



GREENLAND
MINERALS AND ENERGY LTD

GREENLAND MINERALS AND ENERGY LIMITED

ACN 118 463 004

CONSOLIDATED FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 30 JUNE 2017



Corporate Directory

Directors

Anthony Ho	Non-executive Chairman
Dr John Mair	Managing Director
Simon Cato	Non-executive Director
Wenting Chen	Non-executive Director

Company Secretary

Miles Guy

Registered and head office

Unit 6, 100 Railway Road
Subiaco WA 6008

Greenland Office

Nuugaarmiunt B-847
3921 Narsaq, Greenland

Home Stock Exchange

Australian Securities Exchange, Perth
Code: GGG
GGGOB

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 and Energy Limited (“the Company or GMEL”) herewith submit the consolidated financial report of Greenland Minerals and Energy Limited and its subsidiaries (“the Consolidated Group or GME”), for the half-year ended 30 June 2017. Pursuant to the provisions of the *Corporations Act 2001*, the directors report as follows:

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**
Wenting Chen, **Non-executive Director**

Principal Activities

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 \$1,222,788 compared to a net loss of \$1,140,302 for the corresponding period.

2017, Half-Yearly Highlights

Through the first half of 2017 substantial progress has been made on the Consolidated Group’s two key areas of focus; permitting the Kvanefjeld Project, and working to optimise the Kvanefjeld Project with strategic partner Shenghe Resources Holding Co Ltd (Shenghe).

The first half of 2017 has seen a notable rise in rare earth prices and renewed market interest. The sector outlook continues to strengthen on the basis of strong demand for permanent magnets (requiring neodymium ‘Nd’, praseodymium ‘Pr’, and dysprosium ‘Dy’) that are essential to the electrification of transport systems and renewable (wind) energy, and ongoing supply side reforms in China that have tightened supply output.

The timing of the industry restructure and increasingly strong outlook is extremely positive for the Kvanefjeld project that is one of the most advanced rare earth projects globally. Kvanefjeld has a strong technical foundation with a number of successful pilot plant campaigns completed, and GME has worked closely with Greenlandic stakeholders and regulators toward a license to operate.

Technical Cooperation with Shenghe

In late 2016 GME commenced strategic cooperation with leading publicly-listed (Shanghai Stock Exchange) Chinese rare earth company Shenghe. This brings an alignment of Kvanefjeld, forecast to be the largest ex-China rare earth mine and leading producer of magnet metals (Nd, Pr, Dy, Tb), with Shenghe’s downstream processing technology and capacity, capital strength, and strong international customer base. This relationship brings GME to the forefront of future rare earth supply.



Directors' Report

Shenghe and GME have commenced technical cooperation to optimise the Kvanefjeld Project and ensure it is aligned with downstream processing. Project economics will be updated when optimisation work has been conducted.

In February, GME personnel visited Chengdu, China, for a series of technically focused meetings with Shenghe. At the meetings the scope of various optimisation programs was agreed and a technical committee (“the Committee”) was established to oversee these work programs. The agenda of the technical committee is to bring about project enhancements that could see Kvanefjeld become one of the most significant and lowest cost producers of rare earths globally.

The optimisation programs will focus on two areas:

1. Concentrate Grade and Recovery

The Committee has commissioned the Institute of Multipurpose Utilisation of Mineral Resources (“IMUMR”), a state-owned scientific research institution which is based in Chengdu IMUMR, to further improve the grade and recovery of rare earths from Kvanefjeld ore. IMUMR’s work will be undertaken in their facilities in China.

IMUMR has experience in providing successful customised technical service to overseas rare earth deposits.

2. Refinery Optimisation

The Committee identified several possible improvements to the Kvanefjeld project’s (“the Project”) flow-sheet with the potential to simplify and optimise the Project. A scope of work for refinery optimisation was agreed and the resulting test work is underway in Australia and progressing well. The refinery work programs will also explore the recovery of additional by-products from the leach stream.

Both concentrator and refinery programs are running concurrently to fast-track the process.

Shenghe’s involvement with GME brings a high level of technical expertise to bear on the Project and will ensure that Kvanefjeld is configured in a way that will maximise its value as a significant, long term source of vital rare earths elements for the global industry. It also creates the opportunity to integrate the Project into the rare earth value chain and an established international customer base.

Kvanefjeld Mining License Application

In parallel to optimisation work, GME’s primary focus is on project permitting. The permitting framework is mapped out by the Government of Greenland (“GoG”).

