

# GREENLAND

## MINERALS AND ENERGY LTD

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Company Announcement  
Thursday, 8<sup>th</sup> July 2010

### **Greenland Secures \$21M (AUD) to Fund Ongoing Development Activities on the Kvanefjeld Multi-Element Project**

#### **Key Points:**

- *Capital raising of \$6M (AUD) through equity placement to sophisticated and overseas institutional investors*
- *Establishment of a \$15M (AUD) equity facility with YA Global Investments (Yorkville)*
- *Funds to be used for ongoing development programs on the Kvanefjeld multi-element project, and initial drilling of a new highly-prospective, multi-element target*

#### **Introduction**

Greenland Minerals and Energy Ltd (“GMEL” or the “Company”) is pleased to announce that it has secured \$21M (AUD) to finance ongoing feasibility and development programs on the Kvanefjeld multi-element (rare earth elements, zinc, and uranium) project. The funds have been secured through a \$6M (AUD) equity raising and the establishment of a \$15 M (AUD) equity facility. The \$6M was raised via the issue of 17,647,060 shares at \$0.34 to sophisticated and institutional investors, and takes the Company’s cash reserves to more than \$9 M, which is more than sufficient to cover this year’s work programs. In addition, an equity facility has been established with US-based YA Global Investments (Yorkville) that provides GMEL with the option to draw down on a \$15M facility at any time over the next five years. The facility provides the Company with a secure and flexible funding option to accelerate work programs in the future.

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## Background

Greenland Minerals and Energy Ltd is a mineral exploration and development company operating in southern Greenland. The Company is primarily focused on advancing the Kvanefjeld multi-element (*rare earth elements, zinc, and uranium*) project toward development. Kvanefjeld is located within the Company's license over the northern Ilimaussaq Intrusive Complex; a unique geological entity with extraordinary resource potential. A large JORC-compliant resource has already been defined at Kvanefjeld (see Appendix 1), which represents just a small percentage the broader Ilimaussaq ore field. An Interim Report on the Kvanefjeld pre-feasibility study was released in February 2010 that indicates the potential for the vast multi-element resources to sustain a large-scale, economically-robust mining operation for decades (*for more information visit the Company's website at <http://www.ggg.gl>*). GMEL believes that Kvanefjeld could be developed as a large-scale and low-cost producer of REEs, in an operation that would also produce uranium and zinc.

## 2010 Work Programs

In 2010 GMEL is conducting several work programs that are important to the evolution of the Kvanefjeld project. These work programs include resource definition and exploration drilling, mineralogical and beneficiation studies, planning and preparation for environmental and social impact studies, and community engagement programs.

- The 2010 field program in Greenland commenced in early June. At Kvanefjeld, infill drilling is being conducted with the aim of converting *inferred* resources to the higher *indicated* category. This enables these resources to then be incorporated into mine plans.
- A new highly prospective region has been identified 6 km to the south of Kvanefjeld. This area, termed Zone 2, is underlain by naujaite and thick lenses of lujavrite; the host to multi-element ores at Kvanefjeld. Drilling is now underway on Zone 2 and could unearth a significant new discovery.
- Mineralogical and metallurgical studies will also be commencing in the second half of the year. These studies aim to generate data that could enhance the process flow sheet prior to the commencement of a definitive feasibility study. Mineralogical studies are part of an ongoing program to map the distribution of key minerals through the deposit. Beneficiation studies will draw on new mineralogical information to improve and enhance the beneficiation circuit.

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- GMEL is continuing to conduct community and stakeholder presentations in Greenland. These presentations are aimed to provide an overview on the current status and the future development options for the Kvanefjeld project, and provide an opportunity for people to ask questions and discuss aspects of the project. Key stakeholder groups such as the South Greenland Municipal Council, and Greenland's labour union (SIK) have recently made public their support of a multi-element mining operation at Kvanefjeld, as long as the project can be demonstrated to meet all environmental and social requirements.

### **The Capital Raising**

GMEL has raised a further \$6M (AUD) via the issue of 17,647,060 shares at \$0.34 to sophisticated and institutional investors. The new shares were priced at a 10% discount to the Company's share price of \$0.38 at the close of market on June 18<sup>th</sup>. This represents the last trade value prior to the Company requesting a trading halt on June 21. The capital raising closed oversubscribed, but was restricted to \$6M to minimise short-term dilution. The Company now has cash reserves of \$9M, which is more than sufficient to cover the work programs budgeted for in 2010. The equity facility, described below, provides an additional funding option and longer-term financial security.

