



## **March 2017 Quarterly Report**

Friday April 28<sup>th</sup>, 2017

### **Highlights:**

- **Technical cooperation commences with strategic partner Shenghe Resources Holding Ltd to enhance and optimise Kvanefjeld Project**
- **Joint technical committee established following meetings in China**
- **Optimisation programs planned, two key elements to be addressed**
  - Concentrate grade and recovery
  - Optimisation of refinery (leach circuit)
- **Progress continues on updating environmental and social impact assessments, following comprehensive reviews in 2016**
- **Shared Resources engaged to assist in finalising updated mining license application documents**
  - Shared Resources extensive experience in a variety of countries with emerging natural resource industries bolsters the skills and experience that GMEL is applying to the key area of project permitting
  - Will assist in ensuring that application documents are aligned with world's best practice
- **Share holder registry continues to strengthen with an increasingly international and sophisticated shareholder base**
- **Prices of key rare earths improving with steady increases since late 2016**

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## **March 2017 Quarterly Activities**

The first quarter of 2017 has seen a productive start to the year for Greenland Minerals and Energy Ltd ('GMEL' or 'the Company'), with progress on two main areas of focus; technical cooperation with 12.5% shareholder Shenghe Resources Holding Ltd (Shenghe), and updating mining license application documents following major reviews in 2016 by the Government of Greenland and their technical advisory groups.

GMEL representatives visited China for a series of technical meetings with Shenghe, which included the establishment of a technical committee to oversee optimisation work programs. Company representatives also visited Greenland for meetings and updates with cross section of government departments and stakeholder groups.

In addition, GMEL participated in the annual Prospector and Developers Association of Canada (PDAC) annual convention in Toronto where the Government of Greenland, along with stakeholders and service providers, typically has a strong presence. Within the PDAC, a Greenland-focussed forum provides the opportunity for GMEL to present an overview and updates on the Kvanefjeld Project, which has an increasingly international profile. It also provides an important opportunity for a gathering of participants in Greenland's resources sector.

In recent months, prices for a number of key rare earths have performed quite strongly. This follows on from considerable structural change to the rare earth industry in China where extensive reforms have progressively been implemented over the last couple of years. The longer term demand outlook for key rare earths looks increasingly positive with demand set to be driven by growth in the permanent magnet and catalyst sectors.

## **Technical Cooperation with Shenghe Underway**

In February, GMEL personnel visited Chengdu, China, for a series of technically focussed meetings with Shenghe. Technical cooperation follows on from Shenghe finalising its acquisition of a 12.5% stake in GMEL in Q4, 2016, via its 99.999% subsidiary Le Shan Shenghe Rare Earth Co., Ltd.

The meetings saw the establishment of a technical committee to oversee optimisation work programs for Kvanefjeld and to plan the related work programs.

The meetings provided an excellent opportunity to gain further familiarity with a cross section of personnel from Shenghe, and their major shareholder, the prestigious Institute of Multipurpose Utilisation of Mineral Resources (IMUMR), a state-owned scientific research institution which is based in Chengdu and is a 14.9% shareholder in Shenghe.

The visit also provided the opportunity to visit Shenghe's existing separation and downstream processing facilities in Leshan City, and visit the potential location of new facilities located in close proximity to coastal access that will cater to the international growth strategy.

The optimisation programs will address two key elements of the Project.

## **1. Concentrate Grade and Recovery**

Shenghe has a long standing relationship with the prestigious Institute of Multipurpose Utilisation of Mineral Resources (IMUMR), a state-owned scientific research institution which is based in Chengdu and is a 14.9% shareholder in Shenghe.

The Technical Committee will commission the IMUMR to apply its demonstrated expertise in the areas of rare earths beneficiation to further improve the grade and recovery of rare earths from Kvanefjeld ore.

