruments is the approximate fair value of the instruments. This is based on that all financial instruments have either a short term date of maturity or are loans to subsidiaries.

30: Key management personnel compensation

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

	Consolidated		Company	
	2009 \$	2008 \$	2009 \$	2008 \$
Short-term employee benefits	1,589,860	1,011,327	1,589,860	1,011,327
Post-employment benefits	74,700	31,111	74,700	31,111
Other long-term benefits	-	-	-	-
Termination benefits	-	-	-	-
Share-based payment	1,338,911	35,584,646	1,338,911	35,584,646
	3,003,471	36,627,084	3,003,471	36,627,084

31: Transactions with other related parties

Missoni Investments Pty Ltd a Company of which Mr Malcolm Mason is a director was paid directors and consultancy fees of \$283,185 during the year (2008: \$197,527). Of this amount, \$190,375 related to payments to Mr Mason for services provided by Mr Mason to the company and this amount has been disclosed in the details of remuneration paid to Mr Mason. The balance of the amount paid to Missoni Investments Pty Ltd, relates to services provided by other staff of the company and for the payment of rent, charged by Missoni Investments Pty Ltd on storage facilities, provided by the company.

Mineralhunt Services APL a company of which Mr Hans Kristian Schønwandt is a director, was paid consultancy and director fees of \$159,006 during the year (2008: \$211,500). This amount has been disclosed in the details of remuneration paid to Mr Schønwandt.

Shaun Bunn and Associates Pty Ltd is a company of which Mr Shaun Bunn is a director, was paid consultancy fees of \$299,026 during the year (2008: nil). This amount has been disclosed in the details of remuneration paid to Mr Bunn.

Notes to the Financial Statements

For the year ended 30 June 2009

32: Key management personnel equity holdings

Fully paid ordinary shares of Greenland Minerals and Energy Limited

	Balance at 1 July No.	Granted as compensation No.	Received on exercise of options No.	Net other change No.	Balance at 30 June No.	Balance held nominally No.
2009						
M Hutchinson	-	-	-	-	-	-
R McIlfree	3,102,295	-	-	158,800	3,261,095	-
S Cato	921,100	-	-	-	921,100	-
A Ho	50,000	-	-	150,000	200,000	-
M Mason	610,000	-	-	-	610,000	-
H Schönwandt	1,000,000	500,000	-	-	1,500,000	-
S Stafford-Michael	1,000,000	-	-	-	1,000,000	-
J Whybrow	750,100	-	-	150,000	900,100	-
J Mair	-	-	-	-	-	-
S Bunn	-	-	-	-	-	-
2008						
R McIlfree	2,850,095	-	-	252,200	3,102,295	-
S Cato	800,100	-	-	121,000	921,100	-
A Ho	-	-	-	50,000	50,000	-
M Mason	360,000	-	-	250,000	610,000	-
H Schönwandt	-	1,000,000	-	-	1,000,000	-
S Stafford-Michael	-	1,000,000	-	-	1,000,000	-
J Whybrow	700,100	-	-	50,000	750,100	-

32: Key management personnel equity holdings (cont)

Share options of Greenland Minerals and Energy Limited

	Balance at 1 July	Granted as compensation	Exercised	Net other change (i)	Bal at 30 June	Bal vested at 30 June	Vested and exercisable	Options vested during year
	No.	No.	No.	No.	No.	No.	No.	No.
2009								
M Hutchinson	-	4,000,000	-	-	4,000,000	-	-	4,000,000
R McIlree	8,922,000	-	-	-	8,922,000	2,322,000	2,322,000	-
S Cato	7,400,100	-	-	-	7,400,100	800,100	800,100	-
A Ho	-	-	-	-	-	-	-	-
M Mason	3,180,000	500,000	-	-	3,680,000	680,000	680,000	2,500,000
H Schönwandt	-	1,000,000	-	-	1,000,000	1,000,000	1,000,000	1,000,000
S Stafford-Michael	-	-	-	-	-	-	-	-
J Whybrow	7,310,000	-	-	-	7,310,000	710,100	710,100	-
J Mair	-	-	-	2,500,000	2,500,000	2,500,000	2,500,000	-
S Bunn	-	750,000	-	-	750,000	750,000	750,000	750,000
2008								
R McIlree	1,935,000	6,600,000	-	387,000	8,922,000	2,322,000	2,322,000	-
S Cato	800,100	6,600,000	-	-	7,400,100	800,100	800,100	-
A Ho	-	-	-	-	-	-	-	-
M Mason	180,000	3,000,000	-	-	3,180,000	180,000	180,000	-
H Schönwandt	-	-	-	-	-	-	-	-
S Stafford-Michael	-	-	-	-	-	-	-	-
J Whybrow	700,000	6,600,000	-	10,000	7,310,000	710,000	710,000	-

