

**GREENLAND MINERALS AND ENERGY LTD  
(FORMERLY THE GOLD COMPANY LTD)  
A.B.N. 85 118 463 004**

**FINANCIAL REPORT**

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**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008**

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**GREENLAND MINERALS AND ENERGY LTD**  
**(FORMERLY THE GOLD COMPANY LTD)**  
**A.B.N. 85 118 463 004**

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**GREENLAND MINERALS AND ENERGY LTD  
(FORMERLY THE GOLD COMPANY LTD)  
A.B.N. 85 118 463 004**

**DIRECTORS' REPORT**

Your directors present their report on the company for the year ended June 30 2008.

On the 2 August 2007 the company changed its name from The Gold Company Ltd to Greenland Minerals and Energy Ltd.

**Directors**

The names of directors in office at any time during or since the end of the period are:

Simon Kenneth Cato	- appointed on February 21 2006
Jeremy Sean Whybrow	- appointed on February 21 2006
Miles Simon Guy	- appointed on April 12 2006, resigned 23 March 2007
Roderick Claude McIlree	- re-appointed on 23 March 2007
Hans Kristian Vinding Schonwandt	- appointed on August 9 2007
Malcolm Geoffrey Mason	- appointed on August 9 2007
Anthony Ho	- appointed on August 9 2007
Simon Alexander Stafford Michael	- appointed on August 9 2007

**Company Secretary**

The following person held the position of company secretary at the end of the financial period:

Bruce Richard Acutt – Bruce trained and worked as an accountant with major accounting firms in the audit and resources sector. He has been associated with the mining and exploration sector for over twenty years.

**Principal Activities**

The principal activity of the company during the financial period was resources mineral exploration.

There were no significant changes in the nature of the company's principal activities during the financial year.

**Operating Results**

The net loss of the company after providing for income tax amounted to \$38,355,139.

**Subsequent Events**

For disclosure of events occurring subsequent to year end, refer to note 17 of the financial statements.

**Future Developments**

Disclosure of information regarding likely developments in the operations of the company in future financial periods and the expected results of those operations is likely to result in unreasonable prejudice to the Company. Accordingly, this information has not been disclosed in this report.

**Environmental Issues**

The company 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 company's exploration activities are currently regulated by significant environmental regulation under laws of the Commonwealth and states and territories of Australia. The company aims to ensure that the highest standard of environmental care is achieved, and that it complies with all relevant environmental legislation.

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**DIRECTORS' REPORT**

The directors are not aware of any particular or significant environmental issues, which have been raised in relation to the company's operations during the period covered by this report.

**Dividends**

In respect of the financial period ended 30 June 2008, no dividends have been paid or declared since the start of the financial period and the directors do not recommend the payment of a dividend in respect of the financial period.

**Review of Operations**

On 20 June 2006 the company's shares commenced trading on ASX.

In December 2006 we were suspended from trading at our request to allow us to concentrate on due diligence and contract negotiations leading to our agreeing to enter into the Kvanefjeld project.

On 23 May 2007 we were reinstated to quotation after completing due diligence and entering into the agreements which following shareholder approval on 31 July 2007 saw us acquire our interest in the Kvanefjeld project. Specific details of the contracts are summarized in the Subsequent Events section of these accounts.

From June 2007 we commenced our exploration program in Greenland at Kvanefjeld, this exploration is still continuing as at the date of this report.

Exploration announcements have been made to the market as and when they are available on both projects during the year.

**Significant Changes in State of Affairs**

The following significant changes in the state of affairs of the Company occurred during the financial period.

1. The acquisition of the Kvanefjeld project as described above.
2. The sale of our Three Sisters project in Queensland.

**Financial Position**

The net assets of the company were \$111,076,416 at year end arising as a result of capital raisings and acquisition of a mineral tenement.

The company was in a strong financial position at the end of the financial period with sufficient financial resources to undertake its objectives. The Company's objective is to locate new mineral discoveries that significantly upgrade the value of its projects and consider other opportunities in the resources sector.

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**DIRECTORS' REPORT**

**Information on Directors**

**Simon Kenneth Cato**

- Executive Director

Qualifications

- B.A.

Experience

- Appointed a director on February 21 2006.

Mr Simon Cato has had 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.

Over the last 17 years he has been an executive director and/or responsible executive of three stockbroking 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 Ltd, 800,100 options and 6,600,000 unvested unlisted options.

Special Responsibilities

- Mr Simon Cato is an executive director of the company.

Directorships held in other-listed entities

Simon Cato is a director of Bentley International Limited, Convergent Minerals Limited, Scarborough Equities Limited and Queste Communications Ltd.

Simon Cato is a Chairman of Convergent Minerals Limited (since 25 July 2006) and Advanced Share Registry (since 22 August 2007).

**Jeremy Sean Whybrow**

- Exploration Director

Qualifications

- B.Sc. (Mineral Exploration and Mining Geology), G.Dip(Minerals Economics), M.Aus.I.M.M

Experience

- Mr Whybrow has had over 12 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 - 750,100 Ordinary Shares of Greenland Minerals and Energy Ltd, 710,100 listed options and 6,600,000 unvested unlisted options.

Directorships held in other entities

- Mr Whybrow is also an executive director of Convergent Minerals Limited.

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**DIRECTORS' REPORT**

- Hans Kristian Vinding Schonwandt**
- Executive Chairman
- Qualifications -
- 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.
- As head of the Department of Economic Geology he streamlined the Geological Survey's service to the mining industry by a number of initiatives including a mineral database, core library, and a quick presentation of survey data through the "Open file Report" and an archive for the mining industries assessment reports. He was technical adviser to the committee which recommended a modernisation of the Mineral Resource Act for Greenland in 1990, a modernisation which became the starting point of an increased mineral exploration activity in Greenland.
- As associate professor Dr Schønwandt consulted for various mining companies in Greenland and elsewhere. He was a permanent consultant for the Nordic Mining Company Ltd on activities in Greenland and was also permanent consultant for Norsk Hydro Ltd's Prospecting Department in Oslo, Norway where he was deeply involved in the discovery and development of porphyry molybdenum deposits in the Oslo Rift.
- As deputy minister he was responsible for establishing the Bureau of Minerals and Petroleum (BMP) in Nuuk, Greenland and to advise the politicians in Greenland and Denmark on all aspects concerning the raw material sector. He took the initiative and was responsible for the authority's strategy within the hydrocarbon and mineral sector which was approved by the government of Greenland and the government of Denmark in 2003 and 2004 respectively.
- Interest in Shares & Options - 1,000,000 Ordinary Shares of Greenland Minerals and Energy Ltd.
- Directorships held in other entities - Nil
- 
- Roderick McIlree**
- Managing Director
- Qualifications - B.Sc. (Mineral Exploration and Mining Geology), Grad Dip. (Mineral Economics) MAusIMM.
- Experience - Mr McIlree 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 McIlree moved to the finance sector in 2000 and worked as an analyst and advisor for broking houses active in capital markets. Mr McIlree 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.

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**DIRECTORS' REPORT**

Interest in Shares & Options - 3,102,295 Ordinary Shares of Greenland Minerals and Energy Ltd, 2,112,000 listed options and 6,600,000 unlisted unvested options.

Directorships held in other entities - Executive director of Convergent Minerals Limited.

**Simon Stafford Michael** - Non-Executive Director

Qualifications - Nil

Experience - Mr Stafford-Michael practised as a barrister in the United Kingdom from 1982 to 2005. He developed a commercial practice, with particular emphasis on financial services, banking, tax, corporate and commercial and insurance and reinsurance.

Mr Stafford-Michael had a substantial advisory practice in the United Kingdom concerning regulation and compliance issues arising under the Banking, Financial Services and Insurance (Companies) Acts and the rules and regulations of the securities markets; compliance with the Money Laundering Regulations; the conduct of fraud and money laundering investigations; and the duties and liabilities of company directors and their professional advisers under the Companies and Insolvency Acts.

His corporate clients included a substantial number of major oil and mining corporations, particularly in connection with insurance claims predicated on environmental risks.

