GREENLAND MINERALS AND ENERGY LTD

GREENLAND MINERALS AND ENERGY LIMITED

ACN 118 463 004

CONSOLIDATED FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2010

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 period. 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 Consolidated group has been delegated to the Managing Director, Mr Roderick McIllree. With the appointment of Mr Michael Hutchinson as Executive Chairman on the 10 February 2010, Mr Hutchinson has also been delegated with executive responsibilities.

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. The Board intends to review and update it's Board Charter to take into account the changed role of the Chairman from the previous Non Executive to an Executive role.

Principle 2: Structure the Board to add value

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

Mr Anthony Ho and Mr Jeremy Whybrow are non-executive Directors who fulfill the independence criteria outlined in the guidelines. Mr Schønwandt resigned as a non executive director on 9 March 2010 and Mr Malcolm Mason resigned as a non executive director on 28 September 2010. Mr Michael Hutchinson was an independent Director as the Non-executive Chairman, up to 10 February 2010, when he became Executive Chairman.

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.

CORPORATE GOVERNANCE

The role of the Chairman is fulfilled by Mr Michael Hutchinson and Mr Rod McIllree fills the role of Managing Director and Chief Executive Officer.

The board acknowledges the departure from the requirements of Principle 2.2, of the Principles of Best Practices Recommendations, that recommends the chairman should be independent. Mr Michael Hutchinson acts in a limited executive capacity in the United Kingdom, where Mr Hutchinson is a resident. Giving consideration to his limited executive role, it is the Board's opinion, that Mr Michael Hutchinson retains a sufficient level of independence.

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

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:

- In Conjunction with the Executive Chairman, the Managing Director's roles include 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 Executive Chairman's and the Managing Director's performance.

Principle 3: Promote ethical and responsible decision-making
Ethical and responsible decision-making is promoted by the Board in a top-down approach.

The Board has adopted a Code of Conduct to guide the Directors, the Chairman, the Managing Director and other key executives as to practices necessary to maintain confidence in the Company's integrity and to the responsibility and accountability of individuals for reporting and investigating reports of unethical behavior.

The Board recognizes legal ethical and other obligations to all legitimate stakeholders and the requirement to act in accordance with these obligations. The Company has formalized 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 formalized its policy accordingly.

A copy of the Code of Conduct and Securities Trading Policy have 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.

The Company's financial statements are 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 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 formalized 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 recognizes 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 formalized 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.

CORPORATE GOVERNANCE

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.

Non-Executive Remuneration Policy
Non-Executive Directors are paid a fixed fee out of the maximum aggregate amount which has been approved by shareholders. Non-executive Directors are entitled to statutory superannuation where applicable.

There are no schemes for retirement benefits, other than statutory superannuation, for any non-executive Director.

A copy of the Code of Conduct has been placed on the Company's website.

DIRECTORS' REPORT

The directors of Greenland Minerals and Energy Limited submit herewith the annual financial report for the financial period ended 31 December 2010, 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 financial year are:

Michael Hutchinson, **Executive Chairman**
Roderick Claude McIllree, **Managing Director**
Simon Kenneth Cato, **Executive Director**
Jeremy Sean Whybrow, **Non-Executive Director** (i)
Anthony Ho, **Non-Executive Director**
Malcolm Geoffrey Mason, **Non-Executive Director –** resigned 28 September 2010
Hans Kristian Vinding Schønwandt, **Non-Executive Director** – resigned 9 March 2010

(i) Mr Jeremy Whybrow stood down as Exploration Director on the 1 April 2010 and became a Non-Executive Director as of this date.

Company Secretary

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

Miles Simon Guy – Miles Guy is an accountant with 15 years experience in both public practice and commercial environments. Mr Guy is also currently the Chief Financial Officer for Greenland Minerals and Energy Limited.

Principal Activities

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

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

Operating Results

The net loss attributable to members of the Consolidated group after providing for income tax amounted to $7,163,998 (December 2009: loss $3,823,380)

Significant Changes in State of Affairs

During the financial year, there were no significant changes in the state of affairs of the Consolidated group.

Subsequent Events

On the 18 February 2011, Greenland Minerals and Energy (Trading) A/S (GME), the Company's Greenland subsidiary was served a writ by Westrip Holdings Limited (Westrip). In the writ Westrip challenges the validity of decisions made at the GME Extraordinary General Meeting on 23 November 2010, on the grounds it has allegedly been unfairly prejudiced by reason of four proposals that were raised by Westrip, not being supported. The board of GME and the Company did not support these proposals as it was viewed they were not in the best interests of GME.

Legal advice has been sought on this matter and based on this advice the Company is satisfied the claims contained in the writ are without merit. Further more if the claims are advanced they can not give rise to either serious damages claims or otherwise affect the Company's underlying interest or the conduct of operations in Greenland in any material way.

Greenland Minerals and Energy (Trading) A/S will vigorously defend this vexatious writ.

DIRECTORS' REPORT

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.

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 period covered by this report.

Dividends
In respect of the financial year ended 31 December 2010, 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 period. No dividends were paid in the comparative period ended 31 December 2009.

Shares
During the period ended 31 December 2010, the following ordinary shares of Greenland Minerals and Energy Limited were issued, as detailed in Note 15 to the financial report.

The total number of ordinary shares on issue at 31 December 2010 was 288,672,163 (31 December 2009: 226,825,555).

The total number of shares issued during the current 12 month period was 61,846,608. .

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 on shares
Greenland Minerals and Energy limited	42,349,546	Ordinary shares	$0.20	-
Greenland Minerals and Energy limited	750,000	Ordinary shares	$0.10	-
Greenland Minerals and Energy limited	300,000	Ordinary shares	$0.50	-

Options
During the year ended 31 December 2010 the number of options of Greenland Minerals and Energy Limited that were issued are detailed in Note 26 to the financial report.

DIRECTORS' 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	102,553,501	Ordinary shares	$0.20	30 June 2011
Greenland Minerals and Energy Limited	19,800,000	Ordinary shares	$0.20	30 June 2011
Greenland Minerals and Energy Limited	5,450,000	Ordinary shares	$0.50	30 June 2011
Greenland Minerals and Energy Limited	6,250,000	Ordinary shares	$1.00	30 June 2011
Greenland Minerals and Energy Limited	2,388,840	Ordinary shares	$1.50	30 June 2011

No share options 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 Consolidated group or of any other body corporate.

Review of operations

The Consolidated group is a mineral exploration and development consolidated group actively exploring in southern Greenland.

The Consolidated group is primarily focused on exploring its license area over the northern Ilimaussaq Intrusive Complex; a unique geological entity with extraordinary resource potential. Kvanefjeld has a JORC-compliant resource, estimated to contain 4.9 million tones of rare earth oxides (REO) and 120,000 tones of uranium oxide. This resource inventory defines Kvanefjeld as the world's largest REO resource by either JORC or Canadian NI 43-101 standards.

The Consolidated group's vision is to be a significant producer of commodities of fundamental strategic importance and value to tomorrow's world. Rare earth elements (REEs) are now recognised as being critical to the global manufacturing base 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 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 contribute to the energy security of Europe for many decades

Pre-feasibility Study – Interim Report

Details of the pre-feasibility study - interim report were announced to the market on the 1 February 2010.

The study proposes a multi-element mining operation, utilizing the process flow sheet developed in conjunction with AMEC Minproc and the Australian Nuclear Science and Technology Organisation (ANTSO), and draws on extensive studies conducted by the Danish Atomic Energy Commission (Risø). This flow sheet, in Figure 1, and associated engineering and mining studies are considered as a base-case for the Kvanefjeld project.

DIRECTORS' REPORT

Review of operations (cont'd)

The interim report provides a clear indication Kvanefjeld could be developed as an economically robust, large scale mining operation to produce a rare earth concentrate and uranium oxide. The exploitation of uranium is subject to a change of current Greenland government policy of "no uranium mining". Initial estimates indicate that the REE output at Kvanefjeld could rival that of Bayan Ebo in China, currently the world's largest REE producing mine. The project would also be a globally significant producer of uranium, should it proceed to production.

The work commissioned by the consolidated group for the report, has been carried out by international consulting firms covering a wide range of disciplines, and in particular:

- Resource definition and mine plans
  Coffey Mining, Hellman and Schofield
- Metallurgy and process development
  AMEC Minproc, ANSTO, SGS Lakefield Oretest, CSIRO, Battery Limits
- Environmental baseline and Environmental Impact Assessment
  Coffey Environments, Orbicon (Denmark)
- Plant engineering design, infrastructure, capital development
  AMEC Minproc, NIRAS (Denmark)
- Marketing
  BCC Research, IMCOA, World Nuclear Association, MGMT Group

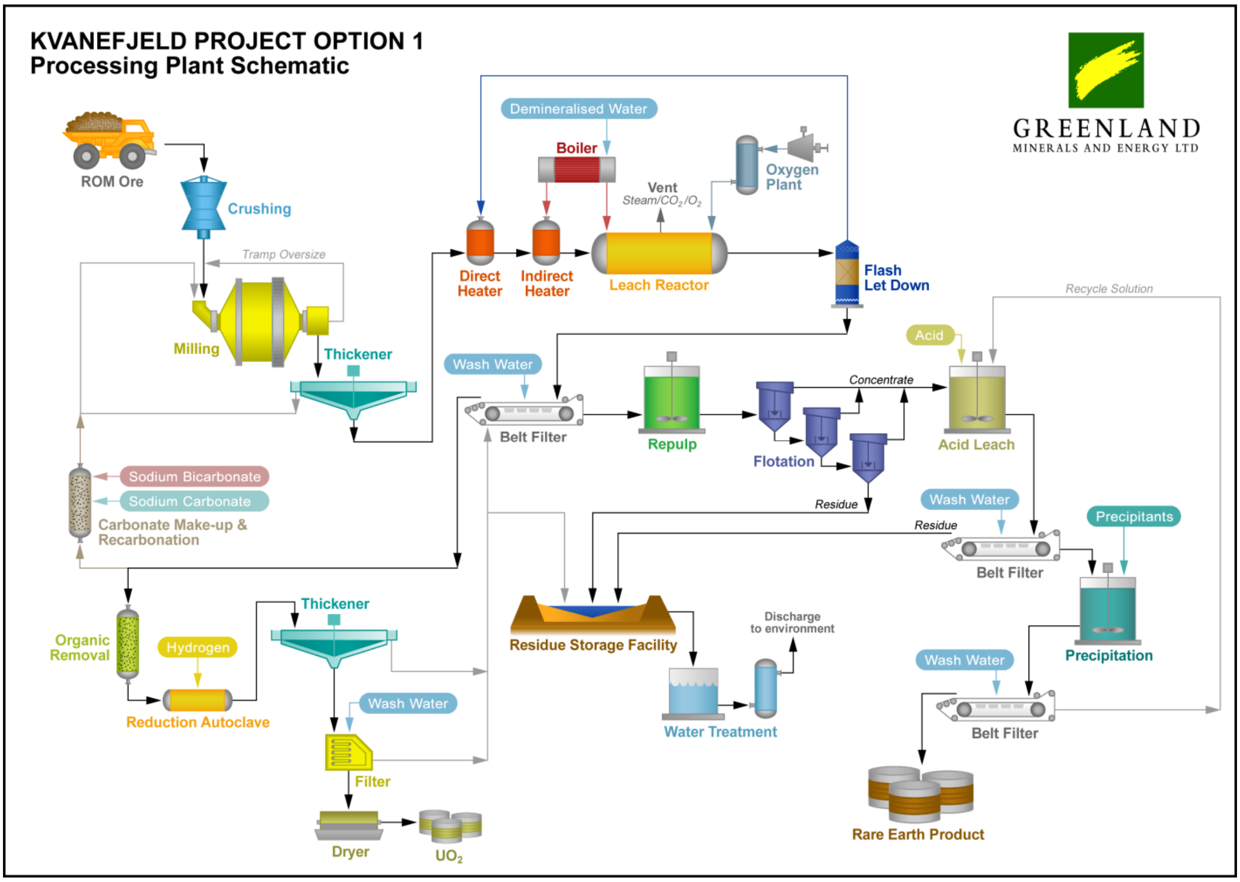

Figure 1. *The conceptual process flow-sheet that is considered a 'base case' for the Kvanefjeld multi-element project. The flow sheet builds on historic test-work with recent metallurgical studies that have been conducted by Greenland Minerals over the last 12 months. The circuit incorporates a whole-of-ore alkaline pressure leach circuit that extracts uranium, which is followed by a floatation circuit to concentrate rare earth element-rich minerals that are subsequently leached with dilute acid to then generate a rare earth product.*

DIRECTORS' REPORT

Review of operations (cont'd)

Key outcomes

- At a processing rate of 10.8 MT pa, nominal forecast annual production is equivalent to 43,729t of rare earth oxide (REO) and 3,895t of uranium. Life of mine (LOM) throughput is 239.3mt at an average grade of 1.1%TREO (REO plus yttrium oxide) and 314ppm U_3O_8.

