

GGG.AU

Greenland Minerals and Energy Ltd

A\$ 0.29

26 September 2008
Rare Earth Elements, Uranium
Greenland
Advanced exploration
Exchanges: ASX:GGG

GGG has the rights for up to 100% of the large Kvanefjeld uranium and rare earths deposit in SW Greenland. JORC resource (Aug '08) 223mlb U₃O₈ and 2.6mt REO (up 163%). Significant upside potential. Drilling 20,000m from May '08. Scoping study expected to commence by 1Q09.

Capital Profile

Share price (A\$)	0.29
52 week range (A\$/share)	0.23 to 1.60
Number of shares (m)	193
Options and warrants (m)	170
Shares and options to be issued (m)*	-
Fully diluted (m)	363
Market capitalisation (undiluted) (A\$m)	55.9
Debt (A\$m) - Sep 08F	0.0
Enterprise value (A\$m)	55.9
Major shareholders: GCM Nominees (18.2%), Westrip Holdings (15.6%), Gravner Ltd (15.6%), HSBC Custody Nominees (5.5%), Citicorp Nom. (5.3%)	
Avg monthly volume (m)	9
Cash (A\$m) - Sep 08F	17.2
Price/Cash (x)	3.3
Price/Book (x)	1.6
Listed company options:	GGGO

*A\$62m in cash and 10m shares subject to various conditions - optional staged payments

Production and Financial Forecasts

Year End: June	Jun-08a	Sep-08F	2007a	2008a	2009F
Exploration and evaluation (A\$m)	5.18	3.00	2.20	11.78	9.75
Corporate (A\$m)	1.92	0.80	0	3.72	3.20
Exploration/(Expl.+ Corporate) (%)	73	79	0	76	75
Funding duration at current burn (years)			0	1.4	0.4
Shares on issue (pr end) (m shares)	192.9	192.9	156.1	192.9	209.6
Drilling - RAB (m)	0	0	0	0	0
Drilling - Other/Diamond (m)	7,500	7,500	0	17,522	9,000
Land holding ('000 ha)	211	211	211	211	211
Tenement costs (\$k per year)	-	-	-	-	-
Capital raisings (A\$m)	0.09	0.00	1.3	38.84	10.00
Funding from JV partners (A\$m)	0	0	0	0	0
Cash (A\$m)	21.5	17.2	12.0	21.5	4.6
Cash backing (Ac/share)	11.2	8.9	7.7	11.2	2.2
Net asset backing (Ac/share)	18.7	18.0	3.3	18.7	17.1

to increase Kvanefjeld holding from 61% to 100%.

Quarters refer to calendar year.

Investment Points

Multi-element focus at Kvanefjeld - uranium component valued at approx ~US\$14bn (US\$65/lb).

JORC resource 334mt containing 223mlbs U₃O₈, 2.6mt REO and 2.2mt NaF- open at depth (>300m) and along strike. REO and NaF upside expected 3Q08.

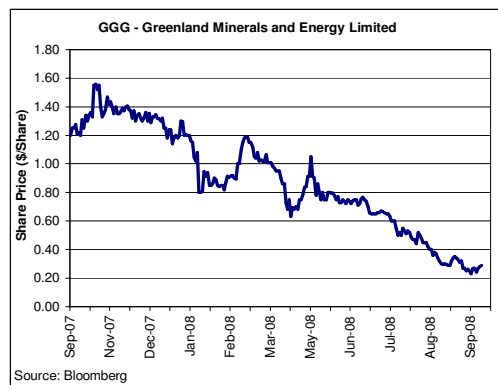
7 new regional exploration targets identified (Jul '08) - 3 high priority based on radiometric surveys. Drilling 2H08.

Potential to be one of the world's largest REE and U deposits - plus economic potential NaF, Zn, Sn, and Nb.

Extensive historical work including 1km adit; 11,500m drilled (>70 holes). Full feasibility study in the '80's.

Exploration budget 2008 is ~A\$10-12m, drilling 20,000m with three rigs (~14,500m completed to August). Mid term resource target 500mt.

Metallurgy and mineralogy budget ~A\$6m over 2 years.