Interest in Shares & Options - 1,000,000 Ordinary Shares of Greenland Minerals and Energy Ltd.

Directorships held in other entities - Nil

**Tony Ho** - Non-Executive Director

Qualifications - B.Comm, CA, FAICD, FCIS

Experience - Mr Ho is an experienced company director having held executive directors and chief financial officer roles with a number of publicly listed companies. Tony 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.

Mr Ho was a past non-executive director of Brazin Limited (September 1997 to January 2007) where he was also a member of the Audit and Remuneration Committees.

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 and the Institute of Company Directors.

Interest in Shares & Options - 50,000 Ordinary Shares of Greenland Minerals and Energy Ltd.

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**DIRECTORS' REPORT**

Directorships held in other entities - Non-executive director of Dolomatrix International Limited where he chairs the Audit and Compliance Committee. He is also the non-executive chairman of St George Community Housing Limited, the largest community housing company in New South Wales.

**Malcolm Mason**  
Qualifications  
Experience

- Technical Director  
- B.Sc Hons and MAus IMM  
- Mr Mason has had 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 - 600,000 Ordinary Shares of Greenland Minerals and Energy Ltd, 180,000 options and 3,000,000 unvested options.

Directorships held in other entities - Nil

**Remuneration Report - Audited**

This report details the nature and amount of remuneration for each director of Greenland Minerals and Energy Ltd and for the executives receiving the highest remuneration.

**Remuneration Policy**

The remuneration policy of Greenland Minerals and Energy Ltd has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Company's financial results. The board of Greenland Minerals and Energy Ltd believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the Company, as well as create alignment of interests between directors, executives and shareholders.

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**DIRECTORS' REPORT**

The board's policy for determining the nature and amount of remuneration for board members and senior executives of the Company is as follows:

- All executives receive a base salary (which is based on factors such as length of service and experience) and superannuation.

The executive directors and executives 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 executives is valued at the cost to the company and expensed. Shares given to directors and executives are valued as the difference between the market price of those shares and the amount paid by the director or executive. Options are valued using the Black-Scholes methodology.

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 practice, duties and accountability. 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. Fees for non-executive directors are not linked to the performance of the Company. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the company.

**Details of Remuneration**

The remuneration for each director and each of the executive officers of the entity receiving the highest remuneration during the year was as follows:

	Salary	Short-term Directors Fees	Shares/ Options	Post- employment Superannuation	Total
	\$	\$	\$	\$	\$
<b>2008</b>					
Simon Kenneth Cato	64,052	40,000	11,385,000*	7,650	11,496,702
Jeremy Sean Whybrow	197,600	-	11,385,000*	9,450	11,592,050
Roderick Claude McIllree	199,990	-	11,385,000*	10,350	11,595,340
Simon Stafford-Michael	-	33,980	1,300,000	-	1,333,980
Anthony Ho	-	40,678	-	3,661	44,339
Hans Kristian Vinding Schonwandt	171,500	40,000	1,300,000	-	1,511,500
Malcolm Mason	157,527	40,000	-	-	197,527
<b>Total</b>	<b>790,669</b>	<b>194,658</b>	<b>36,755,000</b>	<b>31,111</b>	<b>37,771,438</b>
<b>2007</b>					
Simon Kenneth Cato	40,000	-	-	3,600	43,600
Jeremy Sean Whybrow	90,495	-	-	3,600	94,095
Miles Simon Guy	15,000	-	-	1,350	16,350
Roderick Claude McIllree	17,873	-	-	900	18,773
<b>Total</b>	<b>163,368</b>	<b>-</b>	<b>-</b>	<b>9,450</b>	<b>172,818</b>

\* Options subject to vesting conditions as detailed in Note 20.

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**DIRECTORS' REPORT**

**Directors and Key Management Personnel – Option Valuation Parameters**

<b>30 June 2008</b>	<b>No</b>	<b>Date Granted</b>	<b>Expiry Date</b>	<b>Exercise Price \$</b>	<b>Fair Value \$</b>	<b>Price of option on Grant Date \$</b>	<b>Volatility %</b>	<b>Risk Free Interest Rate</b>	<b>Value \$</b>
<b>Directors</b>									
S Cato	6,600,000	31.07.2007	30.06.2011	0.20	1.725	1.87	70	6.12	11,385,000
J Whybrow	6,600,000	31.07.2007	30.06.2011	0.20	1.725	1.87	70	6.12	11,385,000
R McIlree	6,600,000	31.07.2007	30.06.2011	0.20	1.725	1.87	70	6.12	11,385,000
M Mason	3,000,000	31.07.2007	30.06.2011	0.20	1.725	1.87			
<b>Key Management</b>									
M Healan	200,000	28.11.2007	30.06.2011	1.50	0.741	1.30			148,200

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**DIRECTORS' REPORT**

**Employment Contracts and arrangements**

Hank Schönwandt, *Non Executive Chairman*

- Term of contract – service agreement for 3 years.
- Director fee excluding superannuation for the year ended 30 June 2008 of \$40,000.
- Entitled to a living allowance and a daily rate for performing and part of their services outside the country's residence of 6,000 Danish Kroner per day.

Simon Stafford-Michael, *Non Executive Director*

- Term of contract – service agreement for 3 years.
- Director fee excluding superannuation for the year ended 30 June 2008 of \$30,000.
- Entitled to a living allowance and a daily rate for performing and part of their services outside the country's residence of £600 per day.

Roderick McIllree, *Managing Director*

- Term and type of contract – service agreement subject to annual review.
- Base salary, inclusive of superannuation for the year ended 30 June 2008 of \$230,000 and is paid monthly in arrears.
- 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.
- The company has issued 6,600,000 incentive options with an exercise price of 20 cents and an expiry date of 30 June 2011.
- Remuneration will be reviewed every 12 months or as otherwise agreed between the parties.

Jeremy Whybrow, *Managing Director*

- Term and type of contract – service agreement subject to annual review.
- Base salary, inclusive of superannuation for the year ended 30 June 2008 of \$180,000 and is paid monthly in arrears.
- 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.
- The company has issued 6,600,000 incentive options with an exercise price of 20 cents and an expiry date of 30 June 2011.
- Remuneration will be reviewed every 12 months or as otherwise agreed between the parties.

Simon Cato, *Managing Director*

- Term and type of contract – service agreement limited to a maximum of 80 hours per month subject to annual review.
- Base salary, inclusive of superannuation for the year ended 30 June 2008 of \$90,000 and is paid monthly in arrears.
- Entitled to receive a separate directors fee of \$40,000 per annum.
- 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.
- The company has issued 6,600,000 incentive options with an exercise price of 20 cents and an expiry date of 30 June 2011.
- Remuneration will be reviewed every 12 months or as otherwise agreed between the parties.

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**DIRECTORS' REPORT**

Tony Ho, *Non-Executive Director*

- No fixed term.
- \$80,000 per annum.

Malcolm Mason, *Technical Director*

- Term of contract – consultancy service agreement with Missoni Investments Pty Ltd.
- Engagement is for a minimum term of 18 months within which the company may only terminate the agreement upon limited events akin to poor performance, misconduct or incapacity.
- After the minimum term either party may terminate the agreement upon three months written notice.
- Missoni Investments Pty Ltd will be paid a consultancy fee of \$1,500 per day when services are performed overseas and \$1,000 per day when services performed in Australia subject to a maximum of \$180,00 in each 12 month period.
- Missoni Investments Pty Ltd 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.
- Mr Mason will be paid a separate directors fee of \$40,000.
- The company has issued 3,000,000 incentive options with an exercise price of 20 cents and an expiry date of 30 June 2011.

**Company performance, shareholder wealth and director and executive remuneration**

The remuneration policy has been tailored to align the interests of shareholders, directors and executives. To achieve this aim, the entity may issue options to the majority of directors and executives to encourage the alignment of personal and shareholder interests. The company notes that all directors are shareholders at present and that the company has no present intention to issue incentive shares or options to directors.

The following table shows the gross revenue and profits for the period from incorporation to June 30 2008 for the listed entity, as well as the share price at the end of the financial year.

