



**GREENLAND
MINERALS LTD**

GREENLAND MINERALS LIMITED

ACN 118 463 004

CONSOLIDATED FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 30 JUNE 2020

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GREENLAND MINERALS LTD

Corporate Directory

Directors

Anthony Ho	Non-Executive Chairman
Dr John Mair	Managing Director
Simon Cato	Non-Executive Director
Xiaolei Guo	Non-Executive Director

Company Secretary

Miles Guy

Registered and head office

Unit 7, 100 Railway Road
Subiaco WA 6008

Greenland Office

Nuugaarmiunt B-847
3921 Narsaq, Greenland

Home Stock Exchange

Australian Securities Exchange, Perth
Code: GGG

Auditors

Deloitte Touche Tohmatsu

Share Registry

Advanced Share Registry
110 Stirling Highway
Nedlands WA 6009

Company Website

www.ggg.gl

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Directors' Report

The directors of Greenland Minerals Limited ("the Company") herewith submit the consolidated financial report of Greenland Minerals Limited and its subsidiaries ("the Consolidated Group or GML"), for the half-year ended 30 June 2020.

The names of directors of the Company during or since the end of the half-year are:

Anthony Ho, **Non-Executive Chairman**

Dr John Mair, **Managing Director**

Simon Cato, **Non-Executive Director**

Xiaolei Guo, **Non-Executive Director**

Principal Activity

The principal activity of the Consolidated Group during the period was mineral exploration and project evaluation.

Review of Operations

The net loss of the Consolidated Group after providing for income tax was \$1,442,713 (including non-cash share based payments of \$579,000 (2019: \$38,000) compared to a net loss of \$1,052,596 for the previous corresponding period.

Greenland's Role in New Rare Earth Supply Chains

GML has been operating in Greenland, with a focus on the Kvanefjeld rare earth project since 2007. The project has been systematically investigated, and today, Kvanefjeld is one of the world's most important emerging rare earth projects, and is well positioned to see Greenland become a globally significant supplier of materials that are key to an energy efficient, and environmentally sustainable future.

The Kvanefjeld Project is founded on a unique geological environment in southern Greenland, that contains vast mineral resources enriched in critical rare metals. At a planned processing rate of 3 million tonnes/year, Kvanefjeld will be a globally significant producer of light RE magnet metals neodymium and praseodymium (combined Nd-Pr oxide of 5,690t/a) as well as being a significant producer of the strategically significant heavy RE's terbium and dysprosium (44t/a and 270t/a respectively). Rare earth production costs will be low owing to favourable metallurgy, coupled with additional revenue streams generated through the by-production of uranium, zinc and fluorspar (metspar).

Kvanefjeld has an initial mine life of 37 years, based on a 108 million tonne ore reserve (JORC 2012), however, this represents only 10% of the broader resource based. There is clear scope to extend the ore reserves and expand production and extend the project mine life.



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The Kvanefjeld Project has been systematically put together drawing on a collective of specialist expertise from around the world. This includes leading technical and metallurgical input from major shareholder (10.5%) and leading international rare earth company Shenghe Resources Holding Co. Extensive stakeholder engagement has shaped the development strategy. Studies into environmental and social impacts have been undertaken by independent special consultancies in close communication with Greenland's regulatory bodies.

Today, Kvanefjeld is ideally placed to be developed to meet growing rare earth demand. Significantly, Kvanefjeld would be Greenland's first world-class mining operation and the flagship of Greenland's emerging minerals industry.

Progress Toward a Mining License – Kvanefjeld Rare Earth Project

GML has been working through the permitting phase for the Kvanefjeld rare earth project. Permitting in Greenland requires three main impact assessments and supporting studies to be prepared and accepted for public consultation. These include the EIA, Social impact assessment (SIA), and Maritime Safety study. Studies undergo a detailed review process prior to being accepted for the government to present for formal public consultation. The SIA and Maritime Safety Study have been accepted for public consultation. Following EIA reviews in 2019, Greenland's Environmental Agency for Mineral Resource Activities (EAMRA) produced a short list of 'Type 1' issues for further clarification and study. Meetings were then held with Greenland's EAMRA to discuss Type 1 issues and determine what additional work should be done to address these. Once Type 1 issues have been resolved, the EIA will be ready for public consultation.