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

All share options issued to key management personnel were made in accordance with the provisions of the employee share option plan.

During the financial year, no options (2008 nil) were exercised by key management personnel

33. Remuneration of auditors

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Auditor of the parent entity				
Audit or review of the financial report	62,876	31,050	53,500	31,050
Preparation of the tax return	-	4,200	-	4,200
Other non-audit services	-	-	-	-
	62,876	35,250	53,500	35,250

The auditor of Greenland Minerals and Energy Limited is Deloitte Touche Tohmatsu, for the period ended 30 June 2008 the auditor was Mack and Co.

Notes to the Financial Statements

For the year ended 30 June 2009

34. Subsequent Events

The following subsequent events occurred after 30 June 2009;

- Successful completion of a placement of 4 million shares at \$0.25, raising \$1,000,000, less costs, as per the prospectus issued 31 July 2009.
- The Company announced on 31 August 2009, it had finalised terms on the acquisition of a 4% royalty applicable on net profits from the future production of metals on license 2005/28 in South Greenland. The Company currently holds a legal and beneficial interest of 61%, in the joint venture with the right to move to 100%, when the Company deems it most appropriate.

Acquisition of the 4% royalty will be subject to shareholders' approval at an Extraordinary Meeting, to be called in due course. The Consideration will be payable in escrowed shares in the Company. This transaction is a transaction that requires shareholder approval in accordance with listing rule 10.1 of the Australian Securities Exchange Limited and section 611 of the Corporation Act 2001.

Share placements of 25 million shares at \$0.20 completed on 15 May 2009 and of 4 million shares at \$0.25 completed 31 July 2009, were initially made to fund the acquisition. However, as the consideration was shares in the company, these funds will instead be used to fund the continuation of the work on the pre-feasibility study on Kvanefield.

- The Company has been served with writs by Westrip Holdings Limited (Westrip) and Rimbali Pty Ltd, issued in the Supreme Court of Western Australia. The matter relates to the dispute being taken by shareholders of Westrip as a derivative claim on the behalf of Westrip against the directors of Westrip.

The writs served on the Company, alleged breaches of confidentiality, misleading conduct and breach of contract and were for unspecified damages and other relief. The Company, through its solicitors, strongly denies the allegations and any wrongdoing and will vigorously defend the action.

Company secretary

Bruce Acutt

Registered office1st Floor, 33 Colin Street, West Perth, Western Australia, 6005**Principal administration office**1st Floor, 33 Colin Street, West Perth, Western Australia, 6005**Share registry**Advanced Share Registry Services
110 Stirling Highway
Nedlands, Western Australia, 6009**Additional stock exchange information as at 3rd September 2009****Number of holders of equity securities**Ordinary share capital

222,508,555 fully paid ordinary shares are held by 1,576 individual shareholders.

Options

144,332,047 options are held by 617 individual optionholders.

Options do not carry a right to vote.

