



Camp facilities in Kirkespirdalen, August 2019.

Nalunaq A/S

Nalunaq Gold Project

Scoping and Terms of Reference for the
Social Impact Assessment for the Nalunaq
Project 2020

01-12-2020

Nalunaq A/S

Nalunaq Gold Project

Scoping and Terms of Reference for the
Social Impact Assessment for the Nalunaq Project
2020

Client	Nalunaq A/S C/O Nuna Advokater ApS Qullierfik 2.6 3900 Nuuk Greenland
Consultancy	Orbicon - WSP Linnés Allé 2 2630 Taastrup
Project number	3621800216
Document ID	Nalunaq Goldmine – Scoping and Terms of Reference 2020
Prepared by	Heidi Hjorth
Project Manager	Morten Christensen
Quality assurance	Morten Christensen
Approved by	Søren Hinge-Christensen
Version	02
Published	1 st December 2020

Table of contents

1.	Introduction	2
2.	The SIA Process for Mine Projects in Greenland	3
2.1	Objective of the SIA	3
2.2	Scoping phase - Terms of Reference for SIA	4
3.	Regulatory Framework	5
4.	Project Description	7
5.	The Study Area	21
6.	Baseline Description Before Project Activities	23
7.	Potential Social Impact	24
8.	Terms of Reference for the SIA	25
9.	Stakeholder engagement	33
9.1	Public relations during permitting and life of the mine	33
9.2	Establishing a grievance mechanism	33
9.3	Stakeholders to be engaged during the SIA process (permitting)	33
10.	References	36
11.	Annex 1	38

List of Abbreviations

EIA	Environmental Impact Assessment
GE	Greenland Business Association
IBA	Impact and Benefit Agreement
ICC	Inuit Circumpolar Conference
ILO	International Labour Organization
KNAPK	Fishermen and Hunters Association
KTI	Tech College Greenland
MRA	Greenland Mineral Resources Authority
NUSUKA	Employers Organization
OHS	Occupational Health and Safety
SIA	Social Impact Assessment
SIK	Greenland Workers Union
ToR	Terms of Reference

1. Introduction

Nalunaq A/S is currently developing its Nalunaq Gold Project in South Greenland. The historical Nalunaq gold mine operated under Crew Gold Corporation from 2004 to 2009 when Run-of-Mine (“ROM”) material was mined and shipped offshore for processing to extract gold. Subsequently, Angel Mining PLC operated a small underground gold processing facility at Nalunaq from 2009 to 2013 and produced gold doré on site.

After the closure of the former mining activities, it was concluded by the Danish Centre for Environment and Energy (DCE) that the environmental impact has been insignificant and that the Nalunaq gold mine can serve as an example of how a mine can be operated in Greenland with minimum environmental impact (Bach & Olsen 2020).

The Nalunaq Gold Project is an advanced exploration project whose future depends on the identification of new resources that extend beyond the project’s current mineral resources. At this stage, various studies are underway to confirm the ultimate mining and on-site mineral processing methodologies to extract Nalunaq’s resources.

As part of developing the Nalunaq Gold Project, the Greenland Authorities require a Social Impact Assessment (SIA’) to be prepared in accordance with guidelines published by the Greenland Mineral Resources Authority (MRA).

The current SIA guidelines (from 2016) defines the scoping study as the initial step of the SIA process where key issues to be assessed in the SIA are identified and delimited. The scoping study forms the basis for the detailed plan for the SIA process including the Terms of Reference (ToR) for the SIA.

The purpose of this scoping report is to identify relevant social aspects that require special attention in SIA for the Nalunaq Project.

This document provides the ToR for an SIA for the Nalunaq Gold Project based on the findings and conclusions of the scoping report.

The Company plans to operate the mine for approximately 5 years from the date it reaches commercial production. Through underground development, drilling and the sequencing of mining operations, the Company estimates that based on historical development at Nalunaq the Life-of-Mine (“LOM”) could be extended furthermore by converting the Exploration Target in a Mineral Resource. Nevertheless, for the purpose of the SIA, the LOM is considered to cover a period of 5 years, after which the mine implement the closure plan to be agreed under Section 43 of the Mineral Resources Act as required by Greenlandic regulations.

2. The SIA Process for Mine Projects in Greenland

According to the most recent Greenland guidelines, the initial stages of the process should consist of the following main activities:

1. Scoping phase. After preliminary consultations between the company (and its consultant), the Greenland authorities and relevant stakeholders, a scoping report and ToR are prepared which includes a proposed Table of Contents (ToR) for the EIA and SIA.
2. Public pre-hearing. MRA publishes the company's Terms of Reference (ToR) for the EIA and SIA report in Greenlandic and Danish for public pre-consultation for 35 days.
3. The company evaluates the comments received during the pre-hearing and considers revision of the ToR/project.
4. The company prepares final Terms of Reference for approval by MRA.
5. The company prepares an Environmental and Social Study Program including a program for environmental and social baseline studies, project related studies and other studies in consultation with MRA and MRA's scientific advisors.

2.1 Objective of the SIA

The Mineral Resource Act (MRA) aims to ensure that mineral resource activities under the act are securely performed in regard to social sustainability cf. section 1 (2) of the MRA.