The main area of additional work to address a number of Type 1 issues is associated with the tailings management methods. The Company commissioned a number of additional independent technical studies to address issues. These technical studies which form part of the EIA reference list but do not materially change the EIA.

In late-May GML lodged the updated EIA for the Kvanefjeld Project with Greenland's EAMRA. Through June and July GML has received review feedback from EAMRA with minor technical recommendations that independent consultants have been able to efficiently address. EAMRA has advised the Company that they are on track to complete the review process by mid-September, 2020. The Company continues to work closely with EAMRA and their advisors to ensure a high-quality EIA to thoroughly address all environmental impacts associated with the Kvanefjeld Project.

Once EAMRA is satisfied, the Ministry for Mineral Resources and Labour will be notified, who manage the remainder of the licensing process. The development strategy for Kvanefjeld has sought to apply Best Available Technology and Best Environmental Practice. Specialist independent consultancy Shared Resources has overseen EIA updates.

Rare Earth Sector Outlook – Strong Development Window Approaching

The consensus of opinion amongst market analysts is that the impact of the COVID 19 pandemic on the rare earth market will be significant but of relatively short duration. At a meeting of the European RE Industry Association (REIA), of which the Company is a member, ADAMAS Intelligence reported significant falls in EV



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sales, an important market for rare earth magnets, in the first half of 2020. The falls were most significant in Asia but sales in Europe and the US were also well down. However, ADAMAS forecast a strong recovery in 2021 and 2022. Growth in EV sales is the key to meeting mandated vehicle emission targets agreed to by nations around the world.

Despite the impact of the pandemic on the demand, in particular for magnet metals, prices for the full suite of rare earth elements has so far held its own over the course of 2020.

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

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

Approval of Kvanefjeld Project Documentation

In late April, GML achieved another important milestone in the path to the Kvanefjeld Mining License. Under Greenland's Mineral Resources Act, one of the main requirements for the granting of an exploitation (mining) license is the effective documentation of a deposit of exploitable minerals in the license area, and that this has been approved by the Greenland Government. Greenland's Ministry of Mineral Resources and Labour has provided written confirmation that GML's documentation (mineral resource and feasibility reports) for the Kvanefjeld Project (exclusive exploration license EL 2010/02) has been approved.

In the case of resource reporting, mineral resources are required to be of the 'indicated' (or higher) category as reported in accordance with the Australian JORC Code. The mineral resources for the Kvanefjeld mine plan (initial 37-year operation) are largely of the 'measured' category (highest confidence category).

Greenland's Ministry of Mineral Resources and Labour engaged Auralia Mining Consultants to conduct the evaluation. This involved the review of a series of reports on the Kvanefjeld Project, most of which had been conducted by SRK Consulting.

Auralia confirmed that the resource estimation of the following 16 oxides and 1 metal have been completed to JORC (2012) standards:

Light Rare Earth Oxides		Heavy Rare Earth Oxides		Other	
Lanthanum	La ₂ O ₃	Europium	Eu ₂ O ₃	Yttrium	Y ₂ O ₃
Cerium	CeO ₂	Gadolinium	Gd ₂ O ₃	Uranium	U ₃ O ₈
Praseodymium	Pr ₆ O ₁₁	Terbium	Tb ₄ O ₇	Zinc	Zn
Neodymium	Nd ₂ O ₃	Dysprosium	Dy ₂ O ₃		
Samarium	Sm ₂ O ₃	Holmium	Ho ₂ O ₃		
		Erbium	Er ₂ O ₃		
		Thulium	Tm ₂ O ₃		
		Ytterbium	Yb ₂ O ₃		
		Lutetium	Lu ₂ O ₃		



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Evaluations were conducted following the JORC (2012) Table 1 requirements.

By-Products Set to Deliver Economic and Environmental Benefits

When developed, Kvanefjeld will be one of the world's largest producers of rare earths (REs), producing in excess of 30,000 tpa of rare earth oxide (equivalent) in an intermediate product. The intermediate product will contain very significant quantities of the critical magnet RE's (**neodymium, praseodymium, terbium, dysprosium**).