- A pre-tax internal rate of return of 24% and a cash payback period of just over 5 years (which includes the pre mining construction period of 2 years), using long term prices of US$13.0kg for rare earth carbonates and US$80/lb for U_3O_8 based on independent market analyses.

- The net present value (NPV) for the Kvanefjeld project is estimated at US$2.18 billion (pre-tax and discounted using 10%) and takes into account complete payback of the initial capital costs. This NPV is based upon REO initial recoveries of just 34% and uranium recoveries of 84%.

- Total capital costs are estimated at US$2.31 billion. This includes mine infrastructure, processing and refining capacity for both RE carbonate production and the uranium oxide at 10.8Mtpa, new port and power generation facilities, roads and an accommodation village. This figure includes a US$382.6m contingency, equivalent to 20% of the total cost. In addition, construction labour costs have been increased by a factor of 30% to allow for the estimated incremental cost of construction in Greenland. The Consolidated group is confident that this first pass estimation can be reduced as the level of certainty is increased.

- In total the project is estimated to generate a cumulative operating surplus of US$8.93 billion, generating an average operating surplus of US$615M per annum for the first 5 years of production, peaking at approximately US$665M in years 2 and 3, with a mine life of greater than 23 years.

- The revenues achieved from the sale of either rare earth (RE) carbonate or uranium oxide is expected to be sufficient to cover the total cost of production of both products. In other words, over the LOM, the by-product credit that is earned from the sale of uranium oxide exceeds the cost of producing the RE carbonates: effectively making the cost of producing RE carbonate free.

- Construction, subject to approval from the Greenland government is scheduled to commence in 2013 with first production in 2015.

- Mining studies propose a conventional open pit mine with low waste to ore ratio (0.8:1.0 respectively for LOM) with the highest grades occurring at surface. Ore widths of greater than 100m are common. The mine will be located 7 km from tidewater, with deep fjords running directly to the North Atlantic shipping lanes.

- Engineering studies identify a processing route which will allow extraction of uranium prior to the production of RE carbonate, thereby negating the effects of a contaminated RE product. This creates separate uranium and rare earth processing and recovery steams. A carbonate pressure leach (CPL) circuit extracts uranium. REEs remain host minerals through the CPL process and can then be concentrated by froth floatation, leach acid and then refined to produce RE carbonate. The CPL process for recovery of uranium was first developed by Risø in the 1970s and the Consolidated group's recent test work has confirmed the viability of this method. The RE Extraction and recovery has been developed in conjunction with ANSTO and AMEC Minproc.

- Importantly, from an environmental perspective the Danish work also clearly demonstrated, during their piloting plant work on the CPL process, the positive environmental aspects. Both the fluorine and thorium present in the ore are converted to insoluble compounds. This has positive implications for tailings storage and management.

DIRECTORS' REPORT

Review of operations (cont'd)

The Consolidated group conducts its work programs in accordance with recent license changes as discussed below which explicitly allow work on the multi element resource to continue. The Consolidated group is working closely with the relevant authorities to define acceptable development scenarios.

Exploration

The 2010 work program in Greenland was undertaken in the period of mid-June to late-August, and was the fourth significant work program undertaken by the consolidated group since it commenced operations in Greenland in 2007.

The drilling was focused on the increasing of inferred to indicated resources to fill holes in the mine schedule, and also to test the lateral extent of previously discovered regional targets that show significant mineralization Sterilisation drilling was conducted to provide data that is pertinent to mine plans. In total, 9375 metres of core was drilled during the program.

Community

The Consolidated group has continued to work closely with the Greenland Government, community groups and other stakeholders to ensure all parties are fully informed regarding the consolidated group's activities.

Through 2010, GMEL has been conducting presentations to stakeholder and community groups, with the aim of providing factual information about the Kvanefjeld project as well as providing a forum for members of the public to discuss any issues associated with the project. The meetings continue to provide a great opportunity to build the dialogue between GMEL and Greenlandic stakeholders, and in particular, discuss upcoming environmental and social impact studies and the definitive feasibility process.

Open Day

On August 8th 2010 GMEL held an open day at the company's operations base in Narsaq, south Greenland. The open day provided an opportunity for residents of Narsaq and nearby settlements to learn more about the work programs that are underway on the Kvanefjeld project, as well as learning about the mining life-cycle in general.

Consultants to GMEL from Orbicon (environmental) and Grontmij/Carl Bro (social) presented on the environmental and social impact assessment process, and the heads of Greenland's mining and trade schools discussed available courses with visitors. The open day was well attended with hundreds of south Greenland residents visiting through the course of the day.

Strong local community support from Narsaq and across the southern Greenland business community allowed the Consolidated group to positively engage with the Greenland Government.

License changes

On 10 September 2010 an amendment was made by the Government of Greenland to the Standard Terms for Exploration for mineral licenses.

Licenses from that time allowed for the inclusion of radioactive elements as exploitable minerals for the purpose of thorough evaluation and reporting. The change came after an ongoing dialogue between the Greenland government and Company representatives. The change only applies to projects with substantial recognized resources.

DIRECTORS' REPORT

Review of operations (cont'd)

The GMEL operations base in Narsaq transformed into a display centre for the open day. Hundreds of south Greenland residents visited the open day to learn more about the Kvanefjeld project and the mining life cycle in general.

This critical development provided a clear framework for the Company's Kvanefjeld multi-element project (rare earth elements, uranium and zinc) to proceed to development via the completion of a definitive feasibility study conducted in close cooperation with the Greenland government and stakeholder groups.

The definitive feasibility study, inclusive of environmental and social impact assessments, along with technical and economic studies, will generate the necessary information to determine development parameters for Kvanefjeld.

This change to license terms was applied to the Company's license for Kvanefjeld (2010/2) on 14 December 2010.

The permit was issued following a hearing process in Greenland that involved the National Environmental Research Institute, the Ministry for Health, the Ministry of Domestic Affairs, Nature and Environment (NNPAN) as well as the South Greenland municipality. The permit is supplementary to the exploration license that covers Kvanefjeld and the broader northern Ilimaussaq complex (license 2010/02).

Critical components of a definitive, or bankable, feasibility study are the Environmental and Social Impact Assessments, which are to follow the guidelines established by Greenland's Bureau of Minerals and Petroleum (BMP). At the completion of the definitive feasibility study, including the environmental and social impact assessments the Company will lodge an application for an exploitation license with the BMP.

DIRECTORS' REPORT

Review of operations (cont'd)

The amendments to the Standard Terms for Exploration for mineral licenses, is a significant milestone in the progression of the project to the development stage. It should be noted though that the Greenland Government maintains a zero tolerance uranium policy and the Company will need to apply for and obtain a Mineral Exploitation License, before it is able to move to development and potentially production.

2011 Work Programs

Work programs will include:

- **Continue social and environmental impact studies**: The success of any large-scale mining operation is contingent on the project meeting all social and environmental standards. The Consolidated group is working closely with the Greenlandic authorities to plan the scope of these studies and is aiming to commence the studies by mid 2011.

- **Beneficiation studies:** As the Consolidated group has developed a more in-depth understanding of the mineralogy of the Kvanefjeld resource, new opportunities have been identified that could remove gangue minerals prior to the leaching circuit thereby increasing both RE and uranium head grades to the main processing plant.

- **Improve rare earth recoveries:** While the current nominal production estimates would see Kvanefjeld rival Bayan Ebo as the largest RE producing mine in the world, there is scope to increase RE recoveries through the removal of acid consuming gangue minerals, as well as optimising the leaching conditions applied to the RE-bearing minerals.

- **Further investigate Zinc recovery:** There is potential to generate a sphalerite (ZnS) concentrate with flotation that not only would see another product generated, but also has potential downstream benefits in the form of operating costs savings in both the CPL and RE circuits.

- **Improve geological resource model**: Further development of the geological resource model and detailed mine studies may result in less dilution in the mine schedule that could see an increase in the average RE and uranium head grades over the life-of-mine.

- **Convert *Inferred* to *Indicated* Resources**: At present, the mine schedule is based on indicated resources. Conversion of higher grade inferred resources to indicated through increasing the drill hole density, will extend the mine life.

- **Define New Multi-Element Resources:** There is genuine scope to define new multi-element resources within the Consolidated group's license area that are of the same ore-type to that at Kvanefjeld.

Exploration drilling 2011

The drilling for the 2011 season will be primarily focused on the delineation of resources at least 3 regional targets and the continuation of sterilisation drilling for potential infrastructure.

The regional targets, Zone 2 and Zone 3, are excellent potential satellite resources that could be used to supplement processing feed to assist in raising the feed grade and thus the potential economics of the project. Zone 3 displays excellent tenor of mineralisation and is located proximal to the northern contact of the intrusion. This deposit is likely to exhibit a very low strip ratio. Zone 2 also displays good tenor and some very long intercepts of mineralisation. Its location at approximately 600m above sea level on a very steep slope makes it more challenging to access.

DIRECTORS' REPORT

Review of operations (cont'd)

Exploration camp at Kvanefjeld

The final regional target is Steenstrupfjeld which is located adjacent to the main Kvanefjeld mineralisation. This deposit is likely to contain thin zones of mineralisation near surface in an area that is generally considered the best topographical locality for the processing facility.

Some sterilisation drilling will occur in other localities where our consultants have designed potential infrastructure locations. These locations are still being defined and the number of metres is likely to be only a small component of the total metres to be drilled.

Mapping of the intrusion to date has been confined to Kvanefjeld on a project scale. This field season a concerted effort will be placed on mapping areas within the complex outside of our areas of interest to date. This program is expected to take the majority of the season and it could be reasonably expected that one or two potential drill targets could be defined.

Local training will be a high priority for the Company this year with drillers to be selected from previous years drill assistants. These drillers will be supervised by a trainer and will be placed on some of the shorter drill holes so that they can gain some vital experience that will assist them in future years. The Company will also be planning to train 4 tradesmen. We will also take university students for vocational training.

