

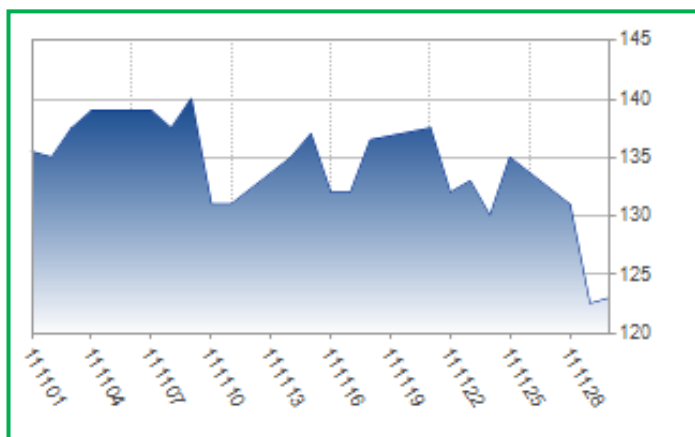
Rare Earth Elements Letter

INTERNATIONAL

the independent information and advice bulletin for Rare Earth Elements and related investments

Special Situation – December 2011

www.nunaminerals.com



NunaMinerals (DKK 122.00)

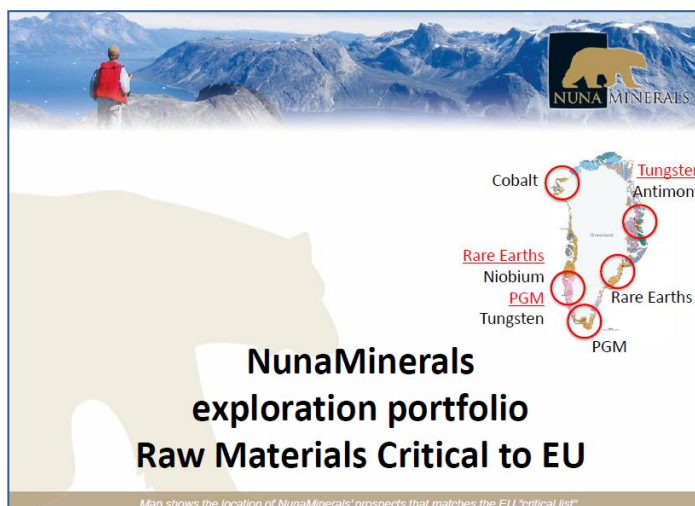
OMX Nordic : NUNA
 H + L prices (12 months) : DKK 325 – 121.50
 Net shares issued : 1.29 million
 Fully diluted shares : 1.29 million
 Market Capitalization : DKK 157.6 million
 (US\$ 28.3 million)

First price target: DKK 250

Company profile

NunaMinerals' objective is to develop and utilize Greenland's natural mineral resources on a commercial basis. The geology of Greenland is comparable to the geology of countries such as Canada, Australia, Sweden and Finland in which countries mining is an important industry.

Having discovered the rich mining prospects of Greenland, international exploration activities have increased significantly, having led to the establishment of four exploitation licences and advanced exploration projects expected to develop into mines in the next few years.



In recent years, NunaMinerals has assembled an asset portfolio which comprises exploration projects at various development stages, which are attractive to joint venture partners.

The basis of strategic partnership is that the partners will earn an interest in the Company's projects by adding technical and financial strengths to the projects.

NunaMinerals' projects offer diversified exponents to a range of precious and strategic metals and are focused on the advancement of two Rare Earth projects, Nanortalik gold province and Ymer tungsten, antimony and gold project. Other projects include Amikoq platinum prospect, Inglefield copper-gold project, and Qaamasoq diamond project.

Overview of Projects

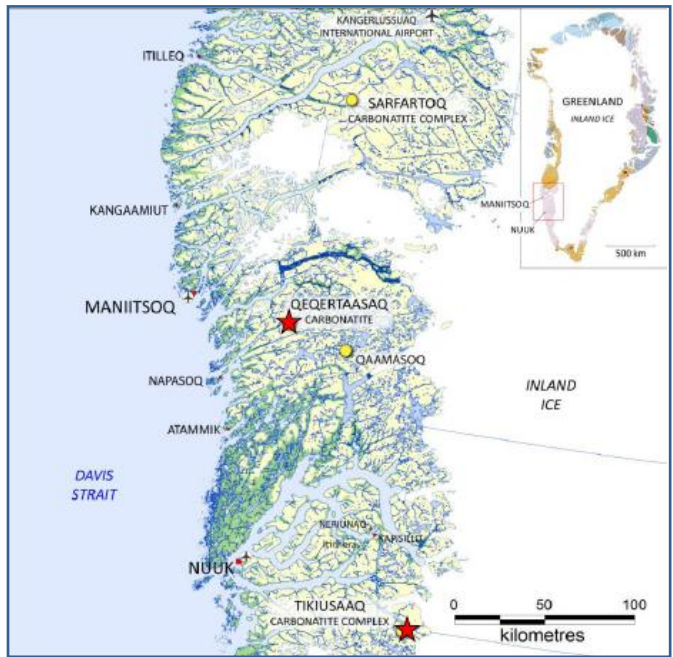
Qeqertaasaq and Tikiusaaq REE properties

NunaMinerals' two main REE properties are situated in the Carbonatite field in west Greenland.

The Q Property is located 130 km northeast of Nuuk; 15 km from a deep fjord and was discovered in the 1960s.