### **The Yorkville Equity Facility**

GMEL has finalised terms for a \$15,000,000 (AUD) equity facility with US-based investment fund YA Global. These funds have been set aside for the Company and may be drawn down at any time over the next five years. The facility is considered as a mechanism to provide financial security whilst limiting short term dilution.

Under the terms of the facility the Company may, at its sole discretion, issue shares to YA Global at any time over the next 60 months, up to a total of \$15,000,000 pursuant to the terms of the transaction document. The Company may draw down a maximum of \$250,000 in any 10 day trading period unless otherwise agreed by both parties.

Shares issued to YA Global will be priced at the lowest daily volume weighted average price (VWAP) of the company's shares traded on each of the 10 trading days which follow an advance notice by GGG. A commission of 5% will be payable by the company to YA Global at the time of issue.

Managed by US-Based Yorkville Advisors LLC, the YA Global group of funds has a solid reputation in the US and UK financial markets and a rapidly growing reputation in Australia for innovative structured financing instruments and equity participation agreements. To date, the YA Global Group has made available in excess of over \$500,000,000.00 for over 30 ASX-listed companies.

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On behalf of the Board



**Roderick McIlree**  
Managing Director  
Greenland Minerals and Energy Ltd

#### **ABOUT GREENLAND MINERALS AND ENERGY LTD**

Greenland Minerals and Energy (ticker: ASX – GGG) is an exploration and development company focused on unlocking the mineral riches of southern Greenland. The Company's flagship project is the Kvanefjeld multi-element deposit (Rare Earth Elements, Zinc, Uranium), that is rapidly emerging as the world's premier specialty metals project. A pre-feasibility study on Kvanefjeld has clearly demonstrated the potential for a large-scale economically robust mining operation. The Company continues to build a dialogue with the Greenland Government to map out a path for the potential development. For further information on Greenland Minerals and Energy visit <http://www.ggg.gl> or contact:

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*The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Jeremy Whybrow, who is a Member or Fellow of The Australasian Institute of Mining and Metallurgy or the Australian Institute of Geoscientists or a 'Recognised Overseas Professional Organisation' ('ROPO') included in a list promulgated by the ASX from time to time.*

*Jeremy Whybrow is a director of the company.*

*Jeremy Whybrow has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Jeremy Whybrow consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

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Appendix 1.

***Kvanefjeld Multi-Element Resource Statement, June, 2009***

<b>At U<sub>3</sub>O<sub>8</sub>% cutoff grades<sup>1</sup></b>	<b>Tonnes (million)</b>	<b>U<sub>3</sub>O<sub>8</sub>%<sup>2</sup></b>	<b>U<sub>3</sub>O<sub>8</sub> lb/t</b>	<b>TREO%<sup>3</sup></b>	<b>Zn%</b>	<b>Resource category</b>
<b>0.015</b>	365	0.028	0.62	1.06	0.22	Indicated
	92	0.027	0.59	1.12	0.22	Inferred
	<b>457</b>	<b>0.028</b>	<b>0.62</b>	<b>1.07</b>	<b>0.22</b>	<b>TOTAL</b>
<b>0.020</b>	276	0.032	0.70	1.13	0.23	Indicated
	63	0.031	0.69	1.21	0.24	Inferred
	<b>339</b>	<b>0.032</b>	<b>0.70</b>	<b>1.14</b>	<b>0.23</b>	<b>TOTAL</b>
<b>0.025</b>	207	0.035	0.77	1.20	0.23	Indicated
	43	0.036	0.78	1.31	0.25	Inferred
	<b>250</b>	<b>0.035</b>	<b>0.77</b>	<b>1.22</b>	<b>0.24</b>	<b>TOTAL</b>

1. *There is greater coverage of assays for uranium than other elements owing to historic spectral assays. U<sub>3</sub>O<sub>8</sub> has therefore been used to define the cutoff grades to maximise the confidence in the resource calculations.*
  2. *Additional decimal places do not imply an added level of precision.*
  3. *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.*