DIRECTORS' REPORT

Review of operations (cont'd)

Statement of identified mineral resources, Kvanefjeld multi-element project, Greenland

At U_3O_8% cutoff grades[1]	Tonnes (million)	U_3O_8%[2]	U_3O_8 lb/t	TREO%[3]	Zn%	Resource category
	365	0.028	0.62	1.06	0.22	Indicated
0.015	92	0.027	0.59	1.12	0.22	Inferred
	457	**0.028**	**0.62**	**1.07**	**0.22**	**TOTAL**
	276	0.032	0.70	1.13	0.23	Indicated
0.020	63	0.031	0.69	1.21	0.24	Inferred
	339	**0.032**	**0.70**	**1.14**	**0.23**	**TOTAL**
	207	0.035	0.77	1.20	0.23	Indicated
0.025	43	0.036	0.78	1.31	0.25	Inferred
	250	**0.035**	**0.77**	**1.22**	**0.24**	**TOTAL**

Note: Figures quoted may not sum due to rounding.

1. *There is greater coverage of assays for uranium than other elements owing to historic spectral assays. U_3O_8 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.*

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Jeremy Whybrow, who is a Member of The Australasian Institute of Mining and Metallurgy.
Jeremy Whybrow is a director of the company.
Jeremy Whybrow has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Jeremy Whybrow consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Financial Position

The net assets of the Consolidated group were $52,779,766 as at 31 December 2010 (2009: $46,912,666).

The Consolidated group is 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.

DIRECTORS' REPORT

Information on Directors

Michael Hutchinson	- Executive Chairman
Appointed	- 25 November 2008
Special responsibilities	- Member of the Remuneration Committee (Chairman) Member of the Audit Committee –resigned 10February 2010
Qualifications	- BSc (Hons) Geography
Experience	- Mr Hutchinson has more than 30 years experience in non-ferrous metal trading. He was 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 was formerly 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 was also the former 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	- Chairman of; Metalloyd Limited – since Jan 2010 Non-executive director of; Mecom Plc – since April 2009 Armajaro Limited – since December 2009
Former directorships in other-listed entities in the last 3 years	LME Holdings Limited – April 2005 to August 2009 RBS Sempra Metals Limited – January 2005 to August 2009 Wogen Plc – July 2009 to November 2009

Roderick McIllree	- Managing Director
Appointed	- 23 March 2007
Special responsibilities	- Member of the Remuneration Committee
Qualifications	- B.Sc. (Mineral Exploration and Mining Geology), G.Cert. (Mineral Economics) MAus IMM.
Experience	- Mr McIllree 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 McIllree moved to the finance sector in 2000 and worked as an analyst and advisor for broking houses active in capital markets. Mr McIllree 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	- 3,331,095 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 – from July 2006 to 30 September 2010 Non Executive director of Convergent Minerals Limited – from 1st October 2010

DIRECTORS' REPORT

Information on Directors (cont'd)

Simon Kenneth Cato	-	Executive Director
Appointed	-	21 February 2006
Qualifications	-	B.A.
Experience	-	Mr Cato has 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 stock broking 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.
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 QED Occtech Limited – since February 2010
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

Jeremy Sean Whybrow	-	Non-executive Director (i)
Appointed	-	21 February 2006
Special responsibilities	-	Member of the Audit Committee – Appointed 28 September 2010
Qualifications	-	B.Sc. (Mineral Exploration and Mining Geology), G.Cert(Minerals Economics), MAus IMM
Experience	-	Mr Whybrow has over 14 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	-	Executive Director of: Convergent Minerals Limited. – since July 2006

(i) Mr Jeremy Whybrow stood down as Exploration Director on the 1 April 2010 and became a Non-Executive Director as of this date.

DIRECTORS' REPORT

Information on Directors (cont'd)

Anthony Ho	-	Non-executive Director
Appointed	-	9 August 2007
Special responsibilities	-	Member of the Audit Committee (Chairman) Member of the Remuneration Committee
Qualifications	-	B.Comm, CA, FAICD, FCIS
Experience	-	Mr Ho is an experienced 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	-	250,000 ordinary shares of Greenland Minerals and Energy Limited. 1,000,000 Unlisted options
Directorships held in other listed entities	-	Non executive Director of; Dolomatrix International Limited – since April 2007; Chairman of Audit Committee. Non executive Chairman of; Apollo Minerals Limited – since July 2009; Member of Audit Committee.
Former directorships in other-listed entities in the last 3 years	-	Brazin limited – September 1997 to January 2007 Non-executive Chairman Esperance Minerals Limited – July 2008 to March 2010

Malcolm Mason	-	Non-Executive Director
Appointed	-	9 August 2007 – resigned 28 September 2010
Special responsibilities	-	Member of the Audit Committee
Qualifications	-	B.Sc. (Hons), FAus IMM
Experience	-	Mr Mason has 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, 3,680,000 options.
Directorships held in other listed entities	-	Nil

DIRECTORS' REPORT

Information on Directors (cont'd)

Hans Kristian Vinding Schønwandt	-	Non-Executive Director
Appointed	-	9 August 2007 – resigned 9 March 2010
Qualifications	-	PhD (Economic Geology)
Experience	-	Dr Schønwandt 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

Remuneration Report – Audited

This remuneration report, which forms part of the directors' report, details the nature and amount of remuneration for each director of Greenland Minerals and Energy Limited and senior management, for the twelve months ended 31 December 2010.

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

Michael Hutchinson, **Executive Chairman**
Roderick Claude McIllree, **Managing Director**
Simon Kenneth Cato, **Executive Director**
Jeremy Sean Whybrow, **Non-Executive Director**
Anthony Ho, **Non-Executive Director**
Malcolm Geoffrey Mason, **Non-Executive Director –** resigned 28 September 2010
Hans Kristian Vinding Schønwandt, **Non-Executive Director** – resigned 9 March 2010

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 period:

Shaun Bunn, **Chief Operations Officer**
Miles Guy, **Chief Financial Officer and Company Secretary**
John Mair, **General Manager**

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 indicators 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:

DIRECTORS' REPORT

Remuneration report (cont'd)

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

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

All remuneration paid to directors and senior management is valued at the cost to the Consolidated group and expensed. Shares issued to directors and senior management at the market price of those shares. Options are valued at grant date using appropriate valuation techniques.

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 rates, their specific duties and responsibilities.

The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. The current shareholder approved cap on these fees is $400,000 per annum. Fees for non-executive directors are not linked to the performance of the Consolidated group. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company.

Details of Remuneration

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

	Short-term employee benefits		Share based payments		Post-employment	
	Salary	Directors Fees	Shares	Options	Superannuation	Total
12 months ended 31 December 2010	$	$	$	$	$	$
Executive Directors						
Simon Kenneth Cato	127,500	10,000	-	-	12,375	149,875
Roderick Claude McIllree	199,500	12,500	-	-	19,080	231,080
Jeremy Sean Whybrow	50,000	30,000	-	-	7,200	87,200
Non-executive Directors						
Anthony Ho	-	59,000	-	-	4,500	63,500
Michael Hutchinson	-	190,462	-	-	-	190,462
Malcolm Mason (i)	-	43,333	-	-	-	43,333
Hans Kristian Vinding Schønwandt (ii)	-	-	-	-	-	-
Senior Management						
Shaun Bunn	337,500	-	-	-	-	337,500
Miles Guy	90,000		-	-	8,100	98,100
John Mair	200,000	-	-	-	18,000	218,000
Total	**1,004,500**	**345,295**	**-**	**-**	**69,255**	**1,419,050**

(i) Resigned 28 September 2010
(ii) Resigned 9 March 2010

DIRECTORS' REPORT

Remuneration report (cont'd)

	Short-term employee benefits		Share based payments		Post-employment	
	Salary	Directors Fees	Shares	Options	Superannuation	Total
6 months ended 31 December 2009						
Executive Directors						
Simon Kenneth Cato	45,000	20,000	-	-	5,850	70,850
Roderick Claude McIllree	81,000	25,000			9,540	115,540
Jeremy Sean Whybrow	75,000	25,000	-	-	9,000	109,000
Non-executive Directors						
Anthony Ho	-	20,000	-	156,430	1,800	178,230
Michael Hutchinson	-	49,545	-	-	-	49,545
Malcolm Mason	-	30,000	-	-	-	30,000
Hans Kristian Vinding Schønwandt	-	20,000	-	-	-	20,000
Senior Management						
Shaun Bunn	180,000	-	-	72,100	-	252,100
Miles Guy (i)	33,000	-	-	-	2,970	35,970
John Mair	100,000	-	-	72,100	9,000	181,100
Total	**514,000**	**189,545**	**-**	**300,630**	**38,160**	**1,042,335**

(i) Appointed on 21 August 2009

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

Employee share option plan ('ESOP')

Greenland Minerals and Energy limited operates an ownership-based scheme for senior management and employees of the Consolidated group. In accordance with the provisions of the ESOP, as approved by shareholders at the general meeting on the 25 June 2009, eligible employees can be offered participation in the ESOP, at the discretion of the Board. The Board's discretion will be based on the consideration of, among other things, seniority of the person, length of service of the eligible employee with the consolidated group and the potential contribution of the eligible employee to the growth of the Consolidated group.

On exercise, each employee share option converts into one ordinary share of Greenland Minerals and Energy Limited. No amounts are paid or payable by the recipient on receipt of the option. The options carry, neither dividends or voting rights. There are no additional vesting conditions attached to the options and the options may be exercised at any time up to the date of expiry. The expiry date of the options issued under the employee share option plan, is 30 June 2011. The ESOP will continue until such time that all existing option holders have dealt with their option entitlements. At that time the ESOP will formally cease. No further options will be issued to employees pursuant to the ESOP.

Employee performance rights plan

On 11 February 2011, the Board approved the implementation of an Employee Performance Rights Plan ("EPRP"). The plan is a result of a comprehensive remuneration review the Company conducted, in consultation with independent consultants. The aim of the plan is to assist in the retention of existing staff and the recruitment of future employees.

Under the EPRP, the Company will issue incentive shares to employees as part of their total remuneration package. The plan will result in a direct cost saving to the Company through a reduction in the salary component payable in remuneration packages.

DIRECTORS' REPORT

Remuneration report (cont'd)

A total of 3,005,000 performance rights will be issued upon satisfying of vesting conditions, converting into one ordinary share of Greenland Minerals and Energy Limited. To meet the vesting criteria, the employee must remain an employee of the Company for a minimum of two years and will be issued in tranches based on the Company's market capitalisation meeting the following vesting hurdles:

Tranche	Market capitalisation vesting hurdle
Tranche 1	$600,000,000
Tranche 2	$800,000,000
Tranche 3	$1,000,000,000

No rights have been issued as at the date of signing of the Directors' report.

A proposal for the participation of directors in the EPRP will be put to shareholders at the Company's Annual General Meeting.

Additional rights maybe issued at a future date, which may require additional shareholder approval at the time.

Share based payments granted as compensation for the current financial period
No share based payments were granted as compensation during the current financial year.

The follow options were exercised by directors and senior management during the current financial year. Each options converts into one ordinary share of Greenland Minerals and Energy Limited.

	Date	Number Exercised	Exercise Price	Share price @ exercise date	Amount paid $	Amount unpaid $
M Mason	28/01/2010	400,000	$0.20	$0.70	80,000	-
S Bunn	25/11/2010	750,000	$0.10	$0.945	75,000	-

No options issued to directors or senior management lapsed during the year.
During the financial period, the following share-based payment arrangements were applicable;

Options series	Grant date	Expiry date	Grant date fair value	Vesting date
3	31/07/2007	30/06/2011	25,260,513	(ii)
4	31/07/2007	30/06/2011	3,827,350	30/06/2009
9	28/11/2008	30/06/2011	240,000 (i)	28/11/2008
10	28/11/2008	30/06/2013	190,893	28/11/2008
13	25/06/2009	30/06/2011	371,200	25/06/2009
14	25/06/2009	30/06/2011	258,600	25/06/2009
15	20/08/2009	30/06/2011	387,267	20/08/2009
16	20/08/2009	30/06/2011	261,756	20/08/2009
17	10/11/2009	30/06/2011	88,442	10/11/2009
18	10/11/2009	30/06/2011	67,988	10/11/2009

(i) This amount includes $160,000 representing the fair value of options granted to Mr Hans Kristian Schønwandt as a replacement equity instrument upon cancellation of an 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.