During 2016 the GoG, assisted by specialist technical advisory groups, completed detailed reviews of the Environmental and Social Impact Assessments (“EIA” and “SIA”) submitted in support of the license application. GME has been working closely with both the GoG and its advisors to incorporate the results of the reviews into revised versions of both the EIA and SIA.



Directors' Report

Datasets are being updated and some limited additional work has been commissioned as required. Revised versions of the SIA and the EIA will be completed once the feedback loops have been closed.

This detailed technical review phase (also referred to as the guidance phase) is the first step in the process of acquiring a mining license.

Shared Resources Engaged to Assist in Licensing Process

In Q2, GME engaged the services of specialist consulting company Shared Resources (“SR”) to assist in finalising the environment and social impact assessments for the Kvanefjeld Project in order to ensure that material prepared for public consultation meets the highest possible standards.

SR provides specialised assistance for companies with projects in countries with emerging natural resource industries in respect of the management of social and environmental impacts. SR’s extensive experience with regulatory systems in developing countries will be of considerable benefit to the Company during this important phase of the mining license application process.

Ms Liz Wall is a founder and director of SR and is a social and environmental development specialist. Ms Wall is a Rhodes Scholar with degrees in Mining Engineering, Development Studies and Environmental Management. Prior to launching Shared Resources in 2008, Ms Wall was a Social and Environmental Development Specialist working with mining projects with the International Finance Corporation and a Regional Development Manager and Health, Safety and Environment Policy Advisor for Rio Tinto in a number of locations around the world.

Ms Wall has recently spent time in Greenland to meet with a cross-section of stakeholders and representatives of government departments and advisory groups. This is to assist in finalising the impact assessments and ensure a thorough and rigorous approach.

Further information on Shared Resources can be found on their website www.sharedresources.com.au.

Environmental Impact Assessment Update

Following detailed reviews conducted by GoG and its advisory groups GME has been updating the Environmental Impact Assessment for the Project. Independent consultants and regulatory bodies from Canada have also been involved in the review process.

No major environmental risks were identified in these detailed reviews and much of the feasibility study design has been accepted as appropriate and suitable for Greenlandic conditions. In early June, representatives from Greenland’s Environmental Agency for mineral Resources Activities (“EAMRA”), and the Danish Centre for Environment and Energy (“DCE”) met with GME representatives in Copenhagen to address outstanding issues. Additional work programs to expand some datasets are underway and are expected to be concluded shortly and the results incorporated into the updated studies.



Directors' Report

Additional work is being undertaken to:

- provide further chemical and structural information on the waste-rock dumps
- increase the design detail of the dumps
- incorporate into the waste rock dump design the ability to capture run-off water for use in processing facilities.

As the majority of waste rock is made up of common rock types such as basalt, the test work is not expected to identify any new issues.

Some additional work is also being undertaken to expand radiation baseline studies. Work conducted to date indicates that the Project will have little impact on the natural (baseline) radon gas emission levels, however, as this is an area of stakeholder interest, it is important to provide a detailed level of understanding to support stakeholder confidence.

Minor additional work is also being undertaken to address queries in regards to dust modelling.

Social Impact Assessment

Following reviews in 2016, the Social Impact Assessment for the Kvanefjeld Project is now advanced with all contributing data complete. The focus is largely on updating documents and figures, and working under guidance from Shared Resources to align the SIA with international standards that become important for project finance. Shared Resources extensive experience in working with the International Finance Corporation is particularly beneficial in this area.

IAEA Director General and Greenland Premier Visit Kvanefjeld

In May, GME assisted the GoG to host the Director General of the International Atomic Energy Agency (IAEA), Mr Yukiya Amano in southern Greenland and at the Project.

The delegation was headed by Greenland's Premier Kim Kielsen, and included Director General Amano, and the Danish Ambassador to Austria (the IAEA is headquartered in Vienna). The delegation was joined by the Mayor of Southern Greenland, and GMEL's Managing Director, Dr John Mair, and visited the Project area to learn more about the GME's development strategy and the plans for key infrastructure including mine site, processing facilities, tailings storage, and port for direct shipping access.

The visit followed the implementation of a regulatory framework to manage the production and export of uranium from Greenland by both the Greenlandic and Danish governments in 2016. This completed a multi-year program by both governments, to ensure that Kvanefjeld could be developed in accordance with international best-practice.

Rare Earth Market Update

After a long period of consolidation through 2016 Rare Earth ("RE") prices have been on the increase since the start of 2017. For the magnet metals (especially neodymium, praseodymium and terbium) and lanthanum (catalyst) the price increases have been significant.