The Project will also recover a series of by-products in the course of producing the RE intermediate product. In addition to rare earths the Project will produce commercially significant quantities of uranium oxide, zinc concentrate, and fluorspar. At current prices, rare earths are forecast to contribute over 90% of Project revenues, however, the marginal cost of by-product recovery is low and the by-product revenue generated ensures that unit RE production costs are very low. In addition, the recovery of by-products has the effect of removing environmentally adverse elements from the Project's tailings streams thereby reducing the Project's overall environmental impact.

Uranium

The Kvanefjeld deposit contains a very large but low-grade uranium resource, a significant proportion of which is hosted within the main RE minerals. In order to produce a saleable RE product it is necessary to remove the uranium and the refinery section of the flowsheet includes a uranium recovery circuit. The uranium will be recovered as uranium peroxide (UO_4) and will meet the specifications set by uranium conversion facilities.

The annual cost of removing approximately 475 tpa of uranium will be less than US\$5M. Uranium sales will add in excess of US\$45Mpa to Project revenue. A significant addition to revenue, with significant gross margin over the cost of recovery.

Uranium will be exported directly from Greenland.

Uranium production will reduce the environmental impact of the Project locally and will contribute to the reduction of global greenhouse gas emissions. Recovering uranium during processing reduces the quantity of uranium disposed in tailings and reduces residual radioactivity in the Project area. Management of uranium that is not recovered during processing is addressed in GML's environmental impact assessment (EIA) which is currently under review by Greenland's Environmental Agency for Mineral Resource Assessment

Zinc

Zinc occurs throughout the Kvanefjeld deposit at a grade of approximately 0.23%. The zinc is recovered in a flotation concentrate at the first stage in the RE production process. Without the removal of zinc prior to RE flotation, additional chemical treatment stages would be required in the refinery circuit.

The zinc concentrate will contain ~50% zinc which is comparable to other zinc concentrates traded internationally. The Project will produce ~6,000tpa of zinc in concentrate which will generate approximately US\$6mpa (1% of revenue) after allowing for treatment charges.



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The removal and sale of zinc lessens the environmental impact of the Project by reducing the amount of zinc sulphide in tailings placed in the Project's tailings storage facility.

Fluorspar

The Kvanefjeld deposit contains the water soluble mineral villaumite which is the main source of fluoride in the Project area. In the upper portions of the deposit, much of the villaumite has been dissolved by groundwater and as a result the levels of fluoride in groundwater are naturally elevated.

Fluoride dissolved from ore is important in the RE flotation process and process water is recycled to produce the optimum concentration of fluoride. Fluorspar is precipitated from a bleed stream from this water cycle process. The fluorspar precipitate is thickened, filtered and washed.

Kvanefjeld will produce metallurgical grade fluorspar (Metspar) which is used in the production of steel, cement and ceramics. The Project will be a minor producer of Metspar (approximately 12,500tpa) but production will be relatively high grade. At a price of approximately US\$300 per tonne, the production of fluorspar will add approximately US\$4 million per year.

The production of fluorspar reduces the amount of fluoride to be managed within the Project area and the management of residual fluorine is addressed in the EIA, currently under review.

Economic Implications

Annually based on projected forecast pricing, by-products will generate almost US\$60M in annual revenue for the Project, the equivalent of a credit against the cost of producing REs of approximately US\$1.90/kg of RE or 40% of the cost of producing a RE intermediate product in Greenland. This benefit will ensure Kvanefjeld is low-cost, globally significant producer of RE's.

About the Kvanefjeld Project

The Kvanefjeld Project is centred on the northern Ilimaussaq Intrusive Complex in southern Greenland. The project includes several large-scale multi-element resources including Kvanefjeld, Sørensen and Zone 3. Global mineral resources now stand at **1.01 billion tonnes** (JORC-code 2012 compliant).

The deposits are characterised by thick, persistent mineralisation hosted within sub-horizontal lenses that can exceed 200m in true thickness. Highest grades generally occur in the uppermost portions of deposits, with overall low waste-ore ratios.