<b>Remuneration Report</b>	2008	2007
Revenue	1,334,340	228,241
Net Profit/(Loss)	(38,346,379)	(199,700)
Share Price at Year-end	0.66	1.76

**Non-audit Services**

The board of directors, is satisfied that the provision of non-audit services during the period is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence as set out in the Institute of Chartered Accountants in Australia and CPA Australia's Professional Statement F1: Professional Independence

\$4,200 for non-audit services were paid/payable to the external auditors during the period ended 30 June 2008 for tax advice.

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**DIRECTORS' REPORT**

**Meetings of Directors**

During the financial period, 4 meetings of directors were held. Attendances by each director during the period were as follows:

Director	Directors Meetings	
	Number eligible to attend	Number attended
S K Cato	4	4
J S Whybrow	4	4
R McIllree	4	4
H K V Schonwandt	4	4
M G Mason	4	4
A Ho	4	4
S A S Michael	4	4

**Indemnifying Officers**

During or since the end of the financial year 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 company, other than conduct involving a wilful breach of duty in relation to the company.

**Shares**

During the year ended 30 June 2008, the following ordinary shares of Greenland Minerals and Energy Ltd were issued as detailed in Note 11 to the financial report.

The total number of shares on issue was 193,008,540 (2007: 37,201,931).

The total number of shares issued during the year was 155,806,609.

**Options**

During the year ended 30 June 2008 the options of Greenland Minerals and Energy Limited were issued as detailed in Note 12(a) to the financial report.

No person entitled to exercise the option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

As at the date of this report there are 169,020,902 options on issue, including the directors options.

A total of 137,222,233 were issued during the year.

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**DIRECTORS' REPORT**

**Proceedings on Behalf of Company**

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

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

**Auditor's Independence Declaration**

The auditor's independence declaration for the period ended 30 June 2008 has been received and is included in the financial report.

Signed in accordance with a resolution of the Board of Directors.



S Cato  
Chairman


Date: 30 September


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**AUDITOR'S INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001  
TO THE DIRECTORS OF GREENLAND MINERALS AND ENERGY LTD**

I declare that, to the best of my knowledge and belief, during the period ended 30 June 2008 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

  
\_\_\_\_\_  
Mack & Co  
Chartered Accountants  
2nd Floor, 35 Havelock Street  
West Perth WA 6005

  
\_\_\_\_\_  
N.A Calder, Partner

30 September 2008  
Date

**GREENLAND MINERALS AND ENERGY LTD  
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**INCOME STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2008**

	Note	Consolidated 2008 \$	Parent 2008 \$	2007 \$
Other revenue	2	1,334,340	1,334,332	228,241
Directors' fees and salaries		(373,778)	(373,778)	(132,630)
Occupancy expenses		(73,981)	(73,981)	(45,981)
Share based payments		(37,162,550)	(37,162,550)	-
Other expenses		<u>(2,079,170)</u>	<u>(2,056,700)</u>	<u>(249,330)</u>
Profit/(loss) before income tax expense		(38,355,139)	(38,332,676)	(199,700)
Income tax expense	4	<u>-</u>	<u>-</u>	<u>-</u>
Profit/(loss) after related income tax expense		(38,355,139)	(38,332,676)	(199,700)
Loss attributable to minority equity interest		<u>8,760</u>	<u>-</u>	<u>-</u>
Profit/(loss) attributable to members of the parent entity		<u><u>(38,346,379)</u></u>	<u><u>(38,332,676)</u></u>	<u><u>(38,322,676)</u></u>
		Cents	Cents	Cents
Basic loss per share		(0.24)	(0.24)	(0.62)
Diluted loss per share		(0.24)	(0.24)	(0.62)

The accompanying notes form part of these financial statements.

**GREENLAND MINERALS AND ENERGY LTD**  
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**BALANCE SHEET**  
**AS AT 30 JUNE 2008**

	Note	Consolidated 2008	Parent 2008 \$	2007 \$
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	5	22,665,063	22,658,805	2,411,392
Trade and other receivables	6	561,401	469,469	72,158
<b>TOTAL CURRENT ASSETS</b>		<u>23,226,464</u>	<u>23,128,274</u>	<u>2,483,550</u>
<b>NON CURRENT ASSETS</b>				
Trade and other receivables	6	-	35,000,000	-
Plant and equipment	7	404,522	404,522	119,425
Exploration, evaluation and development expenditure	8	87,704,929	13,272,035	2,728,811
Financial assets	9	-	39,500,000	-
<b>TOTAL NON CURRENT ASSETS</b>		<u>88,109,451</u>	<u>88,176,557</u>	<u>2,848,236</u>
<b>TOTAL ASSETS</b>		<u>111,335,915</u>	<u>111,304,831</u>	<u>5,331,786</u>
<b>CURRENT LIABILITIES</b>				
Trade and other payables	10	259,499	248,845	152,754
<b>TOTAL CURRENT LIABILITIES</b>		<u>259,499</u>	<u>248,845</u>	<u>152,754</u>
<b>TOTAL LIABILITIES</b>		<u>259,499</u>	<u>248,845</u>	<u>152,754</u>
<b>NET ASSETS</b>		<u>111,076,416</u>	<u>111,055,986</u>	<u>5,179,032</u>
<b>EQUITY</b>				
Issued capital	11	114,896,075	114,896,075	5,238,229
Reserves	12	34,692,602	34,692,611	140,827
Accumulated losses		(38,546,403)	(38,532,700)	(200,024)
Minority interest		34,142	-	-
<b>TOTAL EQUITY</b>		<u>111,076,416</u>	<u>111,055,986</u>	<u>5,179,032</u>

The accompanying notes form part of these financial statements.

**GREENLAND MINERALS AND ENERGY LTD  
(FORMERLY THE GOLD COMPANY LTD)  
A.B.N. 85 118 463 004**

**STATEMENT OF CHANGES IN EQUITY  
AS AT 30 JUNE 2008**

	<b>Issued Capital \$</b>	<b>Option Reserve \$</b>	<b>Accumulated Losses \$</b>	<b>Total \$</b>
<b>Parent Entity</b>				
<b>Balance at 1 July 2006</b>	4,050,844	-	(324)	4,050,520
Profit/(loss) for year	-	-	(199,700)	(199,700)
Contributions of equity net of transaction costs	1,187,385	-	-	1,187,385
Issue of options net of transaction costs	-	140,827	-	140,827
<b>Balance at 30 June 2007</b>	<u>5,238,229</u>	<u>140,827</u>	<u>(200,024)</u>	<u>5,179,032</u>
Profit/(loss) for year	-	-	(38,332,676)	(38,332,676)
Contributions of equity net of transaction costs	109,657,846	-	-	109,657,846
Issue of options net of transaction costs	-	34,551,784	-	34,551,784
<b>Balance at 30 June 2008</b>	<u>114,896,075</u>	<u>34,692,611</u>	<u>(38,532,700)</u>	<u>111,055,986</u>

	<b>Issued Capital \$</b>	<b>Option Reserve \$</b>	<b>Accumulated Losses \$</b>	<b>Foreign Currency Translation Reserve \$</b>	<b>Total \$</b>
<b>Consolidated Group</b>					
<b>Balance at 1 July 2007</b>	5,238,229	140,827	(200,024)	-	5,179,032
Profit/(loss) for year	-	-	(38,346,379)	-	(38,346,379)
Contributions of equity net of transaction costs	109,657,846	-	-	-	109,657,846
Issue of options net of transaction costs	-	34,551,784	-	-	34,551,784
Minority Interest	-	-	34,142	-	34,142
Adjustments from translation of foreign controlled entities	-	-	-	(9)	(9)
<b>Balance at 30 June 2008</b>	<u>114,896,075</u>	<u>34,692,611</u>	<u>(38,512,261)</u>	<u>(9)</u>	<u>111,076,416</u>

The accompanying notes form part of these financial statements.