Company Comment

Overview: Greenland Minerals and Energy Limited is a Perth based company that listed on the ASX in June 2006 (ASX:GGG). It is evaluating the uranium-rich Kvanefjeld multi-element project in Greenland, a self-governing Danish province. The project was acquired in 2007.

Kvanefjeld (uranium, Greenland): The project is located on the SW tip of Greenland, within the llimaussaq alkaline intrusive complex, and is recognized as one of the world's largest undeveloped rare earth elements and uranium deposits. The Danish Atomic Energy Agency and the Danish Geological Survey completed over 11,500m of diamond drilling (1957-1983) and defined an in-situ resource of 126mt @ 0.04% U₃O₈ (1km² area). Other potentially economic elements and minerals include zinc, tin and sodium fluoride. Uranium likely accounts for ~25% of the deposit's potential in-ground value per tonne at current prices. GGG ownership of 61% moving to 100% subject to payment of A\$62m in cash and 10m shares - subject to various conditions.

The deposit: is a flat-lying slab of disseminated mineralisation, open at depth and in three directions, and accounts for ~10% of the prospective host rock. The current area of significant mineralisation is 1,900m by 700m and depth >275m. Current **JORC Inferred resource** (Aug '08) is 334mt @ 0.03% U₃O₈ for 223mlbs, including 215mt @ 1.21% REO for 2.59mt and 201mt @ 1.11% NaF for 2.21mt. REO and NaF resources expected to increase with receipt of pending assays - next upgrade possible 4Q08. Field season runs May-Oct. - total '08 exp. budget ~A\$10-12m, with 20,000m drilling (>14,500 t.d.) including regional exploration. There is potential for significant resource increases plus regional discoveries - target resource base is 500mt. GGG indicates **historical metallurgical testwork** recoveries of 70%-90% using pressure alkaline leach - good recoveries though may be expensive. Further metallurgical and mineralogical tests began 4Q07, with a two-year budget A\$5-6m. Beneficiation testwork underway has potential to reduce downstream processing costs through upgrade of U₃O₈ e.g., from 0.04% to 0.14%. Potential production (open cut) is in the order of 3,000tpa U₃O₈ and compares with Rossing (3,700tpa U₃O₈; 174kt resource @ 0.03% U₃O₈, 470mlbs). GGG can acquire outstanding 39% of the project for total A\$60m. There is potential to commercialise the large NaF resource, which could have applications in dentistry, agriculture and ceramics (price US\$900-1,300/t).

Investment Comment: GGG's primary focus is advancing the Kvanefjeld project in Greenland, and appropriately the Chairman, Mr H K Schonwandt, is the **former minister for mines in Greenland**. The major drill programs in 2H07 and 2008 confirm both the historical resource and the huge exploration upside in the area - the resource has doubled on the basis of 2007 drilling alone and has potential to be one of the world's largest REE deposits. Currently, the licence areas do not include uranium or allow for the exploration of uranium. However, permission for exploration in conjunction with a multi-element program has been given and application for exploitation will be determined at completion of the feasibility study. The laws in relation to uranium exploitation in Greenland are under review. Mineral rights should transfer from the Danish Crown to Greenland as part of the self-governing transition Jun '09. With further resource upgrades supported by 2008 infill and regional drilling, confirmation of metallurgy and political intent clarified, the company's market cap could be re-rated with significant upside. Complex mineralogy and metallurgical recoveries require further study.

Reserves and Resources/Mineralised Material

Code for reporting mineral resources - Australian: (JORC)								
Uranium	Classification	Project	Ore	U ₃ O ₈	Cut Off	U ₃ O ₈	U ₃ O ₈ U ₃ O ₈ Eqty	
U ₃ O ₈		Equity	Mt	%	ppm	Kt	Mlb Mlb	
Reserves						0.0	0.0	0.0
Resources								
Kvanefjeld	Inferred	61%	334.0	0.03	150	101.0	222.6	135.8
Mineralised Material (est., non compliant with JORC)						0.0	0.0	0.0

Additional mineralisation includes REO (2.59mt contained metal @ 1.21% REO) and NaF (2.21mt contained @ 1.11% NaF).

