Deloitte.

Greenland Minerals A/S

Nuugaarmiunut 523
3921 Narsaq
CVR No. 12449550

Annual report 2021

The Annual General Meeting adopted the annual report on 11.07.2022

Edward James Mason
Chairman of the General Meeting

Contents

Entity details

Entity

Greenland Minerals A/S
Nuugaarmiunut 523
3921 Narsaq

Business Registration No.: 12449550
Registered office: Kujalleq
Financial year: 01.01.2021 - 31.12.2021

Board of Directors

Edward James Mason, chairman
Daniel Philippe Mamadou Blanco
Miles Simon Guy

Executive Board

Daniel Philippe Mamadou Blanco

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 Copenhagen S

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Greenland Minerals A/S for the financial year 01.01.2021 - 31.12.2021.

The annual report is presented in accordance with the Greenlandic Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2021 and of the results of its operations for the financial year 01.01.2021 - 31.12.2021.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Narsaq, 11.07.2022

Executive Board

Daniel Philippe Mamadou Blanco

Board of Directors

Edward James Mason
chairman

Daniel Philippe Mamadou Blanco

Miles Simon Guy

Independent auditor's report

To Management of Greenland Minerals A/S

Opinion
We have audited the financial statements of Greenland Minerals A/S for the financial year 01.01.2021 - 31.12.2021, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Greenlandic Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2021 and of the results of its operations for the financial year 01.01.2021 - 31.12.2021 in accordance with the Greenlandic Financial Statements Act.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Greenland. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Greenland, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter
We refer to note 3 regarding uncertainty relating to recognition and measurement of the valuation of the development projects. Our conclusion is not modified regarding this issue.

Management's responsibilities for the financial statements
Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Greenlandic Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Greenland will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of

users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Greenland, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management’s use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the management commentary
Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Greenlandic Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Greenlandic Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 11.07.2022

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Allan Pedersen
State Authorised Public Accountant
Identification No (MNE) mne14952

Management commentary

Primary activities

Greenland Minerals A/S (the 'Company' or 'GMAS'), is a wholly owned subsidiary of Greenland Minerals and Energy Limited ("Parent").

The Company's principal activity is a mineral exploration and project evaluation. The Company is primarily focused on advancing the 100% owned Kvanefjeld in southern Greenland. This is a multi-element project (both light and heavy rare earth elements, uranium, and zinc) progressing through the feasibility and permitting phase with the aim to move into mine development.

Development in activities and finances

2021 Overview and Review of operations

Greenland Minerals A/S ('GMA/S' or 'the Company') focus since 2007 has been the development of its 100%-owned Kvanefjeld project in Greenland.

Kvanefjeld is one of the world's most important emerging rare earth projects and has the potential to be a globally significant supplier of critical materials that are key to an energy efficient and environmentally sustainable future.

Kvanefjeld is underpinned by a JORC-code compliant resource of >1 billion tonnes, and an ore reserve estimate of 108 million tonnes to sustain an initial 37-year mine life. Kvanefjeld offers a new, simpler path to rare earth production than traditional refractory sources. Recovery of several by-products in addition to neodymium, praseodymium, terbium and dysprosium during the production of a rare earth intermediate product rich in critical magnet rare earths will ensure low rare earth production costs.

During 2021 the primary focus was the advancement of the permitting process, through the public consultation and assessing the implications of Greenland Parliament Act No. 20 of 1 December 2021 to ban uranium prospecting, exploration and exploitation, ('Act No. 20'), also known as the Uranium Act, introduced by the newly elected Greenland Government.

Public consultation

The public consultation period commenced on 17th December 2020 and was initially scheduled to be a 12 week period with community meetings held in early February 2021. The consultation period initially extended to 1 June 2021 due to COVID travel restrictions. The travel restrictions limited the ability for specialist advisors and independent experts to attend public meetings. The newly elected government, extended the public consultation period further to 13 September 2021, an unprecedented 38 week period. With the extension, a second round of community meetings was held in late August.

The first round of public meetings was held between February 5th to 9th. The meetings were managed by Greenland's administration and were attended by representatives of the Ministry for Mineral Resources, the Environmental Agency for Minerals Resource Activities, a representative of the DCE (independent advisor to the Greenland Government), and Company representatives. The meetings represent an important part of the stakeholder engagement process to explain and discuss the outcomes of the environmental and social impact assessments. In addition, the meetings provided a forum for community members to have their concerns heard and addressed.