DIRECTORS' REPORT

Remuneration report (cont'd)

(ii) 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

There are no further service or performance criteria that need to be met in relation to any of the above option series.

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	-	200,000	-
S. Bunn	-	633,750	-

(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 lapsed during the period due to the failure to satisfy a vesting condition is determined assuming the vesting condition had been satisfied.

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

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

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

The Company notes that all directors are current shareholders. There is no Board policy in relation to limiting the recipient exposure to risk in relation to options issued to any individual.

DIRECTORS' REPORT

The following table shows the gross revenue and profits for the period from 30 June 2007 to 31 December 2010 for the listed entity, as well as the share price at the end of each financial period.

Remuneration Report	12 Month period ended 31 Dec 2010	6 Month period ended 31 Dec 2009	12 Month period ended 30 Jun 2009	12 month period ended 30 Jun 2008	12 month period ended 30 Jun 2007
Revenue	$717,276	$387,977	$1,279,120	$1,334,337	$228,241
Net loss before and after tax	$(7,163,998)	$(3,823,380)	$(4,014,473)	$(202,767,366)	$(199,700)
Share price at beginning of period	$0.58	$0.36	$0.66	$1.75	$0.26
Share price at end of period	$1.20	$0.58	$0.36	$0.66	$1.75
Dividend	-	-	-	-	-
Basic loss per share	$0.03	$0.02	$0.02	$1.25	$0.62
Diluted loss per share	$0.03	$0.02	$0.02	$1.25	$0.62

Key terms of employment contracts

Michael Hutchinson, *Executive Chairman* – appointed Executive Chairman 10 February 2010

- Director fee excluding superannuation for the period ended 31 December 2010 of £100,000 per annum
- Entitled to be reimbursed for all out of pocket expenses necessarily incurred in the performance of his duties including relating to travel, entertainment, accommodation, meals and telephone.
- No fixed term.

Roderick McIllree, *Managing Director*

- Term and type of contract – service agreement subject to annual review.
- Base salary, for the period ended 31 December 2010 of $212,000 per annum and is paid monthly in arrears quarterly, six weeks in advance and six weeks 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 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, there are no other specific payout clauses
- 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, for the period ended 31 December 2010 of $140,000 per annum and is paid quarterly, six weeks in advance and six weeks 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 their engagement without cause by giving the other party three months written notice, there are no other specific payout clauses.
- Remuneration will be reviewed every 12 months or as otherwise agreed between the parties.

DIRECTORS' REPORT

Jeremy Whybrow, *Non- Executive Director*

- No fixed term.
- Director Fees, for the period ended 31 December 2010 of $40,000 per annum and is paid quarterly, six weeks in advance and six weeks in arrears.
- Superannuation at 9% is payable on the 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.

Anthony Ho, *Non-Executive Director*

- No fixed term.
- $50,000 per annum.
- Superannuation at 9% is payable on the director's fee
- Entitled to be reimbursed for all out of pocket expenses necessarily incurred in the performance of his duties including relating to travel, entertainment, accommodation, meals and telephone.

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.

Shaun Bunn, *Chief Operations Officer*

- Term of contract – consultancy service agreement with Shaun Bunn & Associates Pty Limited, engagement is for a minimum term of 36 months, commencing 30 July 2008.
- Either the Company or Shaun Bunn & Associates Pty Limited may terminate their engagement without cause by giving the other party three months written notice, there are no other specific payout clauses.
- 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.

Miles Guy, *Chief Financial Officer and Company Secretary*

- Term of contract – consultancy service agreement with Pro Count Pty Limited, engagement is for no minimum term, and is based on the provision of services 3 days per week.
- Either the Company or Pro Count Pty Limited may terminate their engagement without cause by giving the other party three months written notice, there are no other specific payout clauses.
- Pro Count Pty Limited will be paid fee of $98,100 per annum, being a pro rata of $150,000 per annum plus 9% superannuation, based on full time employment.
- Pro Count 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.

John Mair, *General Manager*

- Term and type of contract – service agreement subject to annual review.
- Base salary, for the period ended 31 December 2010 of $200,000 per annum and is paid quarterly, six weeks in advance and six weeks 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 employee may terminate his engagement without cause by giving the other party three months written notice, there are no other specific payout clauses.
- Remuneration will be reviewed every 12 months or as otherwise agreed between the parties.

Meetings of Directors

During the financial year, 15 meetings of directors were held. Attendances by each director during the year were as follows:

	Directors Meetings	
Director	Number of meetings eligible to attend	Number attended
M Hutchinson	15	13
R McIllree	15	14
S K Cato	15	15
J S Whybrow	15	15
A Ho	15	15
M G Mason	11	11
H K V Schønwandt	2	-

Audit Committee

The audit committee was convened at the Directors' Board Meeting on the 22 April 2009. The audit committee members are Anthony Ho (Chairman), Jeremy Whybrow (appointed 28 September 2010). Michael Hutchinson and Malcolm Mason were members of the audit committee up to the date Mr Hutchinson was appointed Executive Chairman and the date Mr Mason resigned as a director. The audit committee is to meet at least twice a year and must have a quorum of two members. There were 2 audit committee meeting held during the current 12 month reporting period, as follows:

	Audit Committee Meetings	
Member	Number of meetings eligible to attend	Number Attended
A Ho	2	2
M Mason – resigned 28 September 2010	2	2
M Hutchinson – resigned 9 February 2010	-	-
J Whybrow – appointed 28 September 2010	-	-

Remuneration Committee

There were no remuneration committee meetings held during the year.

Indemnifying Officers

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

DIRECTORS' REPORT

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

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

Non-audit Services
Details of amounts paid to the auditors of the Company, Deloitte Touche Tohmatsu and its related practices for audit and any non audit for the year, are set out in note 32.

Auditor's Independence Declaration
The auditor's independence declaration for the year ended 31 December 2010 has been received and is included on page 26 the financial report**.**

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

Change of reporting period – comparative amounts
During the prior period the Australian Securities and Investment Commission (ASIC) granted the Company relief under Sec 340 of the Corporations Act 2001. This relief has enabled the move from a 30 June financial year end to a 31 December year end. This was implemented to align the reporting requirements with the reporting requirements and seasonality of its controlled activities in Greenland.

This financial report covers the period from 1 January 2010 to 31 December 2010, the first full year since the change in reporting dates was adopted.

All comparative figures in this report, labeled "December 2009" refers to the 6 month period, of 1 July 2009 to 31 December 2009. Readers of this report should be aware that when comparing current period figures to comparatives, they are comparing the current 12 month period to the previous 6 month period.

Signed in accordance with a resolution of directors, made pursuant to section 298(2) of the Corporations Act 2001.

On behalf of the Directors.

Simon Cato
Executive Director

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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

28 March 2011

Dear Board Members

Greenland Minerals and Energy Limited

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

As lead audit partner for the audit of the financial statements of Greenland Minerals and Energy Limited for the financial year ended 31 December 2010, 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

Deloitte.

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

Report on the Financial Report

We have audited the accompanying financial report of Greenland Minerals and Energy Limited, which comprises the statement of financial position as at 31 December 2010, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 30 to 66.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the entity's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Deloitte.

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Greenland Minerals and Energy Limited on 28 March 2011 would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of Greenland Minerals and Energy Limited is in accordance with the *Corporations Act 2001*, including:

    (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the year ended on that date; and

    (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 2.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 18 to 25 of the directors' report for the year ended 31 December 2010. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of Greenland Minerals and Energy Limited for the year ended 31 December 2010, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Leanne Karamfiles
Partner
Chartered Accountants
Perth, 28 March 2011

Directors' declaration

The directors declare that:

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

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

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

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

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

On behalf of the Directors

Simon Cato
Executive Director
Subiaco, 28 March 2011

Consolidated statement of comprehensive income for the year ended 31 December 2010

	Note	12 Month period ended 31 Dec 2010 $' 000	6 Month period ended 31 Dec 2009 $' 000
Revenue from continuing operations	5	717	388
Expenditure			
Directors benefits	6	(1,031)	(589)
Employee benefits	6	(1,825)	(811)
Legal fees		(1,111)	(1,574)
Marketing & public relations		(630)	(262)
Occupancy expenses		(235)	(134)
Other expenses		(3,049)	(841)
Loss before tax		(7,164)	(3,823)
Income tax expense	7	-	-
Loss for period		(7,164)	(3,823)
Other comprehensive income			
Exchange difference arising on translation of foreign operations		(1,238)	(7)
Income tax relating to components of comprehensive income	7	-	-
Other comprehensive income for the period		(1,238)	(7)
Total comprehensive income for the period		(8,402)	(3,830)
Loss attributable to:			
Owners of the parent		(6,392)	(3,708)
Non-controlling interest		(772)	(115)
		(7,164)	(3,823)
Total comprehensive income attributable to:			
Owners of the parent		(7,147)	(3,715)
Non-controlling interest		(1,255)	(115)
		(8,402)	(3,830)
Basic loss per share – cents per share	19	2.60	1.70
Diluted loss per share – cents per share		2.60	1.70

Notes to the financial statements are included on pages 35 to 66

Consolidated statement of financial position as at 31 December 2010

	Note	Dec 2010 $' 000	Dec 2009 $' 000
Current Assets			
Cash and cash equivalents	8	11,587	7,614
Trade and other receivables	9	196	1,971
Other assets	10	1,364	515
Total Current Assets		13,147	10,100
Non-Current Assets			
Property, plant and equipment	11	582	460
Capitalised exploration and evaluation expenditure	12	42,149	37,129
Total Non-Current Assets		42,731	37,589
Total Assets		55,878	47,689
Current Liabilities			
Trade and Other Payables	13	1,476	696
Provisions	14	1,622	79
Total Current Liabilities		3,098	775
Total Liabilities		3,098	775
Net Assets		52,780	46,914
Equity			
Issued Capital	15	153,754	103,685
Reserves	16	117,401	153,957
Accumulated Losses	18	(217,076)	(210,684)
Equity attributable to equity holders of the parent		54,079	46,958
Non-controlling interest	20	(1,299)	(44)
Total Equity		52,780	46,914

Notes to the financial statements are included on pages 35 to 66

Consolidated statement of changes in equity for the year ended 31 December 2010

	Issued capital $' 000	Option reserve $' 000	Foreign currency translation reserve $' 000	Accumulated losses $' 000	Attributable to equity holders of the parent $' 000	Non-controlling interest $' 000	Total $' 000
Balance at 1 July 2009	98,519	156,532	6	(206,976)	48,081	28	48,109
Net loss for the period	-	-	-	(3,708)	(3,708)	(115)	(3,823)
Other Comprehensive Income for the period	-	-	(7)	-	(7)	-	(7)
Total comprehensive for the period	-	-	(7)	(3,708)	(3,715)	(115)	(3,830)
Issue of shares net of transaction costs	903	-	-	-	903	43	946
Issue of shares form option exercise	4,166	(3,380)	-	-	786	-	786
Recognition of share based payments	97	806	-	-	903	-	903
Balance at 31 December 2009	103,685	153,958	(1)	(210,684)	46,958	(44)	46,914
Balance at 1 January 2010	103,685	153,958	(1)	(210,684)	46,958	(44)	46,914
Net loss for the period	-	-	-	(6,392)	(6,392)	(772)	(7,164)
Other Comprehensive income	-	-	(755)	-	(755)	(483)	(1,238)
Total comprehensive for the year	-	-	(755)	(6,392)	(7,147)	(1,255)	(8,402)
Issue of shares net of transaction costs	5,302	-	-	-	5,302	-	5,302
Issue of shares from option exercise	44,495	(35,801)	-	-	8,694	-	8,694
Recognition of share based payments	272	-	-	-	272	-	272
Balance at 31 December 2010	153,754	118,157	(756)	(217,076)	54,079	(1,299)	52,780