**GREENLAND MINERALS AND ENERGY LTD  
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**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2008**

	Note	Consolidated 2008 \$	Parent 2008 \$	2007 \$
<b>CASH FLOWS PROVIDED/(USED) IN OPERATING ACTIVITIES</b>				
Receipts from customers		14,637	14,629	-
Payments to suppliers and employees		(2,330,955)	(2,330,951)	(284,561)
Interest received		1,023,588	1,023,588	193,979
Interest paid		(157)	(157)	-
Payments for set up of subsidiaries		(24,500)	(24,500)	-
Net cash provided/(used) in operating activities	14	<u>(1,317,387)</u>	<u>(1,317,391)</u>	<u>(90,582)</u>
<b>CASH FLOWS PROVIDED/(USED) INVESTING ACTIVITIES</b>				
Payments for property, plant and equipment		(366,938)	(366,938)	(133,024)
Payments for exploration and development		(10,518,724)	(10,518,724)	(2,396,944)
Payments for acquisition of subsidiary		(3,000,000)	(1,000,000)	-
Net cash provided/(used) in investing activities		<u>(13,885,662)</u>	<u>(11,885,662)</u>	<u>(2,529,968)</u>
<b>CASH FLOWS PROVIDED/(USED) FINANCING ACTIVITIES</b>				
Proceeds from issue of shares/options		38,915,538	38,915,538	1,340,828
Share/option issue expenses		(3,363,876)	(3,363,876)	(12,617)
Loans to related parties		(101,196)	(2,101,196)	-
Loans from related parties		6,254	-	-
Net cash provided/(used) in financing activities	14	<u>35,456,720</u>	<u>33,450,466</u>	<u>1,328,211</u>
Net increase/(decrease) in cash held		20,253,671	20,247,413	(1,292,339)
Cash and cash equivalents at beginning of financial period		<u>2,411,392</u>	<u>2,411,392</u>	<u>3,703,731</u>
Cash and cash equivalents at end of financial period		<u>22,665,063</u>	<u>22,658,805</u>	<u>2,411,392</u>

The accompanying notes form part of these financial statements.

**GREENLAND MINERALS AND ENERGY LTD  
(FORMERLY THE GOLD COMPANY LTD)  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers Greenland Minerals and Energy Ltd is a listed company, trading on the Australian Stock Exchange, limited by shares, incorporated and domiciled in Australia.

The financial report of Greenland Minerals and Energy Ltd complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS).

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report. The accounting policies have been consistently applied unless otherwise stated.

**Basis of Preparation**

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the considerations given in exchange for assets.

**Accounting Policies**

**(a) Income tax**

The charge for current income tax expense is based on the profit for the period adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

**GREENLAND MINERALS AND ENERGY LTD  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)**

**(b) Impairment of assets**

At each reporting date, the company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

**(c) Revenue**

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

**(d) Trade and other receivables**

Collectibility of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised when some doubt as to collection exists.

**(e) Trade and other payables**

These amounts represent liabilities for goods and services provided to the entity prior to the end of the financial period and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

**(f) Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions and other highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within short term borrowings in current liabilities on the balance sheet.

**(g) Financial assets**

The entity classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Company commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)**

(i) *Financial assets at fair value through profit or loss*

Financial assets classified as held for trading are included in the category 'Financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.

(ii) *Held-to-maturity investments*

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Company has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

(iii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(iv) *Available-for-sale investments*

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)**

**(h) Goods and services tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

**(i) Capitalisation of exploration and evaluation expenditure**

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off to the income statement in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest will be amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining or petroleum permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within 1 year of abandoning the site.

**(j) Acquisition of assets**

The purchase method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is determined as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

**(k) Share based payments**

The fair value of options and shares of the company is recognised as an expense in the financial statements in relation to the granting of these options.

**GREENLAND MINERALS AND ENERGY LTD  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)**

**(l) Earnings per share**

*(i) Basic earnings per share*

Basic earnings per share is determined by dividing the net profit after income tax attributable to members of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial period, adjusted for bonus elements in ordinary shares issued during the period.

*(ii) Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

**(m) Issued capital**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

**(n) Critical accounting estimates and judgement**

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

*Key Estimates – Impairment*

The company assesses impairment at each reporting date by evaluating conditions specific to the company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

**(o) Plant and Equipment**

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

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.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)**

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Income Statement during the financial period in which they are incurred.

***Depreciation***

The depreciable amount of all fixed assets is depreciated over their useful lives to the Company commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

<b>Class of Fixed Asset</b>	<b>Depreciation Rate</b>
Plant and equipment	33%
Office furniture and equipment	10%

The estimated useful lives, residual values and depreciation method is reviewed at the end of each annual reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Income Statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

**(p) Comparatives**

There is no comparatives for the consolidated amounts at 30 June 2007 as the company had not made the acquisitions to form a consolidated group.

	<b>Consolidated</b>	<b>Parent</b>	
	<b>2008</b>	<b>2008</b>	<b>2007</b>
	\$	\$	\$
<b>NOTE 2: OTHER REVENUE</b>			
Revenue from outside operating activities			
- Interest	1,324,932	1,324,932	201,641
- rental income	9,400	9,400	26,600
- other	8	-	-
Revenue	1,334,340	1,334,332	228,241

**NOTE 3: LOSSES**

Loss from operations have been arrived after charging the following items:

- depreciation of property, plant and equipment	81,841	81,841	13,599
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**GREENLAND MINERALS AND ENERGY LTD  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

	<b>Consolidated</b>	<b>Parent</b>	
	<b>2008</b>	<b>2008</b>	<b>2007</b>
	\$	\$	\$
<b>NOTE 4: INCOME TAX</b>			
(a) Tax expense			
Current tax	-	-	-
Deferred tax	-	-	-
	-	-	-
(b) The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:			
Prima facie tax benefit on loss at 30% (2007: 30%)	(11,506,542)	(11,499,803)	(59,910)
Add:			
Tax effect of:			
- other non-allowable items	169,415	169,415	5,255
- share based payments	11,148,765	11,148,765	-
- provisions and accruals	-	-	2,319
- revenue losses not recognised	3,455,080	3,448,341	890,873
	14,773,260	14,766,521	898,447
Less:			
Tax effect of:			
- exploration, evaluation and development expenditure	3,155,617	3,155,617	818,643
- provisions and accruals	5,400	5,400	-
- capital raising costs	17,596	17,596	17,596
- accrued income	88,105	88,105	2,298
	3,266,718	3,266,718	838,537
Income tax expense	-	-	-
The applicable average weighted tax rates are as follows:	0%	0%	0%

**GREENLAND MINERALS AND ENERGY LTD  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

	<b>Consolidated</b>	<b>Parent</b>	
	<b>2008</b>	<b>2008</b>	<b>2007</b>
	\$	\$	\$
<b>NOTE 4: INCOME TAX (cont)</b>			
(c) The following deferred tax balances have not been recognised:			
Deferred tax assets:			
At 30%			
Carry forward revenue losses	4,358,595	4,351,856	903,515
Capital raising costs	35,948	35,948	53,544
Provisions and accruals	-	-	5,400
	4,394,543	4,387,804	962,459

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

- (a) The company derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;
- (b) The company continues to comply with the conditions for deductibility imposed by law; and
- (c) No change in income tax legislation adversely affect the company in utilising the benefits.

	<b>Consolidated</b>	<b>Parent</b>	
	<b>2008</b>	<b>2008</b>	<b>2007</b>
	\$	\$	\$
Deferred tax liabilities:			
At 30%			
Exploration, evaluation and development expenditure	3,974,261	3,974,261	818,643
Accrued income	90,403	90,403	2,298
	4,064,664	4,064,664	820,941

The above deferred tax liabilities have not been recognised as they have given rise to the carry forward revenue losses for which the deferred tax asset has not been recognised.

	<b>Consolidated</b>	<b>Parent</b>	
	<b>2008</b>	<b>2008</b>	<b>2007</b>
	\$	\$	\$
<b>NOTE 5: CASH AND CASH EQUIVALENTS</b>			
Cash on hand	1,000	1,000	-
Cash at bank	664,063	657,805	1,178,535
Deposits maturing within 4 months	21,000,000	21,000,000	1,232,857
Monies held in trust	1,000,000	1,000,000	-
	22,665,063	22,658,805	2,411,392

Cash at bank is earning interest on floating interest rates between zero and 6.45%.  
Deposits are earning interest at rates ranging from 8.03% to 8.10%.

