

Company Announcement, May 8<sup>th</sup>, 2018

## **New, Pro-Mining Coalition Government Established in Greenland**

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### **HIGHLIGHTS:**

- **New coalition government in Greenland, following national election**
  - **Stability – Siumut is the major coalition party, Kim Kielsen to continue as Premier**
  - **Coalition agreement clearly sets out positive position on resource development**
  - **Coalition specifically contemplates rare earth production, and by-product uranium production and export**
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**Greenland Minerals and Energy Ltd** ('GMEL' or 'the Company') is pleased to update on political developments in Greenland. Following a national election on April 24<sup>th</sup>, a new coalition government has been established. The Siumut Party, which led the incumbent government, won the most votes and has formed a coalition with three minority parties; Partii Naleraq, Atassut, and Nunatta Qitornai. Kim Kielsen, head of the Siumut Party, will continue as Greenland Premier.

The coalition agreement articulates a clear position of support for the mining industry, and a desire for Greenland to be an attractive destination for foreign investment, and to competitively develop and operate mining operations.

Importantly, the coalition agreement outlines a clear position of support for rare earth production and associated uranium by-production.

GMEL's 100% owned Kvanefjeld Project is projected to be a globally significant producer of rare earth materials, in addition to by-production of uranium, zinc and fluor spar. Through 2017 a main point of focus has been on project permitting and finalising the environmental and social impact assessments, following a detailed, thorough and constructive review process. These key documents will be finalised in June and lodged with the government prior to a public-consultation period.

A supportive pro-mining government sets the scene to effectively move through the next steps in the permitting process, and gain project approvals.

## About the Kvanefjeld Project

GMEL's primary focus is centred on the northern Ilimaussaq Intrusive Complex in southern Greenland. The project includes several large scale multi-element resources including Kvanefjeld, Sørensen and Zone 3. Global mineral resources now stand at **1.01** billion tonnes (JORC-code 2012 compliant).

The deposits are characterised by thick, persistent mineralisation hosted within sub-horizontal lenses that can exceed 200m in true thickness. Highest grades generally occur in the uppermost portions of deposits, with overall low waste-ore ratios.

Less than 20% of the prospective area has been evaluated, with billions of tonnes of lujavrite (host-rock to defined resources) awaiting resource definition.

While the resources are extensive, a key advantage to the Kvanefjeld project is the unique rare earth and uranium-bearing minerals. These minerals can be effectively beneficiated into a low-mass, high value concentrate, then leached with conventional acidic solutions under atmospheric conditions to achieve particularly high extraction levels of both heavy rare earths and uranium. This contrasts to the highly refractory minerals that are common in many rare earth deposits that require technically challenging and costly processing. The rigorously developed process route for Kvanefjeld has been the subject of several successful pilot plant campaigns.

The Kvanefjeld project area is located adjacent to deep-water fjords that allow for shipping access directly to the project area, year-round. An international airport is located 35km away, and a nearby lake system has been positively evaluated for hydroelectric power.

Kvanefjeld is slated to produce a significant output of critical rare earths (**Nd, Pr, Eu, Dy, Tb**), with by-production of uranium, zinc, and bulk light rare earths (La, Ce). Low incremental cost of recovering by-products complements the simple metallurgy to deliver a highly competitive cost structure.

Rare earth elements (REEs) are used in a wide variety of applications. Most notably, rare earth elements make the world's strongest permanent magnets. The magnet industry continues to be a major growth area, owing to the essential requirement of high-powered magnets in many electrical applications.

Magnetism is the force that converts electricity to motion, and vice-versa in the case of renewable energy such as wind power. In recent years growth in rare earth demand has been limited by end-user concerns over pricing instability and surety of supply; however, demand has returned and the outlook continues to strengthen.

Kvanefjeld provides an excellent opportunity to introduce a large, stable supplier at prices that are readily sustainable to end-users. In addition, rare earths from Kvanefjeld will be produced in an environmentally sustainable manner further differentiating it as a preferred supplier of rare earth products to end-users globally. These factors serve to enhance demand growth.