Substantial Shareholders

Shareholder	Number	Percentage
1. GCM Nominees Limited	35,000,000	15.730%
2. Westrip Holdings Limited	30,000,000	13.483%
3. ANZ Nominees Limited	17,108,428	7.689%
4. Gravner Limited	15,000,000	6.741%
5. HSBC Custody Nominees	12,895,976	5.796%
6. Citicorp Nominees Pty Limited	11,160,371	5.016%

Distribution of holders of quoted shares

Share Spread	Holders	Units	Percentage
1 – 1,000	69	43,367	0.019%
1,001 – 5,000	352	1,044,867	0.471%
5,001 – 10,000	376	3,307,186	1.486%
10,001 – 100,000	632	23,949,121	10.763%
100,001 and over	147	194,164,014	87.261%
	1,576	222,508,555	100%

Twenty largest holders of quoted shares

Ordinary shareholders	Fully paid ordinary shares	
	Number	Percentage
1. GCM Nominees Limited	35,000,000	15.730%
2. Westrip Holdings Limited	30,000,000	13.483%
3. ANZ Nominees Limited	17,108,428	7.689%
4. Gravner Limited	15,000,000	6.741%
5. HSBC Custody Nominees	12,895,976	5.796%
6. Citicorp Nominees Pty Limited	11,160,371	5.016%
7. Rochford Limited	7,000,000	3.146%
8. NGAI Hung Limited	5,450,000	2.449%
9. South Asian Commodity Holdings Limited	5,073,712	2.280%
10. Mr Roderick Claude McIlree	3,331,095	1.497%
11. Merrill Lynch (Australia) Nominees Pty Limited	3,237,255	1.455%
12. Falfaro Investments Limited	3,000,000	1.348%
13. National Nominees Limited	2,676,233	1.203%
14. UBS Nominees Pty Limited	2,500,000	1.124%
15. NEFCO Nominees Pty Limited	2,438,000	1.096%
16. Hans Kristian Schonwandt	1,500,000	0.674%
17. Deck Chair Holdings Pty Limited	1,050,000	0.472%
18. Mr Simon Stafford-Michael	1,000,000	0.449%
19. RBC Dexia Investor Services Australia Nominees Pty Limited	1,000,000	0.449%
20. Mr Richard Homsany & Mrs Rosa Dianna Marsia Homsany	850,000	0.382%
	161,271,070	72.479%

Distribution of holders of quoted options

Option Spread	Holders	Units	Percentage
1 – 1,000	12	6,245	0.004%
1,001 – 5,000	87	347,979	0.241%
5,001 – 10,000	144	1,305,372	0.904%
10,001 – 100,000	287	12,430,043	8.612%
100,001 and over	87	130,242,408	90.238%
	617	144,332,047	100%

Twenty largest holders of quoted options

Option Holders	\$0.20 Listed Options	
	Number	Percentage
1. Gravner Limited	43,700,000	30.277%
2. South Asian Commodity Holdings Limited	12,000,000	8.314%
3. Rochford Limited	11,500,000	7.968%
4. NGAI Hung Limited	10,000,000	6.928%
5. Excellent Corporation Limited	9,500,000	6.582%
6. Mr Cameron French	3,435,437	2.380%
7. Citicorp Nominees Pty Limited	3,271,500	2.267%
8. Mr Roderick Claude McIlree	2,522,000	1.747%
9. Mr John Lefroy Mair	2,500,000	1.732%
10. Mr David Christopher Kemp	2,205,039	1.528%
11. Mr Michael Bushell	2,000,000	1.386%
12. Merrill Lynch (Australia) Nominees Limited	2,000,000	1.386%
13. Mrs Jenny Lee Bushell	1,380,000	0.956%
14. CIMB-GK Securities PTE Limited	1,375,542	0.953%
15. NEFCO Nominees Pty Limited	1,299,400	0.900%
16. AJ Payne Holdings Pty Limited	900,000	0.624%
17. Tadea Pty Limited	871,200	0.604%
18. Mr Richard Homsany & Mrs Rosa Dianna Marsia Homsany	850,000	0.589%
19. Mr Stephen Frederick Schmedje & Mrs Cornelia Petra Schmedje	800,000	0.554%
20. Bond Street Custodians Limited	765,000	0.530%
	112,875,118	78.205%

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GREENLAND
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