Less than 20% of the prospective area has been evaluated, with billions of tonnes of lujavrite (host-rock to defined resources) awaiting resource definition. Extensive resources of other rare minerals enriched in critical elements also occur within the license area.

While the resources are extensive, a key advantage to the Kvanefjeld project is the unique rare earth and uranium-bearing minerals. These minerals can be effectively beneficiated into a low-mass, high value concentrate, then leached with conventional acidic solutions under atmospheric conditions to achieve particularly high extraction levels of rare earths. This contrasts to the highly refractory minerals that are common in many rare earth deposits that require technically challenging and costly processing. The



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rigorously developed process route for Kvanefjeld has been the subject of several successful pilot plant campaigns. Uranium and zinc will be recovered as by-products at low incremental costs.

The Kvanefjeld project area is located adjacent to deep-water fjords that allow for shipping access directly to the project area, year-round. An international airport is located 35km away, and a nearby lake system has been positively evaluated for hydroelectric power.

Rare earth elements (REEs) are used in a wide variety of applications. Most notably, rare earth elements make the world's strongest permanent magnets. The magnet industry continues to be a major growth area, owing to the essential requirement of high-powered magnets in electric cars, renewable energy sources such as wind turbine, along with many common place electrical applications.

Magnetism is the force that converts electricity to motion, and vice-versa in the case of renewable energy such as wind power. In recent years growth in rare earth demand has been limited by end-user concerns over pricing instability and surety of supply; however, demand has returned and the outlook continues to strengthen.

Kvanefjeld provides an excellent opportunity to introduce a large, stable supplier at prices that are readily sustainable to end-users. In addition, rare earths from Kvanefjeld will be produced in an environmentally sustainable manner further differentiating it as a preferred supplier of rare earth products to end-users globally. These factors serve to enhance demand growth.

Rounding off of amounts

The Consolidated Group is a consolidated group of the kind referred to in ASIC Instrument 2016/191, dated 24 March 2016, and in accordance with that Instrument amounts in the Directors Report and half-year Financial Report are rounded off to the nearest thousand dollars unless otherwise indicated.

Subsequent events to balance date

On the 14th August 2020, the Company announced the issue of 4,000,000 Employee Performance Rights ("Rights"). Each Right can be converted to a fully paid share on satisfying both service and share price vesting conditions. The Performance Rights have been issued in two tranches; tranche 1 requires the employee to remain an employee until 15th August 2022 and has a share price hurdle of \$0.30 based on a 20 trading day VWAP, tranche 2 requires the employee to remain an employee until 15th August 2023 and has share price hurdle of \$0.35 based on a 20 trading day VWAP. Both tranches require the employee to be an employee at the time of vesting and expire 15th August 2024.

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



Directors' Report

Auditor's Independence Declaration

The Auditor's independence declaration is included on page 6 of the half-year financial report.

Signed in accordance with a resolution of the directors made pursuant to s306(3) of the *Corporations Act 2001*.

On behalf of Directors



John Mair

Managing Director

Perth, 9th September 2020

Competent Person Statement – Mineral Resources Ore Reserves and Metallurgy

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

The information in the statement that relates to the Ore Reserves Estimate is based on work completed or accepted by Mr Damien Krebs of Greenland Minerals Ltd and Mr Scott McEwing of SRK Consulting (Australasia) Pty Ltd. The information in this report that relates to metallurgy is based on information compiled by Damien Krebs.

Damien Krebs is a Member of The Australasian Institute of Mining and Metallurgy and has sufficient experience that is relevant to the type of metallurgy and scale of project under consideration, and to the activity he is undertaking, to qualify as Competent Persons in terms of The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2012 edition). The Competent Persons consent to the inclusion of such information in this report in the form and context in which it appears.

Scott McEwing is a Fellow and Chartered Professional of The Australasian Institute of Mining and Metallurgy and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking, to qualify as Competent Persons in terms of The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2012 edition). The Competent Persons consent to the inclusion of such information in this report in the form and context in which it appears.

