

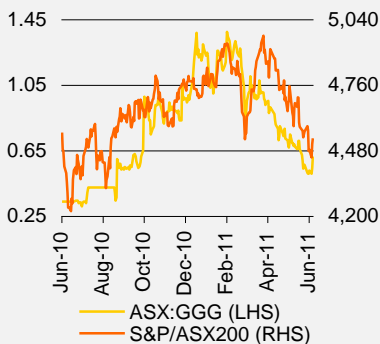
Greenland Minerals and Energy Ltd.

(Ticker: ASX: GGG)

June 22, 2011

RB MILESTONE GROUP 
EQUITY RESEARCH AND MARKET INTELLIGENCE

Price (A\$):	0.615
Beta:	0.85
Debt/Equity Ratio:	0.00
Price/Book Ratio:	3.28
Target Price (A\$):	2.69
Listed Exchange:	ASX, FSE, US OTC
* Initiated coverage on September 14, 2010	



Strong Growth Prospects in REE Industry

Australia-based Greenland Minerals and Energy Ltd (“GMEL” or the “Company”) is an exploration and development company operating in southern Greenland. GMEL (61%) and Westrip Holdings Ltd (39%) make up Greenland Minerals and Energy A/S. The Company’s primary focus is on developing the Kvanefjeld multi- element deposit (Rare Earth Elements (REEs), Uranium and Zinc). Kvanefjeld is one of the largest multi-element deposits of its kind globally. The Company acquired the Kvanefjeld project in mid-2007 and is well-versed with the government’s stance on uranium exploration and development in Greenland which was a zero tolerance approach that was instituted in the 1980s. The Company’s discussions with the Greenland government turned out to be fruitful and a new amendment has been introduced to the standard terms for exploration licenses in Greenland that creates a framework for the evaluation of projects that include uranium amongst other economic elements. Within this framework, the Company is allowed to fully evaluate the Kvanefjeld project, and conduct all studies necessary to apply for a mining permit. The Company announced a new resource estimate for Kvanefjeld with key improvements including overall resources (619 Mt), indicated resources (437 Mt), the definition of near- surface, higher grade zones and overall contained metal. An interim pre-feasibility study released in Q1 2010 indicated the potential for Kvanefjeld to be developed to become of the world’s largest and most cost-effective rare earth producing mines.

We have valued the Company based on present value of future cash flows from its projects starting 2016 and a mine life of about 22 years (current estimate). With a discount rate of 13.1%, we have arrived at a fair value of A\$2.69 for the stock.

Investment Arguments

- **New Amendment Facilitating Exploitation/ Exploration of Radioactive Elements:** The Company had applied to the Greenland government for a permit to include uranium in its licensing conditions. A new amendment has been made by the Greenland government, after Company officials held regular discussions with the government concerning the issue of inclusion of radioactive elements as exploitable minerals for the purpose of thorough assessment and reporting. This move would help the Company to complete its definitive feasibility study for Kvanefjeld rare earth and uranium project, which in turn would facilitate generating critical information for predicting valuation parameters for Kvanefjeld
- **Appointment of the Grontmij/Carl Bro and Orbicon:** The Company has awarded contracts for key social and environmental studies on the Kvanefjeld Multi- Element Project to well-known Grontmij/Carl Bro and Orbicon. An environmental arm of Orbicon focuses on the preparation of Environmental Impact Assessments for both land- and marine- related projects. Orbicon also has a good rapport with a regulatory body in Greenland. Grontmij/Carl Bro specializes in providing various services across a wide range of disciplines
- **Discovery of New Multi-Element Deposits:** The Company has confirmed the presence of three new multi-element deposits within the northern Ilimaussaq Complex in Greenland. At Zone 2 a large body of lujavrite with significant REE and uranium grades, having strong continuity over broad intervals, with multiple significant intercepts. The initial twelve holes have identified an upper lens at Zone 2 that locally exceeds 160m in thickness, and is of a higher grade tenor than resources defined at Kvanefjeld. This development confirms that the northern Ilimaussaq complex offers vast resources, with the potential to produce both light and heavy rare earth products, uranium and zinc concentrates, fluoride compounds and a zirconium product. The Company has planned drill campaigns in 2011 to establish initial resources at these new target areas with an emphasis on pursuing higher grade material.