IMUMR specialises in research into mineral resources, with a strong focus on rare earth resources. Its research and development results have been applied in several industrialized rare earth mining operations in China. IMUMR also has experience in providing customised technical service to overseas rare earth deposits. GMEL expects positive optimisation opportunities for Kvanefjeld to result from this work. IMUMR's work will be undertaken in their facilities in China.

## **2. Refinery Optimisation**

The Technical Committee, with significant input from Shenghe personnel, has identified several potential flow-sheet improvements which, if proven to be economically viable, will simplify and optimise the Project. The refinery optimisation work will be undertaken in Australia. The refinery work programs will also explore the recovery of additional by-products from the leach stream. Scope of work documentation has since been developed, and is close to finalised. Both concentrator and refinery programs will run concurrently to fast-track the process.

Sample material has since been prepared and is currently being deployed for the test work programs.

The entry of Shenghe to the Kvanefjeld Project has immediately introduced a source of high level technical expertise as well as deep commercial knowledge on the rare earth sector which enables GMEL to configure Kvanefjeld to maximise its value as a significant, long term source of vital rare earths elements for the global industry.

It also provides the opportunity to integrate Kvanefjeld with leading downstream processing technology to generate a complete rare earth value chain with an established international customer base.

Visits to the Kvanefjeld site by IMUMR and/or its authorised personnel are planned for May, and high-level meetings of GMEL, Shenghe, and Government of Greenland representatives are currently being scheduled within the coming months.

### **Shared Resources Engaged to Assist in Licensing Process**

GMEL recently engaged the services of specialist consulting company Shared Resources to assist in finalising the environment and social impact assessments for the Kvanefjeld Project, and assist the company in preparing for the public consultation phase of the application process.

Ms Liz Wall is a founder and director of Shared Resources and is a social and environmental development specialist. Ms Wall is a Rhodes Scholar with degrees in Mining Engineering, Development Studies and Environmental Management. Prior to launching Shared Resources in 2008, Ms Wall was a Social and Environmental Development Specialist working with mining projects with the International Finance Corporation (IFC) and a Regional Development Manager and Health, Safety and Environment Policy Advisor for Rio Tinto in a number of locations around the world.

Shared Resources provides specialised assistance for companies with projects in countries with emerging natural resource industries in respect of the management of social and environmental impacts and assists companies to make best use of the opportunities associated with their projects.

Shared Resources' extensive experience with regulatory systems in developing countries will be of considerable benefit to the Company during this important phase of the mining license application process.

Shared Resources also has significant experience with project financing, particularly in developing world countries. This experience will inform updates to project documents, including the social impact assessment ('SIA') and environmental impact assessment ('EIA'), and support the Company's efforts to meet the international standards required of mining project proponents by financiers.

Engaging Shared Resources at this stage will assist the Company to ensure that the material for public consultations meets the highest possible standards and will effectively support both the grant of a mining license and negotiations in respect of project finance.

Further information on Shared Resources can be found on their website [www.sharedresources.com.au](http://www.sharedresources.com.au).

## **Mining License Application Status**

During 2016 the Government of Greenland ('GoG'), assisted by specialist technical advisory groups, completed detailed reviews of the EIA and SIA submitted in support of the license application.