The mineral resource estimate for the Kvanefjeld Project was updated and released in a Company Announcement on February 12th, 2015. The ore reserve estimate was released in a Company Announcement on June 3rd, 2015. There have been no material changes to the resource estimate, or ore reserve since the release of these announcements.



Greenland Minerals Limited
Consolidated Financial Report
For the half-year ended 30 June 2020

Statement of Identified Minerals Resources, Independently Prepared by SRK Consulting (February 2015)

Multi-Element Resources Classification, Tonnage and Grade

Contained Metal

Cut-off (U ₃ O ₈ ppm) ¹	Classification	M tonnes Mt	TREO ² ppm	U ₃ O ₈ ppm	LREO ppm	HREO ppm	REO ppm	Y ₂ O ₃ ppm	Zn ppm	Contained Metal				
										TREO Mt	HREO Mt	Y ₂ O ₃ Mt	U ₃ O ₈ M lbs	Zn Mt
<i>Kvanefjeld - February 2015</i>														
150	Measured	143	12,100	303	10,700	432	11,100	978	2,370	1.72	0.06	0.14	95.21	0.34
150	Indicated	308	11,100	253	9,800	411	10,200	899	2,290	3.42	0.13	0.28	171.97	0.71
150	Inferred	222	10,000	205	8,800	365	9,200	793	2,180	2.22	0.08	0.18	100.45	0.48
150	Total	673	10,900	248	9,600	400	10,000	881	2,270	7.34	0.27	0.59	368.02	1.53
200	Measured	111	12,900	341	11,400	454	11,800	1,048	2,460	1.43	0.05	0.12	83.19	0.27
200	Indicated	172	12,300	318	10,900	416	11,300	970	2,510	2.11	0.07	0.17	120.44	0.43
200	Inferred	86	10,900	256	9,700	339	10,000	804	2,500	0.94	0.03	0.07	48.55	0.22
200	Total	368	12,100	310	10,700	409	11,200	955	2,490	4.46	0.15	0.35	251.83	0.92
250	Measured	93	13,300	363	11,800	474	12,200	1,105	2,480	1.24	0.04	0.10	74.56	0.23
250	Indicated	134	12,800	345	11,300	437	11,700	1,027	2,520	1.72	0.06	0.14	101.92	0.34
250	Inferred	34	12,000	306	10,800	356	11,100	869	2,650	0.41	0.01	0.03	22.91	0.09
250	Total	261	12,900	346	11,400	440	11,800	1,034	2,520	3.37	0.11	0.27	199.18	0.66
300	Measured	78	13,700	379	12,000	493	12,500	1,153	2,500	1.07	0.04	0.09	65.39	0.20
300	Indicated	100	13,300	368	11,700	465	12,200	1,095	2,540	1.34	0.05	0.11	81.52	0.26
300	Inferred	15	13,200	353	11,800	391	12,200	955	2,620	0.20	0.01	0.01	11.96	0.04
300	Total	194	13,400	371	11,900	471	12,300	1,107	2,530	2.60	0.09	0.21	158.77	0.49
350	Measured	54	14,100	403	12,400	518	12,900	1,219	2,550	0.76	0.03	0.07	47.59	0.14
350	Indicated	63	13,900	394	12,200	505	12,700	1,191	2,580	0.87	0.03	0.07	54.30	0.16
350	Inferred	6	13,900	392	12,500	424	12,900	1,037	2,650	0.09	0.00	0.01	5.51	0.02
350	Total	122	14,000	398	12,300	506	12,800	1,195	2,570	1.71	0.06	0.15	107.45	0.31