A second round of community meetings was held in late August 2021. Prior to the meetings, the Company became aware of changes to the format and conduct of the meetings which highlighted a political emphasis given that key government advisory groups (DCE and the GINR) would not be directly participating in the meetings either via presentation or panel participation. As a result of this change and in the Company's view, the politicizing of the meetings, a decision was made by the Company to not participate. Despite this, the meetings did provide a forum for the community to voice their concerns, which would be addressed in the White Paper.

White Paper

In accordance with the applicable procedure, the Company submitted the White Paper to the Greenland Government ('GoG') on 29 October 2021. The White Paper addresses feedback and concerns lodged via the Greenland Government's online portal during the public consultation period, and those raised during public meetings. Both the Company and the GoG are required to comment on submissions prior to the publication of the White Paper.

The Company acknowledges community concerns and debate around the Kvanefjeld project and the stakeholder interest, during the consultation period. However, after working through all the feedback carefully, the Company is satisfied that every relevant specific issue raised has already been identified and comprehensively addressed in the EIA or SIA. The EIA and associated technical reports contained an extensive amount of information, and the consultation feedback highlighted the challenges of effectively conveying the detailed information to the public. In the White Paper, GMA/S aims to provide a response to the concerns raised and identify where further detail can be found in the EIA and SIA, that will address the concern. The Company has made the White Paper available on the Company's website, as it provides an important guidance to where relevant information can be accessed. The document will be updated as and when responses are received from the GoG.

The Government of Greenland's responses to the White Paper and the completion of the Impact Benefit Agreement remained the two outstanding statutory requirements under Greenland's Mineral Resources Act, for the Company to granted an exploitation licence, at the point Act No. 20 came into force on 2 December 2021.

Environmental baseline studies

Through the Greenland summer, the Company completed additional environmental baseline studies. These studies were conducted in the broader project area to further increase the understanding of chemical dispersion by natural process. This is designed to provide stakeholders with a greater understanding of the Kvanefjeld project.

New Greenland Government

In February 2021, a snap national election was called in Greenland, and was held on 6th April 2021. This led to the formation of a new coalition government made up of the Inuit Attaqatigitt (IA) and Naleraq parties. The new coalition holds 16 of 31 seats. The IA party previously led a coalition government in the period from 2009 to 2013. The Company had worked constructively with the previous IA led coalition to establish significant aspects of the framework that enabled the Kvanefjeld project to advance to a world class rare earth project.

During the 2021 election campaign, part of the IA's election platform was to oppose the development of the Kvanefjeld project. On forming government, this position was maintained, however it was also acknowledged that the Company had legal rights under the Mineral Resources Act, which included a right to continue with the exploitation licence application process including the public consultation. In acknowledging this, the Government stated that although it was the Government's desire to stop the development of the project, it could not guarantee the project would not proceed.

Act No. 20 (the 'Uranium Act')
In July 2021, the Greenland Government released a draft Act No. 20, which was widely criticized by industry participants during the public consultation period. Act No. 20 was passed without any significant amendment by the Greenland parliament on the 9th November 2021 and signed into law by Greenland's Prime Minister on 2nd December 2021.

Act No. 20 prohibits preliminary investigation, exploration and exploitation of uranium, which Act No. 20 defines as uranium content which occurs at 100 parts per million or greater, on average in the total resource and applies to mineral licences issued after 2nd December 2021.

There are no active primary uranium projects in Greenland. Therefore, the legislation negatively affects the production of rare earth materials and other critical metals, where it is common for ores to contain radioactive elements including uranium and thorium. The Company met with Greenland's Department of Minerals Resources and Justice via video conference on 15 December 2021, to discuss the effect of Act No. 20 on the development of its Kvanefjeld rare earths project. Further meetings in person were also held in Copenhagen on 8 and 9 February 2022.

Summary of meetings with Greenland Government
According to the terms of Act No. 20, it is to apply to licences issued after its effective date (2 December 2021). GML's current exploration licence El 2010/02 was issued before this date and is the basis of the Company's application for an exploitation licence for the Kvanefjeld project. However, the GoG advised that granting of an exploitation licence would be considered as a separate, new licence, and therefore subject to Act No. 20.

