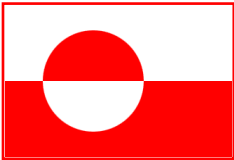


Rare Earth Elements Letter

INTERNATIONAL

the independent information and advice bulletin for Rare Earth Elements and related investments

November 2011



Self-rule will unlock Greenland's rich mineral potential

- ▶ Greenland, the world's biggest island, has had "Home rule" since 1979, and "Self Rule" since June 21, 2009, which means that the country has assumed the political decisions and competences that were previously issued from Denmark.
Under "Self Rule", Greenlandic is the nation's official language.
- ▶ Greenland has 57,000 inhabitants, of which approximately 15,000 live in the capital Nuuk.
- ▶ The inland ice, which is up to 3 km thick covers some 80% of Greenland – the ice-free zone around this area is up to 300 kilometres wide and covers an area of 410,000 km², which by comparison is more than Germany's 357,000 km.
- ▶ Greenland is part of the Danish Kingdom and the two countries are still united on affairs concerning foreign and defence policy, currency, the police and the courts.
- ▶ Greenland's GNP approximates US\$ 1,000 million with a further US\$ 400 million annually received as subsidies from Denmark. The island's exports, amounting to US\$ 250 million, derive mainly from fishing and related industries. Other prevailing industries are trade service, construction, tourism and mineral exploration.
- ▶ Denmark currently subsidizes Greenland with annual grants of more than 3 billion DKK (US\$ 566 million). Self-rule will allow Greenland to retain the first 75 million DKK (US\$ 14 million) from eventual mineral exploration revenues.
Subsequent revenues will be divided between the two countries, as the Subsidy from Denmark is reduced in line with revenues.

Mining industry holds the key to Greenland's future stability and growth

On January 31, 2010, the **Mineral Resource Act** approved by the government of Greenland came into effect. The step is considered to be a key milestone for Greenland on its path to self-rule.

There exists a general acceptance within Greenland that the mining industry holds the key to the country's future economic stability and growth.

The new era of self-rule will witness increased potential revenue from the untapped rich mineral wealth potential in Greenland.

History of mining and exploration

The most important mine in recent times was the Maarmorilik mine, which produced zinc, lead and silver during the period from 1973 to 1990.

In total more than 20 different mining operations are known from the last 150 years.

The period since 1990 has been the first for many years with no active mines operating in Greenland. This was one of the reasons why the Mineral Resources Act was changed in 1991 in an attempt to attract investment from renewed mineral exploration.

- ▶ In 1998, when the Bureau of Minerals and Petroleum (BMP) took over from the Danish authorities, the mineral industry in Greenland had a decline in the number of licences, but also the general interest in exploring in Greenland and the mineral potential. The trend continued to the all-time low in 2002.

From 2002, there has been a turn of tide when the BMP designed a marketing strategy where the Greenland mineral potential was to be promoted on a systematic continuous basis.

- ▶ From 2002 and onwards the tendency of licences issued, combined with relinquishments has resulted in a growing number of granted mineral licences. From 17 exclusive licences in 2002, the number has grown to more than 70 in 2010, and in April 2011 the number was grown to 94 exclusive licences including current applications. In the same period the number of non-exclusive prospecting licences went from 6 in 2002 to 20 in April 2011. Along with the growth in numbers of licences the activities also grew.
- ▶ From 2003 to 2010 the Government of Greenland has issued 4 exploitation licences for mining activities. **Angel Mining** is re-activating the Black Angel lead and zinc mine (commences production in 2013) and also has a licence for gold exploitation (Nalunag). **Qudra FNX Mining** is waiting for higher molybdenum prices. **MineIco**'s industrial mineral-olivine operations are temporarily suspended.
- ▶ As the number of drillings rose in the years 2002 to 2010, the exploration expenditures spend exploring Greenland has followed to more than DKK 524.5 million (US\$ 99 million) On top of this comes the amount spent on in mine construction and preparation to begin the exploitation.
- ▶ From 2002 to 2005 the licence area had more than doubled to almost 13,000 km². From 2005 to April 2011 the licence area showed a strong further growth to more than 40,000 km² including applications.
- ▶ When looking at origin of the exploration companies operating in Greenland, the big mining countries Australia and Canada represent almost 60% of the companies currently active in Greenland.