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Cut-off (U ₃ O ₈ ppm) ¹	Multi-Element Resources Classification, Tonnage and Grade									Contained Metal				
	Classification	M tonnes Mt	TREO ² ppm	U ₃ O ₈ ppm	LREO ppm	HREO ppm	REO ppm	Y ₂ O ₃ ppm	Zn ppm	TREO Mt	HREO Mt	Y ₂ O ₃ Mt	U ₃ O ₈ M lbs	Zn Mt
Sørensen - March 2012														
150	Inferred	242	11,000	304	9,700	398	10,100	895	2,602	2.67	0.10	0.22	162.18	0.63
200	Inferred	186	11,600	344	10,200	399	10,600	932	2,802	2.15	0.07	0.17	141.28	0.52
250	Inferred	148	11,800	375	10,500	407	10,900	961	2,932	1.75	0.06	0.14	122.55	0.43
300	Inferred	119	12,100	400	10,700	414	11,100	983	3,023	1.44	0.05	0.12	105.23	0.36
350	Inferred	92	12,400	422	11,000	422	11,400	1,004	3,080	1.14	0.04	0.09	85.48	0.28
Zone 3 - May 2012														
150	Inferred	95	11,600	300	10,200	396	10,600	971	2,768	1.11	0.04	0.09	63.00	0.26
200	Inferred	89	11,700	310	10,300	400	10,700	989	2,806	1.03	0.04	0.09	60.00	0.25
250	Inferred	71	11,900	330	10,500	410	10,900	1,026	2,902	0.84	0.03	0.07	51.00	0.20
300	Inferred	47	12,400	358	10,900	433	11,300	1,087	3,008	0.58	0.02	0.05	37.00	0.14
350	Inferred	24	13,000	392	11,400	471	11,900	1,184	3,043	0.31	0.01	0.03	21.00	0.07
All Deposits – Grand Total														
150	Measured	143	12,100	303	10,700	432	11,100	978	2,370	1.72	0.06	0.14	95.21	0.34
150	Indicated	308	11,100	253	9,800	411	10,200	899	2,290	3.42	0.13	0.28	171.97	0.71
150	Inferred	559	10,700	264	9,400	384	9,800	867	2,463	6.00	0.22	0.49	325.66	1.38
150	Grand Total	1010	11,000	266	9,700	399	10,100	893	2,397	11.14	0.40	0.90	592.84	2.42

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

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

Note: Figures quoted may not sum due to rounding.

Kvanefjeld Ore Reserves Estimate – April 2015

Class	Inventory (Mt)	TREO (ppm)	LREO (ppm)	HREO (ppm)	Y ₂ O ₃ (ppm)	U ₃ O ₈ (ppm)	Zn (ppm)
Proven	43	14,700	13,000	500	1,113	352	2,700
Probable	64	14,000	12,500	490	1,122	368	2,500
Total	108	14,300	12,700	495	1,118	362	2,600

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

9 September 2020

Dear Board Members

Greenland Minerals Limited

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

As lead audit partner for the review of the financial statements of Greenland Minerals Limited for the half-year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) Any applicable code of professional conduct in relation to the audit review.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Ian Skelton
Partner
Chartered Accountant

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Independent Auditor's Review Report To the members of Greenland Minerals Limited

We have reviewed the accompanying half-year financial report of Greenland Minerals Limited, which comprises the condensed consolidated statement of financial position as at 30 June 2020, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2020 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Greenland Minerals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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Auditor's Independence Declaration

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Greenland Minerals Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Ian Skelton

Partner

Chartered Accountants

Perth, 9 September 2020

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

Signed in accordance with a resolution of the directors made in pursuant to s303(5) of the Corporations Act 2001.

On the behalf of the Directors

A handwritten signature in black ink, appearing to read 'John Mair', written over a faint circular stamp or watermark.

John Mair
Managing Director

Perth, 9th September 2020



**Condensed consolidated statement of profit or loss and other comprehensive income
For the half-year ended 30 June 2020**

	Note	30-Jun-20 \$' 000	30-Jun-19 \$' 000
Revenue from continuing operations			
Other income		79	35
Expenditure			
Directors' and employee benefits		(451)	(449)
Professional fees		(214)	(197)
Depreciation		(126)	(122)
Interest – lease liabilities		(13)	(14)
Share based payments		(579)	(38)
Travel expenses		(39)	(51)
Other expenses		(100)	(217)
Loss before tax		(1,443)	(1,053)
Income tax expense		-	-
Loss for period		(1,443)	(1,053)
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss:			
Exchange difference arising on translation of foreign operations		1,881	(240)
Income tax relating to components of other comprehensive income		-	-
Total other comprehensive income		1,881	(240)
Total comprehensive income for the period		438	(1,293)
Loss attributable to:			
Owners of the parent		(1,443)	(1,053)
		(1,443)	(1,053)
Total comprehensive income attributable to:			
Owners of the parent		438	(1,293)
		438	(1,293)
Basic loss per share – cents per share		0.012	0.009
Diluted loss per share – cents per share		0.012	0.009

The accompanying notes from part of this financial report on pages 18 to 20.