Notes to the financial statements are included on pages 35 to 66

Consolidated statement of cash flows for the year ended 31 December 2010

	Note	12 Month period ended 31 Dec 2010 $' 000	6 Month period ended 31 Dec 2009 $' 000
Cash flows from operating activities			
Receipts from customers		251	123
Payments to suppliers and employees		(5,911)	(3,659)
Net cash used in operating activities	23	(5,660)	(3,536)
Cash flows from investing activities			
Interest received		335	244
Proceeds from advances to other parties		1,000	-
Payments for property, plant and equipment		(249)	(33)
Payments for exploration and development		(6,515)	(4,829)
Payment for investments		(467)	(60)
Proceeds from investments		560	-
Proceeds from government grant		700	-
Net cash used in investing activities		(4,636)	(4,678)
Cash flows from financing activities			
Proceeds from issue of shares/options		14,695	1,786
Payment for shares/options issue costs		(426)	-
Repayment of Loans to related parties		-	3
Net cash from financing activities		14,269	1,789
Net increase/(decrease) in cash and equivalents		3,973	(6,425)
Cash and equivalents at the beginning of the financial period		7,614	14,039
Cash and equivalents at the end of the financial period	8	11,587	7,614

Notes to the financial statements are included on pages 35 to 66

Notes to the accounts

1. General information

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

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

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

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

2. Significant accounting policies

Statement of compliance

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

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

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

The financial statements were authorised for issue by the directors on 28 March 2011.

Basis of preparation

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

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

Critical accounting judgments and key sources of estimation uncertainty

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

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

Adoption of new and revised Accounting Standards

In the current period, the Consolidated group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for reporting periods beginning on 1 January 2010.

The following new and revised Standards and Interpretations have been adopted in the current period:

- AASB 3 Business Combinations (2008), AASB 127 Consolidated and Separate Financial Statements (2008), and AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127
- AASB 2008-6 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project

Notes to the accounts

2. Significant accounting policies (cont'd)

- AASB 2009-4 Amendments to Australian Accounting Standards arising from the Annual Improvements Project
- AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project
- AASB 2009-7 Amendments to Australian Accounting Standards

The adoption of these standards and interpretations did not have any effect on the financial position or performance of the Consolidated group.

The Consolidated group has not elected to early adopt any new standards or amendments.

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

	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 124 'Related Party Disclosures'(2009), AASB 2009-12 Amendments to Australian Accounting Standards	1 January 2011	31 December 2011
AASB 9 'Financial Instruments', AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9'	1 January 2013	31 December 2013
AASB 9 'Financial Instruments' (December 2010), AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)'	1 January 2013	31 December 2013
AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements	1 July 2013	31 December 2014
AASB 2010-3 Amendments to Australian Accounting Standards arising from the Annual Improvements Project	1 July 2010	31 December 2011
AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project	1 January 2011	31 December 2011
AASB 2010-5 Amendments to Australian Accounting Standards	1 January 2011	31 December 2011
AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets	1 July 2011	31 December 2012
AASB 2010-8 Amendments to Australian Accounting Standards – Deferred tax: Recovery of Underlying Assets	1 January 2012	31 December 2012
Interpretation 19 Extinguishing Liabilities with Equity Instruments	1 July 2010	31 December 2011

Notes to the accounts

2. Significant accounting policies (cont'd)

The directors note that the impact of the initial application of the Standards and Interpretations is not yet known or is not reasonably estimable. These Standards and Interpretations will be first applied in the financial report of the Consolidated group that relates to the annual reporting period beginning on or after the effective date of each pronouncement.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Consolidated group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interests of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Consolidated group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Consolidated group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

(b) Joint venture arrangements

<u>Jointly controlled operations</u>

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

(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 accounts

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 Consolidated group's foreign operations are translated into Australian dollars at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Consolidated group's foreign currency translation reserve. Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed.

(d) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

(e) Revenue

Revenue is measured at the fair value of the consideration when received or receivable.

Interest revenue

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Rental income

Revenue from operating sub-leases is recognised in accordance with the Consolidated group's accounting policy.

(f) Share-based payments

Equity-settled share-based payments with employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. Fair value is measured by use of an appropriate valuation method. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. Further details on how the fair value of equity-settled share-based transactions are in note 26.

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

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

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

Notes to the accounts

2. Significant accounting policies (cont'd)

(g) Income tax

Current tax

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

Deferred tax

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

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

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

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

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

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.

(i) Financial assets

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

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

Notes to the accounts

2. Significant accounting policies (cont'd)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis for debt instruments other than those financial assets 'at fair value through profit or loss'.

Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss where the financial asset:

- has been acquired principally for the purpose of selling in the near future;
- is a part of an identified portfolio of financial instruments that the Consolidated group manages together and has a recent actual pattern of short-term profit-taking; or
- is a derivative that is not designated and effective as a hedging instrument.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in note 10.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest income is recognised by applying the effective interest rate.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each 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 receivable at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in equity.

Derecognition of financial assets

The Consolidated group de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Consolidated group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Consolidated group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Consolidated group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Consolidated group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Notes to the accounts

2. Significant accounting policies (cont'd)

(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.

<u>Group as lessor</u>

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

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

(l) Employee benefits

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

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long-term employee benefits, are measured as the present value of the estimated future cash outflows to be made by the Consolidated group in respect of services provided by employees up to reporting date.

(m) Financial instruments issued by the Consolidated group

<u>Debt and equity instruments</u>

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Consolidated group are recorded at the proceeds received, net of direct issue costs.

<u>Financial liabilities</u>

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities.

Notes to the accounts

2. Significant accounting policies (cont'd)

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

(n) Impairment of long-lived assets excluding goodwill

At each reporting date, the Consolidated group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Consolidated group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

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

(o) Capitalisation of exploration and evaluation expenditure

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

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

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

(a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or

(b) exploration and evaluation activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

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

Notes to the accounts

2. Significant accounting policies (cont'd)

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

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

(p) Provisions

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

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

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

3: Critical accounting estimates and judgments

In preparing this Financial Report the Consolidated group has been required to make certain estimates and assumptions concerning future occurrences. There is an inherent risk that the resulting accounting estimates will not equate exactly with actual events and results.

a) Significant accounting judgments

In the process of applying the Consolidated group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Capitalisation of exploration and evaluation expenditure

The Consolidated group has capitalised significant exploration and evaluation expenditure on the basis either that this is expected to be recouped through future successful development or alternatively sale of the Areas of Interest. If ultimately the area of interest is abandoned or is not successfully commercialised, the carrying value of the capitalised exploration and evaluation expenditure would be written down to its recoverable amount.

Deferred tax assets

The Consolidated group expects to have carried forward tax losses which have not been recognised as deferred tax assets as it is not considered sufficiently probable at this point in time, that these losses will be recouped by means of future profits taxable in the relevant jurisdictions.

b) Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Notes to the accounts

3: Critical accounting estimates and judgments (cont'd)

Impairment of capitalised exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Consolidated group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, costs of drilling and production, production rates, future legal and political changes, (including obtaining the right to mine and changes to environmental restoration obligations) and changes to commodity prices.

As at 31 December 2010, the carrying value of capitalised exploration expenditure is $42,149,145 (2009: $37,129,405) refer to note 12.

Legal claims

A contingent liability has been disclosed, refer to note 22, relating to an estimate of the liability that will be incurred by the Consolidated group in defending writs, issued to the Company by Westrip Holdings Limited and Rimbal Pty Limited. The liability is based on an estimation by directors after obtaining legal opinions.

4: Segment information

AASB8 requires operating segments to be identified on the basis of internal reports about components of the entity that are regularly reviewed by the managing director (chief operating decision maker) in order to allocate resources to The segment and assess performance.

The Consolidated group undertakes mineral exploration and evaluation in Greenland, associated wholly with the Kvanefjeld project.

Given the Consolidated group has one reporting segment, operating results and financial information are not separately disclosed in this note.

5: Revenue

	12 Month period ended 31 Dec 2010 $' 000	6 Month period ended 31 Dec 2009 $' 000
Interest - Bank deposits	320	208
Operating lease revenue - Sub lease	136	74
Other revenue	261	106
	717	388

Notes to the accounts

6: Loss for the period before tax

		12 Month period ended 31 Dec 2010 $' 000	6 Month period ended 31 Dec 2009 $' 000
	Loss for the period has been arrived at after charging the following items		
(a)	**Gains and losses**		
	Gain on disposal of investments	93	-
	Loss on disposal of leasehold assets	-	(31)
	Changes in fair value of held for trading assets	378	58
	Loss on foreign currency exchange	(267)	(22)
(b)	**Other expenses**		
	Legal costs	(1,111)	(1,574)
	Marketing & PR consulting	(630)	(262)
	Occupancy expenses	(235)	(134)
	Accounting expenses	(196)	-
	Consulting expenses	(337)	(21)
	Depreciation expense	(127)	(47)
	Insurance	(99)	(24)
	Operating lease rental expenses	(136)	(74)
	Stock exchange fees	(83)	(32)
	Travel expenses	(717)	(332)
	Payroll tax	(1,198)	-
	Other expenses	(645)	(316)
	Directors' fees and salary expense	(1,031)	(433)
	Directors' share based payments	-	(156)
		(1,031)	(589)
	Employee benefits	(1,825)	(162)
	Employee share based payments	-	(649)
		(1,825)	(811)

7: Income tax

		12 Month period ended 31 Dec 2010 $' 000	6 Month period ended 31 Dec 2009 $' 000
(a)	Tax expense	-	-
	Current tax	-	-
	Deferred tax	-	-
		-	-

Notes to the accounts

7: Income tax (cont'd)

		12 Month period ended 31 Dec 2010 $' 000	6 Month period ended 31 Dec 2009 $' 000
(b)	the prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expenses in the financial statements as follows;		
	Loss for period	(7,164)	(3,823)
	Prima facie tax benefit on loss at 30%	(2,149)	(1,147)
	add:		
	Tax effect of:		
	other non-allowable items	391	529
	provisions and accruals	530	129
	accrued income	12	12
	revenue loss not recognised	3,704	2,191
		4,637	2,861
	Less:		
	Tax effect of:		
	Exploration, evaluation and development expenditure	(1,946)	(1,290)
	provisions and accruals	(173)	(175)
	capital expenditure write off	(247)	(237)
	Other deductions	(122)	(12)
		(2,488)	(1,714)
	Income tax expense	-	-
	The following deferred tax balances have not been recognised:		
	Deferred tax assets:		
	at 30%		
	Carry forward revenue losses	12,396	8,692
	Capital raising costs	345	458
		12,741	9,150
	Less: offset against deferred tax liability	(7,060)	(5,102)
		5,681	4,048

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

a) The Consolidated group derives future assessable income of a nature and amount sufficient to enable the benefits to be utilized,
b) The Consolidated group continues to comply with the conditions of deductibility imposed by law, and
c) No change in income tax legislation adversely affects the consolidated group's ability to utilise the benefits.

Notes to the accounts

7: Income tax (cont'd)

	Dec 2010 $' 000	Dec 2009 $' 000
Deferred tax liabilities:		
at 30%		
Exploration, evaluation and development expenditure	7,048	5,090
Accrued income	12	12
	7,060	5,102
less offset against deferred tax assets	(7,060)	(5,102)
	-	-

The above deferred tax liabilities have been offset against the deferred tax assets, noted above.