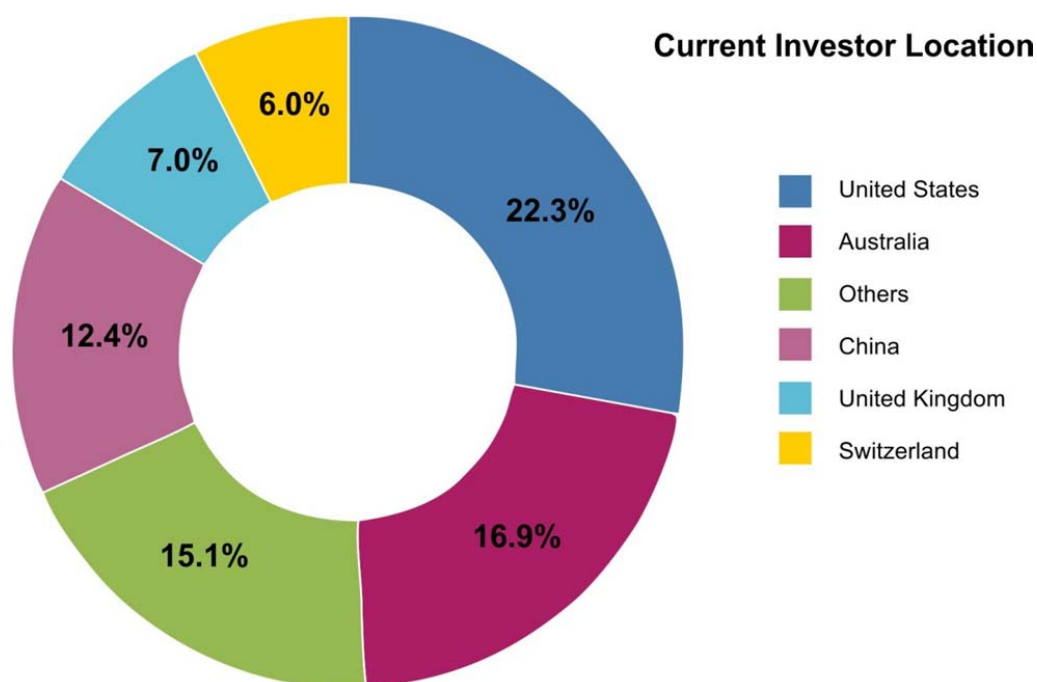
GMEL received comments through the latter half of 2016, and the specialist EIA reviews at the end of 2016. GMEL has been working closely with both the GoG and its advisors to incorporate the results of the reviews into revised versions of both the EIA and SIA. Where recommended, datasets are being updated and limited additional work has been commissioned as required. Revised versions of the SIA and the EIA will be completed once the feedback loops have been closed.

The Company has been very pleased with the constructive nature of the dialogue relating to the review of its submissions and the incorporation of feedback into revised documentation. Further meetings with key government departments will be held in early May in Greenland, and again in June in Denmark in cooperation with the Danish Centre for Environment.

## **Corporate Activity**

The last twelve months has seen a considerable increase in market interest in GMEL, and a notable increase in the Company's market capitalisation. This market activity has led to notable adjustments to the Company's shareholder registry, with an increasingly international and sophisticated shareholder base (Figure 1). This reflects the increasing maturity of the Kvanefjeld Project, and growing recognition of the potential importance of Kvanefjeld to future rare earth supply.