Directors' Report

Using January 1 2016 as a base, as at the beginning of August 2017:

- the terbium oxide price is up over **50%**,
- the lanthanum and cerium oxide prices are up approximately **25%**,
- the praseodymium oxide price is up nearly **50%**,
- and the neodymium oxide price is up around **30%**.

It has taken until the end of 2016 for the improved market dynamics to be reflected in RE prices because of the level of stock of intermediate RE products that had built up in the supply chain since 2012. The sharp fall in demand after the price spike in 2011 was not matched by a cutback in production and significant stocks of intermediate products developed as a consequence, particularly through illegal supply networks.

Prices have not moved in response to a short term stimulus to the market, rather prices are moving to reflect underlying changes to the supply and demand dynamics for rare earths. Commentators on the RE sector are forecasting significant long term growth for the RE market. Forecasts typically suggest compound annual growth of around 5% for the long term.

The most significant growth is expected for those REs with application in the markets for magnets and catalysts [Nd, Pr, La]. Significantly, it is becoming increasingly the case that global RE demand is inextricably linked to government policies and regulations. In particular policies and regulations that are related to:

- Production of clean energy
- Electric mobility
- Energy efficiency
- Emission controls

The link between forecast demand and Government policies adds confidence to expectations for demand growth over time. On the supply side, with the Government of China planning to cap mine production of REs, it is clear that the development of RE mines outside of China will be required to meet expected demand.

Recent policy developments include:

- United Kingdom to ban the sale of new petrol and diesel cars by 2040 (Financial Times, 26 July, 2017)
- France to ban all petrol and diesel vehicles by 2040 (The Telegraph, 6 July, 2017)
- India aiming for all-electric car fleet by 2030 (Times of India, 30 April, 2017)

Recent automotive industry developments include:

- Volvo: all new models from 2019 will be either fully electric or hybrid (the Australian, 5 July, 2017)
- Volkswagen plans to leapfrog Tesla in electric car race (Financial Time, 8 May, 2017)



Directors' Report

Corporate Activity

The six months has seen a considerable increase in market interest in GMEL, and a notable increase in the Company's market capitalisation. This market activity has led to adjustments to the Company's shareholder registry which now has an increasingly international and sophisticated shareholder base.

Much of the multi-year feasibility program to understand and assess Kvanefjeld has occurred against a backdrop of radical change to the rare earth sector in China, driven by government initiatives to consolidate, and improve the overall management of the sector. This has GME well placed to participate in the next phase in the evolution of the global rare earth sector with greater integration of China's world-leading rare earth expertise with high-quality resource projects outside of China.

Rounding off of amounts

The Consolidated Group is a consolidated group of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order 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

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

Auditor's Independence Declaration

The Auditor's independence declaration is included on page 7 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

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

John Mair
Managing Director
Perth, 08/09/2017

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

8 September 2017

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 review of the financial statements of Greenland Minerals and Energy Limited for the half-year ended 30 June 2017, 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
DELOITTE TOUCHE TOHMATSU



Ian Skelton
Partner
Chartered Accountant

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

We have reviewed the accompanying half-year financial report of Greenland Minerals and Energy Limited, which comprises the condensed statement of financial position as at 30 June 2017, and the condensed statement of profit or loss and other comprehensive income, the condensed statement of cash flows and the condensed 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 as set out on pages 10 to 19.

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 2017 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 and Energy 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.

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 and Energy 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 and Energy 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 2017 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, 8 September 2017



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.

John Mair
Managing Director

Perth, 08/09/2017



**Condensed consolidated statement of profit or loss and other comprehensive income
For the half-year ended 30 June 2017**

	Consolidated	
	30-Jun-17 \$' 000	30-Jun-16 \$' 000
Revenue from continuing operations		
Other income	64	106
Expenditure		
Directors' and employee benefits	(408)	(470)
Professional fees	(86)	(66)
Depreciation	(54)	(66)
Occupancy expenses	(101)	(189)
Share based payments	(297)	(77)
Travel expenses	(77)	(48)
Other expenses	(263)	(330)
Loss before tax	(1,222)	(1,140)
Income tax expense	-	-
Loss for period	(1,222)	(1,140)
Other comprehensive income		
Items that may be reclassified subsequently to profit and loss:		
Exchange difference arising on translation of foreign operations	1,331	192
Income tax relating to components of other comprehensive income	-	-
Total other comprehensive income	1,331	192
Total comprehensive income for the period	109	(948)
Loss attributable to:		
Owners of the parent	(1,222)	(1,140)
	(1,222)	(1,140)
Total comprehensive income attributable to:		
Owners of the parent	109	(948)
	109	(948)
Basic loss per share – cents per share	0.012	0.014
Diluted loss per share – cents per share	0.012	0.014

The accompanying notes from part of this financial report on pages 15 to 19.