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Statement of Identified Mineral Resources, Kvanefjeld Project, Independently Prepared by SRK Consulting (February, 2015)

Multi-Element Resources Classification, Tonnage and Grade										Contained Metal				
Cut-off (U <sub>3</sub> O <sub>8</sub> ppm) <sup>1</sup>	Classification	M tonnes Mt	TREO <sup>2</sup> ppm	U <sub>3</sub> O <sub>8</sub> ppm	LREO ppm	HREO ppm	REO ppm	Y <sub>2</sub> O <sub>3</sub> ppm	Zn ppm	TREO Mt	HREO Mt	Y <sub>2</sub> O <sub>3</sub> Mt	U <sub>3</sub> O <sub>8</sub> M lbs	Zn Mt
<b>Kvanefjeld - February 2015</b>														
150	Measured	143	12,100	303	10,700	432	11,100	978	2,370	1.72	0.06	0.14	95.21	0.34
150	Indicated	308	11,100	253	9,800	411	10,200	899	2,290	3.42	0.13	0.28	171.97	0.71
150	Inferred	222	10,000	205	8,800	365	9,200	793	2,180	2.22	0.08	0.18	100.45	0.48
150	<b>Total</b>	673	10,900	248	9,600	400	10,000	881	2,270	7.34	0.27	0.59	368.02	1.53
200	Measured	111	12,900	341	11,400	454	11,800	1,048	2,460	1.43	0.05	0.12	83.19	0.27
200	Indicated	172	12,300	318	10,900	416	11,300	970	2,510	2.11	0.07	0.17	120.44	0.43
200	Inferred	86	10,900	256	9,700	339	10,000	804	2,500	0.94	0.03	0.07	48.55	0.22
200	<b>Total</b>	368	12,100	310	10,700	409	11,200	955	2,490	4.46	0.15	0.35	251.83	0.92
250	Measured	93	13,300	363	11,800	474	12,200	1,105	2,480	1.24	0.04	0.10	74.56	0.23
250	Indicated	134	12,800	345	11,300	437	11,700	1,027	2,520	1.72	0.06	0.14	101.92	0.34
250	Inferred	34	12,000	306	10,800	356	11,100	869	2,650	0.41	0.01	0.03	22.91	0.09
250	<b>Total</b>	261	12,900	346	11,400	440	11,800	1,034	2,520	3.37	0.11	0.27	199.18	0.66
300	Measured	78	13,700	379	12,000	493	12,500	1,153	2,500	1.07	0.04	0.09	65.39	0.20
300	Indicated	100	13,300	368	11,700	465	12,200	1,095	2,540	1.34	0.05	0.11	81.52	0.26
300	Inferred	15	13,200	353	11,800	391	12,200	955	2,620	0.20	0.01	0.01	11.96	0.04
300	<b>Total</b>	194	13,400	371	11,900	471	12,300	1,107	2,530	2.60	0.09	0.21	158.77	0.49
350	Measured	54	14,100	403	12,400	518	12,900	1,219	2,550	0.76	0.03	0.07	47.59	0.14
350	Indicated	63	13,900	394	12,200	505	12,700	1,191	2,580	0.87	0.03	0.07	54.30	0.16
350	Inferred	6	13,900	392	12,500	424	12,900	1,037	2,650	0.09	0.00	0.01	5.51	0.02
350	<b>Total</b>	122	14,000	398	12,300	506	12,800	1,195	2,570	1.71	0.06	0.15	107.45	0.31

Multi-Element Resources Classification, Tonnage and Grade

Contained Metal

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Cut-off (U <sub>3</sub> O <sub>8</sub> ppm) <sup>1</sup>	Classification	M tonnes Mt	TREO <sup>2</sup> ppm	U <sub>3</sub> O <sub>8</sub> ppm	LREO ppm	HREO ppm	REO ppm	Y <sub>2</sub> O <sub>3</sub> ppm	Zn ppm	TREO Mt	HREO Mt	Y <sub>2</sub> O <sub>3</sub> Mt	U <sub>3</sub> O <sub>8</sub> M lbs	Zn Mt
<b>Sørensen - March 2012</b>														
150	Inferred	242	11,000	304	9,700	398	10,100	895	2,602	2.67	0.10	0.22	162.18	0.63
200	Inferred	186	11,600	344	10,200	399	10,600	932	2,802	2.15	0.07	0.17	141.28	0.52
250	Inferred	148	11,800	375	10,500	407	10,900	961	2,932	1.75	0.06	0.14	122.55	0.43
300	Inferred	119	12,100	400	10,700	414	11,100	983	3,023	1.44	0.05	0.12	105.23	0.36
350	Inferred	92	12,400	422	11,000	422	11,400	1,004	3,080	1.14	0.04	0.09	85.48	0.28
<b>Zone 3 - May 2012</b>														
150	Inferred	95	11,600	300	10,200	396	10,600	971	2,768	1.11	0.04	0.09	63.00	0.26
200	Inferred	89	11,700	310	10,300	400	10,700	989	2,806	1.03	0.04	0.09	60.00	0.25
250	Inferred	71	11,900	330	10,500	410	10,900	1,026	2,902	0.84	0.03	0.07	51.00	0.20
300	Inferred	47	12,400	358	10,900	433	11,300	1,087	3,008	0.58	0.02	0.05	37.00	0.14
350	Inferred	24	13,000	392	11,400	471	11,900	1,184	3,043	0.31	0.01	0.03	21.00	0.07
<b>All Deposits – Grand Total</b>														
150	Measured	143	12,100	303	10,700	432	11,100	978	2,370	1.72	0.06	0.14	95.21	0.34
150	Indicated	308	11,100	253	9,800	411	10,200	899	2,290	3.42	0.13	0.28	171.97	0.71
150	Inferred	559	10,700	264	9,400	384	9,800	867	2,463	6.00	0.22	0.49	325.66	1.38
150	<b>Grand Total</b>	<b>1010</b>	<b>11,000</b>	<b>266</b>	<b>9,700</b>	<b>399</b>	<b>10,100</b>	<b>893</b>	<b>2,397</b>	<b>11.14</b>	<b>0.40</b>	<b>0.90</b>	<b>592.84</b>	<b>2.42</b>