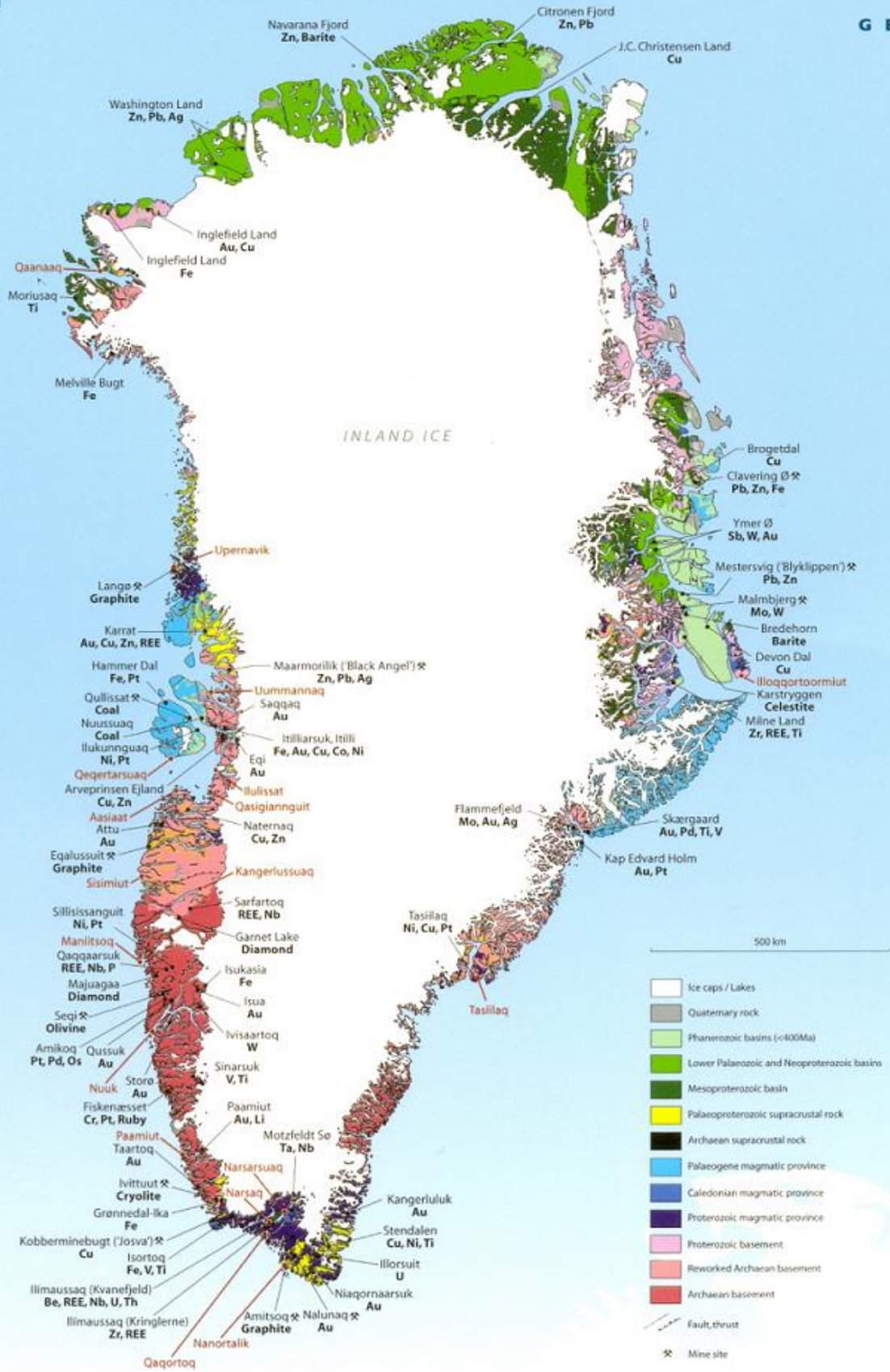
Greenland's rich mineral potential driven by REE and uranium

