

ASX ANNOUNCEMENT: 22 December 2011**CEO on Uranium License and Royalty
Acquisition**

Open Briefing with CEO Rod McIlree

**GREENLAND**
MINERALS AND ENERGY LTDGreenland Minerals and Energy Limited
Unit 6, 100 Railway Road
Subiaco, WA 6008**In this Open Briefing®, CEO Rod McIlree discusses**

- Uranium exploitation license
- Kvanefjeld royalty acquisition
- Feasibility study progress

Open Briefing interview:**openbriefing.com**

Greenland Minerals and Energy Limited (GMEL; ASX: GGG) recently announced that the government of Greenland has amended GMEL's current exploration license, EL 2010/02 covering the Kvanefjeld Project (GGG 61%), to include uranium. What is the significance of this to the Kvanefjeld Project feasibility modelling? Is this decision likely to impact the current project schedule?

CEO Rod McIlree

This is one of the most significant developments in the history of the Kvanefjeld Project. The project's licensing conditions are now inclusive of uranium and we have the legal right to apply to exploit it. It represents the first exploration license issued in Greenland to incorporate uranium, and demonstrates that there is now clear political support for the project to advance. We now have the backing of the government which is committed to establishing a strong minerals sector and this is one of the headline projects.

Importantly the amendment of our license has come about as a result of several years of communication and building relationships and trust with all stakeholders in Greenland. Support from government and community stakeholders is critical for any mining project and we have worked hard to establish that support.

There has always been a general recognition in the market that Kvanefjeld was a project of immense potential but its significance to both the rare earth elements (REE) and uranium sectors was heavily discounted due to persistent doubts regarding political support for the project due to the uranium. The introduction of a uranium licensing framework should remove a lot of those doubts.

The Arctic regions are opening up for resource exploitation and recent political developments are facilitating this. Greenland has been evolving rapidly in relation to both minerals and hydrocarbons but we've also just seen a uranium moratorium lifted in Labrador and Newfoundland (Canada), which lies adjacent to Greenland.

Now we have a clear framework in place, it certainly firms up the schedule we have been working to and ensures we can focus on delivering the project technically and sustainably. In that sense it's a very important milestone for our company and shareholders. On the back of this event our market valuation should start to move in line with industry peers rather than be heavily discounted for a perceived lack of clarity on the uranium front.

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Any exploitation of Kvanefjeld will require the establishment of an environmentally and socially sustainable development plan and GMEL is currently conducting environmental and social impact assessments. What has been the progress in these processes and how do they fit in with the overall project development plan?

CEO Rod McIlree

We commenced these studies early in 2011 after several years of detailed environmental baseline studies. A key step in the process was the approval of the terms of reference regarding the contents of the environmental impact assessment (EIA) and social impact assessment (SIA) studies; a process that required extensive stakeholder engagement from government bodies to local community groups. This approval was received in mid-2011.

Since the start of 2007 we have continued to make significant progress in advancing the project through the permitting process and now have a clear path to a mining license. The completion of the SIA and EIA programs remains on target and is running in parallel with the process and engineering components of the feasibility program. We're planning on wrapping up the impact assessment studies late in 2012 and preparing an application for an exploitation license. Greenland's Bureau of Minerals and Petroleum is anticipating that we will lodge that application late in 2012.

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GMEL recently announced the "claw back" of a 3% net profit royalty in relation to the Kvanefjeld Project, part of the original 5% royalty payable by joint venture subsidiary Greenland Minerals and Energy (Trading) A/S (GMEL A/S) to joint venture partner Westrip Holdings Limited. The consideration for the royalty was 17.5 million GMEL ordinary shares (approximately \$7 million at the current share price) and you continue negotiations for the remaining 2%. What is the rationale for acquiring the royalty at this stage in the project's development?

CEO Rod McIlree

The net profit royalty was part of the original joint venture acquisition terms. We believe it is critical to acquire this royalty as it will represent significant future income to GMEL. Based on our financial modelling the royalty is worth significantly more in annuities to the company than the price we paid. This was also reinforced through an independent fair and reasonable assessment by consultants BDO, who assessed the acquisition terms.