<sup>1</sup>There is greater coverage of assays for uranium than other elements owing to historic spectral assays. U<sub>3</sub>O<sub>8</sub> has therefore been used to define the cutoff grades to maximise the confidence in the resource calculations.

<sup>2</sup>Total Rare Earth Oxide (TREO) refers to the rare earth elements in the lanthanide series plus yttrium.

Note: Figures quoted may not sum due to rounding.

**Kvanefjeld Ore Reserves Estimate – April 2015**

Class	Inventory (Mt)	TREO (ppm)	LREO (ppm)	HREO (ppm)	Y <sub>2</sub> O <sub>3</sub> (ppm)	U <sub>3</sub> O <sub>8</sub> (ppm)	Zn (ppm)
Proven	43	14,700	13,000	500	1,113	352	2,700
Probable	64	14,000	12,500	490	1,122	368	2,500
<b>Total</b>	<b>108</b>	<b>14,300</b>	<b>12,700</b>	<b>495</b>	<b>1,118</b>	<b>362</b>	<b>2,600</b>

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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 multi-element deposit (rare earth elements, uranium, zinc). A pre-feasibility study was finalised in 2012, and a comprehensive feasibility study was completed in 2015 and updated following pilot plant operations in 2016. The studies highlight the potential to develop Kvanefjeld as a long-life, low cost, and large-scale producer of rare earth elements; key enablers to the electrification of transport systems.

GMEL is working closely with major shareholder and strategic partner Shenghe Resources Holding Co Ltd to develop Kvanefjeld as a cornerstone of future rare earth supply. An exploitation (mining) license application for the initial development strategy has been undergoing review by the Greenland Government through the latter part of 2016 and through 2017.

In 2018, GMEL continues technical optimisation work with Shenghe Resources Holding Co Ltd that will improve the metallurgical performance, simplify the development strategy and infrastructure footprint in Greenland, enhance the cost-structure, and ensure that Kvanefjeld is aligned with downstream processing. In addition, the Company continues its focus on working closely with Greenland's regulatory bodies on the processing of the mining license application, and maintaining regular stakeholder updates.

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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 – Mineral Resources Ore Reserves and Metallurgy**

*The information in this report that relates to Mineral Resources is based on information compiled by Mr 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 information in the statement that relates to the Ore Reserves Estimate is based on work completed or accepted by Mr Damien Krebs of Greenland Minerals and Energy Ltd and Mr Scott McEwing of SRK Consulting (Australasia) Pty Ltd. The information in this report that relates to metallurgy is based on information compiled by Damien Krebs.*

*Damien Krebs is a Member of The Australasian Institute of Mining and Metallurgy and has sufficient experience that is relevant to the type of metallurgy and scale of project under consideration, and to the activity he is undertaking, to qualify as Competent Persons in terms of The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2012 edition). The Competent Persons consent to the inclusion of such information in this report in the form and context in which it appears.*

*Scott McEwing is a Fellow and Chartered Professional of The Australasian Institute of Mining and Metallurgy and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking, to qualify as Competent Persons in terms of The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2012 edition). The Competent Persons consent to the inclusion of such information in this report 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. The ore reserve estimate was released in a Company Announcement on June 3<sup>rd</sup>, 2015. There have been no material changes to the resource estimate, or ore reserve since the release of these announcements.