

style, migration, etc.), will be further studied and analysed in the process of the Social Impact Assessment.

GME A/S is committed to ensuring that the development of the Kvanefjeld project makes a sustainable contribution to the Greenlandic economy and to the well-being of its residents.

ENVIRONMENTAL AND SOCIAL IMPACT

The Environmental Impact Assessment (EIA) and the Social Impact Assessment (SIA) are a part of the project documentation that is required before consideration can be given by the Government of Greenland to the grant of permits for construction and operation of a new mine.

1 The Environmental Impact Assessment process

According to Greenlandic legislation several comprehensive environmental baseline studies have to be carried out before a company can obtain an exploitation licence to start mining. For the Kvanefjeld project, some baseline studies have commenced in the fjord, the rivers, the lakes and area around the planned mining area. These studies have been running in some cases for 4 years. As part of the EIA process the number of studies may be increased. The baseline studies will establish a detailed understanding of the environment prior to any disturbance related to mining. This information will be used in the process of designing the mine and the processing plant and for environmental monitoring when the mine is operating.

In addition, a comprehensive assessment of the impact of mining activity on the environment will be required. For this assessment, studies will be carried out on flora, fauna, the local climate, and water flow in the rivers.

All of this information will be compiled in a draft EIA Report, which will be made available for the public during a public hearing process. The EIA report will be finalised after the feedback received during the public hearing process has been considered and evaluated.

GME A/S has engaged the company Orbicon to assist in the preparation of the EIA. The EIA, once the comments from the public have been incorporated, will be an important document for the Greenlandic authorities to consider in the project approval process.

2 The Social Impact Assessment process

The SIA process includes identifying, analysing, monitoring and managing the social change process that will be initiated by the development of the project. Therefore, the SIA will be characterised by a high level of involvement of the local community and other stakeholders during the process of completing the assessment.

In order to have a proper understanding of the situation before development of the project and to help to manage the impact of the project and maximise the benefits of the project for the local community, it is very important that all stakeholders (e.g. the local community local interest groups, experts, fishermen, hunters, sheep farmers, the Greenlandic authorities and institutions) actively participate in the SIA process.

GME A/S has engaged the company Grontmij Carl Bro A/S to assist in the preparation of the SIA.

Between March and April 2011 initial consultation activities will take place.

More consultation activities will take place along the SIA process and GME/AS will invite you to help us with your knowledge and insight to:

- Identify early in the process the main issues and concerns that need to be addressed in the SIA
- Participate in individual and group interviews to establish a social baseline study
- Optimize the opportunities created by the mining project development and minimize the negative impacts that may evolve (Impact and Benefit Plan)
- Participate in public hearing to discuss the data collected for the final SIA report
- Provide input to the development of the Impact and Benefit Agreement

Details about time and place for the consultations will be communicated to you in a timely manner.

The SIA, incorporating stakeholder feedback, will be an important document for the Greenlandic authorities to consider in the project approval process.

DO YOU NEED MORE INFORMATION?

Please contact Ib Laursen representing GME A/S if you have any additional questions +299 49 71 71 (phone) or il@gme.gl (e-mail) or visit our website at www.ggg.gl

THE KVANEFJELD PROJECT



INTRODUCTION

This project brief describes the Kvanefjeld multi-element mining project. The proposed location of the project is in the south of Greenland, near the town of Narsaq.

The main commodities of interest in the Kvanefjeld ore-body are rare earths elements (REEs). Rare earths elements are speciality metals used in high technology applications such as mobile phones, rechargeable batteries, hybrid and electric cars, and wind turbines. There are also sufficient levels of uranium and zinc in the orebody to produce commercially viable by-products.

In 2007, Greenland Minerals and Energy (GME) A/S acquired the licence to explore the Kvanefjeld project area. GME A/S is a subsidiary of Greenland Minerals and Energy Pty Ltd, an Australian company listed on the Australian Securities Exchange. Greenland Minerals and Energy Pty Ltd owns the majority of the shares in GME A/S. In 2010 GME A/S' license to explore the Kvanefjeld project area was expanded to incorporate radioactive materials for the purposes of evaluating a multi-element mining operation.

As permitted by its exploration license, GME /AS has undertaken a number of investigations in the Kvanefjeld project area. Through 2011, 2012 and 2013 GME A/S will be carrying out a further number of detailed assessments on the Kvanefjeld project. These will include a definitive or bankable Feasibility Study, an Environmental Impact Assessment and a Social Impact Assessment. It is a requirement that these studies and assessments be completed before GME A/S can apply for an exploitation license to develop the project.

Information gathered during the completion of these assessments and the development of the design for the project may lead to changes in the project brief.

Input from the various stakeholders including the local municipality and the Government of Greenland will be received during the conduct of the SIA and EIA as well as at the final hearing process and some aspects of the proposed Feasibility Study may be varied as a result of these comments. Subject to the necessary government approvals, a favourable result from the Feasibility Study and the various assessment processes and raising funds for project development, the construction phase of the project is expected to commence in 2013 and be completed in 2015.