8: Cash and equivalents

	Dec 2010 $' 000	Dec 2009 $' 000
Cash at bank	744	2
Cash on deposit	10,843	7,612
	11,587	7,614

The Consolidated group's financial risk management objectives and policies are discussed further at note 27.

9: Trade and other receivables

	Dec 2010 $' 000	Dec 2009 $' 000
(a) Current		
Trade debtors (i)	54	92
Accrued interest	26	41
Research and development rebate	-	700
GST refundable	86	97
Funds held in trust (ii)	30	1,040
	196	1,971

(i) Trade debtors and sundry debtors are non-interest bearing, unsecured and generally on 30 day terms. As at 31 December 2010 and 31 December 2009 no amounts were past due but not impaired. Additionally there was no allowance for doubtful debts at either 31 December 2010 or 31 December 2009.

(ii) Funds held in trust consist of $30,441 (2009: $40,826) being held by the Consolidated 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. A deposit of $1,000,000 was also held in trust by Gravner Limited at 31 December 2009. The money is being held as a deposit whilst Gravner Limited negotiated on behalf of the Company for the purchase of the 4%. These funds were repaid to the Company during the current financial year.

Notes to the accounts

10: Other assets

	Dec 2010 $' 000	Dec 2009 $' 000
Deposit bonds	159	111
Prepayments	365	188
Funds held in trust for un-issued shares (i)	146	-
Investments carried at fair value:		
Shares in listed companies	400	300
Changes in fair value (ii)	294	(84)
	1,364	515

(i) Funds held in trust, relate to funds received for the issue of shares through the exercise of options where the shares were not issued at 31 December 2010.

(ii) Movement in market value is based on the closing price on the Australian Securities Exchange, of the shares held on the reporting date.

11: Property, plant and equipment

	Dec 2010 $' 000	Dec 2009 $' 000
Plant and Equipment (cost)	877	637
Accumulated depreciation	(349)	(228)
Leasehold improvements (cost)	65	57
Accumulated depreciation	(11)	(5)
	582	460

(a) Movements in the carrying amounts

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

	Dec 2010 $' 000	Dec 2009 $' 000
Plant and Equipment		
Carrying value at beginning of period	408	425
Acquisitions	242	27
Depreciation expense	(122)	(44)
Carrying value at end of period	528	408
Leasehold improvements		
Carrying value at beginning of period	52	81
Acquisitions	7	5
Disposals	-	(31)
Depreciation expense	(5)	(3)
Carrying value at end of period	54	52
Total property, plant and equipment carrying value at end of period	582	460

Notes to the accounts

12: Capitalised exploration and evaluation expenditure

	Dec 2010 $' 000	Dec 2009 $' 000
Balance at beginning of period	37,129	33,694
Exploration and/or evaluation phase in current period:		
Capitalised expenses (i)	6,482	4,135
	43,611	37,829
Less:		
Effects of currency translation	(1,462)	-
Government grant	-	(700)
Balance at end of period	42,149	37,129

(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 Consolidated Entity 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 was required to fully fund the exploration and evaluation expenditure, while maintaining the 61%-39% holding interest. From 17 August 2009 both joint venture parties are required to contribute to the exploration expenditure, in proportion to their respective interests in the joint venture. To date Greenland Minerals Energy Limited has continued to fully fund the exploration expenditure and the Company has not to date made a claim against Westrip Holdings Limited for its share of the exploration expenditure post 17 August 2009.

(ii) The recoverability of the Consolidated group's carrying value of the capitalized exploration and evaluation expenditure relating to the Kvanefjeld Project is subject to the successful development and exploitation of the exploration property. The Consolidated Entity will carry out a definitive feasibility study including among other areas, environmental and social impact studies, with the intention of applying for the right to mine. Alternatively recoverability could result from the sale of the tenement at an amount at least equal to the carrying amount.

(iii) The Greenland Government currently has a zero tolerance approach to the exploration and exploitation of uranium. In September 2010, the Greenland government announced an amendment to the *Standard Terms for Exploration Licenses* in Greenland. This amendment allowed, upon application the inclusion of radioactive elements as exploitable minerals, for the purpose of thorough evaluation and reporting. The Consolidated group has successfully made an application and received approval from the Greenland government to fully evaluate the Kvanefjeld multi element project, inclusive of radioactive elements. This will enable the inclusion of these elements in the planned definitive feasibility studies.
The Consolidated group and the Greenland Government are currently involved in consultations with stakeholders, regarding the social and environmental aspects of the project and potential further changes to the Greenland Government's uranium policy. Based on these facts, as well as the continued approval of the Consolidated group's exploration program, the Consolidated Entity has a positive outlook regarding its ability to successfully develop the project, as a multi element project including uranium. The Consolidated group will continue to explore and evaluate the project, with the view of moving to development, subject to approval to mine uranium. This will be done in a manner that is in accord with both Greenland Government and local community expectations.

Notes to the accounts

13: Trade and other payables

	Dec 2010 $' 000	Dec 2009 $' 000
Accrued expenses (i)	287	389
Trade creditors (ii)	969	277
Sundry creditors (ii)	74	30
Funds held in trust (iii)	146	-
	1,476	696

(i) Accrued expenses related to services and goods provided to the Consolidated group prior to the period end, but the Consolidated group was not charged or invoiced for these goods and services by the supplier at period end. The amounts are generally payable and paid within 30 Days and are non-interest bearing.

(ii) Trade and sundry creditors are non-interest bearing with the exception of amounts owed on corporate credit cards and after 30 days interest is charged at rates ranging between 15% and 18%. All trade and sundry creditors are generally payable on terms of 30 days.

(iii) Funds held in trust, relate to funds received for the issue of shares from the exercise of options where the shares had not been issued at 31 December 2010.

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

14: Provisions

	Dec 2010 $' 000	Dec 2009 $' 000
Provision for annual leave	201	79
Provision for payroll tax (i)	1,421	-
	1,622	79

(i) The Company has previously disclosed a contingent liability for payroll tax of $1,500,000. This contingent liability related to a potential payroll tax liability on options issued to directors in 2007. Based on the outcome of a review of this matter by the West Australian Office of State Revenue ("OSR"), the Company has considered it appropriate to record $1,355,900 as a provision for payroll tax payable. A provision for pay-roll tax for the year ended 31 December 2010, was also recorded.

Notes to the accounts

15: Issued capital

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

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

	Dec 2010		Dec 2009	
	No ' 000	$' 000	No ' 000	$' 000
Balance brought forward	226,826	103,685	218,509	98,519
Issue of ordinary shares through capital raisings	17,647	6,000	4,000	903
Issue of ordinary shares for equity based payments (refer to note 26)	800	272	388	97
Issue of ordinary shares as a result of exercised options:				
$0.10 exercise price options	750	266	-	-
$0.20 exercise price options	42,349	44,030	3,929	4,166
$0.50 exercise price options	300	199	-	-
Less costs associated with shares issues	-	(698)	-	-
Balance at end of financial period	288,672	153,754	226,826	103,685

16: Reserves

a) Option reserve	Dec 2010 $' 000	Dec 2009 $' 000
Balance brought forward	153,958	156,532
Issue of options to directors (i)	-	156
Issue of options to senior management (i)	-	144
Issue of options to staff (i)	-	506
Options exercised – transferred to share capital:		
$0.10 exercise price options	(191)	-
$0.20 exercise price options	(35,561)	(3,380)
$0.50 exercise price options	(49)	-
Balance at end of financial period	118,157	153,958

(i) Refer to note 26

The option reserve arises from the grant of share options to executives, employees and consultants. Amounts are transferred out of the reserve and into issued capital when the options are exercised. Further information about share-based payments to directors and senior management is made in note 26 to the financial statements.

b) Foreign currency translation reserve	Dec 2010 $' 000	Dec 2009 $' 000
Balance brought forward	(1)	6
Current period adjustment from currency translation of foreign controlled entities	(755)	(7)
Balance at end of period	(756)	(1)

Notes to the accounts

16: Reserves (cont'd)

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

c) Total reserves	Dec 2010 $' 000	Dec 2009 $' 000
Option reserve	118,157	153,958
Foreign currency translation reserve	(756)	(1)
	117,401	153,957

17: Dividends

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

18: Accumulated losses

	Dec 2010 $' 000	Dec 2009 $' 000
Balance at beginning of financial period	(210,684)	(206,976)
Loss attributable to members of parent entity	(6,392)	(3,708)
Related income tax	-	-
Balance at end of financial period	(217,076)	(210,684)

19: Earnings per share

	Dec 2010 Cents Per share	Dec 2009 Cents Per share
Basic loss per share		
From continuing operations	2.60	1.70
Diluted loss per share		
From continuing operations	2.60	1.70

Basic and diluted loss per share

The loss and weighted average number of ordinary shares used in the calculation of the basic and diluted loss per share are as follows;

	Dec 2010	Dec 2009
Loss for period ($)	6,391,904	3,708,455
Weighted average number of shares used in the calculation of basic and diluted loss per share (Number)	244,602,938	223,636,945

(i) There were 136,442,341 potential ordinary shares on issue at 31 December 2010 (31 December 2009: 178,341,887) 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.

Notes to the accounts

20: Non-controlling interest

	Greenland Minerals and Energy (trading) A/S Dec 2010	Dec 2009
Balance brought forward	(44)	28
Loss attributable to non-controlling interest for the period	(772)	(115)
Currency translation movement attributable to non-controlling interest	(483)	-
Additional equity attributable to non-controlling interest	-	43
Non-controlling interest at the end of financial period	(1,299)	(44)

21: Commitments for expenditure

Exploration commitments: The consolidated group has one exploration license for which it has exploration commitments. EL 2010/02 is located in Greenland. The tenement expenditure incurred during the year ended 31 December 2010 was in excess of the minimum expenditure required to maintain the tenement in good standing. The excess expenditure can be carried forward for 5 years. The amount carried forward will be more than sufficient to meet the minimum expenditure requirements over this period.

	Dec 2010	Dec 2009
Tenement commitments		
Not longer than 1 year		
Longer than 1 year but not longer than 5 years	500	500
Longer than 5 years	-	-
	500	500
Operating leases (i)		
Not longer than 1 year	210	121
Longer than 1 year but not longer than 5 years	420	490
Longer than 5 years	-	-
	630	611
Other contractual obligations (ii)		
Not longer than 1 year	240	240
Longer than 1 year but not longer than 5 years	640	880
Longer than 5 years	-	-
	880	1,120

(i) The only commitments for operating leases are lease rentals on the Consolidated group's Perth head office premises. The current lease expires on the 14 February 2014, and is non-cancelable, with a 3 year renewal option. No liabilities have been recognised in relation to operating leases at 31 December 2010 or 31 December 2009.

(ii) Relates to ongoing contractual obligations with Gravner Limited for corporate advisory services.

Notes to the accounts

22: Contingent liabilities

	Dec 2010 $' 000	Dec 2009 $' 000
Pay-roll tax (i)	-	1,500
Legal related costs (ii)	1,200	500
	1,200	2,000

(i) The Company has previously disclosed a contingent liability for payroll tax of $1,500,000. This contingent liability related to a potential payroll tax liability on options issued to directors in 2007. Based on the outcome of a review of this matter by the West Australian Office of State Revenue ("OSR"), the Company has considered it appropriate to record $1,355,900 as a provision for payroll tax payable.

(ii) Costs associated with defending writs served on the Company by Westrip Holdings Limited ('Westrip') and Rimbal Pty Ltd ('Rimbal'). The contingent liability is based on an estimate by directors after obtaining legal opinions.

