

Greenland Minerals Ltd

(GGG \$0.09) Speculative Buy, Initiation of Coverage

Analyst
Jon Bishop

Date
March 2020

Price Target
\$0.20/sh ▼ \$0.50/sh

Investment Case

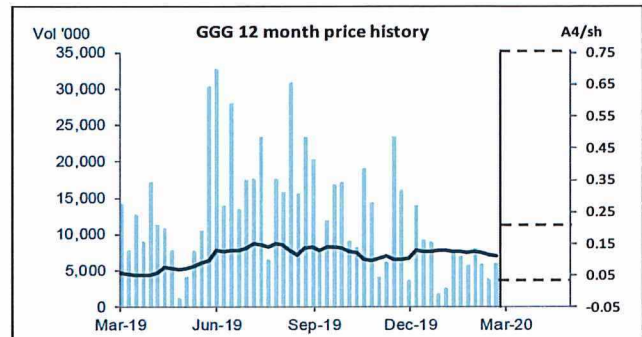
Kvanefield is the largest undeveloped Rare Earths project globally. Conservative pricing estimates for Rare Earth Oxide demonstrate the Project's economic potential, with the Project generating an unrisks NPV of \$1.40/sh. However, we are more drawn by the strategic significance of the Project, given its size, location, share register combined with the increasing security of supply concerns pertaining to the Rare Earth Element supply chain. We recently Initiated Coverage with a Speculative Buy recommendation.

Comments

- GGG is sitting on the largest undeveloped Rare Earths deposit globally, the Kvanefield Rare Earths Project in Greenland;
- The multi-element deposit has a JORC (2012) Resource of 1.01 billion tonnes at 1.1% Rare Earth Oxide (REO) and 266ppm of U3O8 for a total of 593Mlbs of contained, the 5th largest total uranium resource globally;
- The project has both scale - 32ktpa REO with by-products of 1Mlbpa of uranium and 15ktpa of Zn concentrate over a 37 year mine life - and strategic value given its constituent minerals but also geographic location;
- Based on a REO basket price of US\$19.55/kg, economics are an eye-watering annual EBITDA >US\$450m, driving a post-tax NPV10 of US\$2,069m with an IRR of 77%;
- GGG has made significant inroads into obtaining a Mining License for Kvanefield which we expect delivered in CY20, allowing completion of BFS and FID shortly thereafter;
- Our Valuation of \$0.55/sh is based on a risked (60% disc) DCF incorporating recently published optimisation numbers;
- Uncertainty around Mining License and funding drives the risking factor for our DCF. Our 20cps Price Target reflects these elements and the lack of certainty regarding timeline.

Val/ Sh	Rare Earth Oxide Basket Pricing (US\$/t)								
	-20%	-15%	-10%	-5%	0%	5%	10%	15%	20%
\$0.57									
15%	\$0.30	\$0.35	\$0.40	\$0.45	\$0.50	\$0.54	\$0.59	\$0.64	\$0.69
10%	\$0.31	\$0.36	\$0.41	\$0.47	\$0.52	\$0.57	\$0.62	\$0.67	\$0.73
5%	\$0.32	\$0.38	\$0.43	\$0.49	\$0.54	\$0.60	\$0.65	\$0.71	\$0.76
0%	\$0.34	\$0.40	\$0.45	\$0.51	\$0.57	\$0.63	\$0.68	\$0.74	\$0.80
-5%	\$0.36	\$0.42	\$0.48	\$0.54	\$0.60	\$0.66	\$0.72	\$0.78	\$0.84
-10%	\$0.38	\$0.44	\$0.50	\$0.57	\$0.63	\$0.70	\$0.76	\$0.82	\$0.89
-15%	\$0.40	\$0.47	\$0.53	\$0.60	\$0.67	\$0.74	\$0.80	\$0.87	\$0.94

Share Price Performance



Market Statistics

Share Price	\$0.09 A\$/sh
Fully Paid Ord	1191
Performance Rights	15 m
Options	4 m
Total Dil. FPOrd	1,206 m

Market Capital'n (dil)	\$105 m
Enterprise Value	\$96 m
Cash	\$9 m
Debt	\$- m

Year End 30 June

Directors	
Anthony Ho	NE Chair
John Mair	MD
Simon Cato	NE Dir
Xiaolei Guo	NE Dir
Shareholders	
Shenghe Resources	10.5%
Peto Pty Ltd	2.4%

Our Market Sensitivity

Valuation - \$0.57/sh
Price Target - \$0.20/sh

Bull Scenario - \$0.75/sh

GGG successfully attracts investment capital to develop Kvanefield and or REE basket prices spike due to geopolitical moves.

Base Scenario - \$0.20/sh

GGG successfully navigates the licensing/permitting.

Bear Scenario - \$0.05/sh

Kvanefield permitting delayed for foreseeable future and Shenghe walks away from project and sells GGG holdings.