According to the GoG, based on this interpretation, the Company's exploitation licence application would not be granted, based on its current development proposal for Kvanefjeld. The Company was advised of two options for Kvanefjeld, which are:

- To maintain the present exploitation licence application, to which it should expect a refusal, or
- To recall the application and potentially hand in a revised application, in which the Company would need to demonstrate that it can comply with the 100 ppm uranium threshold limit in Act No. 20.

The Company acknowledges the Greenland Parliament has the sovereign prerogative to enact legislation. Act No. 20, as explained by the GoG, appears to deprive the Company of its acquired rights (including under the Company's exploration licence) and effect an expropriation without compensation.

The Company met with representatives from the Department on 8 February 2022 and Greenland's Minister for Finance, Minerals, Justice and Gender Equality, Ms Naaja H Nathanielsen on 9 February 2022.

The Company is disappointed by the position being adopted by the current Greenland Government, a position that is a complete reversal of the cooperative approach of previous successive Greenland Government's.

Previous Governments for over a decade have promoted the Kvanefjeld project as one of the country's top mineral projects and have supported the development of Kvanefjeld through the implementation of a variety of regulatory and legislative initiatives to encourage further investment and allow for the development of Kvanefjeld into one of the world's leading pre-development rare earth projects.

The Company remains committed to the development of Kvanefjeld and remains open to discussions with the Greenland Government on ways this can be achieved. The Company reserved all rights available to protect the Company and its shareholders investment and has lodged a Request for Arbitration with the Government of Greenland and the Government of the Kingdom of Denmark.

Capitalised exploration and evaluation expenditure

Taking into consideration the current Greenland Government's position on the Kvanefjeld project, and pending negotiated outcome, the company has recognized an allowance against the capitalized exploration and evaluation asset.

The Company has historically capitalized the exploration and evaluation expenditure, and at 31 December 2021 the value of this asset was DKK 370 million. An allowance against the recovery, equal to the capitalized value has been recognized against the asset at 31 December 2021. This allowance has no cash implications. The allowance does not diminish the Company's commitment to develop the Kvanefjeld project, for the benefit of all stakeholders.

Uncertainty relating to recognition and measurement

The future recoverability of capitalized 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 and political changes, (including obtaining the right to mine and changes to environmental restoration obligations) and changes to commodity prices.

As a result of the political developments in Greenland during 2021, including the passing of the Act No. 20 to prohibit mineral activity where the uranium content in an ore body exceeds 100ppm, there is uncertainty surrounding the recovery of the capitalized exploration and evaluation expenditure. As required by the Danish Financial Statements Act, an allowance against the recoverability of the expenditure has been recognized, that results in a nil carrying value at 31 December 2021.

The company disagrees with the Greenland Government's application of Act No. 20 and will protect it's legal right to an exploitation licence. The company has advised the Greenland Government of the expectation that the current exploitation licence application continue. The remaining statutory requirements are the completion of the Government's contribution to the White Paper and the completion of an Impact Benefit Agreement. The company is working with the Greenland Government and other stakeholders to progress the mining licence application to move to development in accordance with both Greenland Government and local community expectations.

Outlook

The Company remains committed to the development of the Kvanefjeld project and looks forward to working with the Greenland Government on viable development paths. The Company will continue to work with Greenland communities to address their concerns and develop the Kvanefjeld project in a manner that will minimize environmental impacts and provide benefits to the Greenland for decades ahead.

Events after the balance sheet date

On 22 March 2022, the Consolidated Group requested arbitration proceedings in its dispute with the Government of Greenland and the Government of the Kingdom of Denmark, through the Company's wholly owned subsidiary, Greenland Minerals A/S. The dispute concerns the effect of Act No. 20 on the Consolidated Group's entitlements under its existing exploration licence, including its entitlement to an exploitation licence for the Kvanefjeld rare earths project.