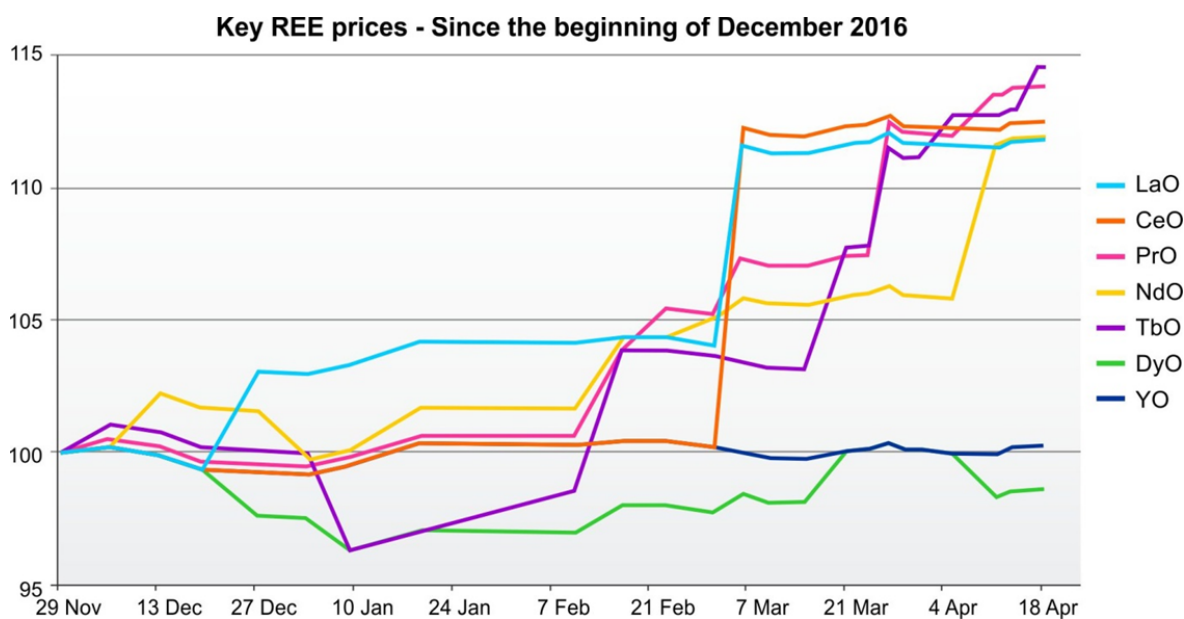
Much of the multi-year feasibility program to understand and assess Kvanefjeld has occurred against a backdrop of radical change to the rare earth sector in China, driven by government initiatives to consolidate, and improve the overall management of the sector. This has GMEL well placed to participate in the next phase in the evolution of the global rare earth sector with greater integration of China's world-leading rare earth expertise with high-quality resource projects outside of China.



**Figure 1.** The distribution of GMEL’s shareholding by country as of April, 2017. The Company has an increasingly sophisticated and international shareholder base. The majority of shares held under ‘others’ is held by Germany. Shenghe is the largest shareholder, followed by Global X ETF.

### Rare Earth Market Update

Since the beginning of January, 2017, prices for a number of the key rare earths have performed quite strongly. The prices for Nd, Pr, Tb (magnet material), La and Ce (catalyst components) are all up between 10 and 15% over this period (based on pricing information from the Association of China Rare Earth Industry (ACREI). 2016 should probably be considered to have been a period of consolidation and stabilization for REE prices and the market is now starting to move off the base established during 2016.



**Figure 2.** Relative movement in rare earth prices since December 2016 (indexed prices). Notable price increases have been achieved for neodymium, praseodymium and terbium oxides (magnet materials), along with lanthanum and cerium oxides (catalyst components). Source: Association of China Rare Earth Industry (ACREI)

### About Shenghe Resources Holding Ltd

**Shenghe Resources Holding Co. Ltd** (SSE 600392), (Shenghe) is a public company exclusively focused on mining and processing rare earth ores, and producing high purity rare earth oxides, metals and alloys along with a range of rare earth products. Shenghe is listed on Shanghai Stock Exchange (since 2012) and, as at 28 February, 2017 had 1.27 billion shares on issue and a market capitalization of approximately RMB 16.3 billion or AUD 3.3 billion.

Shenghe has a diversified background of its major shareholders. As at 25 February, 2017, the Institute of Multipurpose Utilization of Mineral Resources (IMUMR), a state owned scientific research institute specializing in mineral resources, holds 14.9%, Mr Quangen Wang, former engineer of IMUMR holds 7.27% and the Sichuan Giastar Enterprise Group, a private company involved in the agricultural industry holds 5.86%.

Shenghe is headquartered in Chengdu, Sichuan Province and is a single industry company with mining and processing activities in a number of Chinese centres, and has commenced the strategy of extending business outside China to increase the focus on overseas resources and international markets. Shenghe is involved at all levels of the rare earth industry, from mining through processing to the production of end products. Significantly, Shenghe also holds Chinese production quotas for the mining and separation/refining of rare earths.

For Shenghe, investment in GMEL is aimed to secure access to rare earth resources outside of China which are capable of supporting a range of rare earth businesses, facilitating long term growth opportunities.



## 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, Y), 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.

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.