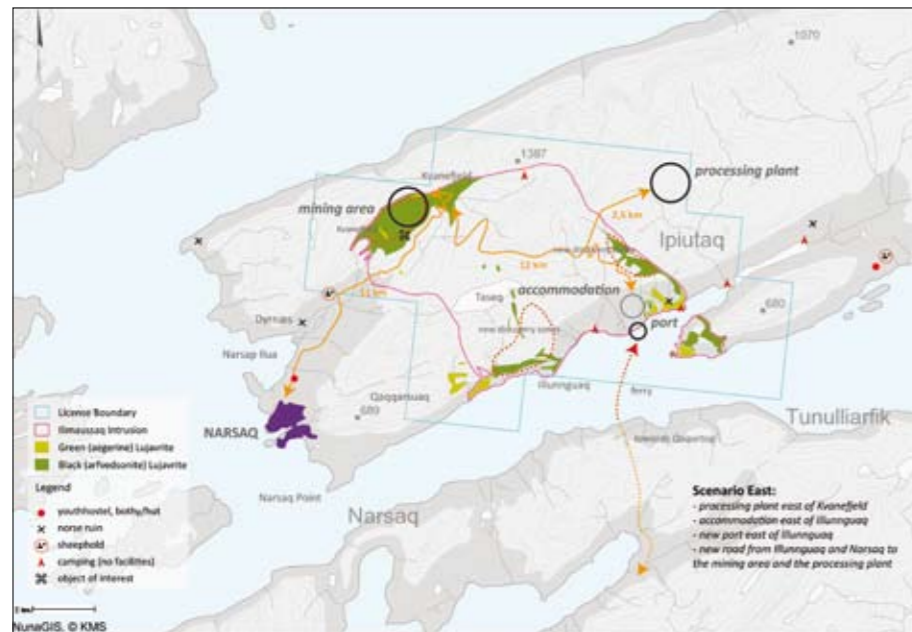
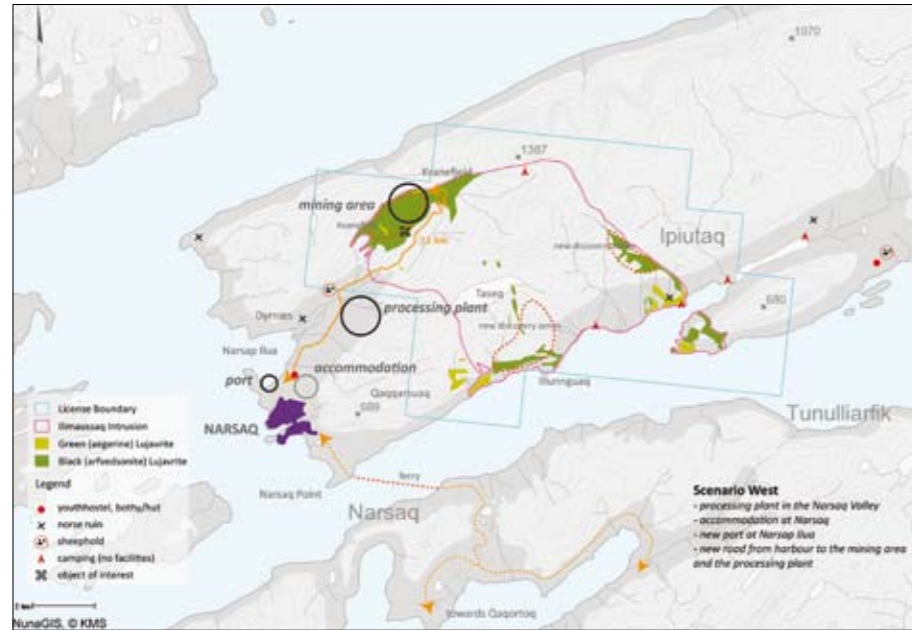
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THE PROJECT

The Kvanefjeld project will consist of an open pit mine, a processing plant, a port, a mine accommodation, a tailings facility and roads connecting the parts of the project.

GME A/S is considering two potential locations for the processing plant and port. The first option is the construction of processing facilities within the Narsaq valley and a new port immediately to the north of Narsaq in Narsap Ilua. The second option is the construction of processing facilities approximately 15 to 20 km northeast of Narsaq and a new port to the east of Illunnguaq opposite Nunarsarnaq. Significant further investigation and community consultation and engagement will be required before the preferred location of these facilities can be identified. Maps showing these two potential locations are below.



It is planned to treat the Kvanefjeld ore by using an innovative carbonate pressure leach process which will generate products which can be sold to international customers. These saleable products are concentrates rich in valuable metals. It is expected that the concentrates will be drummed, containerised and transported to the port for shipping to customers around the world.

