



Greenland Minerals
and Energy Ltd

FAST-TRACK URANIUM DECISION A POSITIVE FOR GREENLAND

The unanimous support of the Greenland Government to fast-track the process for lifting the ban on the mining of radioactive materials in Greenland could removed the final barrier to production for Australian-based explorer and developer **Greenland Minerals and Energy Ltd (ASX:GGG)**.

While not principally a uranium play, the mix of uranium in GGG's global-scale multi-element Kvanefjeld Project has previously been seen a long-term barrier to final development of the already well-advanced project.

Kvanefjeld is widely recognised as being one of the largest resources of both rare earth elements and uranium in the world.

A feasibility study released earlier this year on Kvanefjeld outlined the potential for a long-life mine with annual production of approximately 2.6 million lb U₃O₈, 4,200 tonne of heavy rare earth hydroxide, 10,400 tonne of mixed rare earth carbonate and 26,200 tonne of light rare earth carbonate.

The uranium by-product revenues of about 17 per cent will give the project a highly competitive cost structure and represent a major economic advantage over rare earth-only operations.

GGG chief executive officer Rod McIlree said the latest political advancement followed a number of key licensing developments for the Kvanefjeld project over the past two years.

"In Greenland, uranium is regulated at the licence level, rather than under the Mining Act and in late 2011 uranium was incorporated into GGG's exploration licence for Kvanefjeld," he said.

"This effectively provides the company with the right to apply for exploitation in accordance with Greenland's broader mining regulatory framework.

"The recent show of support from all political parties highlights a coherent approach between GGG and the Greenland Government in advancing Kvanefjeld toward mine development.

"In December, GGG will be joining a Greenland Government delegation headed by Premier Kuupik Kleist on a visit to South Korea, organised through the Danish Embassy, as part of an ongoing engagement strategy with potential development partners."

Greenland is an autonomous country within the Kingdom of Denmark that holds the right to exploit its mineral and hydrocarbon resources. While the country is still reliant on grants from Denmark, the development of its resources is seen as a natural way to establish fiscal independence.

Kvanefjeld is one deposit within a larger geological unit called the Ilmaussaq complex located not far from the southern tip of Greenland near the town of Narsaq. In addition to Kvanefjeld, the wider project area also includes Sorensen and

Steenstrupfjeld deposits. Further upside is possible by exploiting these additional deposits and probable additional resources to be added from elsewhere in the complex, taking the mine life to in excess of 60 years.

At more than 10 million tonne of rare earth oxides, Kvanefjeld is the largest code-compliant resource outside of China. It is of such a scale as to be strategically significant to the REE market in particular due to its high proportion of the more valuable heavy rare earths.

If geological continuity between the regional satellite deposits is confirmed, the ultimate resource size could exceed 5 billion tonne, containing more than 50 million tonne of rare earths and 3 billion lb of uranium, which is a deposit approaching the Olympic Dam deposit in terms of scale.

The resources are hosted in bulk, mostly outcropping multi-element deposits. Kvanefjeld is one of the few emerging rare earth projects globally for which comprehensive pre-feasibility studies have been completed, with technical aspects of the project now significantly de-risked.

The ore-type is considered to be highly favourable in that it can be effectively beneficiated utilising froth flotation, with mineral concentrates then being conducive to a simple atmospheric leach. In contrast to new rare earth producing operations at Mountain Pass (California) and Mt Weld (Australia), Kvanefjeld will have significant production of the strategically important heavy REEs and uranium.

GGG chief executive officer Rod McIlree said the company was now advancing toward a definitive feasibility study and environmental and social impact assessments.

"Since we released the Kvanefjeld pre-feasibility study, we've commenced

optimising the process flow sheet which has continued to strengthen the project and de-risk it technically.

"Kvanefjeld is now one of the few rare earth element (REE) projects that has a rigorously established process flow sheet with significant geometallurgical input; a point that is generally overlooked by sector analysts.

"We're currently conducting the final piloting stage for the mineral concentrator, a program that will provide all the technical information we need for the full feasibility assessment of that aspect of the project.

"At present we're working through a process of establishing the optimal start-up capacity for Kvanefjeld and the associated business model.



GREENLAND MINERALS AND ENERGY LTD

DIRECTORS

Michael Hutchinson
Chairman

Roderick McIlree
Managing Director

John Mair
Executive Director

Simon Cato
Non-Executive Director

Jeremy Whybrow
Exploration Director

Tony Ho

Non-Executive Director

PRINCIPAL OFFICE

Unit 6, 100 Railway Road
Subiaco WA 6008
Australia

T: +61 (0) 8 9382 2322

F: +61 (0) 8 9382 2788

E: ggg_news@ggg.gl

WEB

www.ggg.gl

ASX CODE

GGG

"The environmental and social impact assessments are progressing well, with a lot of data generated since the terms of reference were approved by the Greenland government in mid 2011.

"The completion of these studies is subject to firming up our project implementation strategy which involves discussions with potential strategic partners, as well as the Greenland Government.

"We conducted several years of environmental baseline studies prior to launching the impact assessments, so we've been taking a very comprehensive approach to the environmental considerations.

"It's also very important to keep local stakeholders updated through this process, so we've run a consistent stakeholder engagement program over the last few years. This allows us to focus on aspects of particular importance to local communities, but also to highlight the employment opportunities associated with Kvanefjeld and the broader multiplier effects on businesses in southern Greenland.

"The project will be an integral part of the local community so it's been particularly important for our plans to take in community concerns

and suggestions put forward during the consultation and engagement process."

GGG also recently announced that it had moved to 100 per cent ownership of Kvanefjeld following its acquisition of the outstanding 39 per cent of the asset that it did not own.

McIlree said the board viewed the move as value accretive for shareholders.

"Assuming 100 per cent ownership of Kvanefjeld was a key milestone for 2012 so we're pleased to have it wrapped up."

"Our aim was to move to 100 per cent ownership as we transitioned into the detailed stage of the feasibility program, and confidence in the project continues to build.

"The move places us in a strong position to firm up strategic partnerships and structure the business to successfully implement the project.

"We also felt that 100 per cent ownership of Kvanefjeld was an important step in building shareholder value, as full ownership of our core asset provides clarity on our capital structure, and removes any uncertainty associated with the valuation of Kvanefjeld as we progressively de-risk the project.

"Ultimately we've exchanged approximately 15 per cent of the company's issued capital for the 39 per cent of our core asset that we didn't own; clearly a value accretive step for the existing shareholder base."

McIlree said the ability to interact with regulatory stakeholders as the sole owner of the project, rather than a JV manager, should assist with the company's application for a mining licence.

"With 100 per cent ownership we certainly have a clearer structure for negotiating and bringing in a strategic partner at the project level; a scenario that was restricted by the previous joint venture structure," he said.

Greenland is strategically located between North American and European markets and with deep-water fjords on much of its coastal fringes most areas suitable for exploration are close to potential deep-water port facilities. The main source of power in Greenland is hydroelectricity with the scope to be expanded to facilitate large mining operations.

