



**GREENLAND**  
MINERALS AND ENERGY LTD

**Greenland Minerals and Energy Limited**

**A.C.N 118 063 004**

**Half-year financial report for the half-year ended 31 December 2008**

<b>Contents</b>	<b>Page</b>
Directors' report	1
Auditor's independence declaration	3
Independent auditor's review report	4
Directors' declaration	6
Condensed consolidated income statement	7
Condensed consolidated balance sheet	8
Condensed consolidated statement of changes in equity	9
Condensed consolidated cash flow statement	10
Notes to the condensed consolidated financial statements	11-15

## Directors' report

The directors of Greenland Minerals and Energy Limited submit herewith the financial report of Greenland Minerals and Energy Limited and its subsidiaries (the Group) for the half-year ended 31 December 2008. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

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

### Name

- Michael Hutchinson
- Roderick Claude McIlree
- Hans Christian Vinding Schønwandt
- Simon Kenneth Cato
- Jeremy Sean Whybrow
- Malcolm Geoffrey Mason
- Anthony Ho
- Simon Alexander Stafford-Michael

The above named directors held office during and since the end of the half-year except for:

- Michael Hutchinson (appointed 25 November 2008)
- Simon Alexander Stafford-Michael (resigned 13 November 2008)

## Review of operations

The six month period to 31 December 2008 has been a momentous one for stock markets around the world but has also seen the company achieve a number of very important milestones.

### *Exploration and development*

During this period we finished our last major resource drilling program at Kvanefjeld. The exploration team doubled the 2007 season drilling achievement of 10,000 meters to a further 20,000 meters of diamond core drilling. This achievement has considerably compressed the timeline for project development by reducing resource definition to only two years.

Results of the drilling for this period are still being compiled and a further resource upgrade is expected within the first quarter of 2009. This will build on the existing multi element resource.

The activities of the company are now focused on a pre feasibility study. The study is being completed in house with the support of Coffey Mining and GRD Minproc.

### *Greenland*

In November 2008 Greenland voted for further independence in a referendum. Through this process Greenland is expected to gain total control of the rights to its natural resources (currently shared with Denmark), and has voiced its intent to establish a resource based economy.

A parliamentary debate in Greenland in November demonstrated strong support for by-product uranium production, which would allow our Kvanefjeld specialty metals projects to advance. Further progress in this regard is expected during this year.

### *Corporate*

The appointment of Mr Michael Hutchinson as Non-Executive Chairman has been an important development for the company. Michael is London based, a director of the London Metal Exchange and has a wide experience in the marketing of resources around the world. Dr Hans Kristian Schønwandt our previous chairman has relinquished his role as the Chairman and will remain on the board as a non executive director.

The board has adopted AASB – 2 Share Based Payments on the accounting of the acquisition of Chahood Capital Limited and interest in the Kvanefjeld Joint Venture in 2007. The transactions were previously recorded pursuant to AASB – 3 Business Combinations. The required adjustments are summarised in Note 10 of the half yearly financial statements for the 6 months to 31 December 2008. The adjustments have no impact on cash flow.

### **Auditor's independence declaration**

The auditor's independence declaration is included on page 3 of the half-year financial report.

### **Rounding off of amounts**

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

Signed in accordance with a resolution of directors made pursuant to s.306(3) of the *Corporations Act 2001*.

On behalf of the Directors



Simon Cato

Director

Perth, 16 March 2009

The Board of Directors  
Greenland Minerals and Energy Limited  
Level 1  
33 Colin Street  
West Perth WA 6005

16 March 2009

Dear Board Members

### **Greenland Minerals and Energy Limited**

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

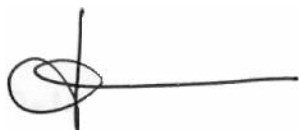
As lead audit partner for the review of the financial statements of Greenland Minerals and Energy Limited for the half-year ended 31 December 2008, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely

*Deloitte Touche Tohmatsu*

**DELOITTE TOUCHE TOHMATSU**



**Leanne Karamfiles**  
Partner  
Chartered Accountants

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

We have reviewed the accompanying half-year financial report of Greenland Minerals and Energy Limited, which comprises the balance sheet as at 31 December 2008, and the income statement, cash flow statement, statement of changes in equity for the half-year ended on that date, selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 6 to 15.