Recent News

06/21/2011- Greenland Minerals & Energy technical work to boost rare earth elements recoveries and output at Kvanefjeld

05/18/2011- GMEL consolidates ground position around the Ilimaussaq Complex and Kvanefjeld REE U Zn Project

03/22/2011- Greenland Minerals and Energy releases an upgraded resource estimate for the Kvanefjeld Multi-Element Project (REEs, U, Zn)

02/17/2011- GMEL confirms a substantial new Rare Earth Element – Uranium Deposit with big Drill Intercepts

02/08/2011- Greenland Minerals appoints new Commercial Manager

02/01/2011- Greenland Minerals awards contracts for key Social and Environmental Studies

12/14/2010- GMEL receives permit for the full evaluation of the Kvanefjeld Multi-Element Project (REEs, U, Zn)

11/03/2010- Greenland Minerals launches new mineralogical study

Shares in issue

362.756M

Market cap

A\$ 223.095M

52 Week High: A\$1.41

52 Week Low: A\$0.31

- **New Kvanefjeld Resource Projection:** The Company has upgraded the resource estimate for the Kvanefjeld multi-element project. The Company has announced that total resource increased by 162 Mt, to 619 Mt and indicated resources increased by 72 Mt to 437 Mt
- **Soaring Prices of Rare Earth Elements (REE):** It is very likely that the prices for REE would substantially increase over the next few years. At present, China alone supplies 96.7% of the world's REE demands and a continued program of reducing export quotas and implementation of stricter norms could hit global REE supply and pricing. The Company claims that the project – currently in pre-feasibility studies – could supply more than 20% of the world's REE demand once it is operational

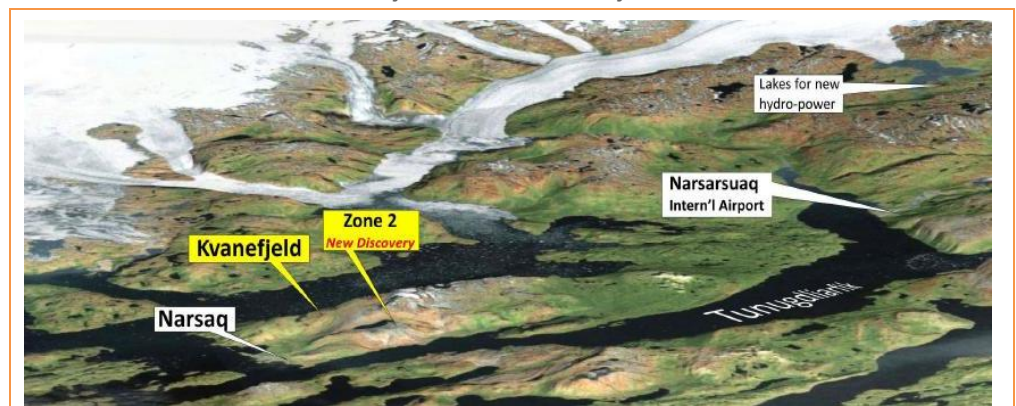
Kvanefjeld Updates

New Amendment to the Standard Terms for Exploration Licenses Provides Pathway for the Development of Kvanefjeld

The Government of Greenland has made amendments to the Standard Terms for Exploration Licenses in Greenland. The amendments have brought in a change that permits inclusion of radioactive elements as exploitable minerals for the purpose of thorough evaluation and reporting. The alterations were possible due to the continuous discussions held by the Company officials with the Greenland government.

This development would assist the Company in the completion of its definitive feasibility study for Kvanefjeld rare earth and uranium project in cooperation with Greenland Government and stakeholder groups. The definitive feasibility study assessing environmental and social impact along with technical and economic evaluations would help in gathering key information necessary for establishing a viable development scenario.

Exhibit 1: Greenland Minerals' Kvanefjeld Multi-Element Project



Source: Company

The amendment to license terms is critically important to the Company, because comprehensive feasibility studies can now be undertaken on projects that include radioactive elements as exploitable minerals. The demand for REEs, uranium and zinc is soaring globally. The project would facilitate the development of a mining industry in Greenland and could generate substantial revenue for the Company, along with generating employment opportunities, and providing significant revenues for Greenland.

GMEL Granted Permit to Evaluate Kvanefjeld Project

Following the amendment to license terms, the Company received an approval to fully evaluate the Kvanefjeld multi-element project including radioactive elements on 14 December 2010. The license was granted following a hearing process in Greenland that involved the National Environmental Research Institute, the Ministry for Health, the Ministry of Domestic Affairs, Nature and Environment (NNPAN) as well as the South Greenland

municipality. GMEL is the first company in Greenland to receive permission for the evaluation of a project that includes uranium. This has created a clear path for the development of the Kvanefjeld project.