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Condensed consolidated statement of financial position
As at 30 June 2020

	Note	Consolidated	
		30-Jun-20 \$' 000	31-Dec-19 \$' 000
Current Assets			
Cash and cash equivalents	3	6,859	8,599
Trade and other receivables		40	714
Other assets		57	86
Total Current Assets		6,956	9,399
Non-Current Assets			
Property, plant and equipment		770	785
Right of use lease assets		538	522
Capitalised exploration and evaluation expenditure	4	89,144	85,886
Total Non-Current Assets		90,452	87,193
Total Assets		97,408	96,592
Current Liabilities			
Trade and other payables		668	941
Lease liability		177	138
Provisions		633	441
Total Current Liabilities		1,478	1,520
Non-Current Liabilities			
Lease liability		393	410
Provisions		30	172
Total Non-Current liabilities		423	582
Total Liabilities		1,901	2,102
Net Assets		95,507	94,490
Equity			
Issued capital		371,808	371,808
Reserves		(29,093)	(31,553)
Accumulated losses		(247,208)	(245,765)
Total Equity		95,507	94,490

The accompanying notes from part of this financial report on pages 18 to 20.

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Condensed Consolidated Statement of Changes in Equity
For the half-year ended 30 June 2020

	Share capital \$' 000	Option reserve \$' 000	Foreign currency translation reserve \$' 000	Non-controlling Interest Acquisition reserve \$' 000	Accumulated losses \$' 000	Total \$' 000
Balance at 1 Jan 2019	365,247	604	8,503	(39,672)	(242,914)	91,768
Net loss for the period	-	-	-	-	(1,053)	(1,053)
Other Comprehensive income	-	-	(240)	-	-	(240)
Total comprehensive income for the period	-	-	(240)	-	(1,053)	(1,293)
Recognition of share based payments	-	38	-	-	-	38
Balance at 30 June 2019	365,247	642	8,263	(39,672)	(243,967)	90,513
Balance at 1 Jan 2020	371,808	883	7,236	(39,672)	(245,765)	94,490
Net loss for period	-	-	-	-	(1,443)	(1,443)
Other comprehensive income for the period	-	-	1,881	-	-	1,881
Total comprehensive income for the period	-	-	1,881	-	(1,443)	438
Recognition of share based payments	-	579	-	-	-	579
Balance at 30 June 2020	371,808	1,462	9,117	(39,672)	(247,208)	95,507

The accompanying notes from part of this financial report on pages 18 to 20.



Condensed Consolidated Statement of Cash Flows
For the half-year ended 30 June 2020

	Consolidated	
	30-Jun-20 \$' 000	30-Jun-19 \$' 000
Cash flows from operating activities		
Receipts from customers	1	8
Government subsidies	50	-
Payments to suppliers and employees	(987)	(609)
Interest - lease liabilities	(13)	(14)
Net cash used in operating activities	(949)	(615)
Cash flows from investing activities		
Interest received	30	28
Payments for exploration and development	(1,398)	(1,295)
Research and development rebate	667	-
Payments for plant & equipment	(4)	(4)
Net cash used in investing activities	(705)	(1,271)
Cash flows from financing activities		
Payments on lease liabilities	(86)	(80)
Net cash from/(used in) financing activities	(86)	(80)
Net (decrease)/increase in cash and equivalents	(1,740)	(1,966)
Cash and equivalents at the beginning of the financial period	8,599	6,702
Cash and equivalents at the end of the financial period	6,859	4,736

The accompanying notes from part of this financial report on pages 18 to 20.

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Notes to the condensed consolidated financial statements

For the half-year ended 30 June 2020

Note 1: Statement of significant accounting policies

Statement of compliance

The half-year report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half year financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report and ASX announcements.