## *Directors' Responsibility for the Half-Year Financial Report*

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

## *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Greenland Minerals and Energy Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

# Deloitte.

## *Auditor's Independence Declaration*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

## *Conclusion*

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

*Deloitte Touche Tohmatsu*

**DELOITTE TOUCHE TOHMATSU**



**Leanne Karamfiles**

Partner

Chartered Accountants

Perth, 16 March 2009

## **Directors' declaration**

The directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the Directors



**Simon Cato**

Director

**Perth, 16 March 2009**

**Condensed consolidated income statement  
for the half-year ended 31 December 2008**

	Note	Consolidated	
		Half-year ended	
		31-Dec-08 \$'000	31-Dec-07 \$'000
<b>Continuing operations</b>			
Revenue	3	859	376
Consulting expense		(401)	(40)
Depreciation and amortisation expense		(43)	(32)
Directors fees expenses		(641)	(117)
Employee benefits expense		(53)	(41)
Equity based payments		(131)	(198,552)
Finance costs		(4)	-
Occupancy expenses		(56)	(37)
Other expenses	3	(1,238)	(344)
Loss before tax		(1,708)	(198,787)
Income tax expense		-	-
<b>Loss for the period</b>		<b>(1,708)</b>	<b>(198,787)</b>
Attributable to:			
Equity holders of the parent		(1,708)	(198,787)
<b>Earnings per share</b>			
From continuing operations:			
Basic (cents per share)		(0.01)	(1.49)
Diluted (cents per share)		(0.01)	(1.49)

Notes to the condensed consolidated financial statements are included on pages 11 to 15

**Condensed consolidated balance sheet  
as at 31 December 2008**

	Note	Consolidated	
		31 Dec 2008 \$'000	30 June 2008 \$'000
<b>Current assets</b>			
Cash and cash equivalents	4	13,479	21,665
Trade and other receivables	5	1,629	1,561
Other financial assets	6	1,000	-
<b>Total current assets</b>		<b>16,108</b>	<b>23,226</b>
<b>Non-current assets</b>			
Other financial assets		162	-
Property, plant and equipment		428	404
Capitalised exploration and evaluation expenditure	7	30,043	22,355
<b>Total non-current assets</b>		<b>30,633</b>	<b>22,759</b>
<b>Total assets</b>		<b>46,741</b>	<b>45,986</b>
<b>Current liabilities</b>			
Trade and other payables		798	259
Borrowings		41	-
<b>Total current liabilities</b>		<b>839</b>	<b>259</b>
<b>Total liabilities</b>		<b>839</b>	<b>259</b>
<b>Net assets</b>		<b>45,902</b>	<b>45,726</b>
<b>Equity</b>			
Issued capital	8	94,396	93,666
Reserves	8	156,147	154,993
Accumulated losses		(204,675)	(202,967)
Parent entity interest		45,868	45,692
Minority interest		34	34
<b>Total equity</b>		<b>45,902</b>	<b>45,726</b>

Notes to the condensed consolidated financial statements are included on pages 11 to 15

**Condensed consolidated statement of changes in equity  
for the half-year ended 31 December 2008**

	Share capital \$'000	Share based payment reserve \$'000	Foreign currency translation reserve \$'000	Accumulated losses \$'000	Attributable to equity holders of the parent \$'000	Minority interest \$'000	Total \$'000
<b>Balance at 1 Jul 2007</b>	5,238	141	-	(201)	5,178	-	5,178
Net loss for the period (recognised income and expenses)	-	-	-	(198,787)	-	-	(198,787)
Contributions of Equity net of transaction costs	35,933	-	-	-	-	-	35,933
Issue of shares for acquisition of assets	6,150	-	-	-	-	-	6,150
Recognition of share based payments	46,720	151,821	-	-	-	-	198,541
<b>Balance at 31 Dec 2007</b>	94,041	151,962	-	(198,988)	(47,015)	-	(47,015)
<b>Balance at 1 Jul 2008</b>	93,666	154,993	-	(202,967)	45,692	34	45,726
Net loss for the period (recognised income and expenses)	-	-	-	(1,708)	-	-	(1,708)
Exchange differences arising on translation of foreign operations	-	-	1,066	-	-	-	1,066
Recognition of share based payments	730	88	-	-	-	-	818
<b>Balance at 31 Dec 2008</b>	94,396	155,081	1,066	(204,675)	45,868	34	45,902

Notes to the condensed consolidated financial statements are included on pages 11 to 15