The definitive feasibility study program includes environmental and social impact assessments, which are to follow the guidelines established by Greenland's Bureau of Minerals and Petroleum (BMP). At the completion of the definitive feasibility study, including the environmental and social impact assessments, the Company will lodge an application for an exploitation license with the BMP.

In 2011, the Company will provide updates on key technical developments that will see a highly efficient development scenario established for the Kvanefjeld project. The definitive feasibility study will commence in the second half of the year.

Awarded Contracts for Key Social and Environmental Studies on the Kvanefjeld Multi- Element Project

The Company announced on 1 February 2011 that it has appointed Grontmij/Carl Bro and Orbicon to lead the upcoming social and environmental impact assessments, which form critical components of a definitive feasibility study for the project in Greenland. Both organizations are eminent consultancy firms recognized globally and have worked in Greenland for many years. They have also conducted background and baseline studies for Greenland on the Kvanefjeld project.

Grontmij/Carl Bro has a large clientele in and outside Europe and the group specializes in providing services across a wide range of disciplines including construction and infrastructure, energy and climate, and environment. Part of its Denmark-based team conducts social studies, specifically Social Impact Assessments (SIAs), and has a strong understanding of the social considerations of Greenland. On the other hand, the environmental arm of Orbicon specializes in the preparation of Environmental Impact Assessments (EIAs) for both land- and marine- related projects, and is well-versed with environmental considerations specific to Greenland.

Apart from providing guidance on EIAs, Orbicon also has a good working relationship with Greenland's BMP, which is a regulatory body in Greenland issuing guidelines related to EIAs. The Company would benefit by working with Grontmij/Carl Bro and Orbicon and hence the collaboration would help timely and effective execution of mining operations of Kvanefjeld project.

Upgraded Resource Estimate for the Kvanefjeld Multi- Element Project

GMEL has released a new resource estimate for the Kvanefjeld multi- element project. The considerable improvements in the new estimates can be credited to further drilling at Kvanefjeld undertaken during the 2009 and 2010 field seasons and generation of new geological models.

Key points of new Kvanefjeld resource estimate:

- Total resource increased by 162 Mt, to 619 Mt*
- Indicated resources of 437 Mt (an increase of 72 Mt)*
- Contained metal inventory of 6.6 Mt TREO, 350 Mlbs U₃O₈ and 3 Blbs Zn (TREO includes 0.24 Mt heavy REO, 0.53 Mt Y₂O₃)
- Near surface, higher grade zones defined, including 122 Mt at 1.4% TREO, 404ppm U₃O₈ (0.05% heavy REO, 0.12% Y₂O₃)
- Resources dominated by geochemical and mineralogical characteristics, in line with metallurgical process development and mining studies

* Estimated resources at 150 ppm U₃O₈ cut- off, consistent with previous resource estimate

These estimates are in close alignment with the geological characteristics of the deposits, and confirm Kvanefjeld’s status as one of the world’s largest REE- U resources.

Exhibit 2: Kvanefjeld- Key Intercepts Include

Zone 2	hole ID	S006	185m	@ 1.2% TREO	442 ppm U3O8	0.34% Zn
		S002	131m	@ 1.3% TREO	447 ppm U3O8	0.34% Zn
		S001	116m	@ 1.2% TREO	440 ppm U3O8	0.34% Zn
		S003	42m	@ 1.4% TREO	463 ppm U3O8	0.39% Zn
		S003	46m	@ 1.5% TREO	415 ppm U3O8	0.37% Zn
Zone 3		N003	116m	@ 1.3% TREO	363 ppm U3O8	0.35% Zn
		N002	43m	@ 1.4% TREO	379 ppm U3O8	0.38% Zn
		N004	28m	@ 1.2% TREO	460 ppm U3O8	0.36% Zn
		N001	18m	@ 1.5% TREO	462 ppm U3O8	0.32% Zn
Steenstrupfjeld		K154	44m	@ 1.4% TREO	328 ppm U3O8	0.30% Zn
			22m	@ 1.3% TREO	377 ppm U3O8	0.35% Zn