Due to this aim of the Mineral Resource Act, it is further stipulated in section 76 in the act that exploitation activities like mining, which are assumed to have a significant impact on social conditions, an exploitation licence cannot be granted before submitting a Social Impact Statement which has been approved by the Government of Greenland cf. section 76 (1) of the MRA.

Section 77 (2) further stipulates that the SIA must appropriately demonstrate, describe and assess the direct and indirect impacts of the activity on social conditions as well as the interaction between the conditions, mutual impact between the conditions and cumulative effects of impacts on the conditions.

The Social Impact Assessment (SIA) process will be developed in accordance with the *Guidelines on the process and preparation of the SIA report for mineral projects* from 2016 (the guideline) and the requirements of the MRA among others part 18a, specifying the requirements of pre-consultation and consultation.

The guidelines identify the main objectives of the SIA process for mineral projects to be:

- To provide a satisfactory and impartial description for Greenlandic society in general about what Greenland, the local communities affected and individuals will gain from the project;
- To inform and involve relevant and affected individuals and stakeholders early in the process via ongoing dialogue and specific procedures;
- To provide a detailed description of the social pre-project baseline situation, which, on the basis of the most recent available data, is to form the basis for planning, mitigation initiatives and future monitoring;

- To provide an assessment based on collected baseline data to identify both positive and negative social impacts at local and national levels;
- To optimize positive impacts and mitigate negative impacts throughout the project life-time;
- To involve in a meaningful manner affected towns, settlements and communities (individuals) that may be directly or indirectly impacted throughout the project by utilising and respecting local knowledge, experience, culture and values;
- To develop an Impact and Benefit Plan.

An integrated aspect of the SIA is to highlight the project's potential impact on the following essential issues in the Greenlandic context:

- Use of Greenlandic labour;
- Skills enhancement through training and education;
- Use of Greenlandic enterprises;
- Processing of minerals in Greenland.

2.2 Scoping phase - Terms of Reference for SIA

Scoping is the initial phase of the SIA process. In the scoping phase, key issues to be investigated and assessed during the subsequent phases of the process are identified, and the range and extent of the studies to be conducted is determined. Following the scoping phase the Terms of Reference (ToR) for the SIA are formulated.

The development of Terms of Reference (ToR) for the SIA starts with the drafting of a scoping report. The purpose of the scoping report is – at an early stage of the mine-project - to identify relevant social aspects that merit attention in the Social Impact Assessment (SIA) for the project.

The scoping report will contain a brief description of the socio-economic conditions in the proposed mine area and surroundings and briefly outline the planned mine project. It will further identify potential social impacts the project might have and which merits attention in the SIA. This includes any social benefits and challenges that the mine project poses to communities.

As described in the SIA guideline, public participation must be part of the scoping phase in order to identify the most relevant social issues to ensure that groups concerned will be able to influence the study of these in the SIA in due time.

The scoping report contains the following main sections:

- Brief description of the various scenarios for the Nalunaq Gold Project (based on data provided by Nalunaq A/S);
- Brief description of the project area of influence;
- Description of the socio-economic conditions (demography, income and expenditure, labour market and employment, business environment, education, health, local use) potentially impacted by the project. This description is based on a secondary data and key informant interview;

- Identification of potential project related activities that might impact the socio-economic conditions and that should be addressed in the SIA.

Before the work with the SIA continues, the draft Terms of Reference will be published for public consultation, where local communities and stakeholders can comment on the document and ask questions. MRA therefore publishes the company's project description and scoping documents for public pre-consultation for 35 days in accordance with the provisions of The Mineral Resources Act.

A White Paper will be prepared after the public hearing containing all comments and questions received and the answers to these from the mine company and the Greenland authorities.

The company must evaluate the comments received during the public pre-consultation and consider revision of the project as a result of the public consultation.

The revised Terms of Reference document will then be submitted for approval by the Greenland authorities.

The SIA will be based on these approved Terms of References. Based on the SIA and the following public hearing process, the government, municipality and the company negotiate the Impact Benefit Agreement (IBA) which describes the commitment of the company in terms of local employment, contracts with local businesses and training offered to enhance local content. The SIA will also address issues of processing of minerals in Greenland. Before the company can start construction, a number of detailed management plans must be approved by the authorities, including production and closure plan, and emergency response plans. Throughout the project construction, operation and closure there will be continuous monitoring, evaluation and updates to the IBA.