23: Notes to the statement of cash flows

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

	12 Month period ended 31 Dec 2010 $' 000	6 month Period ended 31 Dec 2009 $' 000
Loss for the period	(7,164)	(3,823)
(Gain) loss on sale or disposal of non-current assets	(93)	31
(Gain) loss on revaluation of fair value through profit and loss of financial assets	(378)	(58)
Depreciation	127	47
Equity-settled share-based payments	-	805
Interest income received and receivable	(320)	(208)
(Increase)/decrease in assets		
Trade and other receivables	53	10
Increase (decrease) in liabilities		
trade and other payables	572	(382)
in provisions	1,543	42
Net cash used in operating activities	(5,660)	(3,536)

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

Notes to the accounts

24: Jointly controlled operations

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

Name of venture	Principal activity	Total interest Dec 2010 %	Dec 2009 %
Kvanefjeld Project (i)	Mineral exploration and evaluation	61	61

The joint venture is an un-incorporated joint venture between the Consolidated group and Westrip Holdings Limited as described in Note 12.

(i) There are no assets employed separately in the joint venture or capital commitments separate from the commitments brought to account by the Consolidated group.

(ii) There are no contingent liabilities in relation to the joint venture.

25: Subsidiaries

Name of subsidiary	Country of incorporation	Ownership interest Dec 2010 %	Dec 2009 %
Chahood Capital Limited	Isle of Man	100	100
Greenland Minerals and Energy (Trading) A/S	Greenland	61	61

26: Share based payments

(a)The issue of shares for share based payments

The Consolidated group issued 800,000 shares with an issue price of $0.34 during the year as a share-based payment. During the prior period, the Consolidated group issued 388,000 with an issue price of $0.25, as a share based payment. These shares were issued in lieu of capital raising fees brought to account against the relevant issued capital.

Date	Number	Issue Price	Value
20/12/2010	800,000	$0.34	$272,000
17/12/2010	388,000	$0.25	$97,000

There were no share based payment arrangements made, to directors, senior management, staff and corporate advisors during the current reporting period.

The following share-based payment arrangements, were entered into in the comparative reporting period:

Series	No	Grant Date	Expiry Date	Exercise Price	Value @ grant Date $
Dec 2009					
15(i)	2,250,000	20/08/2009	30/06/2001	$0.50	387,266
16(i)	2,250,000	20/08/2009	30/06/2011	$1.00	261,755
17(i)	500,000	10/11/2009	30/06/2011	$1.00	88,442
18(i)	500,000	10/11/2009	30/06/2011	$1.50	67,987

(i) Vested on issue with no additional vesting criteria.

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 is based on the share price volatility over a historical period commensurate to the life of the option concerned.

The weighted average fair value of the share options granted during the comparative period was $0.15.

Notes to the accounts

26: Share based payments (cont)

Input into model	Series 15	Series 16	Series 17	Series 18
Grant date share price	$0.35	$0.35	$0.46	$0.46
Exercise Price	$0.50	$1.00	$1.00	$1.50
Expected volatility	109%	109%	117%	117%
Option life (years)	1.86	1.86	1.64	1.64
Dividend yield	-	-	-	-
Risk free rate	4.42%	4.42%	4.68%	4.68%

Series 15 & 16
Staff incentive options issued in varying numbers to staff and senior management, consisting in total 2,250,000 options with an exercise price of $0.50 and 2,250,000 with an exercise price of $1.00. There are no further vesting conditions attached to these options. (refer below)

Series 17 & 18
Director options issued to Mr A Ho, 500,000 options with an exercise price of $1.00 and 500,000 options with an exercise price of $1.50. There are no further vesting conditions attached to these options.

The following options issued to directors and management, were exercised during the financial year ended 31 December 2010:

	Date	Number Exercised	Exercise Price	Share price @ exercise date
M Mason	28/01/2010	400,000	$0.20	$0.70
S Bunn	25/11/2010	750,000	$0.10	$0.945

No options issued to directors and senior management were exercised during the financial period ended 31 December 2009.

Employee share option plan
Greenland Minerals and Energy limited operates an ownership-based scheme for senior management and employees of the Consolidated group. In accordance with the provisions of the plan, as approved by shareholders at the general meeting on the 25 June 2009, eligible employees can be offered participation in the plan, at the discretion of the Board. The Board's discretion will be based on the consideration of, among other things, the seniority of the person, the length of service of the eligible employee with the Consolidated group and the potential contribution of the eligible employee to the growth of the Consolidated group.

On exercise, each employee share option converts into one ordinary share of Greenland Minerals and Energy limited. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. There are no additional vesting conditions attached to the options and the options may be exercised at any time up to the date of expiry.

Notes to the accounts

26: Share based payments (cont'd)

Options granted under the employee share option plan

Option Series	Grant date	Number	Expiry date	Grant Date fair value	Vesting date
15	20/08/2009	2,250,000	30/06/2011	387,267	20/08/2009
16	20/08/2009	2,250,000	30/06/2011	261,756	20/08/2009

(i) 500,000 of the series 15 options and 500,000 of the series 16 options were granted to senior management, the balance of both series was granted to other employees.

(ii) The options fully vest on the grant date and have no additional vesting conditions attached

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 consolidated group to be received any time prior to the Expiry Date. The consolidated group 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 consolidated group 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 consolidated group 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.

Notes to the accounts

26: Share based payments (cont)

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

	Dec 2010		Dec 2009	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance at beginning of the financial period	179,841,887	0.25	178,270,890	0.22
Granted during financial period	-	-	5,500,000	0.84
Forfeited during the financial period	-	-	-	-
Exercised during the financial period	(43,399,546)	(0.20)	(3,929,003)	(0.20)
Expired during the financial period	-	-	-	-
Exercisable at the end of the financial period	136,442,341	0.27	179,841,887	0.25

The average share price during the current period was $0.92 (2009: $0.49).

The share options outstanding at the end of the financial period had a weighted average exercise price of $0.27(December 2009: $0.25), and a weighted average remaining contractual life of 181 days (December 2009: 548 days).

27: Financial instruments

(a) Capital risk management

The Consolidated group manages its capital in order to maintain sufficient funds are available for the Consolidated group to meet its obligations and that the Group can fund its exploration and evaluation activities as a going concern.

The Consolidated group's overall strategy remains unchanged from December 2009.

The capital structure of the consolidated group consists of fully paid shares and options as disclosed in notes 15 and 16 respectively.

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

(b) Categories of financial instruments

	Dec 2010 $' 000	Dec 2009 $' 000
Financial assets		
Cash and equivalents	11,587	7,614
Loans and receivables - current	196	1,971
Fair value through profit and loss – held for trading	694	216
Financial liabilities		
Amortised cost	1,476	696

(c) Financial risk management objectives

The Group's principal financial instruments comprise cash and short term deposits. The main purpose of the financial instruments is to earn the maximum amount of interest at low risk to the Consolidated group. For the period under review, it is the Consolidated group's policy not to trade in financial instruments

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

Notes to the accounts

27: Financial instruments (cont)

(i) **Interest Rate Risk**

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

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

(ii) **Credit Risk**

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

The Consolidated group has no significant credit risk exposure to any single counterparty or any consolidated group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit – ratings assigned by international rating agencies. The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the Consolidated group's maximum exposure to credit risk.

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

(iii) **Liquidity Risk**

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

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

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

(iv) **Foreign Currency Risk**

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

Notes to the accounts

27: Financial instruments (cont)

(d) Liquidity risk

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

	Weighted Average Effective interest rate %	< 6 Months $' 000	6 – 12 Months $' 000	1 - 5 Years $' 000	> 5 Years $' 000	Total $' 000
Dec 2010						
Cash and equivalents	3.1	7,187	4,400			11,587
Trade and receivables - current	-	196	-	-	-	196
		7,383	4,400			11,783
Dec 2009						-
Cash and equivalents	3.2	5,603	2,011	-	-	7,614
Trade and receivables - current	-	1,971	-	-	-	1,971
		7,574	2,011	-	-	9,801

The following table details the Consolidated group’s remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Weighted Average Effective interest rate %	< 6 Months $' 000	6 – 12 Months $' 000	1 – 5 Years $' 000	> 5 Years $' 000	Total $' 000
Dec 2010						
Trade and other payables	-	1,476	-	-	-	1,476
		1,476	-	-	-	1,476
Dec 2009						
Trade and other payables	-	696	-	-	-	696
		696	-	-	-	696

(e) Interest rate risk

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

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

Notes to the accounts

27: Financial instruments (cont)

The Group has performed sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity post tax which could result from a change in these risks. In the analysis a 1% or 100 basis points movement has been applied on the assumption that interest rates are unlikely to move up more than that and less likely to fall. This is taking into account the current interest rate levels and general state of the economy.
There has been no change in managing credit risk or the method of measuring risk from the prior year.

Interest Rate Sensitivity Analysis
At 31 December 2010, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	Dec 2010 $' 000	Dec 209 $' 000
Change in profit		
Increase in interest rate by 1% (100 basis points)	95	196

A 1% or 100 basis points variable has been applied to the interest rate sensitivity analysis, after giving consideration to the current interest rate levels and general state economy.

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

The only financial assets or liabilities carried at fair value are the investments held in listed entities as disclosed in note 10. The fair value of these assets is based on quoted market prices at the reporting date (being level 1 of the fair value hierarchy).

28: Key management personnel compensation

The aggregate compensation made to key management personnel of the the Consolidated group is set out below:

	12 Months ended 31 Dec 2010 $	6 Months ended 31 Dec 2009 $
Short-term employee benefits	1,349,795	703,545
Post-employment benefits	69,255	38,160
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payment	-	300,630
	1,419,050	1,042,335

Refer to the remuneration report included in pages 18 to 25 of the Directors report for more detailed remuneration disclosures.

Notes to the accounts

29: Key management personnel equity holdings

Fully paid ordinary shares of Greenland Minerals and Energy Limited

	Balance at beginning of period	Granted as compensation	Received on exercise of options	Net other change (i)	Balance at end of period	Balance held nominally
	No.	No.	No.	No.	No.	No.
Dec 2010						
M Hutchinson	-	-	-	-	-	-
R McIllree	3,331,095	-	-		3,331,095	-
S Cato	920,100	-	-		920,100	-
J Whybrow	900,100	-	-		900,100	-
A Ho	250,000	-	-		250,000	-
M Mason (ii)	610,000	-	400,000	(60,000) (iv)	950,000	-
H Schønwandt (iii)	1,500,000	-	-	-	1,500,000	-
S Bunn	-	-	750,000	(400,000) (iv)	350,000	-
M Guy	200,000	-	-	-	200,000	-
J Mair	260,000	-	-	-	260,000	-
Dec 2009						
M Hutchinson	-	-	-	-	-	-
R McIllree	3,231,095	-	-	100,000	3,331,095	-
S Cato	920,100	-	-	-	920,100	-
J Whybrow	900,100	-	-	-	900,100	-
A Ho	200,000	-	-	50,000	250,000	-
M Mason	610,000	-	-	-	610,000	-
H Schønwandt	1,500,000	-	-	-	1,500,000	-
S Bunn	-	-	-	-	-	-
M Guy	200,000	-	-	-	200,000	-
J Mair	260,000	-	-	-	260,000	-

(i) Net other change relates to options purchased either on market through the ASX, or through third party off market transactions.
(ii) M Mason resigned 28 September 2010.
(iii) H Schønwandt resigned 9 March 2010.
(iv) Shares sold on market.