**Condensed consolidated cash flow statement  
for the half-year ended 31 December 2008**

	Note	Consolidated	
		Half-year ended	
		31 Dec 2008 \$'000	31 Dec 2007 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers		26	3
Payments to suppliers and employees		(2,495)	(558)
Interest received		680	204
Net cash used in operating activities		(1,789)	(351)
<b>Cash flows from investing activities</b>			
Proceeds from loan establishment fee		100	-
Amounts advanced to other parties		(893)	-
Proceeds from repayment of advances to other parties		51	
Payments for acquisition of subsidiaries	9	-	(3,098)
Payment for property, plant and equipment		(70)	(261)
Proceeds from sale of tenements		130	-
Payment for exploration and evaluation expenditure		(5,756)	(4,510)
Net cash used in investing activities		(6,438)	(7,869)
<b>Cash flows from financing activities</b>			
Proceeds from issues of equity securities		-	36,282
Payment for share issue costs		-	(2,064)
Proceeds from borrowings		41	-
Net cash provided by financing activities		41	34,218
<b>Net (decrease)/increase in cash and cash equivalents</b>		(8,186)	25,998
<b>Cash and cash equivalents at the beginning of the period</b>		21,665	2,411
<b>Cash and cash equivalents at the end of the period</b>		13,479	28,409

Notes to the condensed consolidated financial statements are included on pages 11 to 15

## Notes to the condensed consolidated financial statements

### 1. Significant accounting policies

#### Statement of compliance

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

#### Basis of preparation

The condensed consolidated financial statements have 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 directors' report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2008 annual financial report for the financial year ended 30 June 2008.

### 2. Segment information

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

### 3. Loss for the period

	Half-year ended	
	31 Dec 2008	31 Dec 2007
Revenue	\$'000	\$'000
Interest	638	376
Other revenue (1)	207	-
Rental income	14	-
	859	376

(1) Other revenue consists of a \$100,000 Establishment Fee on a loan facility provided to Icon Enterprises Limited, a \$100,000 loan Extension Fee paid by Icon Enterprises Limited to extend the termination date of the loan facility and \$7,000 legal costs charged to Icon Enterprises Limited on establishment of the loan facility.

	Half-year ended	
	31 Dec 2008	31 Dec 2007
Expenses	\$'000	\$'000
Accounting and audit fees	(72)	(24)
Insurance	(91)	(43)
Legal expenses	(38)	(13)
Marketing and public relations	(98)	(95)
Regulatory fees	(48)	(82)
Travel and accommodation	(397)	(4)
Impairment of available-for-sale assets	(78)	-
Loss on sale of non-current assets	(209)	-
Other	(207)	(91)
	(1,238)	(352)

<b>4. Cash and Equivalents</b>	<b>31 Dec 2008</b>	<b>30 Jun 2008</b>
	<b>\$'000</b>	<b>\$'000</b>
Deposits on contracts	125	28
Cash on deposits	13,222	21,316
Cash at bank	132	320
Cash on hand	-	1
	13,479	21,665

#### **5. Trade and other receivables**

Included in trade and other receivables as at 31 December 2008 is a deposit of \$1,000,000 (30 June 2008 - \$1,000,000) which is being held in trust by Gravner Limited ("Gravner"). The money is being held as a deposit whilst Gravner negotiate on the behalf of the company for the purchase of Westrip Holdings Ltd's 5% royalty on the net profit of the Joint Venture under the terms of the Kvanefjeld Joint Venture Agreement. The deposit will form part of the consideration if the purchase is successful. In the event that the purchase transaction does not go ahead the money will be refunded to the company.

#### **6. Other financial assets - current**

The company has provided a loan facility of \$1,000,000 to Icon Enterprises Limited of which \$1,000,000 was drawn down on 9 July 2008 (Drawdown Date) and remains outstanding at 31 December 2008. The Loan Facility Agreement provided for the payment to the company of a \$100,000 Establishment Fee at the Drawdown Date. The initial term of the loan was 4 months from the Drawdown Date however Icon Enterprises Limited has exercised its right to extend the term of the loan to 7 months after the drawdown date by paying an Extension Fee of \$100,000. The loan is interest free.

<b>7. Capitalised exploration and evaluation expenditure</b>	<b>Half-year ended</b>	
	<b>31 Dec 2008</b>	<b>30 Jun 2008</b>
	<b>\$'000</b>	<b>\$'000</b>
Capitalised costs carried forward	22,355	16,413
Exploration and/or evaluation phase in current period	6,029	5,942
Currency translation movement	2,235	-
	30,619	22,355
Disposal of tenements	(576)	-
Balance at end of period	30,043	22,355

The recoverability of the Group's carrying value of capitalized exploration and evaluation expenditure relating the Kvanefjeld Project is subject to the successful development and exploitation of the exploration property or alternatively, the sale of the tenement at an amount at least equal to the carrying value.

#### **8. Issuances, repurchases and repayments of equity securities**

During the half-year reporting period, the Company issued 500,000 ordinary shares which were fair valued at \$730,000 as part of directors' remuneration package, as approved by shareholders. These shares were fair valued at the date of approval by shareholders and recognised in the share based payment reserve at that date. When the shares were issued in the current half-year upon completion of 12 months service by the director, the fair value was transferred from the share based payment reserve to issued capital.