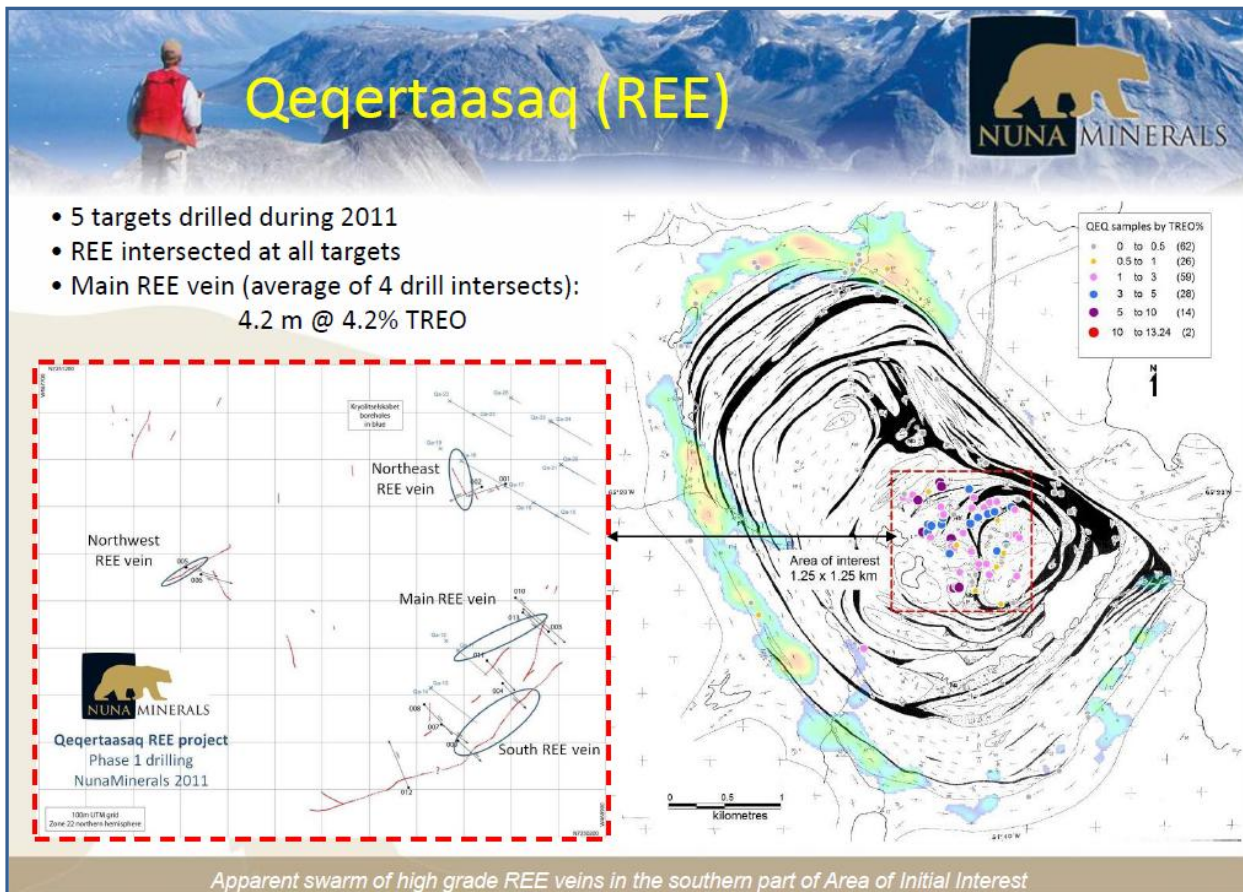
The T Property is located 110 km northeast of Nuuk; 30 km from a deep fjord and close to an existing hydropower plant and was discovered in 2005.

Both properties are hosted by large carbonatite complexes and 100% owned.



- At the **Qeqertaasaq (“Q”) REE Property**, a follow-up drill program has been conducted in June 2011 to test the down-dip and lateral continuity of the high-grade REE vein system discovered during initial drilling earlier this year.

The average of 4 intersects of the Main REE vein is 4.2 metres grading **4.2% TREO**. The physical fraction of Critical Rare Earth Oxides (CREO) amounts to 14.5% of the TREO which is equivalent to 6.1 kg CREO per ton of Main REE Vein.



Mineralogical studies indicate that the main REE mineral is 1-3 mm grained ancylite. Initial metallurgical study of a 7% TRE sample from Main REE Vein indicated a high recovery of 82%.

On October 6, 2011, NunaMinerals announced that it had completed the first phase of its 2011 drill program at the Q prospect. Assay results have been received for 99% of the samples.

The Company completed 1,690 metres of drilling on the Q carbonatite, testing 4 targets within a 700 x 800 metres area identified by surface exploration. REE bearing veins have been recognised at all targets.

Only 411 metres of the drill core has been sampled and analysed to date. Further analytical work of the drill core has been initiated for a better delineation of the mineralised sections.