Notes to the accounts

29: Key management personnel equity holdings (cont)

Share options of Greenland Minerals and Energy Limited

	Balance at beginning of period No.	Granted as compensation No.	Exercised No.	Net other change (i) No.	Balance at end of period No.	Balance vested at end of period No.	Vested and exercisable No.	Options vested during year No.
Dec 2010								
M Hutchinson	4,000,000	-	-	-	4,000,000	-	-	-
R McIllree	9,122,000	-	-	200,000 (iv)	9,322,000	2,522,000	2,522,000	-
S Cato	7,400,100	-	-	-	7,400,100	800,100	800,100	
J Whybrow	7,310,100				7,310,100	710,100	710,100	-
A Ho	1,000,000	-	-	-	1,000,000	1,000,000	1,000,000	-
M Mason (ii)	3,680,000	-	(400,000)	100,000 (iv)	3,380,000	3,380,000	3,380,000	-
H Schønwandt (iii)	1,000,000	-	-	-	1,000,000	1,000,000	1,000,000	-
S Bunn	1,250,000	-	(750,000)	-	500,000	500,000	500,000	-
M Guy	100,000	-	-	-	100,000	100,000	100,000	-
J Mair	5,600,000	-	-	-	5,600,000	5,600,000	5,600,000	-
Dec 2009								
M Hutchinson	4,000,000	-	-	-	4,000,000	-	-	-
R McIllree	8,922,000	-	-	200,000	9,122,000	2,522,000	2,522,000	-
S Cato	7,400,100	-	-	-	7,400,100	800,100	800,100	-
J Whybrow	7,310,100				7,310,100	710,100	710,100	-
A Ho	-	1,000,000	-	-	1,000,000	1,000,000	1,000,000	1,000,000
M Mason	3,680,000	-	-	-	3,680,000	3,680,000	3,680,000	3,000,000
H Schønwandt	1,000,000	-	-	-	1,000,000	1,000,000	1,000,000	1,000,000
S Bunn	750,000	500,000	-	-	1,250,000	1,250,000	1,250,000	500,000
M Guy	100,000	-	-	-	100,000	100,000	100,000	-
J Mair	2,600,000	500,000	-	2,500,000	5,600,000	5,600,000	5,600,000	500,000

(i) Net other change relates to options purchased either on market through the ASX, or through third party off market transactions.
(ii) M Mason resigned 28 September 2010.
(iii) H Schønwandt resigned 9 March 2010.
(iv) Options acquired on market by Roderick McIllree and Malcolm Mason.

All share options issued to key management personnel were made in accordance with the provisions of the employee share option plan. Further details of the share option plan and of options granted during the current and prior period are contained in note 26.

30: Transactions with related parties

Simon Cato is a Non-executive Director and Chairman of Advanced Share Registry Limited. Advanced Share Registry Limited provides share registry services to Greenland Minerals and Energy Limited. These services are supplied on normal commercial terms and Mr Cato does not receive any remuneration from Advanced Share Registry Limited based on the supply of share registry services to the Consolidated group. For the year ended 31 December 2010 $38,516 was paid to Advance Share Registry Limited for services provided (Dec 2009: $22,798).

Shaun Bunn and Associates Pty Ltd is a company of which Mr Shaun Bunn is a director, was paid consultancy fees of $337,500 during the current period (Dec 2009: $180,000). This amount has been disclosed in the details of remuneration paid to Mr Bunn.

In addition Shaun Bunn is a director MGMT Group Pty Ltd, a company that provided management consultancy services to Greenland Minerals and Energy Limited. These services were not related to Mr Bunn's role as Chief Operating Officer or any other services provided by Mr Bunn. For the year ended 31 December 2010 MGMT Group Pty Ltd was paid $91,049 for services provided (2009: Nil)

Pro Count Pty Ltd is a company of which Mr Miles Guy is a director, was paid or entitled to be paid fees for the provision of services by Mr Guy as Chief Financial Officer (CFO) and other fees of $125,200 during reporting period (Dec 2009: $63,720). Of this amount $98,100 (2009: $30,679) relates to services provided to the Consolidated group by Mr Guy as CFO. The balance of the amount paid to Pro Count Pty Ltd relates to other accounting services provided to the Consolidated group by staff of Pro Count Pty Ltd.

Missoni Investments Pty Ltd, a company of which Mr Malcolm Mason is a director, was paid or entitled to be paid directors and other fees of during the year ended 31 December 2010 of $46,846 (Dec 2009: $37,979). Of this amount, $43,333 related to payments to Mr Mason for services provided by Mr Mason to the Consolidated group 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 the payment of rent, charged by Missoni Investments Pty Ltd on storage facilities, provided by the company.

Notes to the accounts

31: Parent Company information

	Parent	
	Dec 2010 $' 000	Dec 2009 $' 000
Financial position		
Total Current Assets	13,028	9,898
Total Non-Current Assets	46,094	38,027
Total Assets	59,122	47,925
Total Current Liabilities	2,523	759
Total Liabilities	2,523	759
Net Assets	56,599	47,166
Equity		
Issued Capital	153,754	103,685
Reserves	118,157	153,958
Accumulated Losses	(215,313)	(210,477)
Total Equity	56,598	47,166
Financial Performance		
Loss for the year	(4,836)	(3,999)
Total comprehensive income	**(4,836)**	**(3,999)**

Contingent liabilities

	Dec 2010 $' 000	Dec 2009 $' 000
Pay-roll tax (i)	-	1,500
Legal related costs (ii)	1,200	500
	1,200	2,000

(i) The Company has previously disclosed a contingent liability for payroll tax of $1,500,000. This contingent liability related to a potential payroll tax liability on options issued to directors in 2007. Based on the outcome of a review of this matter by the West Australian Office of State Revenue ("OSR"), the Company has considered it appropriate to record $1,355,900 as a provision for payroll tax payable.

(ii) Costs associated with defending writs served on the Company by Westrip Holdings Limited ('Westrip') and Rimbal Pty Ltd ('Rimbal'). The contingent liability is based on an estimate by directors after obtaining legal opinions.

Guarantees
In addition Greenland Minerals and Energy Limited has guaranteed the provision of funding and support to the Company's 61% held subsidiary, Greenland Minerals and Energy Limited. This funding forms part of the Consolidated group's approved budgeted expenditure.

32: Remuneration of auditors

	Dec 2010 $	Dec 2009 $
Auditor of the parent entity		
Audit or review of the financial report	120,374	89,594
Preparation of the tax return	-	-
Other non-audit services	22,220	-
	142,594	89,594

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

33: Subsequent Events

On the 18 February 2011, Greenland Minerals and Energy (Trading) A/S (GME), the Company's Greenland subsidiary was served a writ by Westrip Holdings Limited (Westrip). In the writ Westrip challenges the validity of decisions made at the GME Extraordinary General Meeting on 23 November 2010, on the grounds it has allegedly been unfairly prejudiced by reason of four proposals that were raised by Westrip, not being supported. The board of GME and the Company did not support these proposals as it was viewed they were not in the best interests of GME.

Legal advice has been sought on this matter and based on this advice the Company is satisfied the claims contained in the writ are without merit. Further more if the claims are advanced they cannot give rise to either serious damages claims or otherwise affect the Company's underlying interest or the conduct of operations in Greenland in any material way.

Greenland Minerals and Energy (Trading) A/S will vigorously defend this vexatious writ.

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.

Additional stock exchange information as at 15th February 2011

Consolidated group secretary

Miles Guy

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

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

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

Number of holders of equity securities

Ordinary share capital
310,937,808 fully paid ordinary shares are held by 3,382 individual shareholders.

Options
80,687,856 options are held by 452 individual optionholders.
Options do not carry a right to vote.

Substantial Shareholders

Shareholder	Number	Percentage
1. Citicorp Nominees Pty Limited	59,330,694	19.081%
2. JP Morgan Nominees Australia Limited	48,814,021	15.699%
3. National Nominees Limited	42,809,486	13.768%
4. HSBC Custody Nominees (Australia) Limited	24,544,005	7.894%
5. Westrip Holdings Limited	17,829,169	5.734%

Additional stock exchange information as at 15th February 2011

Distribution of holders of quoted shares

Share Spread	Holders	Units	Percentage
1 – 1,000	396	276,453	0.089%
1,001 – 5,000	1,240	3,873,360	1.246%
5,001 – 10,000	753	6,337,569	2.038%
10,001 – 100,000	859	25,985,097	8.357%
100,001 and over	134	274,465,329	88.270%
	3,382	**310,937,808**	**100%**

Twenty largest holders of quoted shares

	Fully paid ordinary shares	
Ordinary shareholders	Number	Percentage
1. Citicorp Nominees Pty Limited	59,330,694	19.1%
2. JP Morgan Nominees Australia Limited	55,835,184	17.9%
3. National Nominees Limited	42,809,486	13.8%
4. HSBC Custody Nominees (Australia) Limited	24,544,005	7.9%
5. Westrip Holdings Limited	17,829,169	5.7%
6. Zero Nominees Pty Limited	10,586,676	3.4%
7. South Asian Commodity Holdings Limited	6,200,000	2.0%
8. GCM Nominees Pty Limited	4,000,000	1.3%
9. Roderick Claude McIllree	3,331,095	1.1%
10. Merrill Lynch (Australia) Nominees Pty Limited	3,325,312	1.1%
11. Falfaro Investments Limited	3,000,000	1.0%
12. UBS Nominees Pty Limited	2,445,680	0.8%
13. Missoni Investments Pty Limited	2,150,000	0.7%
14. Advanced Concepts Holdings Limited	2,000,000	0.6%
15. ABN AMRO Clearing Sydney Nominees Pty Limited	1,802,430	0.6%
16. Cameron John French	1,656,911	0.5%
17. Ashabia Pty Limited	1,100,000	0.4%
18. Wisevest Pty Limited	1,000,000	0.3%
19. Altinova Nominees Pty Limited	1,000,000	0.3%
20. Urmas Aavelaid	961,516	0.3%
	244,908,158	**78.8%**

Additional stock exchange information as at 15th February 2011

Distribution of holders of quoted options

Option Spread	Holders	Units	Percentage
1 – 1,000	17	8,859	0.011%
1,001 – 5,000	90	339,012	0.420%
5,001 – 10,000	98	889,343	1.102%
10,001 – 100,000	174	7,935,987	9.835%
100,001 and over	73	71,514,655	88.631%
	452	**80,687,856**	**100%**

Twenty largest holders of quoted options

	$0.20 Listed Options	
Option Holders	Number	Percentage
1. Citicorp Nominees Pty limited	20,489,366	25.4%
2. NGAI Hung Limited	6,710,000	8.3%
3. Mandarin Securities Limited	6,000,000	7.4%
4. Mr John Lefroy Mair	5,000,000	6.2%
5. Roderick Claude McIllree	2,772,000	3.4%
6. Zero Nominees Pty Limited	2,740,000	3.4%
7. Michael Bushell	2,002,000	2.5%
8. Jenny Lee Bushell	1,875,000	2.3%
9. Martin Ross Helean	1,500,000	1.9%
10. JP Morgan Nominees Australia Limited	1,457,300	1.8%
11. Adonis Kiritsopoulos & Jennifer Anne Ford	1,260,667	1.6%
12. Yarandi Investments Pty Limited	1,096,666	1.4%
13. Merrill Lynch (Australia) Nominees Pty Limited	900,000	1.1%
14. Richard Hamsany & Rosa Dianna Marisa Hamsany	850,000	1.0%
15. Simon Cato	800,100	1.0%
16. Bond Street Custodians Limited	795,000	1.0%
17. Tadea Pty Limited	735,000	0.9%
18. Shayne Daley & Dr Linda Margaret Daley	730,000	0.9%
19. Nefco Nominees Pty Limited	729,400	0.9%
20. Jeremy Whybrow	710,100	0.9%
	59,152,599	**73.3%**