The Consolidated Group's intention is to proceed with the Kvanefjeld project by obtaining binding confirmation that Act No. 20 has no effect on GMA/S's existing exploration licence, including the provision entitling the Company to an exploitation licence. Alternatively, the Consolidated Group will seek compensation and damages for expropriation. During the arbitration process, it will be necessary for GMA/S to apply for renewal of its exploration licence EL 2010/02, which is due to expire on 31 December 2022. GMA/S expects that in accordance with the GoG's obligation to maintain the status quo, the GoG will renew the exploration licence in the ordinary course of business.

There have been no other matters or circumstances occurring subsequent to the financial year that has significantly affected, or may significantly affect, the operations of Greenland Minerals A/S, the results of those operations, or the state of affairs of the Company in future years.

Income statement for 2021

	Notes	2021 DKK	2020 DKK
Own work capitalised		12,786,737	10,705,018
Other external expenses		(7,448,008)	(6,839,206)
Property costs		(149,991)	(150,618)
Gross profit/loss		**5,188,738**	**3,715,194**
Staff costs	4	(6,097,476)	(5,637,822)
Depreciation, amortisation and impairment losses	5	(370,713,729)	(393,895)
Operating profit/loss		**(371,622,467)**	**(2,316,523)**
Other financial income	6	(2,178,059)	178,262
Other financial expenses	7	79,862	(11,987)
Profit/loss for the year		**(373,720,664)**	**(2,150,248)**
Proposed distribution of profit and loss:			
Retained earnings		(373,720,664)	(2,150,248)
Proposed distribution of profit and loss		**(373,720,664)**	**(2,150,248)**

Balance sheet at 31.12.2021

Assets

	Notes	2021 DKK	2020 DKK
Development projects in progress	9	0	357,495,929
Intangible assets	8	**0**	**357,495,929**
Land and buildings		2,387,873	2,510,564
Other fixtures and fittings, tools and equipment		275,410	587,006
Property, plant and equipment	10	**2,663,283**	**3,097,570**
Fixed assets		**2,663,283**	**360,593,499**
Other receivables		386,350	35,200
Prepayments		35,909	81,609
Receivables		**422,259**	**116,809**
Cash		**174,742**	**949,153**
Current assets		**597,001**	**1,065,962**
Assets		**3,260,284**	**361,659,461**

Equity and liabilities

	Notes	2021 DKK	2020 DKK
Contributed capital		1,000,000	1,000,000
Share premium		35,540,197	35,540,197
Reserve for development expenditure		0	14,070,683
Retained earnings		(419,922,137)	(60,272,156)
Equity		**(383,381,940)**	**(9,661,276)**
Lease liabilities		0	84,691
Payables to group enterprises		386,015,539	369,933,658
Non-current liabilities other than provisions	11	**386,015,539**	**370,018,349**
Lease liabilities		90,445	247,202
Trade payables		38,173	149,967
Other payables		498,067	905,219
Current liabilities other than provisions		**626,685**	**1,302,388**
Liabilities other than provisions		**386,642,224**	**371,320,737**
Equity and liabilities		**3,260,284**	**361,659,461**
Going concern	1		
Events after the balance sheet date	2		
Uncertainty relating to recognition and measurement	3		
Contingent liabilities	12		
Group relations	13		

Statement of changes in equity for 2021

	Contributed capital DKK	Share premium DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	1,000,000	35,540,197	14,070,683	(60,272,156)	(9,661,276)
Transfer to reserves	0	0	(14,070,683)	14,070,683	0
Profit/loss for the year	0	0	0	(373,720,664)	(373,720,664)
Equity end of year	**1,000,000**	**35,540,197**	**0**	**(419,922,137)**	**(383,381,940)**

Notes

1 Going concern
The parent company has issued a letter of comfort in which it confirms its commitment to provide sufficient financial support for the continued operation of the company. The commitment covers the period to september 2023. On this background the management consider the going concern assumption fulfilled.

2 Events after the balance sheet date
On 22 March 20222, the Consolidated Group requested arbitration proceedings in its dispute with the Government of Greenland and the Government of the Kingdom of Denmark, through the Company's wholly owned subsidiary, Greenland Minerals A/S. The dispute concerns the effect of Act No. 20 on the Consolidated Group's entitlements under its existing exploration licence, including its entitlement to an exploitation licence for the Kvanefjeld rare earths project.