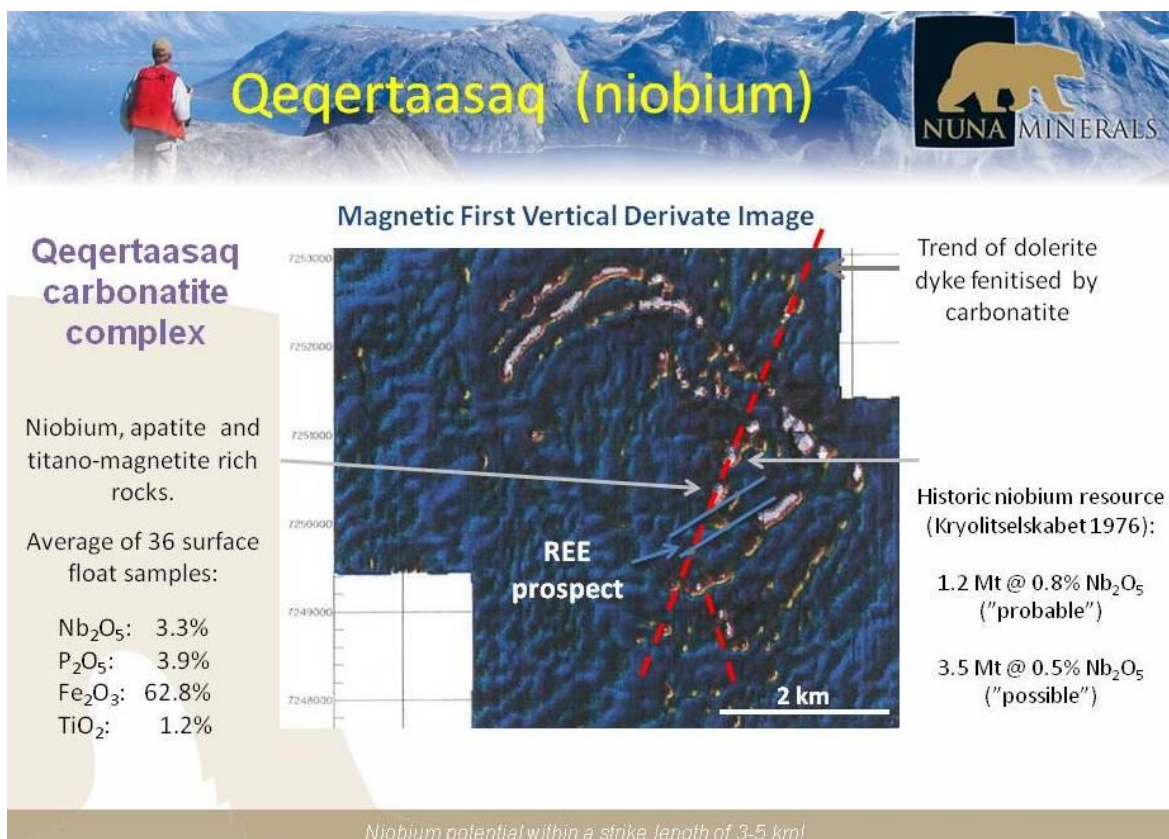
At the main REE vein, holes 3, 10 and 13 intersected a 2.4 to 4.8 metres wide REE bearing carbonate vein grading 3.8% to 4.5% TREO within a wider zone of lower grade REE mineralization.

The Main REE vein lines up with a historic REE vein intersect (drill hole Qa-11, Kryolitselskabet Øresund, 1976) 160 metres along strike to the west; Re-assay of this historic intersect resulted in 3.8% TREO over 2.4 meters.

Phase 2 drilling has been initiated to further test the lateral and down dip continuing of the Main REE vein.

At the South REE vein, approximately 150 metres south of and approximately parallel to the Main REE vein at the surface, drilling intersected several other veins between the Main REE vein and the South REE vein. Holes 4, 7, 9 and 1 intersected a mineralised vein 1.0 to 3.8 metres wide grading 1.5% to 3.5% TREO within a strike length of circa 160 metres and down to circa 100 metres below surface. On the surface, the South REE vein can be tentatively traced along intermittent showings for more than 600 metres.


At the Northwest vein, hole 5 intersected two mineralised veins within 8 metres from 18 to 27 metres depth, of which a 2 metre vein graded 1.9% TREO and a separate 1 metre vein also graded 1.9% TREO.



Hole 2 intersected REE mineralization 3.5 metres wide grading 3.1% TRE from 69.09 to 72.54 metres depth within a wider zone of 11.4 metres grading 1.3% TRE. This intersect lines up with several other intersects defining a north-south vein.

Hole 1 intersected 0.5 metre grading 2.0% TREO from 103.7 metres depth, and historic drill hole Qa-18 intersected 1.2 metres grading 4.4% TREO from 23.00 to 24.17 metres depth.


Re-assays of selected historic boreholes drilled by Kryolitselskabet Øresund as part of the Company's exploration for niobium in 1976, confirmed several high-grade REE veins to the east of the northeast vein up to 0.6 metre grading 5.2% TREO.




- Short term considerations
 - Drill for inferred resources!
 - Concentration tests!
 - Continued metallurgical tests!
 - Economic scoping study!
 - Environmental baseline studies (2-3 years required)!
- Longer term considerations
 - Infill drilling for reserves?
 - Bulk sampling for metallurgy?
 - EIA & SIA studies?
 - Definitive feasibility study?

➤ At the **Tikusaaq (“T”) REE Property** an initial drilling program consisting of 12 holes over 2,300 metres has been conducted to test the Brown Zone. This Zone is a 750 metre long geophysical anomaly that matches white spread REE mineralised surface float grading up to 12.4% TREO.

Initial mineralogical testing indicated that ancylite is the main REE mineral. The results from the initial drilling program are expected shortly.

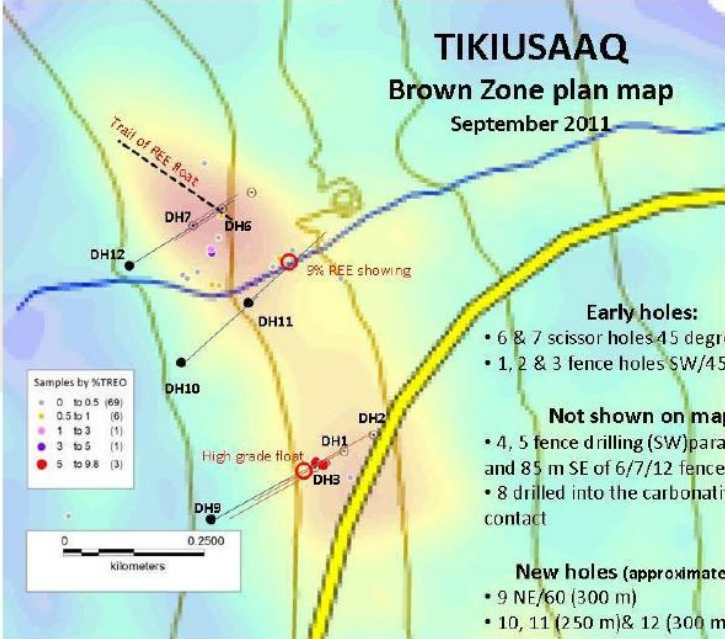


Drilling at Brown Zone 2011



Ancylite vein, Brown Zone

TIKIUSAAQ Brown Zone plan map September 2011



High grade float

3% REE showing

Early holes:

- 6 & 7 scissor holes 45 degree
- 1, 2 & 3 fence holes SW/45

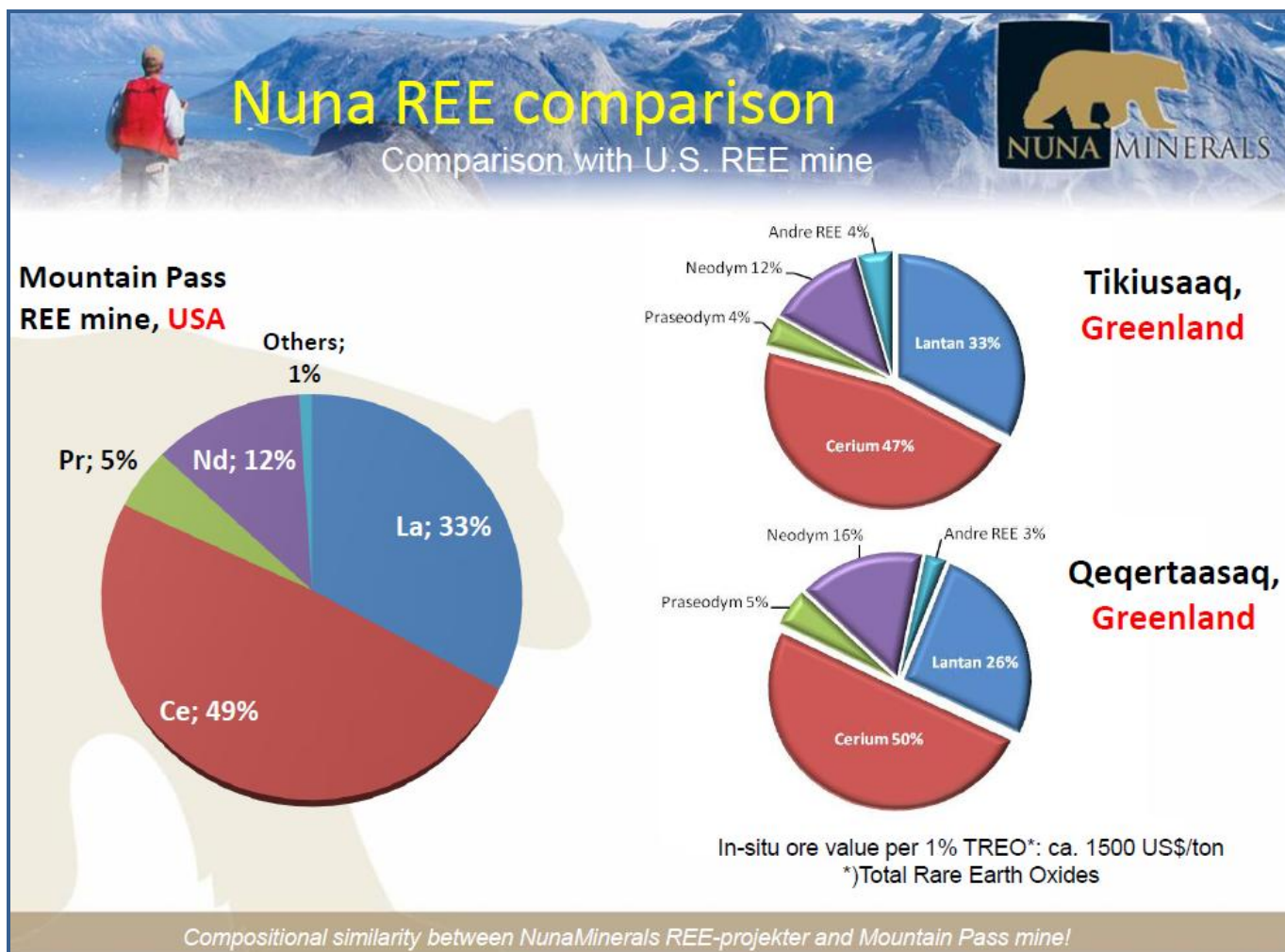
Not shown on map

- 4, 5 fence drilling (SW) parallel to and 85 m SE of 6/7/12 fence
- 8 drilled into the carbonatite core contact

New holes (approximate pos):

- 9 NE/60 (300 m)
- 10, 11 (250 m) & 12 (300 m) NE/45

Brown Zone: 2300 m drilled @ 12 holes – results pending!



➤ Ymer tungsten-antimony-gold property, eastern Greenland

Separate tungsten and antimony mineralization are hosted in late Precambrian, unmetamorphosed sediments in Margeries Dal, while gold is hosted in late vein structures in Noa Dal.

Small, bit high-grade scapolite mineralised outcrops of brecciated limestone were first located in **Margeries Dal** and drilled by Nordisk Mineselskab in 1983. Drill results included 40.4 metres grading 2.21% W (2.78% WO_3), including 7 metres grading 11.16% W (14.07% WO_3).

Drill-indicated (non NI 43-101 compliant) tungsten resources based on a total of 2,000 metres of drilling (18 holes) were estimated by Nordisk Mineselskab to be 82,000 tonnes grading 2.3% W (2.9% WO_3) at South Margeries Dal and 42,000 tonnes grading 0.7% W (0.9% WO_3) at North Margeries Dal.