Basis of preparation

The Consolidated Group is of a kind referred to in ASIC Instrument 2016/191, dated 24 March 2016 and in accordance with that Class Order, all financial information presented has been rounded to the nearest thousand dollars, unless otherwise stated. All amounts are presented in Australian dollars unless otherwise stated.

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.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's annual financial report for the year ended 31 December 2019, (except for the impact of the Standards and Interpretations described below). These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Adoption of new and revised accounting standards

The Consolidated Group has adopted all new and revised Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are relevant to the Consolidated Group's operations and effective for half year. The adoption of these Standards and Interpretations did not have any effect on the financial position of the Consolidated Group.

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

AASB 2018-6 Amendments – Definitions of a Business
AASB 2018-7 Amendments – Definition of Material

There currently no standards on issue, not yet effective that are expected to have a material impact on the Group.



Notes to the condensed consolidated financial statements

For the half-year ended 30 June 2020

Note 2: Segmented reporting

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment to assess its performance.

The Consolidated Group undertakes mineral exploration and evaluation in Greenland; one operating segment is identified, which is unchanged from that identified at 31 December 2019.

Note 3: Cash and cash equivalents

	Consolidated	
	30-Jun-20 \$' 000	31-Dec-19 \$' 000
Cash at bank	655	385
Cash on deposit at call	3,840	5,868
Cash on deposit	2,364	2,346
	6,859	8,599

Note 4: Capitalised exploration and evaluation expenditure

	Consolidated	
	30-Jun-20 \$' 000	31-Dec-19 \$' 000
Balance at beginning of period	85,886	85,292
Add:		
Exploration and/or evaluation phase in current period:		
Capitalised expenses	1,398	2,506
Research and development tax rebate	-	(667)
Effects of currency translation	1,860	(1,245)
Balance at end of period	89,144	85,886

- (i) The Kvanefjeld Project EL 2010/02 is held by Greenland Minerals and Energy (Trading) A/S, the 100% owned Greenlandic subsidiary. All capitalised exploration and evaluation expenditure has been recognised in the Greenlandic subsidiary and at reporting date has been translated at the closing Australian dollar/Danish kroner exchange rate with the movement being recognised in the foreign currency translation reserve.
- (ii) The recoverability of the Consolidated Group's carrying value of the capitalised exploration and evaluation expenditure relating to EL 2010/02 is subject to the successful development and exploitation of the exploration property. The Consolidated Group has completed a feasibility study and environmental and social impact studies. These studies have been submitted to the relevant Greenland authorities, as a commencement of the process for an application for the right to mine.



Notes to the condensed consolidated financial statements

For the half-year ended 30 June 2020

Note 4: Capitalised exploration and evaluation expenditure (Cont'd)

- (iii) The Consolidated Group has a positive outlook regarding its ability to successfully develop the project, as a multi element rare earth and uranium project. The Consolidated Group is working with the Greenland Government and other stakeholders to progress the mining license application to move to development in accordance with both Greenland Government and local community expectations.
- (iv) In June 2019, the Consolidated Group lodged with the Government of Greenland an application for an exploitation (mining) license for the Kvanefjeld project. The application included the environmental impact assessment, social impact assessment and navigational safety investigation study for the project.

Table of exploration licenses held at 30 June 2020

Exploration Licence	Location	Ownership
EL 2010/02	Southern Greenland	100% held by Greenland Minerals and Energy (Trading) A/S

Note 5: Subsequent events to balance date

On the 14th August 2020, the Company announced the issue of 4,000,000 Employee Performance Rights ("Rights"). Each Right can be converted to a fully paid share on satisfying both service and share price vesting conditions. The Performance Rights have been issued in two tranches; tranche 1 requires the employee to remain an employee until 15th August 2022 and has a share price hurdle of \$0.30 based on a 20 trading day VWAP, tranche 2 requires the employee to remain an employee until 15th August 2023 and has share price hurdle of \$0.35 based on a 20 trading day VWAP. Both tranches require the employee to be an employee at the time of vesting and expire 15th August 2024.

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

Note 6: Dividends

No Dividends have been paid or proposed during the half-year ended 30 June 2020.