The Company issued 2,250,000 share options as shareholder approved equity based payments. These share options had a fair value at grant date of \$367,500. During the period, options previously granted to S Stafford-Michael were forfeited upon his resignation as a director of the company. As a result, an amount of \$730,000 recognised in the share based payment reserve to 30 June 2008 was reversed to the income statement in the current period.

### 9. Acquisition of Assets

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

#### Purchase Consideration

Consideration	Number of Shares	Fair value per share <sup>(1)</sup>	Fair value
		\$	\$
Cash	-	-	1,000,000
Shares issued	35,000,000	0.0946	3,311,538
Total consideration			<u>4,311,538</u>

(1) The fair value of shares issued as part of the purchase consideration has been determined with reference to the fair value of the interest in the Kvanefjeld Joint Venture which Chahood Capital Limited acquired on 31 July 2007.

#### Assets and liabilities acquired

	Carrying value	Fair value adjustments	Fair value
	\$	\$	\$
Cash	2	-	2
Net assets	<u>2</u>	<u>-</u>	<u>2</u>

(b) On 31 July 2007, Greenland Minerals and Energy Limited acquired a 61% interest in the Kvanefjeld Joint Venture through its subsidiary company, Chahood Capital Limited, which it acquired on the same day (see (a) above).

#### Purchase Consideration

Consideration	Number of Shares	Fair value per share <sup>(1)</sup>	Fair value
		\$	\$
Cash	-	-	2,000,000
Shares issued	30,000,000	0.0946	2,838,462
Total consideration			<u>4,838,462</u>

(1) The fair value of shares issued as part of the purchase consideration was determined with reference to the fair value of the interest in the Kvanefjeld Joint Venture asset. At the date of acquisition an independent valuation was performed on the joint venture assets and a fair value of \$9,150 thousand was determined.

## 10. Prior period adjustment

- a) In the prior period an error was made in accounting for the acquisition Chahood Capital Limited and interest in the Kvanefjeld Joint Venture. These acquisitions were previously accounted for under AASB 3 – Business Combinations. The application of this standard resulted in the shares issued as consideration being valued at the market value on date of issue with the excess of the consideration over the fair value of assets acquired capitalised as part of capitalised exploration and evaluation expenditure in the consolidation financial report.
- Subsequently it was identified that the transactions did not meet the definition of a business combination under AASB 3. The transactions should have been measured under AASB 2 – Share Based Payments and the value of the shares issued by the Company were based on the independent valuation of the joint venture assets at the time of the acquisition. As a result, both the Capitalised exploration and evaluation expenditure and Issued capital balances decreased by \$65,350 thousand refer to the table below.
- b) In the prior period the valuations of the directors options and shares did not appropriately reflect the relevant grant date and vesting conditions. As a result the option reserve decreased by \$7,277 thousand, issued capital increased by \$320 thousand and equity based payments decreased by \$6,957 thousand refer to the table below.
- c) In the prior period the valuations of the options and shares issued to the Corporate Advisor not appropriately reflect the relevant grant date and vesting conditions and were not recognised as equity based payments. As a result the option reserve increased by \$127,578 thousand, Issued capital increased by \$43,800 thousand and equity based payments increased by \$171,378 thousand refer to the table below.

The aggregate effect of this adjustment is as follows:

	Previously stated 30 Jun 2008 \$'000	Adjustment \$'000	Restated 30 June 2008 \$'000
Capitalised exploration and evaluation expenditure	87,705	(65,350)	22,355
Option Reserve	34,693	120,240	154,933
Issued Capital	114,896	(21,230)	93,666
Accumulated Losses	38,546	164,421	202,967

The impact on the basic and diluted earnings per share for the period ended 31 December 2007 as a result of the adjustment to the Loss for the period is as follows:

	Previously stated 31 Dec 2007	Restated 31 Dec 2007
Basic loss per share (cents)	(0.28)	(1.49)
Diluted loss per share (cents)	(0.28)	(1.49)

## 11. Contingencies and commitments

Exploration Commitments: The company has one exploration license for which it has exploration commitments. EL 2005/28 is located Greenland. The exploration commitment on EL2005/28 is approximately \$212,000 AUD for the 12 months to December 2009. The Bureau of Minerals and Petroleum of Greenland have advised Greenland Minerals and Energy Limited that expenditure made in the 2007 year is sufficient to keep the license in good standing until December 2010.

There has been no other changes to contingencies or commitments to those disclosed in the 30 June 2008 annual report.

**12. Subsequent events**

No matters or circumstances have arisen since the end of the half year which significantly affect or may significantly affect the operations of the company, the results or their operation, or the state of affairs of the company in future periods.