

GREENLAND MINERALS AND ENERGY

VOTE FOR BRIGHTER MINING FUTURE

Greenland's parliament declared in-principle support for by-product uranium mining after its people voted for greater independence from Denmark in a historic referendum on November 25, 2008.

DENMARK AND Greenland currently share Greenland's mineral rights and in exchange the Danes return subsidies to Greenland.

All that will change on June 21 this year, when greater independence will pass over to the Greenlanders on their national day.

"It's an exciting time for the people of Greenland," said Greenland Minerals and Energy (ASX: GGG) managing director Roderick McIlree.

The country of Greenland will take 100% control of its mineral and oil acreage rights after the June handover, with Danish subsidies to be progressively reduced.

"The referendum is a huge step forward for the country in its journey towards total independence," McIlree told *RESOURCESTOCKS*.

Greenland, an Organisation for Economic Co-operation and Development member, became part of the kingdom of Denmark in 1953 and was granted self-rule in 1979.

A record 76% of Greenlanders voted for expansion of self-rule at the referendum last year, in a turnout estimated at 71%.

"I'm extremely moved by it all," Greenland Premier Hans Enoksen said at the time. "Now we can take the next step."

Greenland Minerals projects general manager Dr John Mair said the Danes' surrender of all mineral rights presented an opportunity for Greenland to build a future based on natural resource development.

"Greenland has shown a huge willingness to move towards a mining-based economy," Mair said.

Mining would enable the nation to use royalties to fund greater independence and fuel growth of an

economy now reliant on fishing and other small internal industries.

It is also the signal of a new era for the Australia-based explorer as it prepares a prefeasibility study for its flagship Kvanefjeld project, an undeveloped, world-class deposit of rare earth elements, uranium and sodium fluoride in southern Greenland.

The Kvanefjeld deposit contains an inferred resource of 100,960 tonnes of yellowcake, in addition to an inferred resource of 2.59 million tonnes of rare earth oxides and 2.21Mt villiumite (sodium fluoride), with scope for substantial increases.

McIlree believes the size and scale of the project will have huge implications for the ongoing economic viability of the country.

Greenland Minerals is working closely with the Greenland government as the nation prepares for greater independence.

"The Greenlandic parliament has declared in-principle support for the mining of uranium produced as a by-product of other metals projects," McIlree said.

A moratorium on uranium mining in Greenland has been in place since the 1980s.

Allowing by-product production will mean that when uranium is found while mining other metals, it too can be mined, rather than be treated and neutralised onsite.

"What we've argued is we're not there to mine or look specifically for uranium. We've actually identified a very large deposit of rare earth metals, metals of increasing strategic importance, and within that deposit is a coincidental uranium resource, because it occurs in a broader uranium province," McIlree said.

He said parliament would delegate responsibility for drafting legislation to Greenland's congress and administration and the company would then assist officials who would evaluate international codes of conduct and precedents set by member states of the International Atomic Energy Agency.

"It won't become law until sometime after the mineral rights have transferred from the crown of Denmark," McIlree said.

Once the junior company makes the step to producer, a relaxation of the ban would enable it to apply for a licence to mine the uranium it finds while mining rare earth elements at the surface and naturally occurring sodium at water table level.

Rare earth oxides represent more than 70% of the economic value of minerals at the site. Uranium follows this at close to 25% and sodium fluoride at 5%.

The size of the global rare earth market in 2008 was estimated at 132,500t with an estimated value of \$A1.75 billion, and is forecast to approach 200,000t by 2013.

Rare earths are becoming increasingly valuable as demand grows for products such as hybrid cars, plasma screens and other technology-based consumables.

Consumption is expanding at a rate of 8-13% per year, but world supply is becoming inadequate as demand increases and China restricts exports to supply local industries.

"Kvanefjeld is very rich in lanthanum, cerium and neodymium," said Mair, a geologist.

Lanthanum is used in rechargeable batteries and as a catalyst to increase efficiencies in oil refining. Cerium is used in modern catalytic

converters and neodymium makes the world's strongest magnets which are utilised in hybrid cars and allow miniaturisation of hard drives and other components in laptops, cellular phones and iPods.

Twelve of the 15 naturally occurring rare earth elements are found at Kvanefjeld in economic grades. The quantities of the minerals vary from medium to low grade, but because of the size of the resource, the rare earth deposit is expected to supply a large chunk of the world market in the future.

"It's a globally significant resource of strategic commodities, with potential to become the world's largest speciality metals project," Mair said.

Greenland Minerals' resource estimates are JORC compliant and were released to the market in May, with an update in August 2008. They are based on a diamond-core drilling program of 10,000 metres conducted by the company in the northern summer of 2007.

The explorer is expected to release a revised resource estimate to the Australian Securities Exchange late in the first quarter of this year, based on the 2008 drilling program of 20,000m.

The company will then use these estimates to update its resource model and finalise its targets for its 2009 drilling campaign, scheduled for May-October. A JORC-compliant resource statement will then be released.

This will feed into the Kvanefjeld prefeasibility study with completion scheduled for late 2009.

Greenland Minerals has a 60% stake in the Kvanefjeld project, with a non-expiring option to increase that to 100%.

It acquired the interest in mid-2007 and, to reflect its primary focus, sold out of several projects and changed its name to Greenland Minerals and Energy from The Gold Company.

The company has \$A17 million in the bank, raised with public offerings completed in August and December of 2007, and has paid all 2008 accounts. It is fully funded to complete its prefeasibility study.

The company recently appointed a new non-executive chairman to the board, Michael Hutchinson, who has 30 years experience in non-ferrous metal trading, and sits on the board of the London Metal Exchange holding company.

He is also the non-executive chairman of LME member RBS Sempra Commodities, a joint venture



between Royal Bank of Scotland Group and Sempra Energy.

Mair said Hutchinson had a very good understanding of the global minerals sector and good visibility in global financial markets.

The explorer's retiring chairman, Denmark-based Dr Hans Schønswandt, a former deputy minister of mines in Greenland and past head of the Geological Survey in Greenland, will continue as a non-executive director.

"Dr Schønswandt has a huge insight to the natural resources and the rules and regulations of operating in Greenland," Mair said.

"One of the great things about Greenland is it is extremely prospective. They've had a very active geological survey up there for years, so the quality of mapping is very good and there's a wealth of high-quality computer-based data."

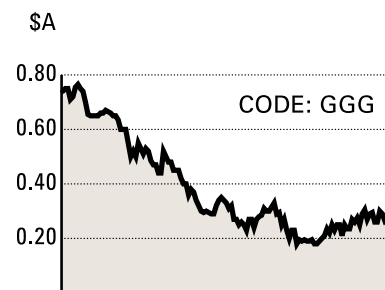
Mair added that investors and brokers who had toured the Kvanefjeld site in Greenland were excited by its scale, surface mineralisation, proximity to a port, shipping routes, airport and helipad, and the company's relationship with officials.

"People ask, why Greenland?" said Mair, who believes that over the next two to three years the country will become known as a minerals hot spot.

"As Greenland opens itself up, I think a lot of people want to get up there and see what it has to offer."

Rod McIlree and John Mair onsite in Greenland

GREENLAND MINERALS AND ENERGY AT A GLANCE



6 months ending December 8, 2008

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MARKET CAPITALISATION

\$34 million (at press time)

MAJOR SHAREHOLDERS

GCM Nominees Limited 18.1%
Westrip Holdings 15.54%
Gravner Limited 7.77%
Citicorp Nominees Pty Ltd 5.5%
ANZ Nominees Ltd 5.25%