The proposed components of the Kvanefjeld project are:

- **The mine** An open pit mine, from which the ore is extracted
- **The processing plant** Where metals are extracted from the ore using hydrometallurgical techniques to produce saleable products
- **The tailings facility** Where residues from the processing plant are securely stored
- **The port** For ships delivering supplies to the mine and transporting products from Greenland to the Company's customers
- **The accommodation** For mine workers when working at the mine

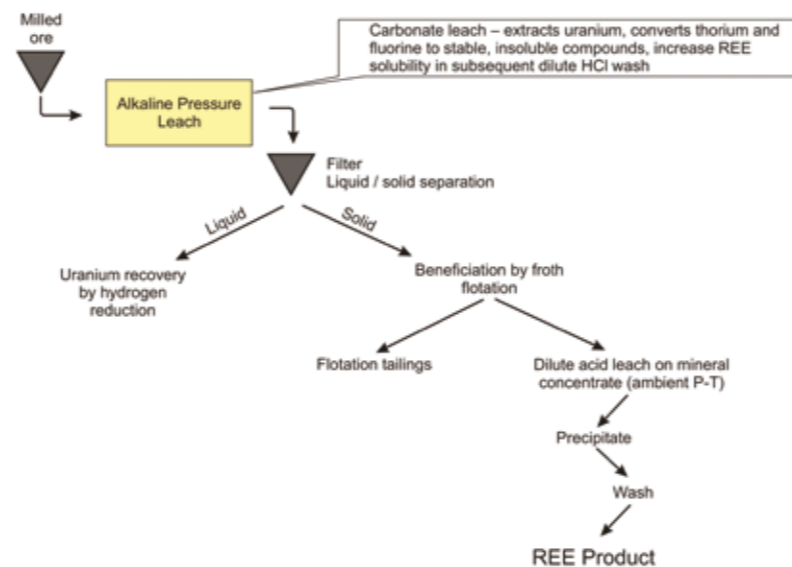
Associated infrastructure To ensure power supplies, effective communications and safe access to the mine

The plan is to locate **the mine** at Kvanefjeld on the Ilimaussaq Intrusive Complex approximately 10km from the town of Narsaq and approximately 35 km from Narsarsuaq in southern Greenland.

The company is considering alternative locations for **the processing plant**. It is currently expected that the plant will operate for 365 days per year and it is proposed that the plant will be designed to treat 7.2 to 10.8 million tonnes per year of ore.

The main mineral within the ore contains all of the potentially saleable products and the purpose of the processing plant is to extract these products from this mineral. The feasibility of various metallurgical processing options for extraction of saleable products is being assessed. Test work has identified that a process of leaching, performed under pressure, effectively removes uranium from the ore and allows for the subsequent concentration, separation and recovery of rare earth elements in a form that can be sold. It is currently proposed that the processing plant will consist of sections for crushing, grinding, leaching, filtration, flotation, uranium extraction and for the concentration of rare earth elements (see flow diagram).

Conceptual Process Flowsheet - Explained



Water will be used in the processing plant and after it has passed through the plant it will be treated before either being recycled back to the plant or returned to the environment.

It is planned to place the saleable products in drums and containerise them at the processing plant and to transport the containers of drummed product from the

processing plant to the port on trucks. The plan will then be to ship them to customers around the world.

The tailings storage facility. The material left over once it has passed through the processing plant is called tailings (a mixture of fine crushed rocks and water). The majority of the sulphides, the uranium, the thorium, the fluorine and the rare earth elements will all have been removed or stabilised by this stage in the process.

The tailings storage facility will store the wet tailings from the processing plant. A number of alternative locations for the tailings storage facility, e.g. valley deposition, Lake deposition and deposition in the fjord system/deep sea, are being evaluated. The location of the tailings storage facility will be influenced by environmental considerations and by the chemistry of the tailings.

The port facilities will consist of a wharf for ships up to 32,000 DWT (Dead Weight Tonnes) and a service wharf for receiving equipment and products with a smaller capacity. The port will also have storage facilities for saleable products and ship loading facilities.

The company is considering alternative locations for the port as indicated in the diagrams above.

The accommodation will include canteen, laundry and opportunities for leisure and spare time activities.

The **main elements of infrastructure** to be provided by the project will be:

- Roads from the port to the mine, processing plant and other items of infrastructure
- A source of power, fossil fuel fired initially and then hydro-electricity
- Water supply and storage for the processing plant, potable water and fire protection
- Buildings and support facilities including accommodation
- A helipad for staff and emergency medical evacuation
- Heating and heat recovery
- An IT and telecommunication system
- Sewage and waste management

BENEFITS AND IMPACTS FROM THE PROJECT

The project will contribute to the local and national Greenlandic economy mainly through the employment and by the payment of taxes.

The construction of the project and operating the mine and the processing plant will require a significant number of workers. Initial studies have indicated that approximately 700 employees will be required the project is operating. Once the SIA and the Feasibility Study are completed a more accurate estimate of the number of employment opportunities will be available together with more information about the types of jobs and required skill levels. When employing people for these jobs priority will be given to residents from Greenland.

One of the major benefits from the project is expected to be capacity building and knowledge transfer through training and education. Recruitment and training plans will be designed and implemented in close co-operation with the local authorities and interested groups.

In addition, the project is expected to create a number of business opportunities, for example the provision of goods and services in the form of local food (lamb and fish), laundry and cleaning services, rental of houses/rooms/hotel, IT support, support from local craftsmen, spare parts, boat chartering etc.

The development of infrastructure as well as the construction and operation of the mine may affect local hunting and fishing areas. The impact on the people using these areas and resources as well as other social issues related to the project (change of life