3. Regulatory Framework

The main legislation under which this project will be developed and operated is the Greenland Parliament Act no. 7 of 7 December 2009 on Minerals and Resources (the Mineral Resource Act) which came into force on January 1, 2010 (including amendments no. 26 of December 18, 2012 and no. 6 of June 10, 2014). The most relevant provisions for the SIA process in the Mineral Resources Act are:

Section 77 (2) – identification and assessment of direct and indirect project impacts

Section 78 (a) – the legal basis for the IBA

Part 18a – pre-consultation and consultation

Section 18 (1) – use of Greenland workers

Section 18 (2) – use of Greenland enterprises

Section 18 (3) – processing of minerals in Greenland

Greenlandic legislation covering:

- Aviation (Danish legislation BL 5-24 on flight regulation in Greenland)
- Conservation and other heritage protection of cultural relicts (Act no. 11 of May 19, 2010)
- Criminal legislation (Act no. 306 of April 30, 2008)
- Emergency management (Act no. 14 of May 26, 2010)
- Immigration (Danish regulation no. 150 of February 23, 2001)
- Maritime safety (order no. 882 of August 25, 2008)
- Occupational health and safety (order no. 1048 of October 26, 2005, covering Act no. 295 of June 4, 1986; Act no. 321 of May 18, 2005 and §3 Act no. 193 of March 26, 1991) as well as specific orders on occupational health and safety.
- Taxation (Act no. 12 of November 2, 2006 and amendments of Act no. 3 of November 30, 2009, Act no. 20 of November 18, 2010, and Act no. 37 of December 9, 2015)
- Greenland Parliament Act no. 4 of June 4, 2012 on Greenland Oil Spill Response A/S
- The Greenlandic Building Code (Bygningsreglement 2006, Br06)
- Laws, regulations, executive orders etc. issued and administrated by the Greenland Electrical Authority
- Executive order no. 16 of 16th of July 2017 concerning explosives
- Road Traffic Act for Greenland
- Executive order No. 7 on Potable water quality and supervision with water treatments plants

International conventions, declaration and initiatives:

- Convention of Protection of the World Cultural and National Heritage (UNESCO)
- European Convention on Human Rights
- Extractive Industries Transparency Initiative (EITI)
- ILO Convention 169 on Indigenous and Tribal Peoples Convention
- ILO Convention 87 on the Freedom of Association and Protection of the Right to Organise
- ILO Convention 98 on the Right to Organise and Collective Bargaining
- ILO Convention 138 on Minimum Age
- ILO Convention 100 on Equal Remuneration
- ILO Convention 111 on Discrimination
- ILO Declaration on Fundamental Principles and Right at Work
- International Covenant on Economic, Social and Cultural Rights
- International Covenant on Civil and Political Rights

- International Union for the conservation of Nature
- OECD guidelines for multinational enterprises
- UN Convention against corruption
- UN Declaration of Indigenous Peoples Rights

4. Project Description

This chapter presents facts about the Nalunaq Gold Project area, such as the current gold resources of the project, and outlines an updated project description in order to identify the most important social focus points to be included in the SIA.

Project Ownership

The Nalunaq license is held by Nalunaq A/S, a 100% owned Greenlandic subsidiary of AEX Gold Inc., a public company listed on the Toronto Venture Stock Exchange and on the AIM Stock Exchange in London.

Background

The Nalunaq Gold Project is a past-producing underground gold mine located in South Greenland. The mine was first operated under Crew Gold Corporation from 2004 to 2009, and then by Angel Mining PLC from 2009 to 2013, until the mine closed as a result of financial difficulties and a lack of exploration. This led to the site being decommissioned in 2014. Nalunaq A/S saw an opportunity to acquire a past producing high-grade gold asset with significant exploration potential and benefitting from extensive infrastructures that remain in place, including an underground processing plant, underground mine workings, a mine access road and a jetty.

The mine is located within Exploitation license 2003/05 which is 100% owned by Nalunaq A/S and is valid until April 2033.

Nalunaq hosts an Inferred Mineral Resource of 251 koz in 422,770 tons at a grade of 18.5 g/t Au as described by the latest Competent Person Report (“CPR”) from SRK, dated June 2020.

Zone	Classification	Tonnes (t)	Grade (g/t Au)	Contained Gold (oz)
Remaining Stopes	Inferred	26,690	20.8	17,890
Mine Area	Inferred	396,080	18.3	233,080
Total Inferred		422,770	18.5	250,970

Notes:

1. Remaining Stopes reported at a cut off of 6.0g/t Au
2. Mine Area reported at a cut-off grade of 6.0g/t Au
3. Diluted to 1.2m true thickness at 0.0g/t Au
4. Gold price of US\$1,500
5. Total refining, transportation and royalties costs of US\$57
6. Total operating costs of US\$254/t.
7. All figures are rounded to reflect the relative accuracy of the estimate
8. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability
9. 100% of the Mineral Resource is attributable to Nalunaq A/S

Additionally, the above Inferred Mineral Resource is supplemented by a Tailings Resource, also covered in the CPR, representing 48,220 tons of slurry at a grade of 4 g/t, for a total of 6,200 ounces of gold.

Location

The Nalunaq Gold Project is located in South Greenland at latitude 60°21' N and longitude 44°50' W about 32 km northeast of Nanortalik, Greenland's 10th largest town with a population of approximately 1,350.

The mine lies to the west of the permanent icecap in the municipality of Kujalleq, in Kirkespirdalen, a broad glacial valley situated about 8 km from the tidal, ice-free Saqqa Fjord.

The Saqqa Fjord joins the Søndre Sermilik Fjord which together with Tasermit Fjord form two deep 60-80 km NE trending fjords, that extend from the ocean of the Davis Strait (in the southwest) to the Greenland ice cap (in the northeast).