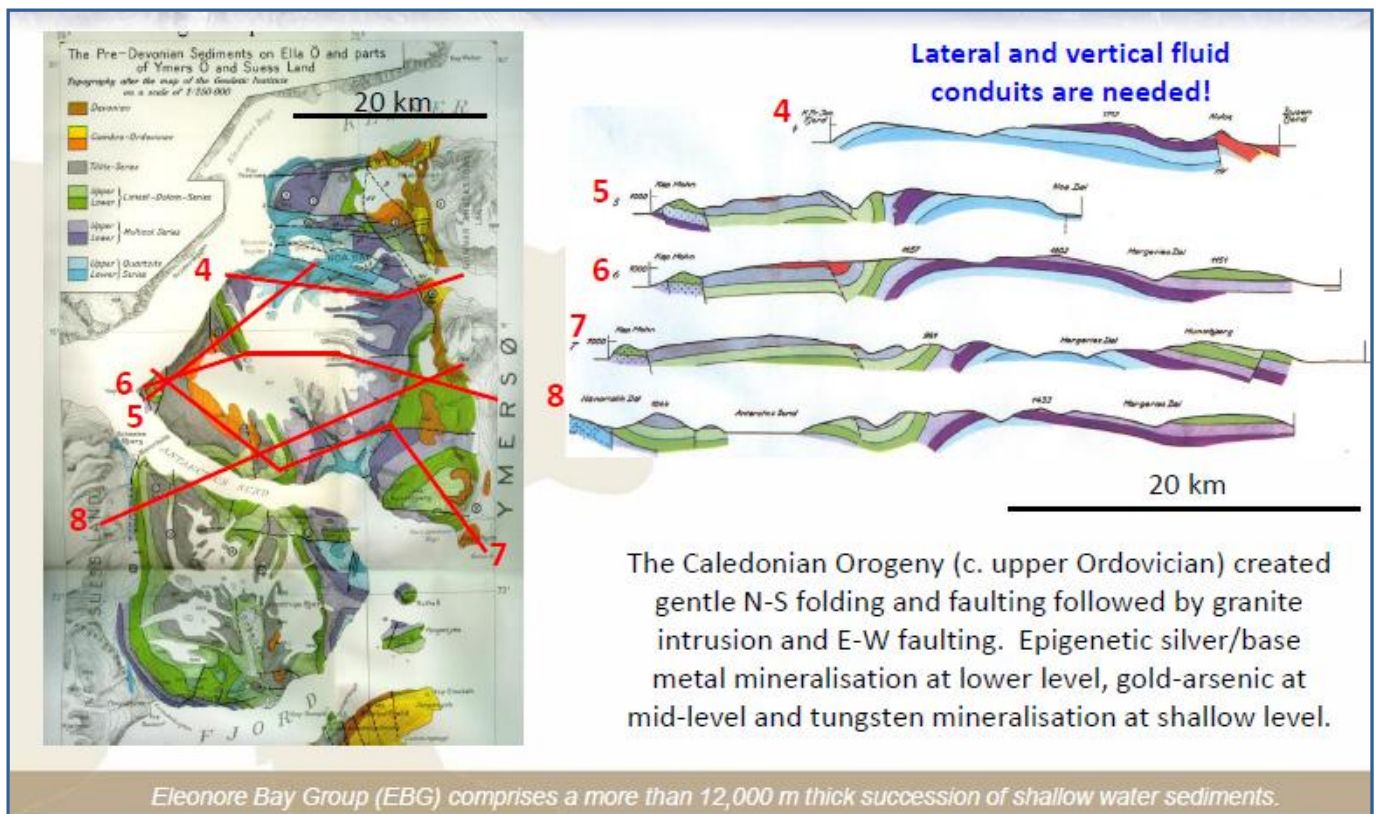
The resources are open and other tungsten mineralization is known in the area.

In the proximity of the North Margeries Dal scapolite mineralization, a separate body of stibnite mineralization was located by Nordisk Mineselskab. Drill results include 2.5 metres grading 20.89% Sb, 13.5 metres grading 3.82% Sb and 7 metres grading 4.55% Sb.

A historic, drill-indicated (non NI 43-101 compliant) antimony resource was estimated by Nordisk Mineselskab to be 108,000 tonnes grading 3.5% Sb.

The source is open and other antimony mineralization is known in the area.

At **Noa Dal** extensive gold mineralization occurs along the southern side of Noa Dal. An east-west striking, steeply outwards dipping main structure with reverse movements - formed prior to the north-south extension of the ore - hosts most of the gold. Other mineralised structures occur.



- Current activity
 - Metallurgical testing of bulk sample (tungsten)
 - 3D modelling of structures and mineralisation to better understand the mineralisation pathways
- Future considerations
 - Drill for additional resources
 - Ressource estimation
 - Metallurgical studies
 - Prefeasibility study
 - Test the gold and antimony potential

The main structure was profile (chip) sampled in 1992. Hammer chip sampling along the main structure shows that 100-300 metres along and 10-14 metres wide sections contain elevated gold, antimony and arsenic mineralization. Local drainage geochemistry along the southern part of Noa Dal indicates that additional gold mineralization may occur further to the east hosted at higher strategic levels.

Profile chip samples grade up to 40 metres grading 0.78 ppm gold, 0.7% arsenic and elevated Sb and W. The highest gold grade from float samples is 7 ppm gold. Profile samples yield up to 24 metres grading 2.5% Sb.

