

GREENLAND

MINERALS AND ENERGY LTD

Company Announcement

Friday, September 10, 2010

New Amendment to the Standard Terms for Exploration Licenses Provides Pathway for the Development of Kvanefjeld

Key points:

- Greenland Government introduce an amendment to *Standard Terms for Exploration Licenses* in Greenland
- Amendments allow for, upon application approval, the inclusion of radioactive elements as exploitable minerals for the purpose of thorough evaluation and reporting
- GMEL has lodged its application in accordance with the new regulations
- Company now has a clear path for the continued development of the Kvanefjeld rare earth and uranium project through definitive feasibility study in cooperation with Greenland Government and stakeholder groups

Greenland Minerals and Energy Ltd ('GMEL' or 'the Company', code **ASX:GGG**) is pleased to advise that an amendment has been made by the Government of Greenland to the *Standard Terms for Exploration Licenses* that allows for the inclusion of radioactive elements as exploitable minerals for the purpose of thorough evaluation and reporting. The change comes after an ongoing dialogue between the Greenland government and Company representatives.

This critical development now provides a clear framework for the Company's Kvanefjeld multi-element project (rare earth elements, uranium and zinc) to proceed to development via the completion of a definitive feasibility study (bankable) conducted in close cooperation with the Greenland government and stakeholder groups.

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The definitive feasibility study, inclusive of environmental and social impact assessments, along with technical and economic studies, will generate the necessary information to determine development parameters for Kvanefjeld.

The study will assess the development of a multi-element mining operation to produce REE's, U and Zn.

Greenland Minerals and Energy Ltd Managing Director, Mr. Roderick McIlree, said this amendment to the regulations was made in recognition of the strategic importance that the Kvanefjeld multi-element project will play in the development of the mining industry in Greenland.

"This development has resulted from the government's recognition of the unique potential of the Kvanefjeld project, and the opportunity it represents to Greenland," Mr. McIlree said.

"Significantly, what we believe to be the world's most strategically important mineral project can now move through the next phase of development and comes at a time when supply of rare earth's is at a critical point. This also confirms that the government of Greenland is committed to working with companies to develop a strong and well-regulated minerals industry in Greenland," he added.

New Amendment to the Standard Terms for Exploration Licenses for Minerals

The exploration and mining of minerals in Greenland is governed by the Mineral Resources Act that was approved by Greenland's parliament in December 2009. Under the Act, the Greenland Government has the right to issue exploration and exploitation licenses. The exploration license conditions are dictated by the *Standard Terms for Exploration Licenses for Minerals in Greenland*.

The new amendment to the standard terms allows the Bureau of Minerals and Petroleum (BMP) to approve that comprehensive feasibility studies can be undertaken on mineral projects that include radioactive elements as exploitable minerals. Within this framework, projects are considered on a case-by-case basis, at the government's discretion. GMEL lodged an application at 4.00pm Greenland time on the 9th September under these new regulations and, based on previous discussions, confidently expects its application to be approved in due course.

Path to an Exploitation License

Currently, under the Mineral Resources Act an application for an exploitation license is lodged following the completion of a definitive feasibility study. A licensee who has discovered and delimited a commercially exploitable deposit that does not contain radioactive elements above background concentrations, and who has otherwise met the terms of the license, is automatically entitled to be granted an exploitation license.

Following the introduction of the new amendment, the issuance of an exploitation license for a project that contains radioactive elements would depend primarily on the outcomes of comprehensive feasibility studies, with an emphasis on health, safety and the environment. In the case of Kvanefjeld, if

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the government is satisfied that all health, safety and environmental requirements can be met, then an exploitation license can be issued to develop an operation that will produce REEs, uranium and zinc.

Significantly, in addition to the new amendments that allow for project evaluation on a case-by-case basis, a comprehensive review into the exploration and exploitation of radioactive elements was announced on June 28th by the Minister for Industry and Raw Materials Mr Ove Karl Berthelsen. The review process involves the generation of comprehensive information by groups including the Geological Survey of Denmark and Greenland (GEUS), the National Environmental Institute of Denmark (NERI), the Risø National Laboratory, and the Ray Hygienic Institute.

This information will then to be distributed to the public through print, television and radio media in the coming months. In addition, a delegation from the Greenland government is scheduled to visit Ottawa to learn about the regulatory framework of uranium mining in Canada, as well as visiting a uranium mine in Saskatchewan, one of the world's most sophisticated mining jurisdictions, to learn more about the exploration and mining of radioactive elements.

Background

Greenland Minerals and Energy Ltd is a mineral exploration and development company operating in southern Greenland. The Company is primarily focused on advancing the Kvanefjeld multi-element project (*rare earth elements, zinc, and uranium*) toward development.

Kvanefjeld is located within the Company's license over the northern Ilimaussaq Intrusive Complex; a unique geological entity that is highly prospective for specialty metals. A 457 million tonne JORC-compliant resource has already been defined at Kvanefjeld (see Appendix 1), which represents just a small percentage the broader Ilimaussaq ore field.

An *Interim Report* on the Kvanefjeld pre-feasibility study was released in February 2010 that indicates the potential for the multi-element resources to sustain a large-scale mining operation for decades (*for more information visit the Company's website at <http://www.ggg.gl>*).

Ends



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The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Jeremy Whybrow, who is a Member or Fellow of The Australasian Institute of Mining and Metallurgy or the Australian Institute of Geoscientists or a 'Recognised Overseas Professional Organisation' ('ROPO') included in a list promulgated by the ASX from time to time.

Jeremy Whybrow is a director of the Company.

Jeremy Whybrow has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Jeremy Whybrow consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Appendix 1.

Kvanefjeld Multi-Element Resource Statement, June, 2009

At U₃O₈% cutoff grades¹	Tonnes (million)	U₃O₈%²	U₃O₈ lb/t	TREO%³	Zn%	Resource category
0.015	365	0.028	0.62	1.06	0.22	Indicated
	92	0.027	0.59	1.12	0.22	Inferred
	457	0.028	0.62	1.07	0.22	TOTAL
0.020	276	0.032	0.70	1.13	0.23	Indicated
	63	0.031	0.69	1.21	0.24	Inferred
	339	0.032	0.70	1.14	0.23	TOTAL
0.025	207	0.035	0.77	1.20	0.23	Indicated
	43	0.036	0.78	1.31	0.25	Inferred
	250	0.035	0.77	1.22	0.24	TOTAL

1. There is greater coverage of assays for uranium than other elements owing to historic spectral assays. U₃O₈ has therefore been used to define the cutoff grades to maximise the confidence in the resource calculations.
 2. Additional decimal places do not imply an added level of precision.
 3. Total Rare Earth Oxide (TREO) refers to the rare earth elements in the lanthanide series plus yttrium.
- Note: Figures quoted may not sum due to rounding.

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