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**NOTES TO THE FINANCIAL STATEMENTS  
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	<b>Consolidated</b>	<b>Parent</b>	
	<b>2008</b>	<b>2008</b>	<b>2007</b>
	\$	\$	\$
<b>NOTE 6: TRADE AND OTHER RECEIVABLES</b>			
<b>Current</b>			
Other debtors (i)	-	50,315	34,785
GST recoverable (i)	-	66,614	37,373
Loan to related party	51,196	-	-
Accrued interest	301,344	-	-
Total Current Trade & Other Receivables	352,540	116,929	72,158
<b>Non current</b>			
Loan to subsidiary (ii)	-	35,000,000	-

Terms and conditions relating to the above financial instruments:

- (i) Trade and sundry debtors are non-interest bearing unsecured and generally on 30 day terms.
- (ii) Provided as an interest free and unsecured loan. Refer to note 9 for further details.

	<b>Consolidated</b>	<b>Parent</b>	
	<b>2008</b>	<b>2008</b>	<b>2007</b>
	\$	\$	\$
<b>NOTE 7: PLANT AND EQUIPMENT</b>			
At cost	499,962	499,962	133,024
Accumulated depreciation	(95,440)	(95,440)	(13,599)
	429,022	429,022	119,425

**(a) Movements in carrying amounts**

Movements in the carrying amounts for each class of plant and equipment between the beginning and the end of the period.

	<b>Consolidated</b>	<b>Parent</b>	
	<b>2008</b>	<b>2008</b>	<b>2007</b>
	\$	\$	\$
<i>Plant and equipment</i>			
Carrying amount at 1 July 2007	119,425	119,425	-
Acquisitions	366,938	366,938	133,024
Depreciation expense	(81,841)	(81,841)	(13,599)
Carrying amount at 30 June 2008	429,022	429,022	119,425

**GREENLAND MINERALS AND ENERGY LTD  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

	<b>Consolidated</b>	<b>Parent</b>	
	<b>2008</b>	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>NOTE 8: EXPLORATION, EVALUATION AND DEVELOPMENT EXPENDITURE</b>			
Costs carried forward in respect of interests in:	2,728,811	2,728,811	331,867
Exploration and/or evaluation phase in the current year	10,476,118	10,543,224	2,396,944
Acquisition of 100% of Chahood Capital Limited (i)	39,500,000	-	-
Acquisition of 61% interest in the Kvanefjeld Joint Venture (ii)	35,000,000	-	-
	<u>87,704,929</u>	<u>13,272,035</u>	<u>2,728,811</u>

(i) and (ii) Refer to Note 9 for details of acquisitions.

Please note that the sale of the Three Sisters Project was completed during September 2008, no adjustment has been made for this sale.

**NOTE 9: FINANCIAL ASSETS**

(a) On 31 July 2007, Greenland Minerals and Energy Limited acquired 100% of Chahood Capital Limited.

(i) *Purchase consideration*

	<b>Number of shares</b>	<b>Fair Value per security \$</b>	<b>Fair value \$</b>
<b>Consideration</b>			
Cash			1,000,000
Shares issued	35,000,000	1.10	38,500,000
<b>Total costs of consideration</b>			<u>39,500,000</u>

(ii) *Assets and liabilities acquired*

	<b>Acquiree's carrying amount \$</b>	<b>Fair value \$</b>
Cash	<u>2</u>	<u>2</u>
Net assets	<u>2</u>	<u>2</u>

(b) On 31 July 2007, Greenland Minerals and Energy Limited acquired a 61% interest in the Kvanefjeld Joint Venture .

(i) *Purchase consideration*

	<b>Number</b>	<b>Fair Value per security \$</b>	<b>Fair value \$</b>
<b>Consideration</b>			
Cash			2,000,000
Shares issued	30,000,000	1.10	33,000,000
<b>Total costs of combination</b>			<u>35,000,000</u>

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	<b>Consolidated</b>	<b>Parent</b>	
	<b>2008</b>	<b>2008</b>	<b>2007</b>
	\$	\$	\$
<b>NOTE 10: TRADE AND OTHER PAYABLES</b>			
Trade and other payables	253,245	248,845	152,754
Amounts payable to related parties	6,254	-	-
	<u>259,499</u>	<u>248,845</u>	<u>152,754</u>

Terms and conditions relating to the above financial instruments.

- (i) Trade creditors are non-interest bearing and generally on 60 day terms.
- (ii) Other creditors are non-interest bearing and have no fixed repayment terms.
- (iii) Amounts relate to directors fees owing at year end and are payable within 30 days.

	<b>Consolidated</b>	<b>Parent</b>	
	<b>2008</b>	<b>2008</b>	<b>2007</b>
	\$	\$	\$
<b>NOTE 11: ISSUED CAPITAL</b>			
Balance brought forward:	5,238,229	5,238,229	4,330,060
Issues of ordinary shares during the year	38,225,001	38,225,001	1,189,835
Ordinary shares issued to corporate advisors for achievement of milestones	104,800,000	104,800,000	-
Ordinary shares issued to directors	2,600,000	2,600,000	-
Ordinary share issued as a result of exercise of options	493,321	493,321	-
Less costs of issue	(36,480,476)	(36,480,476)	(281,665)
	<u>114,876,075</u>	<u>114,876,075</u>	<u>5,238,229</u>

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**NOTE 11: ISSUED CAPITAL (cont)**

**Movements in issued capital**

Date	Detail	Issue price	Number	\$
21/02/2006	Issued on incorporation	0.20	300	60
10/04/2006	Seed capital	0.01	11,000,000	110,000
14/06/2006	Ordinary shares for cash	0.20	20,000,000	4,000,000
14/06/2006	Ordinary shares for exploration permit	0.20	1,100,000	220,000
25/10/2006	Options converted	0.20	22,900	4,580
25/10/2006	Transfer of options from option premium reserve	0.005	-	115
28/06/2007	Placement	0.25	3,200,000	800,000
29/06/2007	Options converted	0.20	1,878,731	375,746
29/06/2007	Transfer of options from option premium reserve	0.005	-	9,394
30/06/2007	Balance		<u>37,201,931</u>	<u>5,519,895</u>
	Less: capital raising costs			<u>(281,666)</u>
				<u>5,238,229</u>
06/09/2007	Issue of share to corporate advisers securities issued on achievement of vesting hurdles	1.02	15,000,000	15,300,000
08/08/2007	Exercise of options	0.20	99,141	19,828
08/08/2007	Placement	1.00	8,800,000	8,800,000
16/08/2007	Issue of shares	0.25	30,000,000	7,500,000
17/08/2007	Issue of shares to vendors	1.10	65,000,000	71,500,000
16/10/2007	Exercise of options	0.20	830,057	166,011
30/10/2007	Issue of shares to Corporate Adviser securities issued on achievement of milestones.	1.20	15,000,000	18,000,000
17/12/2007	Exercise of options	0.20	1,224,047	244,809
17/12/2007	Placement	1.25	5,180,000	6,475,000
17/12/2007	Issue of shares to directors	1.30	2,000,000	2,600,000
18/12/2007	Placement	1.25	12,320,000	15,400,000
20/12/2007	Placement	1.25	40,001	50,001
15/02/2008	Options Exercised	0.20	67,651	13,530
11/04/2008	Options Exercised	0.20	80,900	16,180
15/05/2008	Options Exercised	0.20	50,000	10,000
30/06/2008	Options Exercised	0.20	114,812	22,962
	Balance		<u>193,008,540</u>	<u>151,589,075</u>
	Less: capital raising costs			<u>(36,762,142)</u>
				<u>114,876,075</u>

**Capital Management**

Management controls the capital of the company in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the company can fund its operations and continue as a going concern.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 11: ISSUED CAPITAL (cont)**

There are no externally imposed capital requirements.