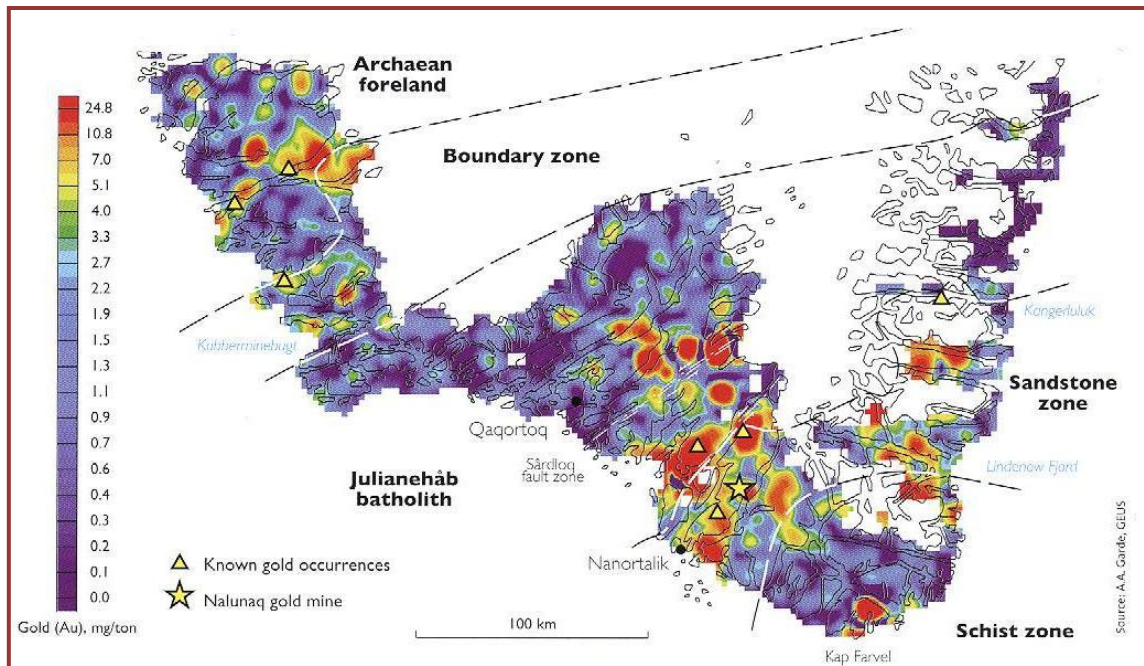
In 2011, one bulk sample of approximately 400 kg has been collected for metallurgical testing.

➤ Nanortalik Gold province, South Greenland

Numerous gold occurrences, including the Natunaq Gold Mine, have been found within 17 kilometres of a major 175 kilometre long northeast-trending break that represents the boundary of the younger granitic Julianehåb marphored sedimentary and volcanic rocks to the south.

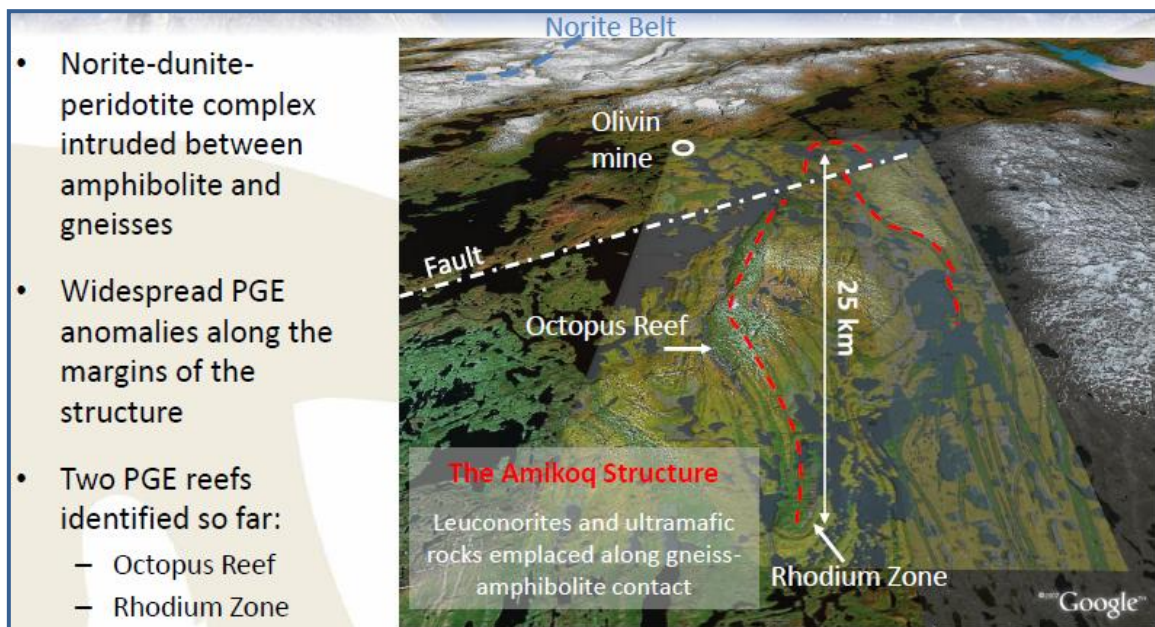
NunaMinerals' Vagar and Hugin licences straddle this highly prospective corridor at the southwest end (the Niagornaarsuk Peninsula) and its northeast end (the Kangerluluk occurrence), respectively.