The site benefits from access to ice-free deep-water fjords and is served by the Narsarsuaq international airport 100 km to the north, with regular connections to Copenhagen and Reykjavik.

The license area includes a land area as well as a marine area, as indicated in Figure 1.

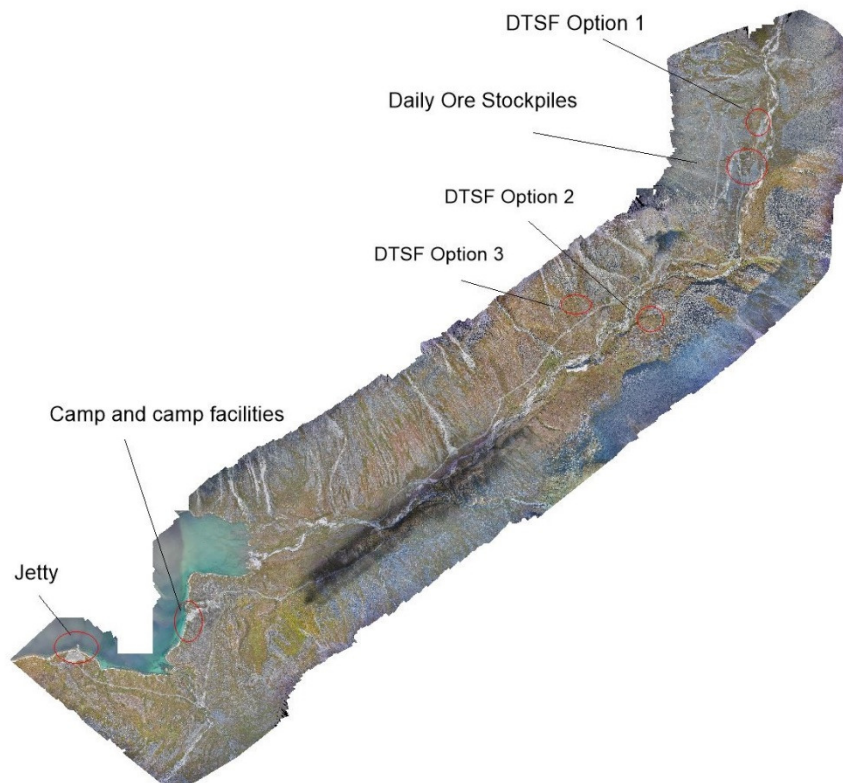


Figure 1: The Nalunaq Gold Project area with suggested locations of the most important project elements. More detailed maps can be found in the project description below.

Nalunaq Gold Project Plan Forward

Nalunaq A/S has developed a strategy to re-initiate operations at its Nalunaq Gold Project, through an underground development program leading to full scale mining operations.

Run-Of-Mine ("ROM") will be fed to a 300 tons per day ("tpd") processing facility consisting of the following expected circuits: crushing, grinding and gravity recovery plant. . It is to be noted that the Company may also decide to implement a flotation circuit to complement the gravity recovery circuit given the high amenability of gold at Nalunaq to concentrate in flotation circuits.

The process plant will be strategically located outside of the underground mine, allowing the Company to properly blend ore grades to maximise gold recovery and provide for future scalability of operations. From past metallurgical testworks and industrial scale processing, gold recovery from the gravity recovery circuit is expected to be 65 to 70 percent. Gravity concentrates would then be smelted on site to produce a Doré, and shipped offsite for further refining. The tailings will be dry stacked and disposed of in a surface Dry Tailings Storage Facility.

Given the relatively small scale of the operations at 300 tons per day, implementing the capacity for expansion upfront can be done in a cost-effective manner and provide the company the flexibility to substantially increase throughput without a significant additional investment or interruption in operations.

The main components of the project are:

Camp Facilities

The Camp Facilities, capable of hosting 100 persons through its Camp Complex, will be established near the fjord at coordinates 60°19'04.0"N 44°55'31.8"W. See Figure 2 below.



Figure 2: Approximate location of the camp and expected Camp Facilities.

The Camp Complex will be supported by other technical structures such as a sewage treatment plant, a reverse osmosis potable water treatment plan, a fire protection system, freshwater pumps located in the fjord, an incinerator and diesel generators. The Camp Facilities are expected to be constructed where the 2020 exploration camp was located. The temporary Exploration/Construction Camp is being moved into position during the latter part of the 2020 field season. Due to the fact that the Camp Complex will be used for exploration activities, when preparing for drafting the SIA Report as well the SIA Report, Nalunaq has in 2020 submitted an application to the MLSA for beginning constructing the Camp Complex. Nalunaq intends to begin constructing the Camp Complex as soon as the approval is obtained from the MLSA. Nalunaq as shown in this document plans to integrate the Camp Complex in the upcoming mining project. Nalunaq A/S will, irrespective of when construction begins, deposit full financial security for a possible removal of the Camp Complex before construction commences.

