



Company Announcement, March 2nd, 2015

Update on Current Activities, Outlook and Funding

Greenland Minerals and Energy Limited ("GMEL" or "the Company") is pleased to provide an update on upcoming activities, the outlook and funding.

- **Kvanefjeld Feasibility Study close to completion**
- **Environmental and Social Impact Assessments to be completed early Q3**
- **These three items collectively comprise documentation for project permitting**
- **GMEL looking to firm up permitting timeline with regulatory bodies**
- **Mineral resources updated with global resources exceeding 1 billion tonnes, measured resources defined, initial mine reserve soon to be established**
- **Pilot plant operations to be conducted in 2015, funded through the EURARE program**
- **Cooperation continues with NFC on establishing a fully integrated rare earth supply chain**
- **Company well-funded through access to \$20M facility with Hong Kong-based Long State Investments**

Feasibility Program

Through 2014, and into 2015, GMEL has been focused on completing the feasibility study, and environmental and social impact assessments (EIA and SIA) on the Kvanefjeld Project. These studies collectively form the material required for the permitting process. The feasibility study follows on from the prefeasibility study on Kvanefjeld, released in 2012, and the 'Mine and Concentrator' study (a feasibility-level study on the mine and beneficiation circuit) that was released in 2013. The primary development strategy for Kvanefjeld was finalised in 2014 following extensive stakeholder engagement in Greenland. This involves an operation to mine and process 3 million tonnes of ore per year. The project will have a concentrator (flotation) circuit that will produce a rare earth and uranium rich mineral concentrate, a zinc concentrate, with fluorspar also produced in this stage. A refinery facility will also be established in Greenland to produce a critical rare earth concentrate (Nd, Pr, Eu, Dy, Tb, Y), uranium oxide, and lanthanum and cerium by-products.



Mineral Resources and Reserves

The mineral resource estimate for Kvanefjeld has recently been updated (Company Announcement, February 12th, 2015), which importantly outlined 143 million tonnes of resources in the ‘measured category’, in compliance with the JORC-code 2012. Following the finalisation of the feasibility study, an initial mine reserve will be defined, which represents a major project milestone and sets to confirm Kvanefjeld as one of the most advanced rare earth projects globally. The measured category resources form the uppermost, high-grade and accessible portions of the Kvanefjeld deposit.

Regulatory Status

GMEL will be advancing discussions with the Greenland government to firm up the permitting timeline for the Kvanefjeld Project. With the priority development strategy for Kvanefjeld set, and as a precursor to finalising technical studies for permitting, a public pre-hearing process was conducted in Greenland in late-2014. Responses to questions generated through the pre-hearing have been finalised by GMEL and handed over to Greenland’s Minerals Licensing and Safety Authority (MLSA).

The government, elected late in 2014, is focussed on providing a stable environment for foreign investment, developing priority mining projects, and is of a pro-uranium position. Regulatory matters associated with uranium are being addressed by both Greenland and Denmark, with substantial advances made through 2014, and continuing in 2015. GMEL will be conducting meetings with representatives of the Greenland government in the coming weeks, and will look to update on regulatory matters accordingly.

The EURARE Program – Upcoming Pilot Plant Operations

In 2015, with the feasibility study and impact assessments in the drafting phase, technical work programs comprise pilot plant operations of both the beneficiation and hydro-metallurgy (refinery) circuits, which are planned for April and August respectfully. Bulk ore material was shipped from Greenland to Finland in 2014 where the first of the two pilot plant operations will take place. These operations are being conducted under the EURARE program, which is funded by the European Union.

The pilot plant operations are independent of the feasibility study, but will provide further data to increase the technical rigour underlying the Kvanefjeld project, and assist in moving toward bankable status. To have these large-scale programs funded through the EURARE program is of immense benefit to the Company. Further updates will be provided on the pilot plant operations through the coming months.

Cooperation with NFC

GMEL continues to advance cooperation with with China Non-Ferrous Metal Industry’s Foreign Engineering and Construction Co. Ltd. (NFC). NFC’s rare earth division is a long-standing and highly-reputed operator in rare earth production having pioneered rare earth separation technology, and is looking to expand its participation in the rare earth industry significantly. In addition, NFC is highly-reputed EPC contractor with extensive global experience. Following the signing of a Memorandum of Understanding in March 2014, both parties have conducted senior management meetings in

Greenland, Perth and Beijing, with regular technical meetings as the feasibility study is finalised. This phase has aimed to develop a thorough technical understanding of the Kvanefjeld project, learn about Greenland, and to jointly establish a rigorous understanding of the project cost-structure.