The Consolidated Group's intention is to proceed with the Kvanefjeld project by obtaining binding confirmation that Act No. 20 has no effect on GMAS's existing exploration licence, including the provision entitling the Company to an exploitation licence. Alternatively, the Consolidated Group will seek compensation and damages for expropriation. During the arbitration process, it will be necessary for GMAS to apply for renewal of its exploration licence EL 2010/02, which is due to expire on 31 December 2022. GMAS expects that in accordance with the GoG's obligation to maintain the status quo, the GoG will renew the exploration licence in the ordinary course of business.

There have been no other matters or circumstances occurring subsequent to the financial year that has significantly affected, or may significantly affect, the operations of Greenland Minerals A/S, the results of those operations, or the state of affairs of the Company in future years.

3 Uncertainty relating to recognition and measurement
The future recoverability of capitalized 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 and political changes, (including obtaining the right to mine and changes to environmental restoration obligations) and changes to commodity prices.

As a result of the political developments in Greenland during 2021, including the passing of the Act No. 20 to prohibit mineral activity where the uranium content in an ore body exceeds 100ppm, there is uncertainty surrounding the recovery of the capitalized exploration and evaluation expenditure. As required by the Danish Financial Statements Acts, an allowance against the recoverability of the expenditure has been recognized, that results in a nil carrying value at 31 December 2021.

The company disagrees with the Greenland Government's application of Act No. 20 and will protect it's legal right to an exploitation licence. The company has advised the Greenland Government of the expectation that the current exploitation licence application continue. The remaining statutory requirements are the completion of the Government's contribution to the White Paper and the completion of an Impact Benefit Agreement. The company is working with the Greenland Government and other stakeholders to progress the mining licence application to move to development in accordance with both Greenland Government and local community expectations.

4 Staff costs

	2021 DKK	2020 DKK
Wages and salaries	5,884,800	5,440,013
Pension costs	212,676	197,809
	6,097,476	**5,637,822**
Average number of full-time employees	**7**	**6**

5 Depreciation, amortisation and impairment losses

	2021 DKK	2020 DKK
Impairment losses on intangible assets	370,282,666	0
Depreciation of property, plant and equipment	427,630	392,649
Profit/loss from sale of intangible assets and property, plant and equipment	3,433	1,246
	370,713,729	**393,895**

6 Other financial income

	2021 DKK	2020 DKK
Exchange rate adjustments	(2,178,059)	178,262
	(2,178,059)	**178,262**

7 Other financial expenses

	2021 DKK	2020 DKK
Other interest expenses	6,994	10,046
Exchange rate adjustments	(86,856)	1,941
	(79,862)	**11,987**

8 Intangible assets

	Development projects in progress DKK
Cost beginning of year	357,495,929
Additions	12,786,737
Cost end of year	**370,282,666**
Impairment losses for the year	(370,282,666)
Amortisation and impairment losses end of year	**(370,282,666)**
Carrying amount end of year	**0**

The carrying amount of capitalised exploration and evaluation costs is attributable to the shareholders' payment for the right to use exploration licence 2010/02 (former 2005/28) as issued by the Government of Greenland and later transferred exploration and evaluations costs held by the parents company. The Licence has been contributed to the Company by way of a decision made at the Annual General Meeting held on 21 December 2009.

We refer to note 3 regarding the uncertainty relating to recognition and measurement of the valuation of the development projects.

9 Development projects

The recoverability of the company carrying value of the capitalized exploration and evaluation expenditure relating to EL 2010/02 is subject to the successful development and exploitation of the exploration property. The company has completed a feasibility study and environmental and social impact studies. These studies have been submitted to the relevant Greenland authorities, as a commencement of the process for an application for the right to mine.

The Company remains committed to the development of the Kvanefjeld project and looks forward to working with the Greenland Government on viable development paths. The Company will continue to work with Greenland communities to address their concerns and develop the Kvanefjeld project in a manner that will minimise environmental impacts and provide benefits to the Greenland for decades ahead.