Source: Company

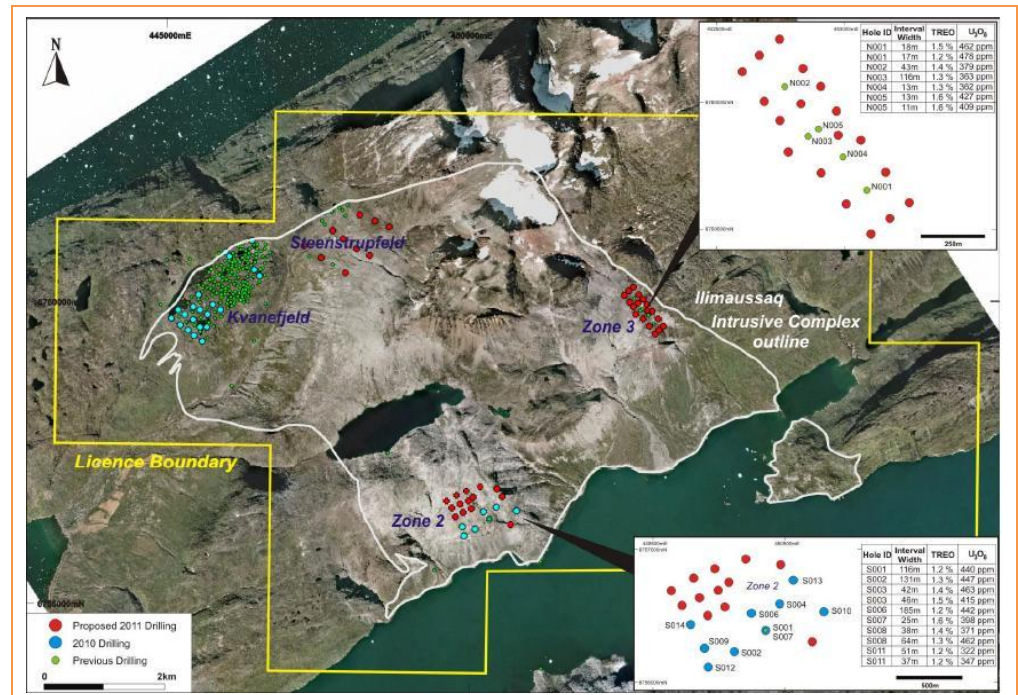
Zone 2- Substantial New Multi- Element Deposit Confirmed with Big Drill Intercepts

The Company has discovered a significant new multi- element deposit at Zone 2 within the northern Ilimaussaq Complex in Greenland. It has confirmed the presence of a large body of lujavrite (host rock to REE-U ores) with very encouraging REE and uranium grades, having strong continuity over broad intervals, through multiple significant intercepts.

The northern Ilimaussaq Complex is known for sub- horizontal layers. An unusual form of nepheline syenite called lujavrite forms an internal layer that locally outcrops, and is the host to REE- uranium- zinc mineralization. The Company has conducted geological and geophysical investigations into the complex, and has established three initial focal points outside Kvanefjeld. The first area to the immediate northeast of Kvanefjeld is known as Steenstrupfjeld, and the remaining two are currently referred to as Zones 2 and 3.

Zone 2, potentially the most significant of the new discovery areas is situated 6 km south of Kvanefjeld, and has lujavrite below a naujaite cap. Thick layers of lujavrite outcrop in the steep slopes that run between the ridge crest at 700m elevation, and Tunugdliarfik fjord. It offers the potential to considerably increase the resource base beyond that defined at Kvanefjeld, with potentially higher REE, U and Zn grades.

Exhibit 3: Overview of the Ilimaussaq Ore Field Showing the Location of Kvanefjeld and New REE-U-Zn Deposits that will be further drilled during the 2011 Field Season



Source: Company

Exhibit 4: Statement of Identified Mineral Resources, Kvanefjeld Multi-Element Project, March 2011