At Amphibolite Ridge within the Vagar licence, surface grab samples contain up to 1013 ppm gold with corresponding chip sampling contain 8 m @ 25 ppm gold. Gold is hosted by shear zones in granodiorite. Weakly sulphidised granodiorite contain up to 12 ppm gold in grab samples and 5 m @ 0.6 ppm in chip samples

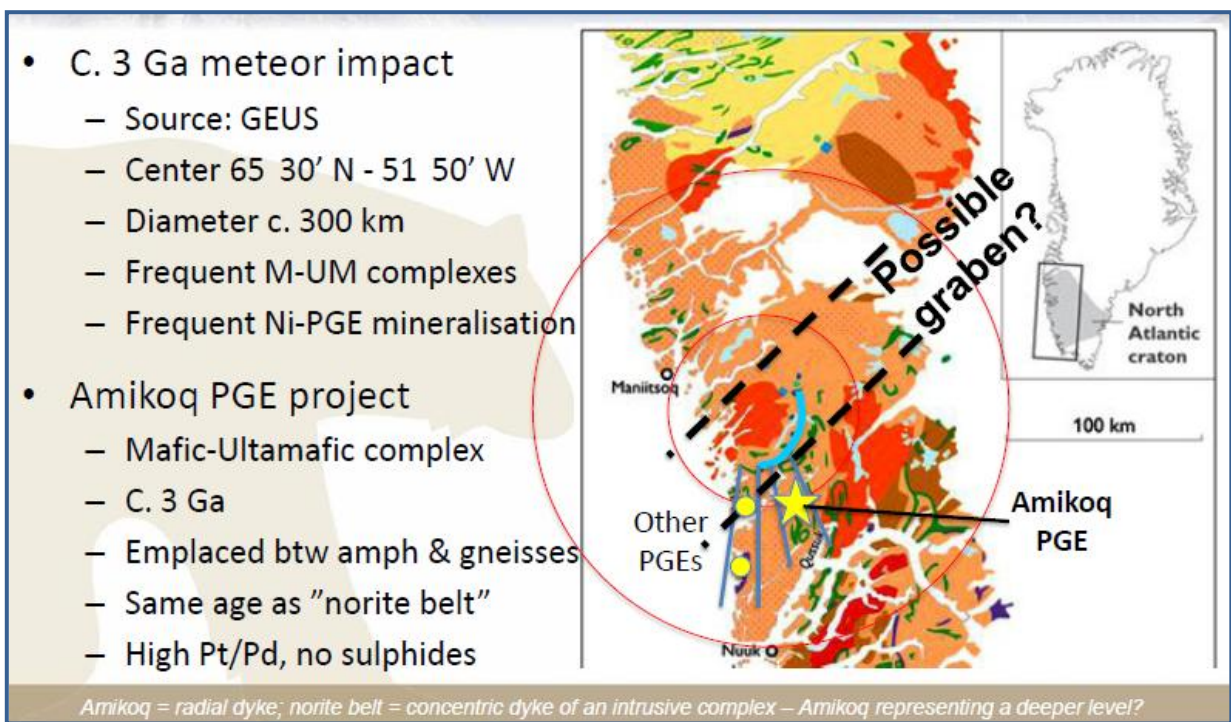


➤ **Amikoq Platinum Group Elements (PGE) complex, southwest Greenland**

The Amikoq layered complex is situated 75 kilometres northeast of Nuuk, the capital of Greenland. Its structure is the largest of several mafic–ultramafic intrusive complexes in the region and is approximately 40 kilometres long and mineralised on both flanks.