**Condensed consolidated statement of financial position
As at 30 June 2017**

		Consolidated	
		30-Jun-17	31-Dec-16
		\$' 000	\$' 000
Current Assets	Note		
Cash and cash equivalents	3	4,790	6,378
Trade and other receivables		51	31
Other assets	4	74	671
Total Current Assets		4,915	7,080
Non-Current Assets			
Property, plant and equipment		963	1,004
Capitalised exploration and evaluation expenditure	5	74,250	71,925
Other non-current assets		41	41
Total Non-Current Assets		75,254	72,970
Total Assets		80,169	80,050
Current Liabilities			
Trade and other payables	6	764	778
Other liabilities		96	74
Provisions		279	256
Total Current Liabilities		1,139	1,108
Non-Current Liabilities			
Provisions		128	107
Total Non-Current liabilities		128	107
Total Liabilities		1,267	1,215
Net Assets		78,902	78,835
Equity			
Issued Capital	7	354,546	354,710
Reserves		(7,621)	(9,074)
Accumulated Losses		(268,023)	(266,801)
Total Equity		78,902	78,835

The accompanying notes from part of this financial report on pages 15 to 19.



Condensed Consolidated Statement of Changes in Equity
For the half-year ended 30 June 2017

	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 2016	348,361	28,547	2,561	(39,672)	(264,628)	75,169
Net loss for the period	-	-	-	-	(1,140)	(1,140)
Other Comprehensive income	-	-	192	-	-	192
Total comprehensive income for the period	-	-	192	-	(1,140)	(948)
Issue of shares	2,590	-	-	-	-	2,590
Recognition of share based payments	-	77	-	-	-	77
Issue of shares from option exercise	3	-	-	-	-	3
Recognition of cost of share issue	(879)	736	-	-	-	(143)
Balance at 30 June 2016	350,075	29,360	2,753	(39,672)	(265,768)	76,748
Balance at 1 Jan 2017	354,710	29,359	1,239	(39,672)	(266,801)	78,835
Net loss for period	-	-	-	-	(1,222)	(1,222)
Other comprehensive income for the period	-	-	1,331	-	-	1,331
Total comprehensive income for the period	-	-	1,331	-	(1,222)	109
Issue of shares	-	-	-	-	-	-
Recognition of share based payments	154	143	-	-	-	297
Issue of shares from option exercise	216	(21)	-	-	-	195
Recognition of cost of share issue	(534)	-	-	-	-	(534)
Balance at 30 June 2017	354,546	29,481	2,570	(39,672)	(268,023)	78,902

The accompanying notes from part of this financial report on pages 15 to 19.



Condensed Consolidated Statement of Cash Flows
For the half-year ended 30 June 2017

	Consolidated	
	30-Jun-17	30-Jun-16
	\$' 000	\$' 000
Cash flows from operating activities		
Receipts from customers	87	215
Payments to suppliers and employees	(861)	(1,108)
Net cash used in operating activities	(774)	(893)
Cash flows from investing activities		
Interest received	6	14
Payments for exploration and development	(1,016)	(1,251)
Net cash used in investing activities	(1,010)	(1,237)
Cash flows from financing activities		
Proceeds from issue of shares /options	196	2,462
Share issue costs	-	(13)
Net cash from/(used in) financing activities	196	2,449
Net (decrease)/increase in cash and equivalents	(1,588)	319
Cash and equivalents at the beginning of the financial period	6,378	2,706
Cash and equivalents at the end of the financial period	4,790	3,025

The accompanying notes from part of this financial report on pages 15 to 19.



Notes to the condensed consolidated financial statements

For the half-year ended 30 June 2017

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.

Basis of preparation

The Consolidated Group is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 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 financial report for the year ended 31 December 2016, (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.