Multi-Element Resources, Classification, Tonnage and Grade										Contained Metal				
Cut-off	Classification	M tonnes	TREO ²	U ₃ O ₈	LREO	HREO	REO	Y ₂ O ₃	Zn	TREO	HREO	Y ₂ O ₃	U ₃ O ₈	Zn
(U ₃ O ₈ ppm) ¹		Mt	Ppm	ppm	ppm	ppm	ppm	ppm	ppm	Mt	Mt	Mt	M lbs	Mt
150	Indicated	437	10929	274	9626	402	1002 ₉	900	2212	4.77	0.18	0.39	263	0.97
150	Inferred	182	9763	216	8630	356	8986	776	2134	1.78	0.06	0.14	86	0.39
150	Grand Total	619	10585	257	9333	389	9721	864	2189	6.55	0.24	0.53	350	1.36
200	Indicated	291	11849	325	10452	419	1087 ₁	978	2343	3.45	0.12	0.28	208	0.68
200	Inferred	79	11086	275	9932	343	1027 ₅	811	2478	0.88	0.03	0.06	48	0.2
200	Grand Total	370	11686	314	10341	403	1074 ₃	942	2372	4.32	0.15	0.35	256	0.88
250	Indicated	231	12312	352	10950	443	1128 ₁	1032	2363	2.84	0.1	0.24	178	0.55
250	Inferred	41	11251	324	10929	366	1042 ₆	825	2598	0.46	0.02	0.03	29	0.11
250	Grand Total	272	12152	347	10947	431	1115 ₂	1001	2398	3.3	0.12	0.27	208	0.65
300	Indicated	177	13013	374	11437	469	1190 ₆	1107	2414	2.3	0.08	0.2	146	0.43
300	Inferred	24	13120	362	11763	396	1215 ₈	962	2671	0.31	0.01	0.02	19	0.06
300	Grand Total	200	13025	373	11475	460	1193 ₅	1090	2444	2.61	0.09	0.22	164	0.49
350	Indicated	111	13735	404	12040	503	1254 ₃	1192	2487	1.52	0.06	0.13	98	0.27
350	Inferred	12	13729	403	12239	436	1267 ₅	1054	2826	0.16	0.01	0.01	10	0.03
350	Grand Total	122	13735	404	12059	497	1255 ₆	1179	2519	1.68	0.06	0.14	108	0.31

Source: Company

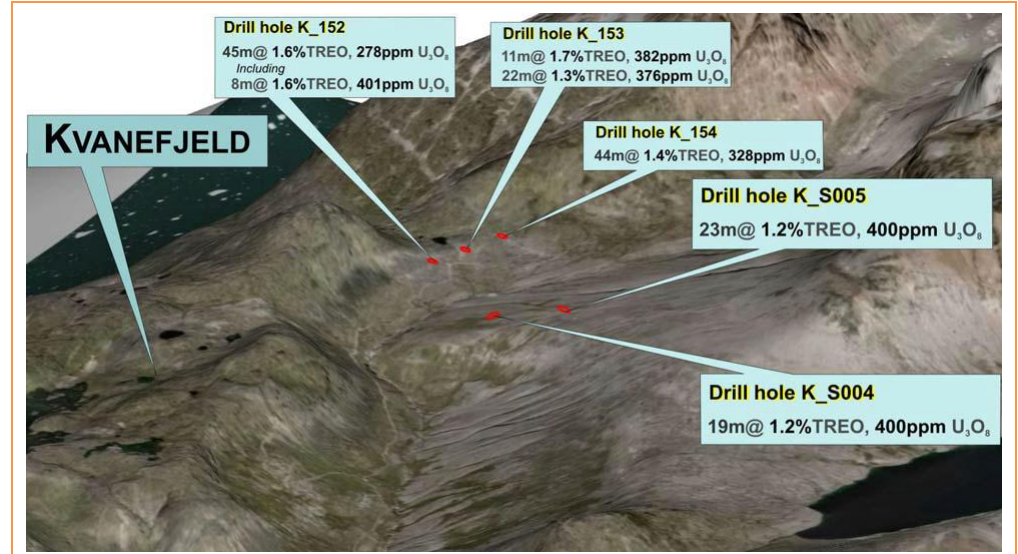
1. There is greater coverage of assays for uranium than other elements owing to historic spectral assays. U₃O₈ has therefore been used to define the cutoff grades to maximize the confidence in the resource calculations.

2. 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.

Steenstrupfjeld occurs at the top of the Narsaq valley, to the immediate east of Kvanefjeld. Mineralized lujavrite outcrops and was recognized historically. However, recent drill holes that were originally intended to sterilize the adjacent plateau intersected mineralization under a thin veneer of cover up to 950 meters away from the outcropping mineralization.

Exhibit 5: View over the Steenstrupfjeld Area Located near the Top of the Narsaq Valley



Source: Company

Exhibit 6: Drill Intercepts from Steenstrupfjeld

Hole_ID	From	To	Interval	TREO	U3O8	LREO	HREO	Y2O3	Zinc
	(m)	(m)	(m)	%	ppm	ppm	ppm	ppm	ppm
K_S004	4	23	19	1.2	400	10668	360	941	2797
K_S004	40	48	8	1	291	8899	305	789	1982
K_S004	80	90	10	0.9	269	8198	339	856	2247
K_S005	18	41	23	1.2	400	10170	373	1070	2470
K_S005	75	81	6	1.1	312	9990	368	1001	1651
K152	1	46	45	1.6	278	14476	348	791	3549
Including	3	11	8	1.9	401	17279	524	1195	4184
K152	118	124	6	1.1	227	9413	562	1126	2793
K153	0	11	11	1.7	382	15849	433	937	3968
K153	17	39	22	1.3	377	11638	443	1011	3494
K153	48	56	8	1.2	267	10669	398	859	3531
K154	32	76	44	1.4	328	12484	417	948	3019
Including	34	51	17	1.3	407	10816	564	1295	2331
K154	109	125	16	1.2	276	10982	390	905	3863

Source: Company

Intercepts calculated at 250 ppm U₃O₈ cut-off, maximum internal waste 4m, minimum intercept 5m.