While before 2009 exploration activities had been particularly focused on base metals, precious metals, iron ore and gems, in the last few years exploration has been driven by the search for rare earth elements and uranium, led by **Greenland Minerals and Energy** of Australia (Kvanefjeld deposit and also including **Hudson Resources** of Canada (Sarfartoq deposit), **NunaMinerals** of Greenland (Queguertaasag and Tijiusaag prospects), **Ram Resources** of Australia (Motzfeldt project) and non-listed **Avannaa Resources** of Denmark (Karrat deposit).

With exploration for and exploitation of radioactive elements not being allowed, in September 2010 the Greenland government introduced an amendment to Standard Terms for Exploration Licences.

The amendments allow for upon approval the inclusion of radioactive elements as exploitable minerals for the purpose of thorough evaluation and reporting.

GREENLAND GEOLOGY AND SELECTED MINERAL OCCURRENCES



SUMMARY OF BIGGEST DEPOSITS IN GREENLAND

- ▶ **Citronen** Zinc-Lead deposit in Northern Greenland (SEDEX)
Ironbark, Australia
Pre-feasibility stage
- ▶ **Malmberg** Mo porphyry deposit
Quadra Mining, Canada (QUA – TSX)
Exploitation Licence
- ▶ **Skaergaard** PGE-Au deposit in East Greenland (orthomagmatic)
Platina Resources, Australia (PGM - ASX)
Pre-feasibility stage
- ▶ **Illimaussaq** intrusion Ta-Nb-Y-Zr-U-Tg-REE deposits (alkaline complex)
- **Kvanefjeld** REE-U-Zn-NaF deposit
Greenland Minerals and Energy (GGG – ASX)
Pre-feasibility stage
- **Motzfeldt** Sø Ta-Nb-REE deposit
Ram Resources, Australia (RMR – ASX)
Project stage
- **Kringlerne** Zr-REE deposit
Tanbreez (Rimbal Ltd.), Australia
Feasibility stage



➤ **Greenland Minerals and Energy (GGG – ASX)**

Greenland Minerals has recently increased its interest in the Kvanefjeld REE-Uranium-Zinc Project from 61% to 100%. The Project, renowned as the world's largest JORC-compliant resource of REEs in multi-element resource, is located on the southwest tip of Greenland near the town of Narsiaq

In June 2009, Greenland Minerals and Energy released an initial updated resource statement confirming Kvanefjeld, at a total 4.91 million tonnes REO, including 120,000 tonnes or 283 million pounds of U3O8 and 1 million tonnes zinc, which already made Kvanefjeld the world's largest JORC-compliant resource of REEs in multi-element resource.

As a result, in 2009 Greenland Minerals' focus was shifted from exploration and resource definition to the requirements of an interim Pre-Feasibility Study on the Kvanefjeld Project, which was completed in December 2009 and the results of which were released on February 1, 2010.

The Study evaluated an operation with **nominal forecast production of 43,700 tonnes total REO**, and **3,895 tonnes of U3O8 per year** based on Indicated resources, and provide a Net Present Value of US\$ 218 billion and a free cash flow of US\$ 8.9 billion over a 23-year mining period, if developed.

On March 23, 2011 Greenland Minerals announced a new JORC-compliant resource estimate being prepared by SRK Consulting which showed an increase of 162 million tonnes to a total resource of **619 million tonnes** and an increase of the indicated resource of 72 million tonnes to 437 million tonnes (at a 150 ppm U3O8 cut-off).