Finalising the royalty acquisition was critical to the company as it coincided with the settlement to move to 100% ownership of the Kvanefjeld Project. Next year we'll be moving

forward with clear political support and for the first time we will be able to show the true potential of the Kvanefjeld Project. We've got big resource upgrades in the pipeline and a lot of major advances in process development. Before we roll out the next phase of Kvanefjeld development we wanted to have the ownership structure and royalty locked down, particularly while we can do it on terms that we believe are value accretive for our shareholders.

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GMEL will move to 100% ownership of GMEL A/S, subject to finalising the Deed of Settlement with Westrip and obtaining shareholder approval. When is this likely to occur and will this conclude the involvement of Westrip in the Kvanefjeld Project?

CEO Rod McIlree

With the unfolding of the Eurozone debt crisis we recognised that the current uncertainty is simply not conducive to capital raising on reasonable terms that minimise dilution of our current shareholders. As a result we've elected to extend the window for settlement until 15 June 2012. We were also aware that we would be in a much stronger position when we had further clarity on uranium licensing, which we now have.

We expect to have a strong news flow starting early in the new year which will put us in the best possible position to fund the settlement. There are a number of mechanisms we are looking at and extending the settlement window allows us to properly review all opportunities to get the best result. We may not need to raise capital from the markets; there are other options that we are reviewing that could represent a strategic step forward.

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GMEL will acquire the outstanding 39% interest in GMEL A/S from Westrip for \$39 million cash, 7.8 million Greenland shares and 5 million Greenland options (with an exercise price of \$1.50). **What is the basis of your valuation of the shareholding?**

CEO Rod McIlree

We believe it is a good price to pay for the outstanding shares in what is clearly an extraordinary asset and we are very pleased. The pricing of this transaction comes about as a function of the original JV agreement with Westrip and there were options for GMEL to move to 100% of the license that covers Kvanefjeld, Zone 2 and Zone 3. These options were undated and allowed GMEL to move to 100% for the payment of \$60 million but the exercising of this option was at our discretion. Until we exercised the option our joint venture partner had to commit to costs incurred on the project in proportion to its 39% interest.

We saw 2011 as the year in which we wanted to finalise terms to move to 100% and saw the opportunity to renegotiate terms that maximised shareholder value. In consideration of discussions with potential strategic partners it was important to gain 100% ownership of the project. The terms represent a significant discount to the original option payments in the joint venture and also a significant discount to the market valuation for 39% of the project. It's a good result.

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What are the next steps required with the current feasibility studies and when can shareholders expect further news?

CEO Rod McIlree

Next year will be a big year: we've had a lot of technical work programs underway, many of which will be coming to fruition in the coming months. Already our technical team has made significant breakthroughs with respect to beneficiation. The net effect of these breakthroughs is that they provide us with a number of development scenarios. Over the next two to three months we'll be working through trade-off studies to determine which of these is optimal; these will take into consideration economic and environmental factors and importantly take into account the risk profiles associated with each scenario. We are very fortunate to have a number of ways to develop this project. We're anticipating that a steady news flow, in relation to finalising the preferred development scenario, will commence toward the latter part of Q1 2012.

In addition, the assays from our 2011 drill program are starting to come through and we will look to release these over the coming weeks. On the back of the drill results we'll be looking to produce maiden JORC resources for Zones 2 and 3 (satellite deposits to Kvanefjeld) another very exciting and important step. We anticipate that we will see Kvanefjeld move toward the upper end of global uranium resources in terms of scale. It's already a very substantial REE resource however this will continue to grow significantly.

Of emerging projects slated to produce REE, Kvanefjeld differs in that it is a multi-commodity project. Uranium represents its economic keel; a stable revenue driver with a transparent market that provides a good contrast to REEs which have far greater pricing uncertainty and market risk. Kvanefjeld will represent a lower-risk approach to REE production and one that we believe will be the sustainable path to future REE supply. Kvanefjeld's significance as a future large-scale producer of uranium will also garner attention. The nuclear power industry faced a major test this year with the Fukushima reactor situation and despite those unfortunate events the recent M&A activity in the uranium space confirms that the outlook for the sector is strong.

Despite uncertainty in global markets with the Eurozone debt crisis, we believe that the future for both uranium and REEs is very strong; both are highly strategic materials and in that sense we have a project that the world simply needs. We intend to deliver.

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Thank you Rod.

For more information on Greenland Minerals and Energy, visit www.ggg.gl or call Rod McIlree on +61 8 9382 2322.

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