*TREO=LREO+HREO+Y2O3

At Zone 2, the Company has drilled twelve holes till date, and has identified an upper lens that locally exceeds 160m in thickness, and is of a higher grade tenor than resources defined at Kvanefjeld. The deposit consists of a series of lenses, with a higher grade upper lens overlying a broader lower body. It remains open to the north. To the east, an inferred fault, or series of faults, disrupts the continuity of layering; however mineralization does continue east of this structural corridor.

Exhibit 7: Key Zone 2 Intercepts

Hole ID	Interval m	TREO % ¹	U ₃ O ₈ ppm	Zn %
S006	185	1.2	442	0.34
S002	131	1.3	447	0.34
S001 ²	116	1.2	440	0.34
S008	64	1.3	462	0.33
S003	42	1.4	463	0.39
S003	46	1.5	415	0.37

Source: Company

1. Total Rare Earth Oxide (TREO) refers to the rare earth elements in the Lanthanide series plus yttrium
2. Intercept previously reported

The Company indicated that the Northern Ilimaussaq complex offers extensive and unique resources, with the potential to produce both light and heavy rare earth product, uranium and zinc concentrates, fluoride compounds and a zirconium product. Its upcoming drill campaigns in 2011 will focus on establishing initial resources at these new target areas with an emphasis on pursuing higher grade material.

Exhibit 8: Kvanefjeld – March 2011 Resources

Cut-off	Category	Tonnage	REO	U3O8	Zn
U ₃ O ₈ ppm	(JORC)	Mt	%	%	%
150	Indicated	437	1.09	0.0274	0.2212
150	Inferred	182	0.98	0.0216	0.2134
150	Grand Total	619	1.06	0.0257	0.2189
250	Indicated	231	1.23	0.0352	0.2363
250	Inferred	41	1.13	0.0324	0.2598
250	Grand Total	272	1.22	0.0347	0.2398
350	Indicated	111	1.37	0.0404	0.2487
350	Inferred	12	1.37	0.0403	0.2826
350	Grand Total	122	1.37	0.0404	0.2519

Source: Company

1. Uranium cut-off grades used owing to greater assay coverage; 2) TREO = rare earth elements plus yttrium

No Update on Certain Litigation Involving Validity of Termination of a Joint Venture with Westrip Holdings

Greenland Minerals and Energy Ltd owns a 61% interest in the Kvanefjeld Project which it acquired on 31 July 2007. As part of the acquisition, the Company entered into an unincorporated joint venture with Westrip Holdings Limited to carry out the exploration and evaluation of Kvanefjeld, and the Company received options to move to 100% ownership. Westrip claims that the joint venture is no longer in force which will affect GGG's rights regarding the remaining 39%. Greenland Minerals dispute this. The Supreme Court in Western Australia has set aside a time for this issue to be heard, which is during the first two weeks of December 2011.

On 29 June 2010, Westrip issued a letter to the Company purporting to terminate the joint venture agreement in respect of the Kvanefjeld Project including for reasons relating to the Company's support of shareholders of Westrip against the board of Westrip whereby, among other things, it was claimed that the directors were attempting to remove assets of Westrip without proper approvals. There is likely to be a continuing dispute about this issue and there are inherent risks in such a dispute including but not limited to costs and the imposition of damages. There have been no further developments in the litigation during this period.

Recent Developments in the Rare Earth Elements Industry

Shift in Chinese Policy to Restrict REE Exports

China pursues stricter norms to consolidate its rare earths industry. Various policy changes have been undertaken by the Chinese government over the past six months, which can be summarized as follows-