The Camp Complex is illustrated in Figure 3 below:



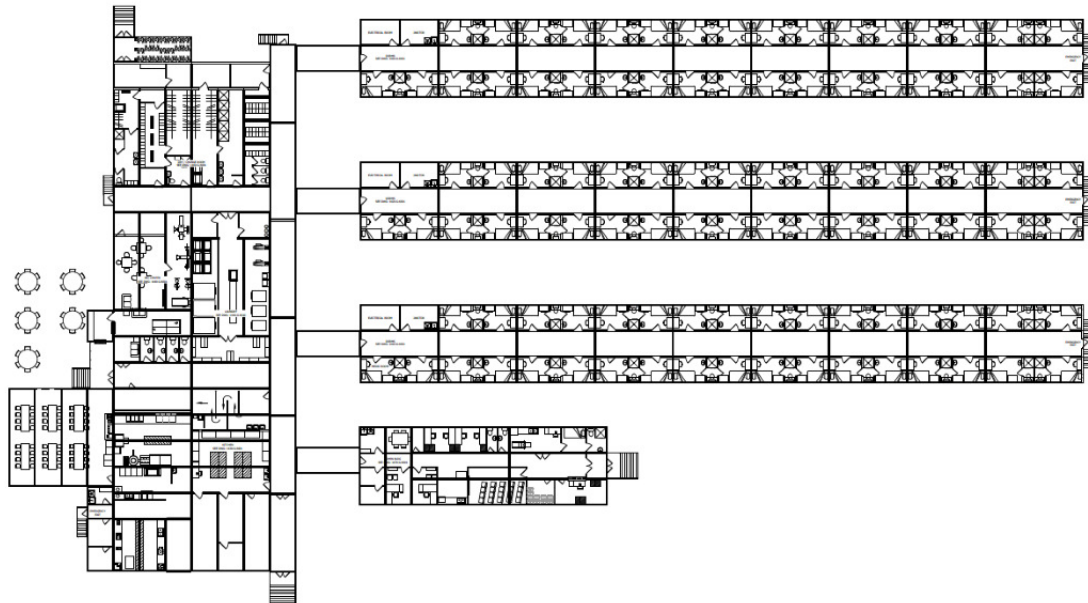


Figure 3: Proposed View of Camp Facilities and of Camp Complex

The Camp Complex is expected to consist of dormitories, a kitchen and lunchroom, a laundry unit, a mud room and a change room, as well as a recreation building and an administration office. The kitchen is protected by a dry type fire protection sprinkler system. The other facilities of the complex are protected with localized fire hose cabinets and localized fire extinguishers. The Camp Complex shown was designed with health and safety professionals to operate under pandemic conditions such as for the Covid19.

Logistics support

The Nalunaq project currently benefits from the jetty built during past operations. The jetty is overall in good condition and will be used going forward. The historical barge beach landing area will be upgraded to support the higher construction traffic in terms of equipment and materials freight.

Fuel Storage

The main fuel storage is expected to consist of a 400m³ of storage capacity, located at coordinates: 60°19'1.4"N 44°55'33.247"W. See Figure 4 below:

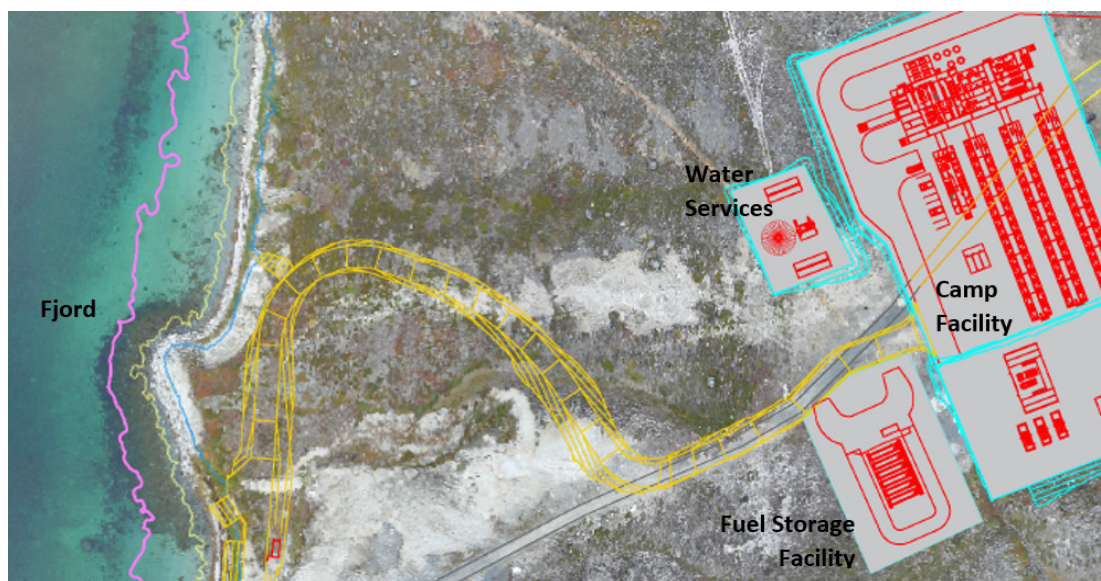


Figure 4: Preliminary location of the main fuel storage and beach landing.