Management effectively manages the company's capital by assessing the company's financial risk and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels and share issues.

There have been no changes in the strategy adopted by management to control the capital of the company since the prior year.

	<b>Consolidated</b>	<b>Parent</b>	
	<b>2008</b>	<b>2008</b>	<b>2007</b>
	\$	\$	\$
<b>NOTE 12: RESERVES</b>			
a) Option premium reserve			
Balance at beginning of financial period	140,827	140,827	160,502
Issue of options to corporate advisors	82,500,000	82,500,000	-
Issue of options to directors	34,155,000	34,155,000	-
Issue of options to consultants	407,550	407,550	-
Options converted	(10,766)	(10,766)	(9,509)
Cost of raising options to corporate advisors	<u>(82,500,000)</u>	<u>(82,500,000)</u>	<u>(10,166)</u>
Balance at end of financial period	<u>34,692,611</u>	<u>34,692,611</u>	<u>140,827</u>

The option premium reserve records items recognised as expenses on valuation of employee share options.

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**NOTE 12: RESERVES (cont)**

Movements during the period:

Date	Detail	Issue Price \$	Number	\$
13/07/2006	Issue pursuant to prospectus	0.005	32,100,300	160,502
25/10/2006	Options converted		(22,900)	(115)
28/06/2007	Placement		1,600,000	-
29/06/2007	Options converted		(1,878,731)	(9,394)
30/06/2007	Balance		<u>31,798,669</u>	<u>150,993</u>
06/09/2007	Issue of options to corporate advisers securities issued on achievement of vesting hurdles.	0.20	75,000,000	56,250,000
08/08/2007	Exercise of options	0.20	(99,141)	(496)
16/08/2007	Issue of 15mil free attaching options (with the issue of 30mil shares)	0.20	15,000,000	-
23/08/2007	Issue of unlisted options to directors	0.20	19,800,000	34,155,000
	Issue of unlisted options to directors	0.20	3,000,000	
16/10/2007	Exercise of options	0.20	(830,057)	(4,150)
30/10/2007	Issue of options to Corporate Adviser securities issued on achievement of milestones.	0.20	25,000,000	26,250,000
28/11/2007	Issue of options to Grant Wilson	1.50	200,000	148,200
28/11/2007	Issue of options to Martin Helean	1.50	200,000	148,200
28/11/2007	Issue of options to Bill Peters	1.50	150,000	111,150
17/12/2007	Exercise of options	0.20	(1,224,047)	(6,120)
20/12/2007	Issue of options	1.50	1	-
15/02/2008	Options Exercised	0.20	(67,651)	-
12/03/2008	Options issued as part of capital raising fee exercised at \$1.50	-	1,338,840	-
11/04/2008	Options exercised	0.20	(80,900)	-
15/05/2008	Options Exercised	0.20	(50,000)	-
30/06/2008	Options Exercised	0.20	(114,812)	-
	Balance		<u>169,020,902</u>	<u>117,202,777</u>
	Less: option issue costs			<u>(82,510,166)</u>
				<u>34,692,611</u>

	<b>Consolidated</b>	<b>Parent</b>	
	<b>2008</b>	<b>2008</b>	<b>2007</b>
	\$	\$	\$

b) Foreign currency translation reserve			
Balance at beginning of financial period	-	-	-
Adjustments from translation of foreign controlled entities	(9)	-	-
Balance at end of financial period	<u>(9)</u>	<u>-</u>	<u>-</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 12: RESERVES (cont)**

***Option premium reserve***

The option premium reserve is used to accumulate proceeds received from the issuing of options and accumulate the value of options issued in consideration for services rendered and to record the fair value of options issued but not exercised. The reserve is transferred to accumulated losses upon expiry or recognised as share capital if exercised.

***Foreign currency translation reserve***

The foreign currency translation reserve is used to record currency differences arising from the translation of the financial statements of the foreign subsidiary.

**NOTE 13: DIVIDENDS**

No dividends have been proposed or paid during the period.

	<b>Consolidated</b>	<b>Parent</b>	
	<b>2008</b>	<b>2008</b>	<b>2007</b>
	\$	\$	\$
<b>NOTE 14: NOTE TO STATEMENT OF CASH FLOWS</b>			
Reconciliation of cash flows from operations with loss after income tax.			
Loss after income tax	(38,355,139)	(38,332,676)	(199,700)
Non cash items			
Depreciation	81,841	81,841	13,599
Share based payments	37,162,550	37,162,550	-
Changes in operating assets and liabilities			
Decrease/(increase) in trade and other receivables	(284,304)	(296,117)	(22,141)
Decrease/(increase) in other assets	(24,500)	(24,500)	-
Increase/(decrease) in trade and other payables	106,745	96,091	117,660
Prior year correction to option premium reserve	(4,580)	(4,580)	-
Net cash from/(used in) operating activities	(1,317,387)	(1,317,391)	(90,582)

**NOTE 15: FINANCIAL RISK MANAGEMENT AND POLICIES**

The company'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 a low risk to the economic entity. The company also has other financial instruments such as trade debtors and creditors which arise directly from its operations. For the period under review, it has been the company's policy not to trade in financial instruments

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

*(a) Interest Rate Risk*

The company 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 company does not have short or long term debt, and therefore this risk is minimal.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 15: FINANCIAL RISK MANAGEMENT AND POLICIES (cont)**

*(b) Credit Risk*

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the company. The company 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 company does not have any significant credit risk exposure to any single counterparty or any company of counterparties having similar characteristics. The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the company's maximum exposure to credit risk.

*(c) Liquidity Risk*

The company manages liquidity risk by monitoring forecast cash flows.

**NOTE 16: FINANCIAL INSTRUMENTS**

**(a) Interest rate risk exposures**

The company's exposure to interest rate risk, which is the risk that a financial instruments value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities in as follows:

	Average Effective Interest Rate %	Floating Interest Rate \$	Non-Interest Bearing \$	Fixed Interest Maturing Less Than 1 Year \$	Total \$
<b>Consolidated 30 June 2008</b>					
<b>FINANCIAL ASSETS</b>					
Cash and cash equivalents	5.88	22,665,063	-	-	22,665,063
Trade and other receivables	-	-	561,401	-	561,401
Other assets	-	-	-	-	-
<b>Total financial assets</b>		<b>22,665,063</b>	<b>561,401</b>	<b>-</b>	<b>23,226,464</b>
<b>FINANCIAL LIABILITIES</b>					
Trade and other payables	-	-	259,499	-	259,499
<b>Total financial liabilities</b>		<b>-</b>	<b>259,499</b>	<b>-</b>	<b>259,499</b>
<b>Parent 30 June 2008</b>					
<b>FINANCIAL ASSETS</b>					
Cash and cash equivalents	6.40	22,658,805	-	-	22,658,805
Trade and other receivables		-	409,469	-	469,469
Other assets		-	35,000,000	-	35,000,000
<b>Total financial assets</b>		<b>22,658,805</b>	<b>35,469,469</b>	<b>-</b>	<b>58,128,274</b>
<b>FINANCIAL LIABILITIES</b>					
Trade and other payables		-	248,845	-	248,845
<b>Total financial liabilities</b>		<b>-</b>	<b>248,845</b>	<b>-</b>	<b>248,845</b>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 16: FINANCIAL INSTRUMENTS (cont)**

	Average Effective Interest Rate %	Floating Interest Rate \$	Non-Interest Bearing \$	Fixed Interest Maturing Less Than 1 Year \$	Total \$
<b>Parent</b>					
<b>30 June 2007</b>					
<b>FINANCIAL ASSETS</b>					
Cash and cash equivalents	5.96	2,411,392	-	-	2,411,392
Trade and other receivables		-	72,158	-	72,158
Other assets		-	-	-	-
<b>Total financial assets</b>		<b>2,411,392</b>	<b>72,158</b>	<b>-</b>	<b>2,483,550</b>
<b>FINANCIAL LIABILITIES</b>					
Trade and other payables		-	152,754	-	152,754
<b>Total financial liabilities</b>		<b>-</b>	<b>152,754</b>	<b>-</b>	<b>152,754</b>

	<b>Consolidated</b>	<b>Parent</b>	
	<b>2008</b>	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Trade and sundry payables are expected to be paid as follows:			
Less than 6 months	259,499	248,845	152,754

**(b) Financial assets**

Trade receivables from other entities are carried at nominal amounts less any provision for doubtful debts.