- China's Ministry of Commerce mandated in November last year, that exporters who apply for export quotas on the metals, "should comply with related regulations on development plans, policies and management of the rare-earth industry and obtain the ISO 9000 quality-system certification".
- In mid-December, China's Ministry of Finance announced that export taxes for some rare earth elements will be raised to 25% next year-
 - Export tax on Neodymium, used in batteries for hybrid cars, will be raised from the temporary 15% levied earlier.
 - Export of Lanthanum, used in hybrids, and Cerium, used for polishing semiconductors, was not taxed in 2010, and will be taxed at 25% in 2011.
 - Export tax for Dysprosium will be kept at 25% next year, and the same with Terbium.
- In late-December, China cut its export quota for rare earth elements by 35% for the first half of 2011 versus a year ago. China's Ministry of Commerce stated that the step was intended to preserve ample reserves, and warned that it may base its total 2011 export quota on the first half figures.
- In early-January, China brought 11 rare earth mineral mines under state control in order to enhance "protection and reasonable development" of the sector. The land and resources ministry of China announced that the 11 mines covering an area of 2,534 square kilometers (978 square miles) were the first batch of "state planned mining zones" for rare earths.
- China is also building strategic reserves in rare-earth metals. Reports suggest that storage facilities built in recent months in the Chinese province of Inner Mongolia can hold more than the 39,813 metric tonnes China exported last year.

Surging Rare Earth Metal Prices

As in 2010, the prices of Rare-earth metals continue to rise in 2011, largely due to further restriction in export quotas in China. This has created imminent short supply for the rest of the world.

With China currently controlling greater than 95% of global REE supply, a continued program of reducing export quotas is having a massive impact on global REE supply and pricing. In order to meet the rapidly emerging void in supply, a new generation of REE-producing mines is needed, outside China.

Recent Results

Exhibit 9: Consolidated Profit and Loss Statement for the year ended 31 December 2010

(In '000 \$)	12 Month period ended 31 Dec 2010	6 Month period ended 31 Dec 2009	YoY%
Revenue from continuing operations	717	388	84.79%
Expenditure			
Directors benefits	-1,031	-586	75.94%
Employee benefits	-1,825	-811	125.03%
Legal fees	-1,111	-1,574	-29.42%
Marketing & Public Relations	-630	-262	140.46%
Occupancy expenses	-235	-134	75.37%
Other expenses	-3,049	-841	262.54%
Loss before tax	-7,164	-3,823	87.39%
Income tax expense	-	-	
Loss for period	-7,164	-3,823	87.39%
Basic loss per share- cents per share	2.60	1.70	52.94%

Source: Company

During the full-year ended December 31, 2010, Revenue from continuing operations rose 84.8% to \$717,000, compared to \$388,000 recorded in the six month period last year. Other revenue surged 146% to \$261,000 from \$106,000 in the corresponding period last year. On the expenditure side, employee benefits jumped 125% to \$1,825,000 from \$811,000 in the twelve months period to December 31, 2010. Loss before tax widened to \$7,164,000 from \$3,823,000 recorded during the twelve months ended December 31, 2010. Given that it is an exploration stage mining company, Greenland does not currently generate any income from operations and must issue equity for funding its operations. Loss for period was also the same due to absence of income tax expenses.

Valuation & Investment View

We have valued the vast multi-element resources of the Company's license area 2010/02 over the northern Ilimaussaq Intrusive Complex that the Company is exploring (this includes the Kvanefjeld project). The interim report on the Kvanefjeld pre-feasibility study released in early February 2010 contains the following observations:

- Processing rate of 10.8 Mtpa
- Forecast nominal production of 43,729 t of REO, and 3,895 t U₃O₈ pa
- Life of mine throughput: 239 Mt @ 1.01% TREO and 314ppm U₃O₈
- 23 year mine life

We have valued the Company using the future free cash flow projections of the project and discounted them using the weighted average cost of capital to arrive at a present value and to evaluate the potential for investment. We have assumed that the Company would increase its stake in the Kvanefjeld prospect to 100% through the joint venture options. The capital cost assumption of \$2.31 billion includes \$380 million of contingency costs and this should comfortably cover the \$60 million investment required for the payment of the options. If we were to assume an investment for the same in 2012, in addition to the contingency costs, the value would reduce to \$2.2 per share. The Company is currently in litigation with Westrip Holdings over the status of the above mentioned options. Should there be any adverse legal judgement on the options against the company, the value per share would reduce proportionately (to about \$1.71, an upside of 95% over the market price as of April

27, 2011). We have additionally assumed that the current Zero Tolerance Policy would be modified in the future and the exploration and mining of uranium reserves would be allowed. Should this event not happen according to our expectations, there will be a substantial material reduction in the valuation of the Company.

The following table shows the projected production of rare earth oxides and uranium expected from the property. We assume production starting in 2016. Based on the output, the total yearly revenues would be around \$1,298.97 million, with a mine life of about 22.13 years.