Uranium forms an important part of the global base-load energy supply, with demand set to grow in coming years as developing nations expand their energy capacity.

## **Tenure, Permitting and Project Location**

### ***Tenure***

Greenland Minerals and Energy Ltd (ABN 85 118 463 004) is a company listed on the Australian Securities Exchange. The Company has conducted extensive exploration and evaluation of license EL2010/02. The Company controls 100% of EL2010/02 through its Greenlandic subsidiary.

The tenement is classified as being for the exploration of minerals. The project hosts significant uranium, rare earth element, and zinc mineral resources (JORC-code compliant) within the northern Ilimaussaq Intrusive Complex.

Historically the Kvanefjeld deposit, which comprises just a small portion of the Ilimaussaq Complex, was investigated by the Danish Authorities. GMEL has since identified a resource base of greater than 1 billion tonnes, including the identification and delineation of two additional deposits. The Company has conducted extensive metallurgical and process development studies, including large scale pilot plant operations.

### ***Permitting***

Greenland Minerals and Energy Limited is permitted to conduct all exploration activities and feasibility studies for the Kvanefjeld REE-uranium project. The company's exploration license is inclusive of all economic components including uranium and REEs.

A pre-feasibility study was completed in 2012, and a comprehensive feasibility study completed in 2015. A mining license application was handed over to the Greenland Government in December 2015, which addresses an initial development strategy. The project offers further development opportunities owing to the extensive mineral resources.