Key Projects

Project	Ownership/Option	Metal	JV Partner	Target Type	Process Route	Project Status	Location
Kvanefjeld	61%/100%	U, REO	none	Dissem	na	Adv. Expl.	Greenland

Contacts

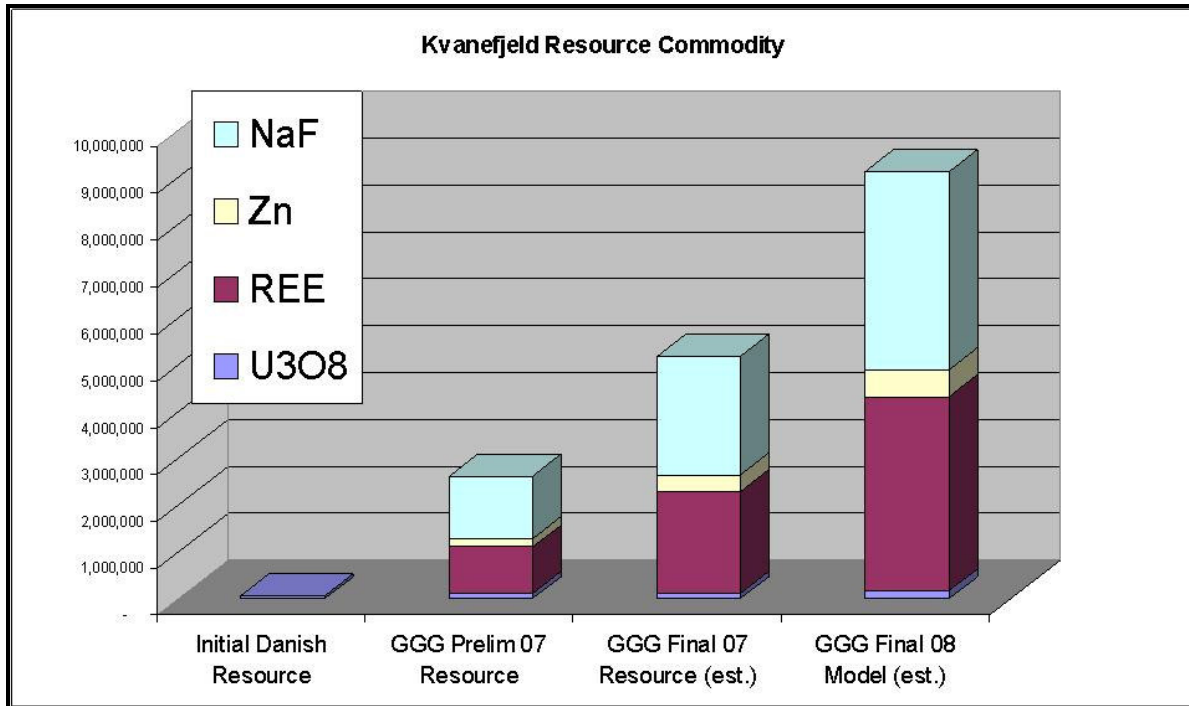
Mr Roderick McIlree
(Managing Director)
Tel: 61 (0) 8 9226 1100
West Perth, WA, Australia
www.ggg.gl

