



**Corporate Governance
Principles of Best Practice Recommendations Commentary**

The Board of Director's are responsible for the overall strategy, governance and performance of Greenland Minerals & Energy Ltd. (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 commercialization of projects in Greenland with a focus on the Kvanefjeld project. The Board has adopted a corporate governance framework which it considers to be suitable given the size, history and strategy of the Company.

Principles of Best Practice Recommendations

In accordance with ASX Listing Rule 4.10, GGG is required to disclose the extent to which it has followed the Principles of Best Practice Recommendations during the financial year. Where GGG has not followed a recommendation, this has been identified and an explanation for the departure has been given.

Principle 1: Lay solid foundations for management and oversight

The Board has established a framework within the Group that:

- enables it to provide strategic guidance and effective supervision of management;
- clarifies the respective roles and responsibilities of Board members and senior executives;
- ensures a balance of authority so that no single individual has unfettered powers; and
- identifies significant business risks and ensures that those risks are well managed.

The day-to-day management of the Group has been delegated to the Chief Executive Officer, Mr Roderick McIlree.

The Board has also adopted a Board Charter which details the functions and responsibilities of the Board and those delegated to management. In addition, letters of appointment have been signed by non-executive directors and each executive director has signed an employment agreement. A copy of the Board Charter has been placed on the Company's website.

Principle 2: Structure the Board to add value

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

Mr Tony Ho, Mr Simon Stafford-Michael and Mr Hank Schønswandt are independent Directors who fulfill the independence criteria outlines in the guidelines.





Mr Schønwandt has been appointed Chairman by the board on 22nd August 2007.

The Board believes that it is able to exercise independence and judgment and does possess the necessary skills, expertise and experience required to effectively discharge their duties. The focus has been on the ability of the Board to add value by effectively exercising independence and discharging their duties, rather than on meeting the independence test in the guidelines.

The roles of the Chairman and the Chief Executive Officer are exercised by Mr Schønwandt and Mr Rod McIlree.

The Board maintains the roles of Audit, Nomination and Risk Management Committees to itself as it considers the Company not appropriate in size to justify these as subcommittees.

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 Chief Executive Officer 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 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.

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

Principle 4: Safeguard integrity in financial reporting

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

It is the policy of the Board that the Company's financial statements be reviewed or audited, at a minimum, each half year. The financial statements are reviewed by the Board which operates under formal terms of reference which is placed on the website.

The Board has requested that the Chief Executive Officer and Finance Director 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 are prepared in accordance with International Financial Reporting Standards.





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 Chief Executive Officer and Company Secretary are responsible for the identification and management of business risks. The Board has obtained a written confirmation from the Chief Executive Officer and the Company Secretary that the statement in relation to principle 4 above is founded on a sound system of risk management and internal compliance and control. The Board has obtained a statement confirming that the systems are operating efficiently and effectively in all material respects.

Principle 8: Encourage enhanced performance

The board is principally made up of executives who have full time, executive responsibility for the operations of the company.

The operations are split into 3 sections:

The Managing Directors role in allocating priorities and tasks to the executives of the company, leading the company generally, raising capital as required and public relations at all levels.





The exploration and development effort.

Other corporate support.

Each executive (whether or not a director) reports on his activities to the Managing Director who monitors their role and then reports to the board as required. The board as a whole monitors the Managing Directors work.

The board will undertake annual performance reviews of the director's performance.

Principle 9: 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.

Principle 10: Recognise the legitimate interest of stakeholders

The Board recognizes legal and other obligations to all legitimate stakeholders. The Company has formalized its policy accordingly.

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

