

Company Announcement, August 21st, 2018

Memorandum of Understanding Signed with Shenghe for the Commercialisation of the Kvanefjeld Project

HIGHLIGHTS:

The Memorandum of Understanding (MoU), which is non-binding, establishes the strategic frame work to enter future binding agreements covering the following areas:

- **Offtake of total output of alternative products provides flexibility**
 - **32,000tpa contained rare earth in chemical concentrate, or;**
 - **34,000tpa contained rare earth in mineral concentrate**
- **Rare earth pricing on commercial terms with “Arm’s length” methodology incorporating Asian Metal Chinese domestic prices**
- **The parties agree to conclude a binding agreement on product offtake within 3 months from the mutual acceptance of the Kvanefjeld optimised flowsheet. The Kvanefjeld optimisation program is expected to be completed in Q1, 2019**
- **Both parties to develop project finance strategy, inclusive of Shenghe taking an equity investment into the project as part of a joint venture**
- **Development of project-specific REE separation capacity outside China to directly supply growing international demand centres**
- **Significant step toward the delivery of rare earth products to an international supply chain**

Commenting on the agreement, Greenland Minerals’ Managing Director John Mair said;

This MoU represents an important milestone in the relationship between the Company and Shenghe. The agreement builds on the strategic cooperation agreement entered into in 2016 that saw Shenghe become our major shareholder. It demonstrates the strong intention of both parties to establish a frame work for the commercialisation of the Kvanefjeld project.

Shenghe has the capacity, technology and intent to process a variety of intermediate rare earth products from Kvanefjeld and produce high-purity, industry ready products. The significance of Shenghe’s undertaking demonstrates that all project output at planned volumes will be absorbed into commercial end-use markets by a prominent and experienced industry participant.

Technical optimisation of the project is being conducted in consideration of customised down-stream processing facilities. In the initial stage, downstream processing is being considered in China, to help expedite project development. We will then look to jointly establish additional downstream processing outside China to provide secure, cost-competitive supply to growing international demand centres.

Shenghe has been driving work in China addressing regulatory aspects while we continue to work closely with Greenland and Danish regulatory bodies. With a supportive Greenland government in place we look forward to completing all required milestones enabling Shenghe to move from strategic investor to joint venture partner, offtake partner and refiner”

Mr Tang Guangyue, Chief Executive Officer of Shenghe Resources Holding Co Ltd stated;

“As a global REE material supply company, Shenghe always engages in the improvement of the global REE value chain. We are pleased to see the significant progress of the Kvanefjeld Project achieved in the last 18 months. We think the Kvanefjeld Project, which we see as a world-class project, has a bright prospect. It’s an honor for Shenghe to have the opportunity of participating in Kvanefjeld’s development. Adhering to the attitude of being responsible for the global REE market, Shenghe’s willing to support GML's push for the Kvanefjeld Project into operation as soon as possible.”

Greenland Minerals Ltd (‘GML’ or ‘the Company’) and Shenghe Resources Holding Co Ltd (Shenghe) are pleased to announce they have entered into a Memorandum of Understanding which will guide the parties’ plans for the commercialisation of the Kvanefjeld Project in southern Greenland.

The Kvanefjeld Project, 100% owned by GML, is projected to be one of the largest producers globally of key magnet metals including **neodymium, praseodymium, dysprosium** and **terbium**, along with by-production of uranium and zinc.

Shenghe is one of the largest and fastest growing rare earth companies globally and has full proficiency from mining and beneficiation through to the production of high-purity metals and oxides. Shenghe is an experienced offtake partner currently selling rare earth products into an established international customer base in North America, Europe, Japan, Middle East and China. With a market capitalisation of ~US\$3 billion, Shenghe is listed on the Shanghai stock exchange under code 600392 and considered the most internationally focussed entity within the Chinese rare earth sector.

The overarching strategy of both parties is to develop the Kvanefjeld Project, integrate rare earth concentrate with downstream processing, and establish product off-take, marketing and sales.

The MoU covers two key areas; product offtake and marketing of rare earth products produced by the Project, and strategic development execution.

1. Acquisition and Marketing of Project Output

- Shenghe have expressed an intent to acquire all rare earth output produced at the Project whether as a mineral or chemical concentrate product on arm's length pricing reflecting published internationally traded prices.
- Shenghe has also agreed to enter a supplementary marketing arrangement with the Company to undertake international marketing of any rare earth products that Shenghe does not acquire.
- The Company and Shenghe will negotiate in good faith to conclude binding agreements on these issues within three months of their mutual agreement to and acceptance of the optimised flowsheet for the Project.