Analyst: John Wilson
Associate: Dr Trent Allen
johnwilson@rcresearch.com.au

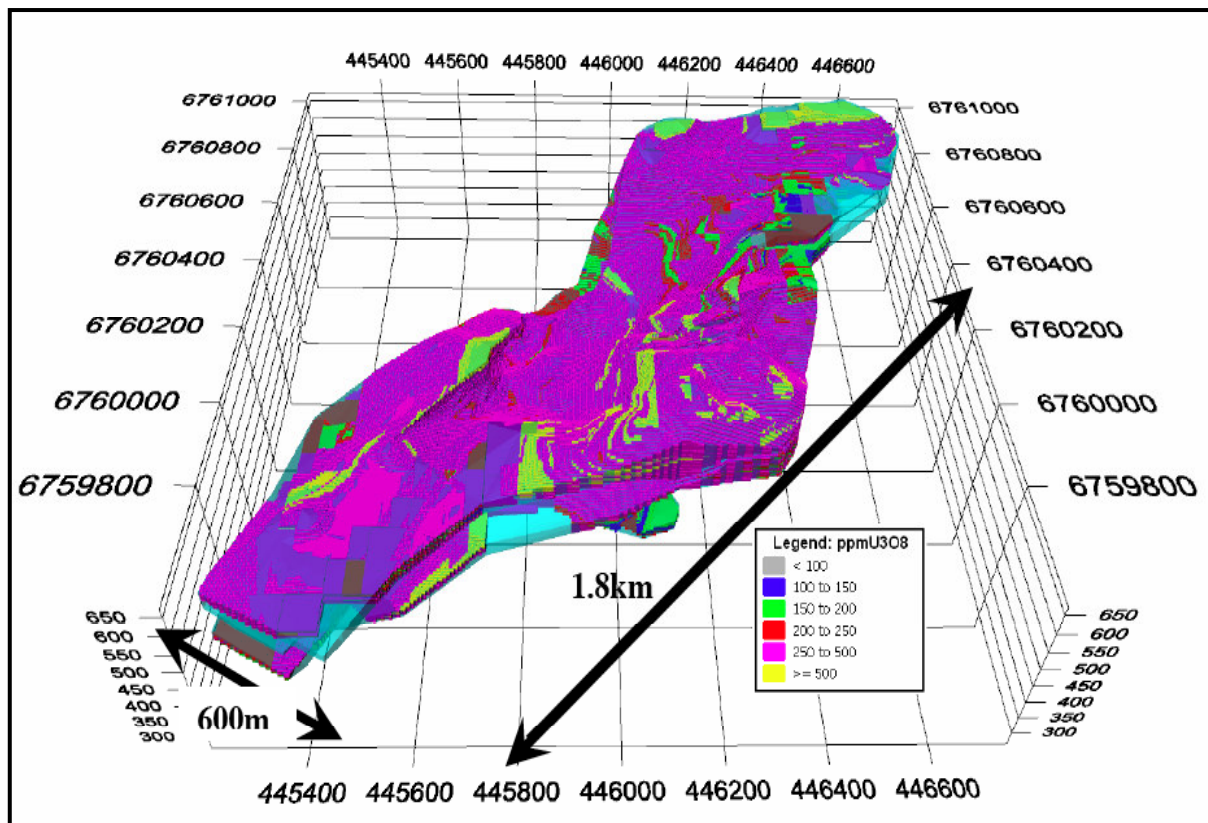
Directors

H Schonwandt (Exec Ch)
R McIlree (MD)
M Mason (Tech Dir)
S Cato (Exec Dir)
J Whybrow (Expl Dir)
S Stafford-Michael (Non-Exec)
T Ho (Non-Exec)

The evolution of the Kvanefjeld resource since its inception, and the relative concentrations of the main commodities. Resource expansions in May and Aug '08, to 334mt including 223mlbs U₃O₈, 2.6mt of rare earth oxides and 2.2mt of NaF – midterm upside >100%.



Kvanefjeld uranium distribution: Plan view showing resource geometry and U₃O₈ grade over the main mineralised zone (light blue areas mark areas of the resource model that have insufficient drilling to produce meaningful estimates). Exploration budget 2008: A\$10-12m; drilling 15,000m.



Disclosure and Disclaimer

Disclosure and Disclaimer

Important Information

Resource Capital Research Pty Limited (referred to as “we”, “our”, or “RCR” herein) ACN 111 622 489 is an authorised representative (Authorised Representative No. 286538) of Australian Mutual Holdings Limited ACN 115 182 137 (AFS Licence No. 295393). The FSG and Supplemental FSG is available at www.rcresearch.com.au. All references to currency are in Australian dollars unless otherwise noted.

This report and its contents are intended to be used or viewed only by persons resident and located in the United States and Australia and therein only where RCR's services and products may lawfully be offered. The information provided in this report is not intended for distribution to, or use by, any person or entity in any jurisdiction or country where such distribution or use would be contrary to law or regulation or which would subject RCR or its affiliates to any registration requirement within such jurisdiction or country.

This report and its contents are not intended to constitute a solicitation for the purchase of securities or an offer of securities. The information provided in this report has been prepared without taking account of your particular objectives, financial situation or needs. You should, before acting on the information provided in this report, consider the appropriateness of the purchase or sale of the securities of the companies that are the subject of this report having regard to these matters and, if appropriate, seek professional financial, investment and taxation advice. RCR does not guarantee the performance of any investment discussed or recommended in this report. Any information in this report relating to the distribution history or performance history of the securities of the companies that are the subject of this report, should not be taken as an indication of the future value or performance of the relevant securities.

