

# Greenland Minerals and Energy's Kvanefjeld Project could alleviate shortfall in rare earths supply



by **Proactive Investors**

Emerging rare earths developer, Greenland Minerals and Energy (ASx: GGG) has released an interim Pre-Feasibility report indicating the Kvanefjeld Project in Greenland would have free cash flow of US\$8.9 billion over the 23 mine life, if developed.

Key assumptions in the report were: a processing rate of 10.8mt pa, a conventional open pit mine, a waste to ore strip ratio of 0.8:1, a project life of 23 years, un-gear'd capital costs of US\$2.31 billion and construction commencing in 2013 with production commencing in 2015.

Average operating costs of 7.50/t of ore treated, and Rare Earth carbonate prices of US\$13/kg uranium price of US\$80/lb, growing annually at 5%.

When calculated, the Pre-Feas. study into the Kvanefjeld Project provided a Net Present Value (NPV) of US\$2.18 billion.

The Kvanefjeld Project could be developed as a world class, economically robust, large-scale mining operation that would produce a rare earth concentrate and uranium oxide over a +20 year mine life, the report said.

Viewed in perspective, the initial estimates indicate the proposed output at Kvanefjeld could rival that of Bayan Ebo in China, the world's largest rare earth producing mine that accounts for approximately 40% of current world production.

The Kvanefjeld Project, if developed, could assist in alleviating a worldwide shortfall of rare earths, Greenland Minerals managing director, Roderick Mcillree said today. This would also assist rare earth consumers.

China accounts for a total of 97 percent of global rare earth demand and in recent months indicated their desire to cease the export of certain rare earths, therefore creating a significant supply deficit in the market.

\$152 million market-capped Greenland Minerals owns the asset through its 61% holding in the joint venture vehicle. The company holds options to move to 90% and then 100% through two payments of AU\$10m and AU\$50m respectively.