New and revised Standards and Interpretations include:

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', and the relevant amending standards ²	1 January 2018	31 December 2019
AASB 15 'Revenue from Contracts with Customers', AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15', AASB 2016-8 'Amendments to Australian Accounting Standards – Effective Date of AASB 15', and AASB 2017-3 'Amendments to Australian Accounting Standards – Clarifications to AASB 15'	1 January 2018	31 December 2019
AASB 16 'Leases'	1 January 2019	31 December 2020



Notes to the condensed consolidated financial statements
For the half-year ended 30 June 2017

Note 1: Statement of 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 2014-10 'Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture' and AASB 2016-10 'Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128'	1 January 2018	31 December 2019
AASB 2016-5 'Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions'	1 January 2018	31 December 2018
AASB 2017-4 'Amendments to Australian Accounting Standards – Uncertainty over Income Tax Treatments'	1 January 2018	31 December 2018

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 2016.



Notes to the condensed consolidated financial statements
For the half-year ended 30 June 2017

Note 3: Cash and cash equivalents

	Consolidated	
	30-Jun-17	31-Dec-16
	\$' 000	\$' 000
Cash at bank	536	4,745
Cash on deposit at call	2,000	1,200
Cash on deposit	2,254	424
	4,790	6,378

Note 4: Other assets

	Consolidated	
	30-Jun-17	31-Dec-16
	\$' 000	\$' 000
Deposit bonds	2	2
Prepayments	72	629
Funds held in trust	-	40
	74	671

Note 5: Capitalised exploration and evaluation expenditure

	Consolidated	
	30-Jun-17	31-Dec-16
	\$' 000	\$' 000
Balance at beginning of period	71,925	71,815
Add:		
Exploration and/or evaluation phase in current period:		
Capitalised expenses	1,016	1,938
Effects of currency translation	1,309	-
Less:	74,250	73,753
Effects of currency translation	-	(1,307)
Research and development rebates received and receivable	-	(521)
Balance at end of period	74,250	71,925

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

Notes to the condensed consolidated financial statements



For the half-year ended 30 June 2017

Note 5: Capitalised exploration and evaluation expenditure (cont'd)

- (iii) In accordance with the Standard Terms for Mineral Exploration Licenses in Greenland, EL 2010/02 was last renewed at the end of December 2014 for a period of 3 years and is due for renewal on 31 December 2017. Renewal will be for a further 3 years (years 14-16). Licence renewal is a standard procedural process provided that the terms of the license have been complied with. EL 2010/02 is in good standing with all license obligations having been met.
- (iv) The Consolidated Group has a positive outlook regarding its ability to successfully develop the project, as a multi element project. The Consolidated Group will continue to work with the Greenland Government and other stakeholders to progress the mining license application, with the view of moving to development. This will be done in a manner that is in accordance with both Greenland Government and local community expectations.

Table of exploration licenses held at 30 June 2017

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

Note 6: Trade and other payables

	Consolidated	
	30-Jun-17 \$' 000	31-Dec-16 \$' 000
Accrued expenses (i)	455	515
Trade creditors (ii)	179	91
Sundry creditors (ii)	130	172
	764	778

- (i) Accrued expenses relate to goods and services provided to the Consolidated Group prior to the period end, but the Consolidated Group was not charged or invoiced for these goods and services by the supplier at period end. The amounts are generally payable and paid within 30 days and are non-interest bearing.
- (ii) Trade and sundry creditors are non-interest bearing with the exception of amounts owed on corporate credit cards where after 30 days interest is charged at rates ranging between 15% and 18%. All trade and sundry creditors are generally payable on terms of 30 days.



Notes to the condensed consolidated financial statements
For the half-year ended 30 June 2017

Note 7: Issued capital

	30 – Jun-17		31- Dec-16	
	No ' 000	\$' 000	No ' 000	\$' 000
Balance brought forward	999,124	354,710	787,709	348,361
Issue of ordinary shares through capital raising	-	-	81,967	2,459
Issue of shares in lieu of capital raising fees	-	-	4,367	131
Issue of ordinary shares to Le Shan Shenghe	-	-	125,000	4,625
Issue of ordinary shares as consideration for share based payments - other	3,200	154	-	-
Issue of ordinary shares as a result of exercised options:				
\$0.20 exercise price options	-	-	45	11
\$0.08 exercise price options	2,449	216	36	3
Less costs associated with shares issued (i)	-	(534)	-	(880)
Balance at end of financial period	1,004,773	354,546	999,124	354,710

- (i) Costs relate to the establishment of the Long State equity facility entered into in February 2015. The costs were recognised as a pre-payment and to be expensed as a cost of equity proportionately against equity drawdowns from the facility. The facility terminated in February 2017 the cost recognised in the current period represents the remaining balance of the pre-payment at the termination date.

Note 8: Subsequent events to balance date

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 9: Dividends

No Dividends have been paid or proposed during the half-year ended 30 June 2017.