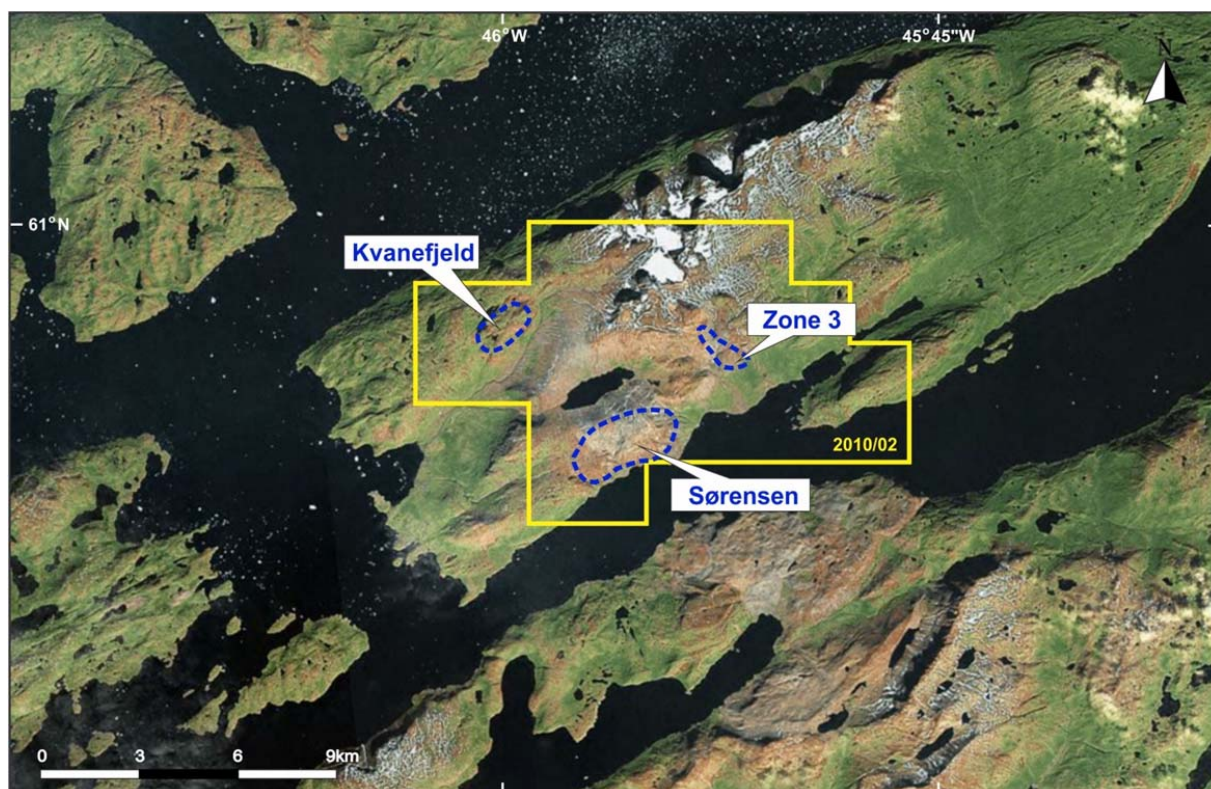
### ***Location***

The exploration lease covers an area of 80km<sup>2</sup> in Nakkaalaaq North on the southwest coast of Greenland. The project is located around 46° 00'W and 60 55'N.

The town of Narsaq is located approximately 8 kilometres to the south west of the license area. Narsaq is connected to Narsarsuaq International Airport by commercial helicopter flights operated by Air Greenland. Local transport between settlements is either by boat or by helicopter.

The Company has office facilities in Narsaq where storage, maintenance, core processing, and exploration and environmental activities are managed.

Access to the Kvanefjeld plateau (at approximately 500m asl) is generally gained by helicopter assistance from the operations base located on the edge of the town of Narsaq. It is possible to access the base of the plateau by vehicle and then up to the plateau by a track.



Overview of GMEL's 100% controlled license EL2010/02. A mining license application has been lodged.

Exploration License	Location	Ownership
EL 2010/02	Southern Greenland	Held by Greenland Minerals and Energy (Trading) A/S, a fully owned subsidiary of GMEL.

Capital Structure – As at 31 <sup>st</sup> March, 2017	
Total Ordinary shares	1,004,747,593
Quoted options exercisable at \$0.08 on or before 30 September 2018	187,800,180
Unquoted options exercisable at \$0.20 on or before 24 February 2018	7,500,000
Unquoted options exercisable at \$0.25 on or before 24 February 2018	7,500,000

Please visit the company's website at [www.ggg.gl](http://www.ggg.gl) where recent news articles, commentary, and company reports can be viewed.

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	Classification	M tonnes	TREO <sup>2</sup>	U <sub>3</sub> O <sub>8</sub>	LREO	HREO	REO	Y <sub>2</sub> O <sub>3</sub>	Zn	TREO	HREO	Y <sub>2</sub> O <sub>3</sub>	U <sub>3</sub> O <sub>8</sub>	Zn
(U <sub>3</sub> O <sub>8</sub> ppm) <sup>1</sup>		Mt	ppm	ppm	ppm	ppm	ppm	ppm	ppm	Mt	Mt	Mt	M lbs	Mt
<b><i>Kvanefjeld - February 2015</i></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				
Cut-off	Classification	M tonnes	TREO <sup>2</sup>	U <sub>3</sub> O <sub>8</sub>	LREO	HREO	REO	Y <sub>2</sub> O <sub>3</sub>	Zn	TREO	HREO	Y <sub>2</sub> O <sub>3</sub>	U <sub>3</sub> O <sub>8</sub>	Zn

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

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

<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.

**-ENDS-**

## **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 May, 2015. The studies demonstrate the potential for a large-scale, long-life, cost-competitive, multi-element mining operation. An exploitation (mining) license application for the initial development strategy was completed in 2015.

In 2017, GMEL is focussed on working closely with Greenland's regulatory bodies on the processing of the mining license application, and maintaining regular stakeholder updates. The Company will be undertaking technical work programs with Shenghe Resources Holding that aim to further enhance the Kvanefjeld Project, and ensure it is aligned with downstream processing. In addition, the Company will look to further value add initiatives including the recovery of additional by-products from the leach solution.

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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 and Ore Reserves**

*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.*

*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.