In preparing this report, RCR analysts have relied upon certain information provided by management of the companies that are the subject of this report or otherwise made publicly available by such companies. The information presented and opinions expressed herein are given as of the date hereof and are subject to change. We hereby disclaim any obligation to advise you of any change after the date hereof in any matter set forth in this report. THE INFORMATION PRESENTED, WHILE OBTAINED FROM SOURCES WE BELIEVE RELIABLE, IS CHECKED BUT NOT GUARANTEED AGAINST ERRORS OR OMISSIONS AND WE MAKE NO WARRANTY OR REPRESENTATION, EXPRESSED OR IMPLIED, AND DISCLAIM AND NEGATE ALL OTHER WARRANTIES OR LIABILITY CONCERNING THE ACCURACY, COMPLETENESS OR RELIABILITY OF, OR ANY FAILURE TO UPDATE, ANY CONTENT OR INFORMATION HEREIN.

This report and the information filed on which it is based may include estimates and projections which constitute forward looking statements that express an expectation or belief as to future events, results or returns. No guarantee of future events, results or returns is given or implied by RCR. Estimates and projections contained herein, whether or not our own, are based on assumptions that we believe to be reasonable at the time of publication, however, such forward-looking statements are subject to risks, uncertainties and other factors which could cause actual results to differ materially from the estimates and projections provided to RCR or contained within this report.

This report may, from time to time, contain information or material obtained from outside sources with the permission of the original author or links to web sites or references to products, services or publications other than those of RCR. The use or inclusion of such information, material, links or references does not imply our endorsement or approval thereof, nor do we warrant, in any manner, the accuracy or completeness of any information presented therein.

RCR, its affiliates and their respective officers, directors and employees may hold positions in the securities of the companies featured in this report and may purchase and/or sell them from time to time and RCR and its affiliates may also from time to time perform investment banking or other services for, or solicit investment banking or other business from, entities mentioned in this report. Greenland Minerals and Energy Limited commissioned RCR to compile this report. In consideration, RCR received a cash consultancy fee of less than \$15,000. RCR may receive referral fees from issuing companies or their advisors in respect of investors that RCR refers to companies looking to raise capital. Those fees vary, but are generally between 0 - 1% of the value of capital raised from referrals made by RCR. RCR received referral fees in relation to recent capital raisings for Globe Uranium Limited, Contact Uranium Limited, PepinNini Minerals Limited and Uranex NL. At the date of this report, neither RCR, nor any of its associates, hold any interests or entitlements in shares mentioned in this report with the exception that either or both of John Wilson (either directly or through Resource Capital Investments Pty Limited (RCI)) and associates, or RCI, as trustee of the Resource Capital Investments Fund owns shares in BHP and Rio Tinto.

Analyst Certification: All observations, conclusions and opinions expressed in this report reflect the personal views of RCR analysts and no part of the analyst's or RCR's compensation was, is, or will be, directly or indirectly related to specific recommendations or views expressed in the report. Officers, directors, consultants, employees and independent contractors of RCR are prohibited from trading in the securities of U.S. companies that are, or are expected to be, the subject of research reports or other investment advice transmitted to RCR clients for a blackout window of 14 days extending before and after the date such report is transmitted to clients or released to the market.

Cautionary Note to U.S. Investors Concerning Estimates of Measured, Indicated and Inferred Resources: RCR publishes mineral resources based on standards recognized and required under securities legislation where listed mining and exploration companies make their exchange filings and uses the terms “measured”, “indicated” and “inferred” mineral resources. U.S. investors are advised that while such terms are recognized and required under foreign securities legislation, the SEC allows disclosure only of mineral deposits that can be economically and legally extracted. United States investors are cautioned not to assume that all or any part of measured, indicated or inferred resources can be converted into reserves or economically or legally mined. We recommend that US investors consult Securities and Exchange Commission Industry Guide 7 – “Description of Property by Issuers Engaged or to Be Engaged in Significant Mining Operations” for further information about the use of defined terms and the presentation of information included in this report.