10 Property, plant and equipment

	Land and buildings DKK	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	4,355,602	1,879,754
Additions	0	(3,224)
Disposals	0	(14,027)
Cost end of year	**4,355,602**	**1,862,503**
Depreciation and impairment losses beginning of year	(1,845,038)	(1,292,748)
Depreciation for the year	(122,691)	(304,939)
Reversal regarding disposals	0	10,594
Depreciation and impairment losses end of year	**(1,967,729)**	**(1,587,093)**
Carrying amount end of year	**2,387,873**	**275,410**
Recognised assets not owned by entity	0	81,493

11 Non-current liabilities other than provisions

	Due after more than 12 months 2021 DKK
Payables to group enterprises	386,015,539
	386,015,539

No installment profile has been agreed, however the parent company confirms that existing as well as additional loans and credits will not be called unless the cash position of GM A/S is adequate to make such repayment financially sound, which is not expected to be the cases, until GM A/S has been granted an exploitation licence and has commenced commercial mining operations on the Kvanefjeld Project.

12 Contingent liabilities

The Company has taken on a royalty obligation that will become effective when the mining begins.

13 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Greenland Minerals Ltd, Perth Australien, ABN 85 118 463 004

Copies of the consolidated financial statements of Greenland Minerals Ltd may be ordered at the following address:
Unit 7, 100 Railway Road Subiaco WA 6008, Perth Australien

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Greenlandic Financial Statements Act governing reporting class B enterprises with addition of a few provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Income statement

Own work capitalised

Own work capitalised comprises staff costs and other costs incurred in the financial year and recognised in cost for proprietary intangible assets and property, plant and equipment.

Other external expenses

Other external expenses comprise expenses for dis-tribution, sale, marketing, administration, premises, bad debts, etc.

Property costs

Property costs include costs incurred to operate the Entity's properties in the financial year, including repair and maintenance costs, property tax and electricity, water and heating, which are not charged directly from the lessee.

Staff costs

Staff costs comprise alaries and wages, and social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

Other financial income
Other financial income comprises interest income, includinginterest income on receivables from group enterprises, net capital or exchange gains on securities, payablesand transactions in foreign currencies, amortisation of financial assets.

Other financial expenses
Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities.

Balance sheet

Intellectual property rights etc
Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation of property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Capitalised exploration and evaluation costs
Capitalised exploration and evaluation costs comprise costs for exploration and evaluation projects. Costs for exploration and evaluations projects are recognised as intangible assets from and including the date at which Greenland Minerals A/S acquired the rights to explore for minerals in a certain area.

On initial recognition, exploration and evaluation costs are measured at cost.

The cost of mineral projects comprises costs for with exploration for and evaluation of mineral resources, which relate to mineral resource searches and evaluation of the technical feasibility and commercial viability of extracting these mineral resources.

The following costs cannot be recognised as exploration and evaluation projects:

- Costs incurred prior to the rights to exploration for and evaluation of mineral projects in a specific area being acquired;
- Costs incurred subsequent to the technical feasibility and commercial viability of extracting mineral resources having been documented.

The following costs may be recognised (the list is not exhaustive):

- Costs for acquisition of rights;
- Topographical, geological, geochemical and geophysical studies;
- Exploration drilling;
- Trench digging;
- Sampling;
- Activities relating to the evaluation of the technical feasibility and the commercial viability of mineral resource extraction;

The costs are recognised in cost from the date at which the exploration and evaluation project first meets the criteria for being recognised as an asset. Costs incurred prior to this date are recognised in the income statement.

Subsequent to initial recognition, exploration and evaluation projects are still measured at cost. Tests for impairment are performed when evidence of impairment exists.

When it is possible to prove the technical feasibility and the commercial viability of extracting minerals, the project is tested for impairment, and any impairment loss is recognised in the income statement. The residual value of the project is reclassified as evaluation projects completed and is amortised over the estimated useful life of the project.

Capitalised exploration and evaluation costs are divided into relevant components in the balance sheet.

Licenses
Licenses include costs for the purchase of exploration licenses and the costs are capitalized license for license. Licenses are treated according to the principles described above for exploration and evaluation projects.

Property, plant and equipment
Land and buildings, plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For assets held under finance leases, cost is the lower of the asset’s fair value and present value of future lease payments.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings	20 years
Other fixtures and fittings, tools and equipment	4-10 years

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Receivables
Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Prepayments
Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash
Cash comprises cash in hand and bank deposits.

Lease liabilities
Lease liabilities relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease liabilities are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

Other financial liabilities
Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.