Exhibit 10: Production

Tons	tn	tn
	U ₃ O ₈	REO
10,800,000	3,895	43,729
Yearly		
Price Lb or Kg \$	\$80.00	\$14.00
Revenue	\$686,766,400	\$612,206,000
Total Yearly Revenue		\$1,298,972,400
Total Estimated Mineralized tons		239 Mn
Total Years of Production		22.13 years

Source: Company, RB Milestone Research

The Company plans to invest around \$ 2.31 billion in infrastructure at the Kvanefjeld project area. We have apportioned the capital costs of \$ 2.31 billion over the period 2010-2015. We assume operating costs of \$29.6 per lb for Uranium and \$3.36 per kg for REO.

Exhibit 11: Infrastructure and related costs

	U ₃ O ₈	REO		
Cost Lb or Kg \$	\$29.60	\$3.36	Yearly Cost	\$401,033,008
			Yearly Revenue	\$1,298,972,400
Infrastructure			Net CASHFLOW	\$897,939,392
Total Investment	\$2,310,000,000			

Source: Company, RB Milestone Research

Based on the above assumptions, we have arrived at the following cash flows streams. We have used a discount rate of 13.2% to arrive at the fair value.

Exhibit 12: Cash flows until the Start of Production

Fiscal Year	2011	2012	2013	2014	2015
(Mn)					
Investments	-150.0	-200.0	-350.0	-700.0	-910.0
Cash In Flows	0.0	0.0	0.0	0.0	0.0
Tax Rate					
Post Tax Cash Flows	-150.0	-200.0	-350.0	-700.0	-910.0
No. of Year	1	2	3	4	5
Discount Rate	13.1%				
Discounted Cash Flows	-132.7	-156.4	-242.1	-428.2	-492.3

Source: Company, RB Milestone Research

Exhibit 13: Projected cash flows after the start of production

Fiscal Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
Investments	0	0	0	0	0	0	0	0	0	0	0
Cash In Flows	897.9	897.9	897.9	897.9	897.9	897.9	897.9	897.9	897.9	897.9	897.9
Tax Rate	28%	28%	28%	28%	28%	28%	28%	28%	28%	28%	28%
Post Tax Cash Flows	646.5	646.5	646.5	646.5	646.5	646.5	646.5	646.5	646.5	646.5	646.5
No. of Year	6	7	8	9	10	11	12	13	14	15	16
Discount Rate	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%
Discounted Cash Flows	309.3	273.6	241.9	214.0	189.2	167.4	148.0	130.9	115.8	102.4	90.5

Fiscal Year	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Year	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22
Investments	0	0	0	0	0	0	0	0	0	0	0
Cash In Flows	897.9	897.9	897.9	897.9	897.9	897.9	897.9	897.9	897.9	897.9	897.9
Tax Rate	28%	28%	28%	28%	28%	28%	28%	28%	28%	28%	28%
Post Tax Cash Flows	646.5	646.5	646.5	646.5	646.5	646.5	646.5	646.5	646.5	646.5	646.5
No. of Year	17	18	19	20	21	22	23	24	25	26	27
Discount Rate	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%
Discounted Cash Flows	80.1	70.8	62.6	55.4	49.0	43.3	38.3	33.9	30.0	26.5	23.4

Source: Company, RB Milestone Research

Exhibit 14: Calculation of WACC

Cost of Equity	
Risk Free Rate	5.3%
Stock Premium	9.2%
Beta	0.85
Expected Return	13.1%
Cost of Debt	
Average Borrowing rate (before tax)	0.0%
Tax Rate	29.0%
Cost of Debt	0.0%
Capital Structure	
Book value of equity (December, 2010)	52,780,000
Book value of debt (December, 2010)	0
Total Capital (excl deferred tax liability)	52,780,000
WACC	13.1%

Source: RB Milestone Research

Exhibit 15: Calculation by Discounted Cash Flow Method

	\$
PV of Cash Flow	964,517,248
Add Cash	11,587,000
Less debt	0
Valuation for the properties	976,104,248
Shares Issued	362,756,000
Value per share (in \$)	2.69
Current Market price (\$)	0.615
Upside potential	337.5%

Source: RB Milestone Research

We value the Company based on PV of cash flow which is expected to be generated from its Kvanefjeld project. Assuming a discounting factor of 13.1% and a production span of 22 years, we have arrived at a target price of \$2.69, which provides an upside of 337% to the current market price.

Though the project offers substantial returns, there is a high level of uncertainty associated with its production and anticipated cash flows. In light of this, the investment is in the nature of a high risk investment.

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