2. Strategic Development Plan

The Company and Shenghe have agreed a Strategic Development Plan for the Project which encompasses

- Consideration of a staged development path which may lead to an earlier production of rare earth concentrate before a second stage refinery is constructed in Greenland;
- Potential development of a non-China based rare earth separation plant to facilitate the supply of Kvanefjeld rare earth product directly to international demand centres
- A process to identify collaboration partners in China with experience in project development for the delivery of processing infrastructure, capital works, engineering and construction and an interest in possible co-investment in some aspects of the Project;
- A process to secure funding partners in China to secure project financing for the optimal Project configuration subject to Shenghe's decision regarding their acquisition of an equity interest in the Project as agreed in the Subscription Deed of 20 September 2016.

The Company is currently finalising the Environmental Impact Assessment (EIA) for lodgement with the Greenland authorities to prepare the way for public hearings which are the next step in the process of obtaining a mining licence for Kvanefjeld.

The Social Impact Assessment (SIA) which is also necessary for the public hearings was lodged with the Greenland authorities in late July 2018. Both the EIA and SIA have been completed by a team of international expert consultants in close consultation with the Greenland government and their advisory groups. The Company expects an expedited process to completion of the final steps in permitting.

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ABOUT GREENLAND MINERALS LTD.

Greenland Minerals Ltd (ASX: GGG) is an exploration and development company focused on developing high-quality mineral projects in Greenland. The Company's flagship project is the Kvanefjeld Rare Earth Project (rare earth elements, uranium, zinc). A pre-feasibility study was finalised in 2012, and a comprehensive feasibility study was completed in 2015 and updated following pilot plant operations in 2016. The studies highlight the potential to develop Kvanefjeld as a long-life, low cost, and large-scale producer of rare earth elements; key enablers to the electrification of transport systems.

GML is working closely with major shareholder and strategic partner Shenghe Resources Holding Co Ltd to develop Kvanefjeld as a cornerstone of future rare earth supply. An exploitation (mining) license application for the initial development strategy has been undergoing review by the Greenland Government through the latter part of 2016 and through 2017.

In 2017-18, GML continues to undertake technical work programs with Shenghe Resources Holding Co Ltd that aim to improve the metallurgical performance, simplify the development strategy and infrastructure footprint in Greenland, enhance the cost-structure, and ensure that Kvanefjeld is aligned with downstream processing. In addition, the Company continues its focus on working closely with Greenland's regulatory bodies on the processing of the mining license application and maintaining regular stakeholder updates.

Dr John Mair
Managing Director
+61 8 9382 2322

Christian Olesen
Rostra Communication
+45 3336 0429

Greenland Minerals Ltd will continue to advance the Kvanefjeld project in a manner that is in accord with both Greenlandic Government and local community expectations and looks forward to being part of continued stakeholder discussions on the social and economic benefits associated with the development of the Kvanefjeld Project.

Competent Person Statement – Mineral Resources Ore Reserves and Metallurgy

The information in this report that relates to Mineral Resources is based on information compiled by Mr Robin Simpson, a Competent Person who is a Member of the Australian Institute of Geoscientists. Mr Simpson is employed by SRK Consulting (UK) Ltd ("SRK") and was engaged by Greenland Minerals Ltd on the basis of SRK's normal professional daily rates. SRK has no beneficial interest in the outcome of the technical assessment being capable of affecting its independence. Mr Simpson has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Robin Simpson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in the statement that relates to the Ore Reserves Estimate is based on work completed or accepted by Mr Damien Krebs of Greenland Minerals Ltd and Mr Scott McEwing of SRK Consulting (Australasia) Pty Ltd. The information in this report that relates to metallurgy is based on information compiled by Damien Krebs.

Damien Krebs is a Member of The Australasian Institute of Mining and Metallurgy and has sufficient experience that is relevant to the type of metallurgy and scale of project under consideration, and to the activity he is undertaking, to qualify as Competent Persons in terms of The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2012 edition). The Competent Persons consent to the inclusion of such information in this report in the form and context in which it appears.

Scott McEwing is a Fellow and Chartered Professional of The Australasian Institute of Mining and Metallurgy and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking, to qualify as Competent Persons in terms of The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2012 edition). The Competent Persons consent to the inclusion of such information in this report in the form and context in which it appears.

The mineral resource estimate for the Kvanefjeld Project was updated and released in a Company Announcement on February 12th, 2015. The ore reserve estimate was released in a Company Announcement on June 3rd, 2015. There have been no material changes to the resource estimate, or ore reserve since the release of these announcements.