GREENLAND
MINERALS AND ENERGY LTD

Company Announcement

Thursday, February 24, 2011

Employee performance rights plan

The Board of Greenland Minerals and Energy Ltd (the 'Company' or 'GMEL') is pleased to announce the implementation of the company's Employee Performance Rights Plan ('the EPRP'). The Company recently completed a thorough review of the best way to remunerate its employees moving forward to ensure continuity of service and retention of intellectual property. This review was conducted in conjunction with independent consultants to ensure the best outcome for shareholders and employees.

The current Employee Share Option Scheme ("ESOP") will continue until such time that all existing option holders have dealt with their option entitlements. At that time, the ESOP will formally cease. No further options will be issued to employees pursuant to the ESOP.

Under the EPRP the Company will issue incentive shares to employees as part of their total remuneration package. The incentive shares will offset some salaries such that the Company will benefit from a reduction in annualised cash salary to that employee. This mechanism will result in an immediate saving of more than $220,000 per annum to those employees, allowing GMEL to best utilise its cash reserves to advance the Kvanefjeld multi-element project.

The plan is tax effective for employees when compared with other option based schemes and it also provides employee incentive without significant dilution to existing shareholders and the associated tax and conversion liabilities to the employees themselves.

Eligible employees will receive an allotment of rights which will have the following vesting criteria;

1. The overriding criteria will be that all employees must remain with the Company for a minimum of two years. (If within that two year period a takeover occurs the issuing criteria will only be triggered if the market capitalisation criteria are also met.)

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2. There are three additional Company valuation hurdles that must also be met before the various tranches become eligible to vest. These market capitalisation hurdles will be based on the undiluted market capitalisation using the issued share capital of the Company as at close of business, 31st March 2011.

    a. Tranche 1 will meet the market capitalisation criteria for vesting when the market capitalisation as defined above is greater than $600,000,000.

    b. Tranche 2 when the market capitalisation is greater than $800,000,000.

    c. Tranche 3 when the market capitalisation is greater than $1,000,000,000.

A total of 3,005,000 performance rights will be issued to 12 employees; the majority of the rights will go to members of the staff technical team. Further issues may occur from time to time as the Company recruits new employees.

This step is viewed as essential by GMEL's Board due to the significant investment in time and training that has been completed with all of its employees and management. Through this intensive training the Company now has significant accumulated intellectual property, specifically in terms of the delineation, marketing and processing rare earth resources. Owing to the unique nature of the Kvanefjeld project it is essential to build the in-house knowledge base to successfully drive the project through the feasibility phase and into development. Over the last six months, GMEL has been assembling a first-class technical team that is focussed on establishing the best possible development scenario for Kvanefjeld. It is essential that this growing body of intellectual property is protected, and this is best achieved with the time served provision of the new scheme.

This scheme will also allow for the identification and recruitment of future personnel as the Company continues with its strategy of developing the Kvanefjeld project to the highest international environmental and social standards.

A proposal for participation by directors in the scheme will be put to shareholders at the annual General Meeting once proposed allotments have been finalised.

Yours faithfully,

Roderick McIllree
Managing Director
Greenland Minerals and Energy Ltd