Other receivables are carried at nominal amounts due. Interest is taken up as income on an accruals basis.

**(c) Financial liabilities**

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the company.

**(d) Equity**

Ordinary share capital is recognised at the fair value of the consideration received by the company.

**(e) Credit risk exposures**

The credit risk on financial assets of the company has been recognised on the balance sheet and is generally the carrying amount net of any provisions for doubtful debts.

The company does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into.

**(f) Net fair value of financial assets and liabilities**

The carrying amount of financial assets and liabilities approximates fair value because of their short-term maturity.

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**NOTE 16: FINANCIAL INSTRUMENTS (cont)**

**(g) Sensitivity analysis**

**Interest Rate Risk, Foreign Currency Risk and Price Risk**

The company 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.

*Interest Rate Sensitivity Analysis*

At 30 June 2008, 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:

	<b>Consolidated</b>	<b>Parent</b>	
	<b>2008</b>	<b>2008</b>	<b>2007</b>
	\$	\$	\$
Change in profit			
Increase in interest rate by 1% (100 basis points)	226,650	226,650	24,114
Decrease in interest rate by 1% (100 basis points)	(226,650)	(226,650)	(24,114)
Change in equity			
Increase in interest rate by 1% (100 basis points)	226,650	226,650	24,114
Decrease in interest rate by 1% (100 basis points)	(226,650)	(226,650)	(24,114)

**NOTE 17: SEGMENT INFORMATION**

The company operates in one geographical segment, being Greenland, and in one business segment being exploration for minerals.

**NOTE 18: EVENTS SUBSEQUENT TO BALANCE DATE**

On the 8 September 2008 the company received full settlement of the outstanding amounts due for the sale of its Three Sisters Project in Queensland.

**NOTE 19: COMMITMENTS FOR EXPENDITURE**

In order to maintain current rights of tenure to exploration licences, the company is required to perform minimum exploration work to meet the minimum expenditure requirements.

If the company decides to relinquish certain licences and/or does not meet these obligations, assets recognized in the balance sheet may require review to determine the appropriateness of the carrying values. The sale, transfer or farm-out of exploration rights to third parties will reduce or extinguish these obligations.

	<b>Consolidated</b>	<b>Parent</b>	
	<b>2008</b>	<b>2008</b>	<b>2007</b>
	\$	\$	\$
Not longer than 1 year	200,000	200,000	63,885
Longer than 1 year, but not longer than 5 years	800,000	800,000	157,721
Longer than 5 years	-	-	-
	<u>1,000,000</u>	<u>1,000,000</u>	<u>221,606</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 20: RELATED PARTIES**

***Key management personnel***

On the 23 August 2007 the composition of the board became:

Dr. Hans Kristian (Hank) Schønswandt **Chairman**  
Mr Roderick McIllree **Managing director**  
Mr Simon Cato **Executive director**  
Mr Jeremy Whybrow **Exploration director**  
Mr Malcolm Mason **Technical director**  
Mr Tony Ho **Non-Executive director**  
Mr Simon Stafford-Michael **Non-Executive director**

***Director Incentive Options***

At the 31<sup>st</sup> July 2007 General Meeting incentive Options were approved to be issued to Simon Cato, Roderick McIllree and Jeremy Whybrow as existing Directors and to Malcolm Mason as a proposed Director.

The Options to be issued to each of Messrs Cato, McIllree and Whybrow were issued on the 23 August 2007 but will be constituted by three tranches. Details of the vesting hurdles and the exercise price of the three tranches for each of Messrs Cato, McIllree and Whybrow are as follows:

<b>Tranche</b>	<b>Number of Options</b>	<b>Vesting Hurdle*</b>	<b>Exercise Price</b>
1 <sup>st</sup>	2,200,000	The volume weighted average price of the Shares is 50 cents or more for 20 consecutive trading days	20 cents
2 <sup>nd</sup>	2,200,000	The volume weighted average price of the Shares is \$1.00 or more for 20 consecutive trading days	20 cents
3 <sup>rd</sup>	2,200,000	The volume weighted average price of the Shares is \$1.50 or more for 20 consecutive trading days	20 cents

Once the Share price criteria is satisfied, the Options will only vest upon delivery of subsequent written notification of vesting from the Option holder to the Company.

The Options to be issued to Malcolm Mason or his nominee were issued on the 23 August 2007 but will be constituted by two tranches. Details of the vesting hurdles and the exercise price of the two tranches are as follows:

<b>Tranche</b>	<b>Number of Options</b>	<b>Vesting Hurdle*</b>	<b>Exercise Price</b>
1 <sup>st</sup>	2,000,000	Malcolm Mason continues to serve as a Director of the Company for 12 consecutive months and makes himself available to provide technical geological services including field services upon the Kvanefjeld Project	20 cents
2 <sup>nd</sup>	1,000,000	Malcolm Mason continues to serve as a Director of the Company for 18 consecutive months and makes himself available to provide technical geological services including field services upon the Kvanefjeld Project.	20 cents

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**NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 20: RELATED PARTIES (cont)**

\* The vesting criteria will be waived so that the criteria is satisfied in the event a takeover or scheme of arrangement is successfully completed in relation to the Company or Malcolm Mason dies. Once the vesting criteria is satisfied, the Options will only vest upon delivery of subsequent written notification of vesting from the Option holder to the Company.

Otherwise, the terms of the Options to be issued to each of Messrs Cato, McIllree, Whybrow and Mason are as follows:

- (a) Each Option entitles the holder to one Share.
- (b) Subject to the vesting, the Options are exercisable at any time prior to 5pm Western Standard Time on 30 June 2011 (Expiry Date).
- (c) The exercise price of the Options is 20 cents per Option.
- (d) 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.
- (e) 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 Company to be received any time prior to the Expiry Date. The Company will process all relevant documents received at the end of every calendar month.
- (f) Upon the exercise of an Option and receipt of all relevant documents and payment, the holder in accordance with paragraph (e) will be allotted and issued a Share ranking pari passu with the then issued Shares.
- (g) 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 Company 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 Optionholders the opportunity (where available) to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- (h) 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 Company 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.
- (i) 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 Optionholder are to be changed in a manner consistent with the Listing Rules.
- (j) 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.

***Loans to key management personnel and their related parties***

There were no loans outstanding at the reporting date to key management personnel and their related parties.

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**NOTE 20: RELATED PARTIES (cont)**

***Other transactions with the Company***

No director has entered into a material contract (apart from employment) with the Company since the incorporation of the Company and there were no material contracts involving directors' interests subsisting at year end.

*Director related entities*

- Whybrow Consulting, a company which Mr Jeremy Whybrow is a director was paid director fees of \$92,600. Of that total, \$70,800 was related to consultancy fees.
- Roderick Millree, a company of which Mr Roderick Mcillree is a director was paid director fees of \$84,990 during the year. Of this amount, \$62,100 was related to consultancy fees.
- Westrip Holdings Ltd a company of which Mr Simon Stafford Michael is a director was paid directors and consultancy fees of \$33,980 during the year. This amount is included in the remuneration report.
- Mineralhunt Services APL a company of which Mr Hans Kristian Vinding Schonwandt is a director was paid directors and consultancy fees of \$211,500 during the year. This amount is included in the remuneration report.
- Missoni Investments Pty Ltd a company of which Mr Malcolm Mason is a director was paid directors and consultancy fees of \$197,527 during the year. This amount is included in the remuneration report.
- 

<b>Consolidated</b>	<b>Parent</b>	
<b>2008</b>	<b>2008</b>	<b>2007</b>
\$	\$	\$

**NOTE 21: AUDITORS' REMUNERATION**

Amounts received or due and receivable by Mack &

Co for:

- an audit of the financial report	31,050	31,050	31,000
- taxation matters	4,200	4,200	1,850
	35,250	35,250	32,850

**NOTE 22: CRITICAL ACCOUNTING ESTIMATES & JUDGEMENTS**

In preparing this Financial Report the company 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 judgements**

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

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**NOTE 22: CRITICAL ACCOUNTING ESTIMATES & JUDGEMENTS (cont)**

**Capitalisation of exploration and evaluation expenditure**

The company 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 concerned or on the basis that it is not yet possible to assess whether it will be recouped.