The tanks are expected to be of the double wall type, whereby the primary containment of the tank is surrounded by a secondary containment consisting of an HDPE membrane and berms.

Fuel is expected to be dispatched from the main storage area to the mine area by a 20m³ fuel truck. At the mine site, two 20 m³ double wall tanks will be located near the process facility, servicing the process plant and the mine.

Mine

The mine will be redeveloped through an underground development program, which will then be succeeded by a ramp up of the mining activities. The aim of the underground development program is to upgrade the current mineral resource and to allow a sequential ramp-up of mining activities following the development program.

Initially, the mineral resource in South Block and Target Block body will be accessed by ramping on vein and developing sublevels at every 20 meters.

The main advantage of the development on the vein is that it allows a faster exposure to a greater area, thus allowing resources to be converted to a greater certainty sooner. The Company will also implement an underground drilling program aimed at providing additional structural data of Main Vein in key areas, notably in Target Block and Mountain Block. Since these areas are more efficiently drilled from within the mine due to the topographical considerations, small footwall developments in waste will be undertaken to establish drilling stations.

Following the underground development program, mining activities will ramp up using the same methodology as used by the past operators, whereby sublevel development in ore is followed by retreat long-hole stopping. Mine waste disposal will be maximized in the stopes and drifts left from previous operations, and excess waste would be trucked out of the underground mine and stockpiled in waste dumps. The rock at Nalunaq is not acid generating, therefore there is no risk of naturally occurring waste leaching.

ROM ore will be trucked out of the mine through portal 300, where daily mining ore production stockpiles will be established. See below Figure 5.

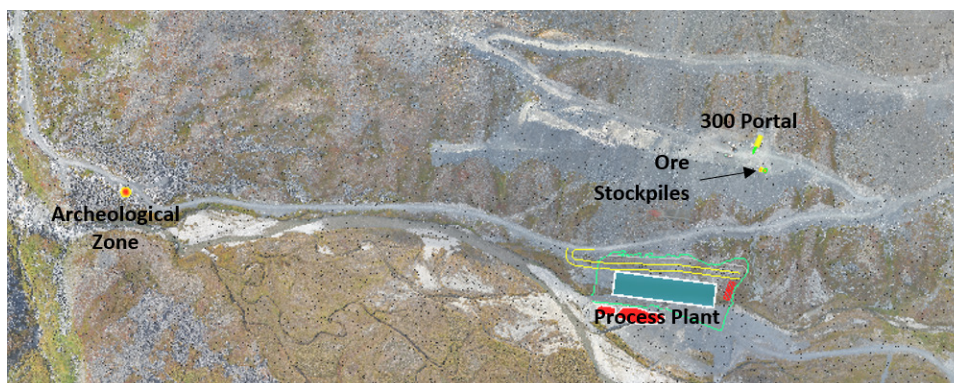


Figure 5: Proposed Daily Ore Stockpiles

During night shifts, an off-highway truck and a loader will re-handle the material near portal 300 and bring it down to the ore stockpiles around the processing plant. The underground mining fleet is expected to mainly consist of jumbos, scoops, underground mine trucks, production and exploration drills as well as other service vehicles. All vehicles are currently planned to be diesel powered, and the company is exploring the possibility of integrating battery powered equipment while in production.

An explosive storage will be set up at the historical location, at approximate coordinates 60°20'52.4" N 44°50'44.8"W. The storage will be monitored 24/7 by the site security department. Explosives will be mixed outside of the mine and dispatched to the blasting zones as required. Explosives management will be according to the Greenlandic Explosives Act. It is estimated the year consumption of explosives, ANFO, will be about 60,000 kg.

Mechanical workshops and a kitchen are expected to be established in the same locations as for past operations.

Power generation will be initially established close to the mining operations in the mine. Ventilation will also be implemented throughout the mine and use the existing systems of raises as well as new raises as development enters new zones. Water will be reticulated to specific demand points and recycled as much as possible. Compressed air systems will be localized at specific areas though skid mounted units where drilling is undertaken.

The underground equipment fleet and services will handle an operation of approximately 100,000 tons per annum ("tpa").

Process Plant

A 300 ("tpd") two stage crushing, milling gravity recovery and smelting plant will be implemented outside of the underground mine, at approximate coordinates 60°21'17.226" N 44°49'50.092"W . See Figure 6 below:

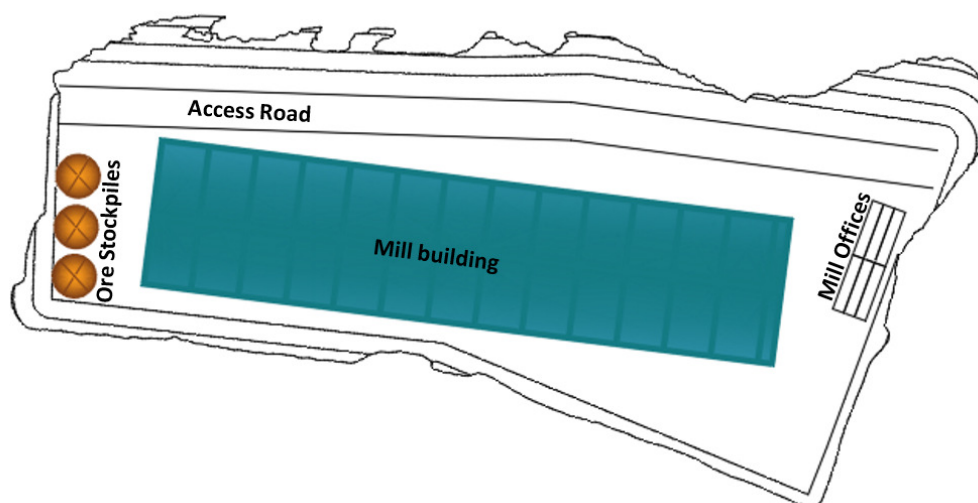


Figure 6: Proposed Layout of the Mill Building

The processing facility is expected to be covered by a dome building, with dust suppression systems, and include an office area to support operation activities. Ore from the mine stockpiled near the process plant will be fed through a crushing circuit consisting of a primary jaw crusher, a sizing screen and a secondary cone crusher. Ore will then be stockpiled and reclaimed upstream of the ball mill for milling, and grinded down to 76 microns (P80). Gravity concentrators will then be recovering the gold from the slurry out of the ball mill. The gravity concentrators will produce a concentrate which will be recovered, stored and fed through a concentrate upgrade circuit which will consist of shaking tables. The gold recovered from the shaking tables will then be smelted and poured into a doré and dispatched offsite by air for additional refining.

It is to note that the Company is considering implementing flotation to complement gravity recovery right away to produce a gold flotation concentrate at Nalunaq, which would be shipped out for further refining.

Tailings

The fundamental objective of tailings storage facilities is to provide safe, stable, and economical storage of tailings, presenting negligible public health and safety risks and acceptably low social and environmental impacts during operation and post closure.

The pre-screening evaluation of tailings management technologies has led to the conclusion that the preferred alternative is the Dry Tailings Storage (“DTS”) on surface.

Nalunaq A/S, with its key advisors, have developed identified three potential areas to establish a Dry Tailings Stacking Facility (“DTSF”). The preferred option selected is Option 1 as illustrated in Figure 7. It is closer to the process plant and has the least risks from a health and safety perspective.

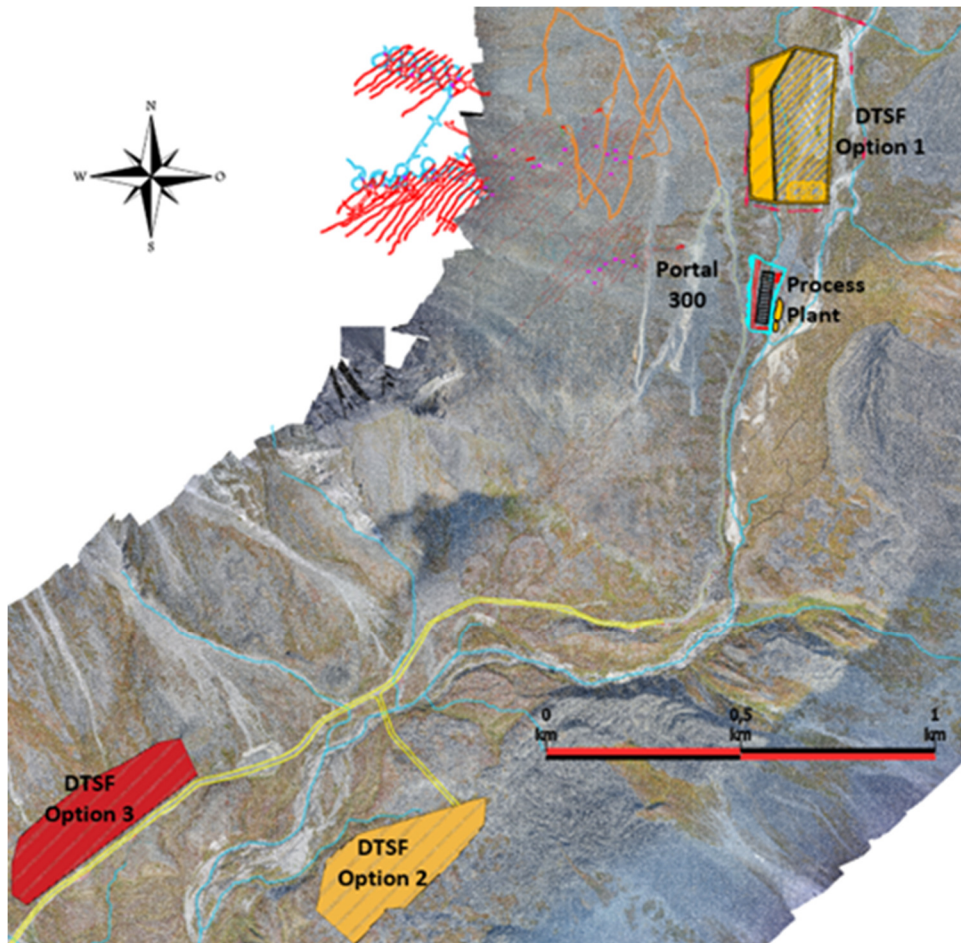


Figure 7: Options for DTSF

Water & Effluent Management

It is to note that the preliminary water and effluent management plan described below was designed to fully integrate the past environmental monitoring stations for the purpose of monitoring continuity.