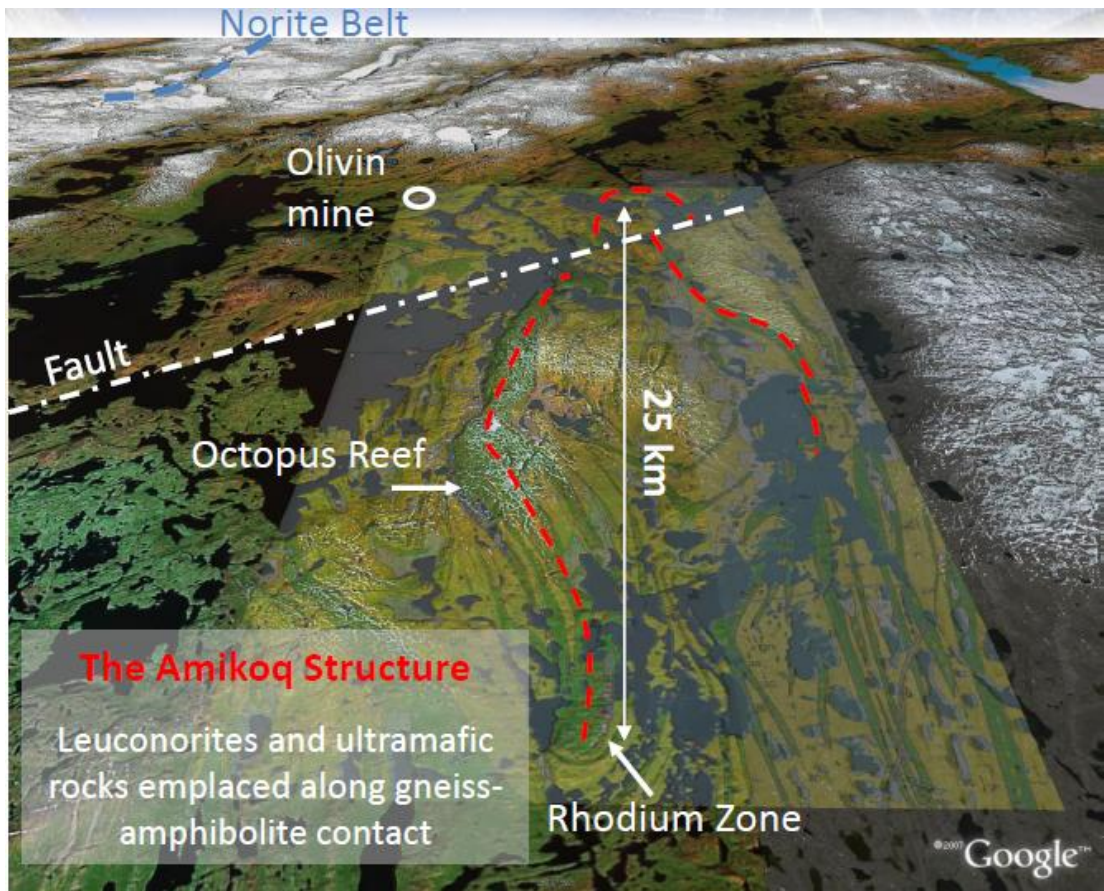


Two PGE reefs have been identified so far: the Octopus Reef and Rhodium Zone. The Octopus platinum-palladium reef can be traced along 2.5 kilometres on the west flank of the Amikoq complex. The reef is 2-4 metres wide with grades between 0.4 and 1.0 g/t platinum and palladium. The Rhodium Zone grades up to 1.0 g/t Pt + Pd + Rh with rhodium dominated along 500 metres. Drilling has intersected the reef at up to 100 metres depth. The same channel levels and boreholes have revealed parallel PGE-mineralised zones above the Octopus Reef.



The same type of host rocks at Arnaquassaag in the north of the project contain Pt + Pd grades up to 1.25 g./t.

The PGE-reef exploration requires lots of sampling. NunaMinerals looks for pot-holes along PGE reefs and new PGE reefs at several strategic levels to be funded by a partner.



Management

Ole Christian Anthon Christiansen, President & CEO, holds an MSc in [Geology](#) from the University of Aarhus, Denmark. He has more than 20 years of experience with minerals exploration in Greenland and he is a member of the supervisory board of GreenLAB Greenland .

Dan Bång, Chief Financial Officer, has a background as an accountant and holds an MBA. He has more than 16 years of experience in administration and finance from several international and listed companies.

Anton Marinus Christoffersen, Chairman of the Board, holds a BSc in electronic engineering from the Engineering College of Aalborg, Denmark. For almost 20 years, he was managing director of Tele Greenland. Mr. Christoffersen is chairman of the supervisory boards of Naqitat and is a member of the supervisory boards of Nordatlantisk Venture and Kilde. Automation.

Kaare Vagner Jensen, Deputy Chairman, is a marine engineer and an engineer officer educated in the Royal Danish Marine and has subsequently served in a large number of top management positions in the Asea Brown Boveri Group and in the Daimler-Benz Group. He also possesses extensive expertise in and is the co-owner of companies in the shipping industry. Moreover, Mr. Jensen is a member of the Danish Academy of Technical Sciences and is Chairman of the Board of several companies.

Hans Kristian Karl Olsen, Board member, holds an MSc in Geology. He has previously served as an exploration geologist with Nunaoil – the predecessor of the Company – and as deputy head and chief geologist in the Bureau of Minerals and Petroleum and also as deputy head of Greenland Resources. Mr. Olsen is a member of the Supervisory Board of Quadra Mining and Sanaartornemik Ilinniarfik (the Building and Constructions School) in Sisimiut. He is managing director of Nunaoil and a member of KVUG /The Commission for Scientific Research in Greenland).

Henning Skovlund Pedersen, Board member, holds an MSc (Economics) from the University of Aarhus, Denmark. Further management education in strategy, general management, professional competencies and staff management at i.a. Insead and IMD. Previously, Mr. Pederson was Managing Director of the holding company of Realdanmark Group/BG Bank and for a number of years external business school associate professor teaching Strategy and M&A and was Member of the Board of Skælskør Bank (Deputy Chairman), and several other companies.

Edward Slowey, Board member, is a qualified Geologist (PGEO; EurGeol) from National University of Ireland and has a Postgraduate Certificate in Water Pollution from Sligo Institute of Technology in Ireland and he has more than 30 years of experience in the mineral industry. He was manager of Rio Tinto's exploration in Ireland, Global Senior consultant for CSA Group and consultant on projects for the EU, UN and IFC/World Bank. Mr. Slowey has been involved in establishing and listing of exploration companies. He is CEO of Orogen Gold and Technical Manager of Silvrex.

Christian Jepsen, Board member, holds an MSc in Economics and Business Administration from Aarhus School of Business. He is CEO and President of FLSmidth and member of Group Management of FLSmidth & Co. for which he is globally responsible for the entire FLSmidth Mineral Business. FLSmidth Minerals operates primarily within copper, coal, gold, iron and phosphate, and geographically it is strongly represented in North and South America, Asia, Africa and Europe.

Finance

NunaMinerals' exploration budget for 2011 is DKK 15 million (US\$ 2.7 million), of which 80% goes to REE exploration.

The Company's current cash position is DKK 38.6 million as at the end of the third quarter of 2011.

Investment recommendation:

NunaMinerals is one of the few publicly listed major exploration companies focused on Greenland. Its projects offer diversified exponents to a range of precious and strategic metals and are focused on the advancement of two Rare Earth projects, Nanortaluuk gold province, Ymer tungsten, antimony and gold project and Amikog PGE project.

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Phase 2 drilling has been initiated to further test the lateral and down dip continuity of the Main REE vein.

At the T Property results from the initial drilling program are expected shortly.

At the Ymer tungsten-antimony-gold property in eastern Greenland, one bulk sample of approximately 400 kg has been collected for metallurgical testing.

At the Amikog PGE complex two PGE reefs have been identified sofar; the Octopus Reef with grades between 0.4 and 1.0 g/t platinum and palladium and the Rhodium Zone grading up to 1.0 g/t platinum, palladium and rhodium.

Based on its diversified exploration portfolio and more specifically promising prospects for its REE and PGE assets, at a market capitalization of just US\$ 28.3 million, in our view, the shares of NunaMinerals are substantially undervalued.

Our first price objective is DKK 250.