On August 2, 2011, Greenland Minerals announced the approval of "Terms of Reference" for Environmental and Social Impact Assessment (EIA and SIA) by the Greenland Government. The EIA and SIA are critical components of a Definitive (Bankable) Feasibility Study in Greenland as set out by its Bureau of Minerals and Petroleum (BMP).

On October 19, 2011 Greenland Minerals announced a technical break-through in the beneficiation of the REE-uranium minerals produced to be mined at Kvanefjeld, which offer the potential to effectively and significantly increase the ore grades. The Company's environmental and social impact assessments are on track to be completed by late 2012. The Definitive Feasibility Study process should be drawing to close in late second quarter of 2013.

➤ **NunaMinerals (NUNA - OMX Copenhagen) 37.1% owned by the government of Greenland**

The Company has two REE projects. At Queqertaasaq 1,590 metres (13 holes) have been drilled to test four targets. REE veins were intersected at all targets and graded up to 4.5% TREO over 4.7 metres. Strike continuity of more than 160 metres has been intersected.

A Phase 2 drilling for downdip and lateral continuity is initiated.

At Tikiusaaq the first phase of drilling was completed in July. Eight holes were drilled for a total of 1,251 metres.

Other activities in Greenland include gold, nickel, wolfram, diamond and platinum exploration.

➤ **Hudson Resources (HUD – TSX.V)**

Hudson is focused on advancing the Sarfartoq Rare Earth Project located in western Greenland. The Company has established a NI 43-101 compliant Inferred resource of 14 million tonnes averaging 1.51% TRE, including 40.6 million kilograms of neodymin oxide at the ST1 Zone.

Hudson is the leader of diamond exploration in Greenland having discovered the Garnet Lake Project.



➤ **Ram Resources (RMR – ASX)**

Ram has focused its primary attention to explore the Motzfeldt Multi-Element Project in southern Greenland. The Motzfeldt Project has been explored earlier in the 1980s by the Greenland-Danish Geological Survey (GEUS) in the early 1980s which identified tantalum-niobium-rare earth elements.

GEUS estimated a target of 200-250 million tonnes at an average grade of 1,800-2,200 ppm niobium oxide and 130-160 ppm tantalum oxide with potential to outline internal high-grade zones at the Aries prospect.

The focus of Ram's first program at Motzfeldt, which commenced by the end of July 2011, will be to estimate an initial Inferred Mineral Resource at the Aries prospect by the end of November 2011.

➤ **Avanna Resources – not listed**

Avanna Resources' commodity targets in Greenland include: precious and base metals, diamonds and rare earth elements.

The Company holds 7 exploration licences.

In 2007, Avanna made the REE discovery at the Niaqornakarsan peninsula (NIAQ) on the coast in Central West Greenland and in 2009 the discovery at the Uiamako Nuna peninsula (UMIA).

The NIAQ discovery hosts tens of million tonnes core analysis indicated that the TREO plus yttrium oxide is an average of 1.02 wt% of which GREO plus yttrium oxide accounts for 12.8%.

Overview of Uranium and Rare Earths companies active in Greenland											
		Trading symbol		Share price		Change	12 months		Net shares	Market cap.	
October 30, 2011				current	Ult.2010	in %	H	L	issued	million	million
Location of listing											
Australia:				A\$			A\$	A\$		A\$	US\$
Greenland Minerals and Energy	GGG	ASX	0.53	1.20	-56	1.41	0.42	410.4	217.5	233	
Ram Resources	RAM	ASX	0.006	0.03	-80	0.01	0.03	954.9	5.7	6	
Canada:				Cdn\$	Cdn\$		Cdn\$	Cdn\$		Cdn\$	US\$
Hudson Resources	HUD	TSX.V	0.55	1.64	-66	1.86	0.40	80.2	44.1	45	
Denmark:				DKK	DKK		DKK	DKK		DKK	US\$
NunaMinerals	NUNA	OMX	142	301	-53	332	130	1,292	183	35	