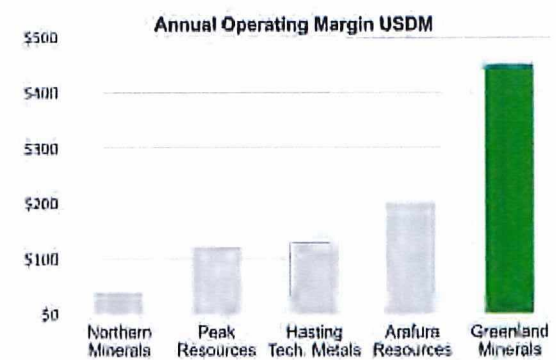
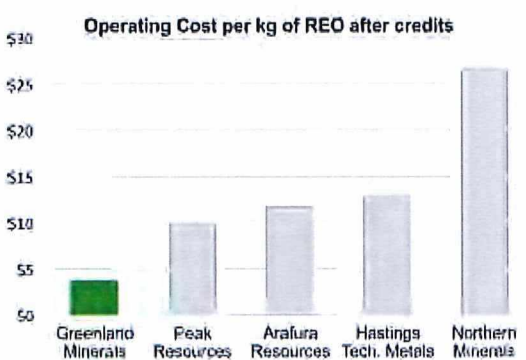
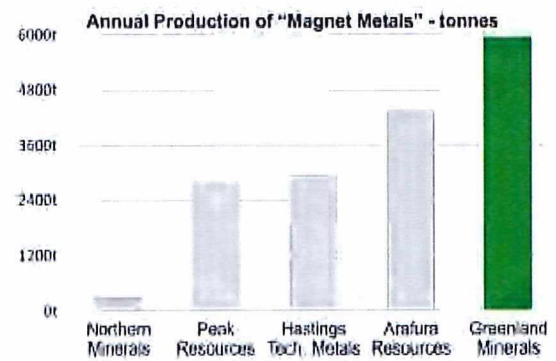
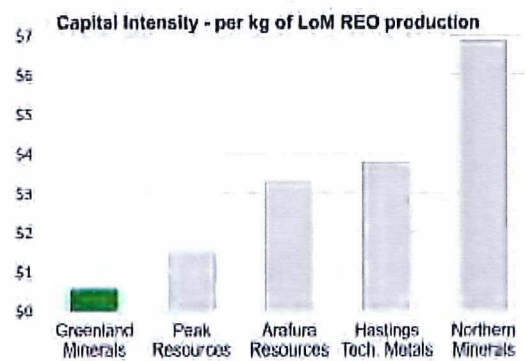
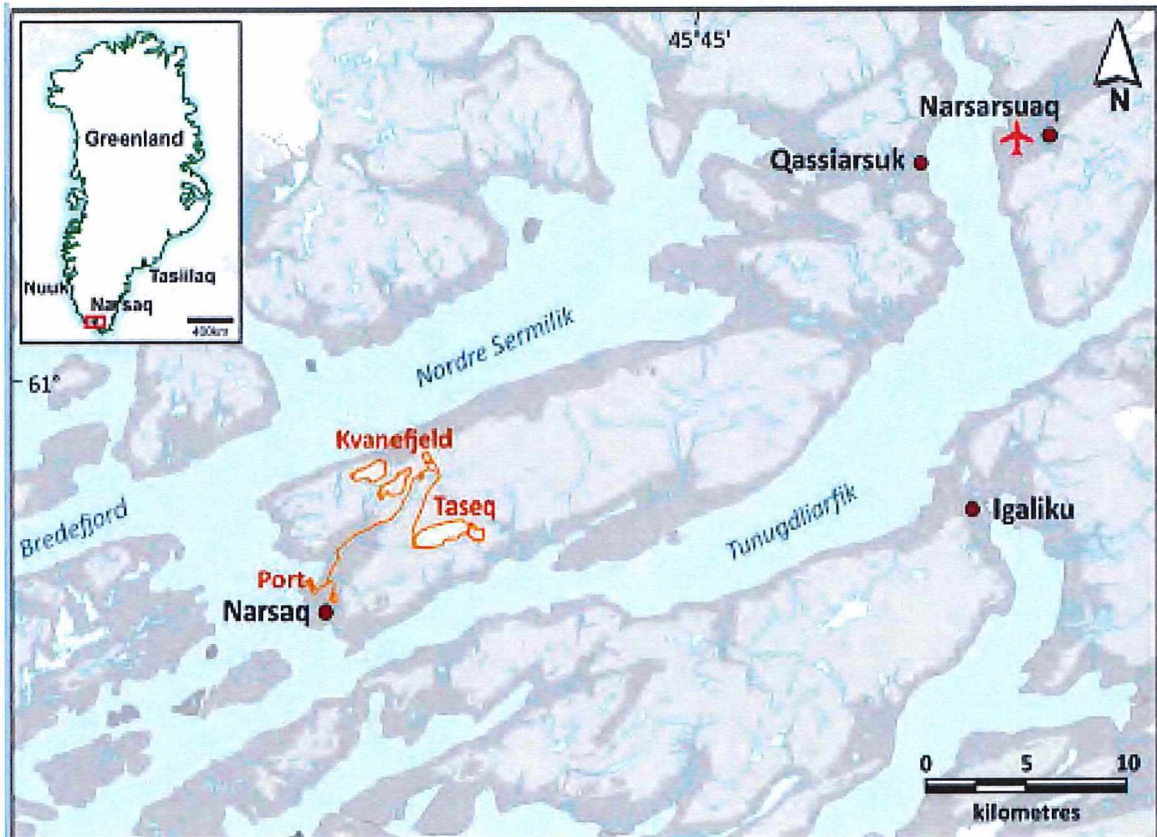
Company Summary

Greenland Minerals Ltd is an exploration and development company. The Company's primary focus is the development of the Kvanefield Rare Earths project in south west Greenland. At over 1 billion tonnes of Resource, it is the largest undeveloped Rare Earths project globally. By-products include uranium and zinc.

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RESOURCES QUARTERLY MARCH 2020

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* Commitment only forecasts used for all entities