

Company Announcement, October 3rd, 2016

Greenland Minerals and Energy – Shenghe Resources Holding Agreement: Further Clarity and Information

Greenland Minerals and Energy Ltd ('GMEL' or 'the Company'), would like to provide further clarity with respect to the subscription agreement with Shenghe Resources Holding Ltd (Shenghe). This relates to queries that have arisen from inconsistencies in translations of Shenghe's announcement to the Shanghai Stock Exchange, and resulting uncertainties in the interpretation.

For the purpose of clarity, neither Shenghe, nor any other party, have an exclusive right or contractually-binding option to acquire up to a 60% interest in the Company or the Company's Kvanefjeld Project ('Project').

As part of the broader strategic relationship and subject to the Company receiving a mining (exploitation) licence for the Kvanefjeld Project and the successful completion of technical cooperation to enhance the Project, Shenghe may notify the Company of their intention to negotiate terms to acquire a direct interest in the Project, in association with project development.

Should this occur, the parties would enter into commercial negotiations in good faith. Any such project level investment and associated agreement would be subject to regulatory and commercial considerations, as well as relevant approvals. There is no contractual obligation on either party to reach such an agreement.

Respective company announcements outlined that beyond Shenghe becoming a 12.5% shareholder in GMEL, both parties are looking to commence strategic cooperation that aims enhance the Kvanefjeld Project, integrate the project with downstream rare earth processing, and, if successful, work to develop the Project.

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