

Aussies break the ice in Greenland

Greenland is rising as one of the last frontiers for new mineral discoveries and Australian explorers are at the forefront of this new drive. This month Paydirt reviews two companies heading north to drill the ice-capped nation



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Strange as the idea may seem, the nations of Australia and Greenland have a fair bit in common.

They are two of the most uninhabitable countries in the world, with cruelly extreme landscapes that constrain their populations to concentrated areas along the coast. Both are subjects of a dominion – in Greenland's case, the Crown of Denmark. And, as in parts of Australia, Greenland's zero tolerance approach to uranium mining is beginning to soften.

One of the starkest differences between the countries is the extent to which minerals exploitation accounts for their respective GDPs. But that is changing too, and Australian explorers are a big part of the reason why.

Former Greenland Deputy Minister of Mines Hank Schönwandt told **Paydirt**, during a recent media visit to Western Australia with Perth explorer Greenland Minerals and Energy Ltd (GME), Australian miners were at the vanguard of an exploration boom in Greenland.

The 80% ice-covered land, roughly about the size of Western Australia, but with a population of just 57,564 (about the size of west coast city Bunbury), is considered to be heavily endowed with oil and minerals. But, mining activity has traditionally been limited – today there are only two active mines – despite oil exploration beginning back in the 1970s.

As world oil reserves diminish and mineral explorers look for frontier destinations, interest in Greenland has intensified, with Canadians and Australians heading up the pack. A nascent movement among Greenland's people and Government to capitalise on that interest partly explained the overwhelming support for self rule in a public referendum held in November.

While Greenland was granted home rule from Denmark in 1979, the freedoms it gained did not extend to authority over a number of things including minerals and oil rights. That will change with self rule.

Greenlandics see resources as the way to financial independence, and thus genuine independence, from the Crown.

Schönwandt, also a past head of Greenland's Geological Survey and a director of GME, said several politicians had stated securing mineral rights from Denmark as a top priority for the Government once self rule was activated, ex-

pected on June 21 this year.

The scene is clearly set for companies like GME to take advantage of a first mover advantage in what is increasingly being seen



as one of the last frontiers for major mineral discoveries in the world.

The company has been working on its Kvanefjeld uranium, rare earths and sodium fluoride project since its acquisition in mid-2007 and just a year after entering the project, GME attached a 334mt @ 302 ppm uranium inferred resource to Kvanefjeld.

GME has not been a passive participant in its fortunes lining up. The other key factor in its story is the Greenland parliament's recent endorsement of in-principle support for by-product uranium mining – a quantum shift in policy that has been driven by the ambitious Perth junior.

Greenland has long held a zero tolerance stance to uranium mining, a view which perhaps has its origins in the infamous 1968 crash of a US air force B52 bomber which left a nuclear bomb unaccounted for, apparently sitting dormant somewhere beneath the ice to this day.

GME lobbied the Government to dilute its policy, arguing there was an inconsistency in prohibiting exploitation of any deposit containing uranium, even if uranium wasn't the primary mineral being mined.

At the time of writing in early 2009, it would be illegal to mine Kvanefjeld because of its uranium content. GME managing director Rod McIlree said Kvanefjeld, on the southern tip of Greenland, was more than viable based purely based on its rare earths content, saying it "may be the world's largest stand-alone occurrence of rare earths".

While in-principle support for by-product uranium mining is a major victory for GME and other prospective miners, there are still obstacles. One is timing – GME will commence a feasibility study in 2009 and hope Greenland has a legislated uranium extraction policy by the time it is complete.

The Government may need little convincing. Mining currently accounts for less than 1% of Greenland's GDP.

McIlree said the effect Kvanefjeld would have on the figure would be immense.

"Very profound – 20-30%," he said.

A requisite for achieving policy change was getting Greenland's public on side of uranium mining, albeit as a by-product. Schønwanndt said doing so would not be simple.

"We have to participate strongly in the discussion with the locals in the next year to get this through. We know we have to do a bit more on the promotion side but I'm confident we will get there."

After the 2008 drill-out, at 20,000m a record for Greenland according to Ramlau-Hansen, Kvanefjeld was to receive a resource upgrade early in 2009. McIlree said drilling efforts would be scaled back this year to give priority to the feasibility study.

He said GME had \$17 million in the bank, enough to continue working aggressively until 2010.

– Andrew Pascoe