



Company Announcement, April 7<sup>th</sup>, 2015

## **New Memorandum of Understanding Signed With NFC to Focus on the Development of the Kvanefjeld Project**

Greenland Minerals and Energy Limited ("GMEL" or "the Company") is pleased to advise that, following 12 months of highly constructive cooperation, a second Memorandum of Understanding ("MoU") was signed with China Non-Ferrous Metal Industry's Foreign Engineering and Construction Co. Ltd. (NFC), during a recent visit to Beijing by Mr. Tony Ho, Chairman and Dr. John Mair, Managing Director of GMEL.

The dialogue between GMEL and NFC ("the Parties") commenced in 2013 and both companies concluded that co-operation between them represented a unique opportunity. The combination of the GMEL's potential to cost-competitively produce critical rare earth intermediate products from Kvanefjeld ("the Project") and NFC's expertise in rare earth separation and expanding separation capacity could form the basis of a globally significant rare earth business. An initial MoU was signed in March, 2014 with the objective of investigating the opportunity to establish a fully integrated rare earth supply business from mine to separated high-purity critical rare earth products.

Since signing the initial MoU there have been a number of key developments. These include:

- **Extensive exchange of technical data relating to the Kvanefjeld Project**
- **Meetings between senior representatives of both parties in Perth, Beijing and Greenland**
- **Visits to Perth-based laboratories where major testwork programs have taken place by senior NFC representatives and technical experts**
- **Meetings in Greenland between senior NFC representatives and key Greenland government ministers and officials, as well as representatives of important stakeholder groups**

Continuous engagement between the Company and NFC over the last 12 months has enabled NFC to develop a thorough understanding of the Project from a variety of perspectives that include technical, logistical and economic. During this period the Company has also been working to complete a Feasibility Study ("the Study") into the Project. **The extent to which co-operation between the Company and NFC has developed is evidenced by the fact that NFC have provided the capital cost estimate that will be incorporated in the final Study report.** The Study is currently undergoing internal review by GMEL prior to finalisation.

NFC is also a highly-regarded engineering, procurement and construction (EPC) contractor and has the capacity to both produce accurate capital cost estimates for construction projects and to take a key role in the engineering and construction of mine and processing facilities for Kvanefjeld.



Building on achievements to date and to map out the next steps towards developing a strategy to jointly develop the Project, the Parties have entered into a new MoU. The new MoU sets out the undertakings both parties have made to facilitate the formalisation of this strategy. The joint development strategy will be formalised in a Strategic Co-operation Agreement which the Parties have committed to work towards completing in 2015.

Under the terms of the new MoU GMEL will be responsible for finalising the exploitation license application and commencing the permitting process. In addition, GMEL will complete pilot plant operations in the coming months that will provide further confidence and rigour to the proposed process flow sheet. NFC will provide assistance to GMEL in preparing the exploitation license application, and both parties will cooperate in identifying and completing further work programs required for the Project to reach bankable status.

*Managing Director of GMEL, Dr John Mair said “The signing of the new MoU reflects the culmination of 12 months of close working co-operation with NFC on many aspects of the Kvanefjeld Project. The achievements provide a solid basis to focus on the development strategy, and negotiating a strategic cooperation agreement.”*

## **About NFC**

NFC is listed on the Shenzhen Stock Exchange, and has been rated as one of the world’s top engineering firms by the US publication Engineering News Record. NFC has a strong reputation in engineering, financing, constructing and operating mines, smelters, and refineries in many parts of the world.

NFC’s participation in the rare earth industry comes through its subsidiary Guangdong Zhujiang Rare Earths Company; which holds the distinguished status as the first group to carry out full separation of fifteen rare earth elements in China, and is recognised globally as a leader in rare earth separation technology.

NFC intends to increase its involvement in the global rare earth business and has commenced construction of a new 7000tpa capacity rare earth separation facility. Upon completion, this will be one of the world’s largest and most technologically advanced rare earth separation facilities.

The new facility is designed to process concentrates of a very similar composition to the critical rare earth concentrate to be produced from Kvanefjeld and the capacity of the plant closely matches Project’s projected output for Stage 1.

## 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 multi-element deposit (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.

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### **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 12<sup>th</sup>, 2015. There have been no material changes to the resource estimate since this announcement.