**Deferred tax assets**

The company 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:

**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 Company 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 changes (including changes to environmental restoration obligations) and changes to commodity prices.

As at 30 June 2008, the carrying value of capitalised exploration expenditure is \$847,594.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 23: CHANGE IN ACCOUNTING POLICY**

The following Australian Accounting Standards have been issued or amended and are applicable to the company but are not yet effective. They have not been adopted in preparation of the financial statements at reporting date.

<b>Reference</b>	<b>Title</b>	<b>Summary</b>	<b>Application date of standard</b>	<b>Impact on Company financial report</b>	<b>Application date of Company</b>
AASB 2007-3	Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038]	Amending standard issued as a consequence of AASB 8 <i>Operating Segments</i>	1 January 2009	AASB 8 is a disclosure standard so will have no direct impact on the amounts included in the Group's financial statements. However the new standard may have an impact on the segment disclosures included in the Group's financial report.	1 July 2009
AASB 8	Operating Segments	This new standard will replace AASB 114 Segment Reporting and adopts a management approach to segment reporting.	1 January 2009	Refer to AASB 2007-3 above.	1 July 2009
AASB 2007-6	Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]	Amending standard issued as a consequence of AASB 123 (revised) Borrowing Costs.	1 January 2009	As the Group does not currently construct or produce any qualifying assets which are financed by borrowings the revised standard will have no impact.	1 July 2009

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**NOTE 23: CHANGE IN ACCOUNTING POLICY (cont)**

<b>Reference</b>	<b>Title</b>	<b>Summary</b>	<b>Application date of standard</b>	<b>Impact on Company financial report</b>	<b>Application date of Company</b>
AASB 123	Borrowing Costs	AASB 123 previously permitted entities to choose between expensing all borrowing costs and capitalizing those that were attributable to the acquisition, construction or production of a qualifying asset. The revised version of AASB 23 requires borrowing costs to be capitalized if they are directly attributable to the acquisition, construction or production of a qualifying asset.	1 January 2009	Refer to AASB 2007-6 above.	1 July 2009
AASB 101 (revised) and AASB 2007-8	Presentation of Financial Statements and consequential amendments to other Australian Accounting Standards	Introduces a statement of comprehensive income. Other revisions include impacts on the presentation of items in the statement of changes in equity, new presentation requirements for restatements or reclassifications of items in the financial statements, changes in the presentation requirements for dividends and changes to the titles of the financial statements.	1 January 2009	These amendments are only expected to affect the presentation of the group's financial report and will not have a direct impact on the measurement and recognition of amounts disclosed in the financial report. The group has not determined at this stage whether to present a single statement of comprehensive income or two separate statements.	1 July 2009

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**NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 23: CHANGE IN ACCOUNTING POLICY (cont)**

<b>Reference</b>	<b>Title</b>	<b>Summary</b>	<b>Application date of standard</b>	<b>Impact on Company financial report</b>	<b>Application date of Company</b>
AASB 2008-1	Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations	The amendments clarify the definition of ‘vesting conditions’, introducing the term ‘non-vesting conditions’ for conditions other than vesting conditions as specifically defined and prescribe the accounting treatment of an award that is effectively cancelled because a non-vesting condition is not satisfied.	1 January 2009	The group does not make share based payments. As such there will be no financial impact.	1 July 2009
AASB 3 (revised)	Business combinations	The revised standard introduces a number of changes to the accounting for business combinations	1 July 2009	The group has no planned business combinations. As such there will be no financial impact.	1 July 2009
AASB 2008-3	Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127	Amending standard issued as a consequence of revisions to AASB 3 and AASB 127.	1 July 2009	Refer to AASB 3 (revised) and AASB 127 (revised) above.	1 July 2009
AASB 2007-2	Amendments to Australian Accounting Standards arising from AASB Interpretation 12	Amending standard issued as a consequence of AASB Interpretation 12 Service Concession Arrangements.	1 January 2008	As the Group currently has no service concession arrangements or public-private-partnerships (PPP), it is expected that this Interpretation will have no impact on its financial report.	1 July 2008

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**NOTE 24: CONTINGENT ASSETS / LIABILITIES**

Subject to further review of the Western Australian Payroll Tax Assessment AUT 2002 and how it may apply to the equity and remuneration of employees, the company disclosed a contingent liability to the State Government of Western Australia amounting to \$1,100,000.

**NOTE 25: COMPANY DETAILS**

The registered office and principal place of business of the company is:

Ground Floor  
33 Colin Street  
West Perth, WA, 6005.

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**DIRECTORS' DECLARATION**

The directors of the company declare that:-

- (a) The financial statements, notes and the additional disclosures included in the directors' report designated as audited, of the Company are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the Company's financial position as at 30 June 2008 and of their performance for the period ended on that date; and
  - (ii) comply with Accounting Standards and Corporations Regulations 2001; and
- (b) the Chief Executive Officer and Chief Financial Officer have declared that:
  - (i) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
  - (ii) the financial statements and notes for the financial year comply with the Accounting Standards; and
  - (iii) the financial statements and notes for the financial year give a true and fair view.
- (c) 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

The directors have been given the declarations required by s.295A of the Corporations Act 2001 for the financial period ended 30 June 2008.

This declaration is made in accordance with a resolution of the directors.



S Cato  
Chairman

Date: 30 September 2008

**GREENLAND MINERALS AND ENERGY LTD  
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**INDEPENDENT AUDIT REPORT  
TO THE MEMBERS OF GREENLAND MINERALS AND ENERGY LTD**

**Report on the Financial Report**

We have audited the accompanying financial report of Greenland Minerals and Energy Ltd which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

*Directors' Responsibility for the Financial Report*

The directors of the company are responsible for the preparation and fair presentation of the 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 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. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

*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. These Auditing 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 judgment, 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 and fair presentation of the financial report 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.

*Independence*

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, provided to the directors of Greenland Minerals and Energy Ltd would be on the same terms if provided to the directors as at the date of this auditor's report.

**GREENLAND MINERALS AND ENERGY LTD  
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**INDEPENDENT AUDIT REPORT  
TO THE MEMBERS OF GREENLAND MINERALS AND ENERGY LTD**

*Audit Opinion*

In our opinion:

- a. the financial report of Greenland Minerals and Energy Ltd is in accordance with the Corporations Act 2001, including:
  - i. giving a true and fair view of the Company's financial position as at 30 June 2008 and of its performance for the year ended on that date; and
  - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- b. the financial report also complies with International financial Reporting Standards as disclosed in Note 1.


**Report on the Remuneration Report**

We have audited the Remuneration Report included in the directors' report under the heading "Remuneration Report – Audited" for the year ended 30 June 2008.

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.

*Audit Opinion*

In our opinion the remuneration report of Greenland Minerals and Energy Ltd for the year ended 30 June 2008 complies with section 300A of the Corporations Act 2001.

  
\_\_\_\_\_  
Mack & Co  
Chartered Accountants  
2nd Floor, 35 Havelock Street  
West Perth WA 6005

  
\_\_\_\_\_  
N.A Calder, Partner

30 September 2008  
Date

**GREENLAND MINERALS AND ENERGY LTD  
(FORMERLY THE GOLD COMPANY LTD)  
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**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 McIllree.

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 Schønwandt are independent Directors who fulfill the independence criteria outlines in the guidelines.

Mr Schønwandt has been appointed Chairman by the board on 22<sup>nd</sup> 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 McIllree.

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**CORPORATE GOVERNANCE**

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.

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**CORPORATE GOVERNANCE**

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.

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**CORPORATE GOVERNANCE**

***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.