Outlook and Funding

GMEL moves forward in 2015 with the aim of achieving major milestones, while implementing a tighter and more efficient budget. Much of expenditure associated with the feasibility study was incurred in 2014, and major technical programs in 2015 funded through the EURARE program. The Company has also looked to reduce both administrative and staffing costs, and the drafting of feasibility, EIA and SIA documents is managed in-house.

GMEL had a cash position of \$5.569M at December 31st, 2014. To ensure the company is appropriately funded to achieve on objectives, GMEL has secured a facility with Hong Kong-based investment group, Long State Investment Limited ('Long State').

Under the terms of the facility, GMEL may, at its discretion, call for Long State to subscribe for shares in the Company at any time over the next 24 months, up to a total Placement amount of \$20,000,000. GMEL may require Long State to pay a placement amount of up to \$500,000 in any period of 10 trading days (and up to \$1,000,000 with the prior consent of Long State).

Shares issued to Long State will be priced at 95% of the average daily volume weighted average prices (VWAP) of GMEL shares traded on each of the 5 trading days prior to the Placement Notice Date specified by GMEL. A cash discount of 5% will be payable by GMEL to Long State at the time of issue. Subsequently the price will be adjusted based upon the 95% of the average VWAPs for the 5 trading days prior to the Placement Date and the 5 trading days subsequent to the Placement Date, with Long State either making an additional payment to GMEL, or the Company making an additional payment or issuing additional shares to Long State.

Long State Investment is an established energy and resources investment company that has made investments globally, including in Australia. Long State is backed by Asian investors that look to support high-quality emerging mining and energy assets, such as the Kvanefjeld project. This aligns with GMEL's strategy of pursuing top-tier Asian development partners and funding opportunities, given the strong growth forecasts for rare earth demand in Asia's major industrial economies.

Importantly, the agreement is highly flexible and unrestricted, and allows for GMEL to pursue other funding sources at any point. The timing of any draw-downs are at the company's discretion, and there are no pay-out clauses or obligations if GMEL chooses to pursue alternate funding sources.

Following a review of available options for interim funding, the board deems the Long State facility as the most appropriate means to provide access to funds in order to complete the primary objective of a mining license application, commencing the permitting process, as well as advancing relationships with development partners towards the establishment of a commercial framework, and to jointly complete any outstanding items required for project financing.

The uranium price has been rising since the latter half of 2014, with many analysts outlining a positive outlook, and rare earth prices are also rising with an increasingly clear outlook as the

Chinese rare earth industry consolidation program progresses in earnest. This should see improvements to both market conditions and sector sentiment, as GMEL positions Kvanefjeld for the development stage. Kvanefjeld is one of the most advanced emerging rare earth and uranium projects globally, and with greater clarity on project timelines, Kvanefjeld will be of increasing interest to a range of pension, sovereign and private equity funds.

The Company is looking to continue to progress through major milestones, as efficiently as possible, while maintaining a focus on minimising dilution to the company's capital structure.

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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 Kvanefjeld Project (Rare Earth Elements, Uranium, Zinc), that stands to be the world's premier specialty metals project. A comprehensive pre-feasibility study was finalised in 2012, and the feasibility study will be completed in 2015. The studies demonstrate the potential for a large-scale, cost-competitive, multi-element mining operation. Through 2015, GMEL is focussed on completing a mining license application in order to commence project permitting, in parallel to advancing commercial discussions with development partners. 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.

Competent Person Statement

The information in this report that relates to Mineral Resources is based on information compiled by Robin Simpson, a Competent Person who is a Member of the Australian Institute of Geoscientists. Mr Simpson is employed by SRK Consulting (UK) Ltd ("SRK"), and was engaged by Greenland Minerals and Energy Ltd on the basis of SRK's normal professional daily rates. SRK has no beneficial interest in the outcome of the technical assessment being capable of affecting its independence. Mr Simpson has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Robin Simpson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The mineral resource estimate for the Kvanefjeld Project was updated and released in a Company Announcement on February 12th, 2015. There have been no material changes to the resource estimate since this announcement.