



Company Announcement, February 7th, 2013

Greenland Minerals and Energy Implements Company Adjustments to Maximise Cash Resources

Greenland Minerals and Energy Ltd ("GMEL" or "the Company") has recently introduced adjustments to executive service and employment contracts that are designed to maximise the Company's cash position by reducing the cash payable under existing contracts. The changes include:

- **Reduction in salaries for Executive Directors and senior employees**
- **Reduction to the 'termination without cause' notice period within the contract**
- **Non-core staff moving to part-time positions**

The total monetary saving of the reduced salaries will be **\$2,487,932** over the next 24 months. The reduction to the 'termination without cause' notice period also substantially reduces potential cash liabilities that the Company may be exposed to.

Background

In 2012, Greenland Minerals and Energy Ltd achieved several key milestones in advancing the Kvanefjeld multi-element project in Greenland. These included substantial increases in mineral resources, the completion of a technically and economically robust prefeasibility study, successful final pilot plant operation of the Kvanefjeld concentrator circuit, lodgement of patent applications for the refining stage, execution of an agreement to move to 100% ownership of Kvanefjeld, and the raising of \$17M (AUD).

GMEL enters 2013 with the technical development for Kvanefjeld being significantly de-risked. The Company's focus is now shifting to finalising the implementation strategy for Kvanefjeld and associated business model, which draws on the technical advances achieved in 2012. This represents an important process in establishing both development and off-take partners. In parallel, upcoming political events in Greenland are anticipated to provide further clarity on political support for, and the regulation of, uranium exploitation in Greenland. These events include a national election called for March 12th, which will then be followed by Greenland's spring sitting of parliament where the outcomes of a review on the implications of lifting the zero-tolerance policy toward uranium exploitation are slated to be discussed.



A clear position of political support along with the establishment of development partners are key steps in politically and financially de-risking the Kvanefjeld project, and maximising value recognition. While GMEL moves through these steps, it is looking to maximise its current cash position and minimise any dilution to the current capital structure. In line with this strategy, the structure of current executive service and employment contracts with Directors and senior staff has been adjusted.

Modifications to Salary Structure and Termination Clause

The executive Directors and a number of senior employees of the Company have agreed to reduce their cash salary and/or the termination notice period set out in their respective employment contracts.

Salary reduction

The adjustments to the salary in employee contracts will result in a cash saving of **\$1,243,966** per year for the next two years. In lieu of cash payments that would otherwise be payable under the employment contracts, Directors (subject to shareholder approval) and employees will be issued with shares.

Reduction in termination notice period

The current employment contracts for executive Directors and senior staff require the company to provide a notice period of 12 months, where the company is terminating the contract without cause (this includes redundancies). All executive Directors and senior staff have agreed to an amendment in the 'termination without cause' notice period from the current 12 month to a 3 month notice period. For employees moving from full-time to part-time employment, contracts will have a 1 month notice period.

The reduction to the termination period will benefit the Company by reducing the potential cash liability payable to executive Directors and senior employees in the event of termination. In consideration for the reduction in termination notice period, executive Directors (subject to Shareholder approval) and employees will be issued with shares.

Issue of Shares By Way of Compensation

It is proposed that the executive Directors and senior employees be issued with shares in lieu of foregoing cash entitlements (salary and payment in the event of termination) at a value of \$0.30 per share. The deemed value of \$0.30 is equal to the price of the capital raising conducted in late 2012 and the share purchase plan and also approximates the current 60 trading day volume weighted average price. This will result in a total number of shares to be issued to executive Directors and senior employees of 11,153,961. The shares will be issued over 2 years in 4 tranches. The shares will

only be issued if the relevant Director or employee remains employed by, or contracted to the Company. The shares to be issued to Directors are subject to obtaining shareholder approval. The Company will require a proportion of the shares to be issued to Directors to be held on a voluntary escrow arrangement.

The shares will be issued to Directors and employees as compensation for the Director or employee accepting a reduction in salary and/or reduction in termination notice period contained in their respective employment contract. The number of shares to be issued to each person has been calculated from the monetary value that would be otherwise payable by the Company by way of salary over the next two years and in the event of termination of the contract. The shares do not form part of any share incentive scheme that the Company has previously offered to employees or may offer to employees in the future.

At the end of the two year period, the Company and each executive Director and employee will review the salary and employment arrangements. By mutual agreement, salaries of executive Directors and senior employees may revert to the original levels.

All affected staff will commence the modified cash salary as of 1 February 2013; however, the share component will be subject to shareholder approval. GMEL will advise shareholders of the schedule for a meeting to address salary sacrifice shares for employees in the coming days.

GMEL is extremely thankful for the cooperation of all staff in making the adjustments that ultimately strengthen the Company's position. The shares, issued in lieu of the contract modifications outlined above are taxable as income, based on the share price on the day of issue. Employees are therefore assuming a heightened level of salary risk, in order to maximise the company's cash position. The sale of any shares to cover the income tax liability associated with the share component of salaries will be carefully managed by GMEL to ensure that there is no disruption to the regular trading of company securities and to be in compliance with GMEL's trading policy.

Yours faithfully,



Roderick McIlree

Managing Director

Greenland Minerals and Energy Ltd

ABOUT GREENLAND MINERALS AND ENERGY LTD.

Greenland Minerals and Energy Ltd (ASX – GGG) is an exploration and development company focused on developing high-quality mineral projects in Greenland. The Company's flagship project is the 100% owned Kvanefjeld multi-element deposit (Rare Earth Elements, Uranium, Zinc), that is rapidly emerging as a premier specialty metals project. A comprehensive pre-feasibility study has demonstrated the potential for a large-scale, cost-competitive, multi-element mining operation. For further information on Greenland Minerals and Energy visit <http://www.ggg.gl> or contact:

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Greenland Minerals and Energy Ltd will continue to advance the Kvanefjeld project in a manner that is in accord with both Greenlandic Government and local community expectations, and looks forward to being part of continued stakeholder discussions on the social and economic benefits associated with the development of the Kvanefjeld Project.

The information in this report that relates to exploration targets, exploration results, geological interpretations, appropriateness of cut-off grades, and reasonable expectation of potential viability of quoted rare earth element, uranium, and zinc resources is based on information compiled by Mr Jeremy Whybrow. Mr Whybrow is a director of the Company and a Member of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr Whybrow has sufficient experience 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 by the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Whybrow consents to the reporting of this information in the form and context in which it appears.

The geological model and geostatistical estimation for the Kvanefjeld and Zone 2 deposits were prepared by Robin Simpson of SRK Consulting. Mr Simpson is a Member of the Australian Institute of Geoscientists (AIG), and has sufficient experience 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 by the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Simpson consents to the reporting of information relating to the geological model and geostatistical estimation in the form and context in which it appears.