At the camp, fresh water from the Saqaa fjord will be pumped to raw water tanks, upstream of a potable water treatment system. Also, a water storage capacity will be established for fire protection purposes around the Camp Facilities. At the Camp Facilities, all of the liquid waste generated by human activities will be handled by the sewage treatment unit. The effluent of the sewage treatment will be channeled to the fjord. Human liquid waste from the mining and processing activities will be pumped in a vacuum truck and trucked to the Camp Facilities' sewage treatment plant. The potable water treatment plant will also produce an effluent from the reverse osmosis separation to be discharged to the fjord. See Figure 8 for identifying the potential points of discharge of the Camp Facilities Effluents:



Figure 8: Potential points of discharge of the Camp Facilities Effluents.

The mine water supply is expected to be established by collecting water in sumps near the consumption areas in the developing and mining areas. Water recovery and recycling will be optimized to reduce the requirement of pumping.

The process plant will be fed with raw water by borehole pumps in the valley floor.

Power Generation

Electrical power to the project's facilities will be supported by diesel generating sets as islanded power plants. At the camp, a power generation facility with a peak power demand of approximately 450kW will be implemented, whereas for the process plant the power generation facility will be designed for a peak power of approximately 1,500kW. The mine will be supported by localized power generators in the zones of activities.

Nalunaq A/S is currently finalizing an energy efficiency study with a thirdparty expert. The aim will be to identify potential infrastructures which could increase the overall project efficiency. Heating requirements is of importance for the project, and as such is an aspect of the project which the company is currently working on optimizing. Additionally, the company has also initiated a study on assessing renewable energy potential at the Nalunaq project site in the form of wind and solar power. Nalunaq A/S is also planning to undertake a review of the site hydrology to assess the potential of implementing small scale hydro-power in the future. The amount of fuel consumption, as well as the type of fuels will be stated in the SIA report.

Comparison to past Operations under Angel Mining PLC

The main differences between the planned operation under Nalunaq A/S and that of Angel Mining is in the location of the main camp, the location of the frontend processing circuits,

namely the crushing, grinding and gravity recovery circuits only, and the tailings management methodology.

The Camp Facilities will be located, as discussed earlier, near the fjord. Under Angel Mining, it was located outside of the Mine Area, where Nalunaq A/S is expecting to build its DTSF. The area in which the new Camp Facilities will be placed is already influenced by previous operations, notably the beach landing, the jetty, the fuel storage area and the current exploration camp. There are no particular nature protection interests in the area, and the additional footprint resulting from the new mine project is expected to be very limited.

With respect to the processing facilities, Nalunaq A/S intends to locate the crushing, grinding, gravity recovery and tailings filtering circuits where the old workshop was located, under a dome building. The building will be designed to effectively manage dust control. Taking those circuits out of the mine will allow Nalunaq A/S a better grade control of material fed to the mill, and ultimately optimize plant performance and operation scalability.

Other differences to consider is that part of the mine waste will be orderly stockpiled in established waste dumps, compared with the random disposal in the past out of the various portals. A portion of the waste will also be kept inside the underground mine and stored in existing voids from past operations. The waste dumps to be located outside will also constitute aggregate material for Nalunaq A/S.

As the new processing facility will be constructed at the valley floor near the mine, some extra transport to and from the camp and the mining area is expected, compared to the Angel Mining project, mostly involving personnel transportation. This is likely to result in an increased disturbance and impact from dust along the road between the new main camp and the mine area. Therefore, it is expected that special dust reduction measures will be required in order to minimize impact from dust on the habitats along the main road.

Supply Chain during construction and operations

Construction

Most of the cargo during construction will be delivered in bulk and in containers. Given the size of the cargo to be received, the beach landing area which was used in the past operations will be re-furnished and re-used. During construction, approximately 4,200m³ of bulk cargo and 4,500m³ of containerized cargo will be delivered to site. Depending on the shipment size and cargo consolidation methodology in Greenland, approximately 180 to 200 Twenty-foot equivalent units (“TEU”) will be sent to Nalunaq during the construction period. The strategy behind the logistics of these operations will be to consolidate cargo for international supplies and optimized shipment to Greenland, where cargo would then be barged to site. It is estimated that approximately 40-50 trips of barges from Nanortalik or Qaqortoq will be carried out to bring the cargo to site during construction.

Operations

During operations, a much smaller amount of cargo is expected. Most of the cargo will consist of consumables for the mining and processing operations. We expect that the cargo will be consolidated in South Greenland and barged to site on a regular basis. Possible marshalling points will be identified in the SIA Report.

It is roughly estimated at this stage that approximately 1 barge a week will service the project during operations. According to the marine traffic information, the Saqaa Fjord is currently rarely visited by vessels. It is expected that the increase in number of vessels and operations resulting from the project will be very limited.

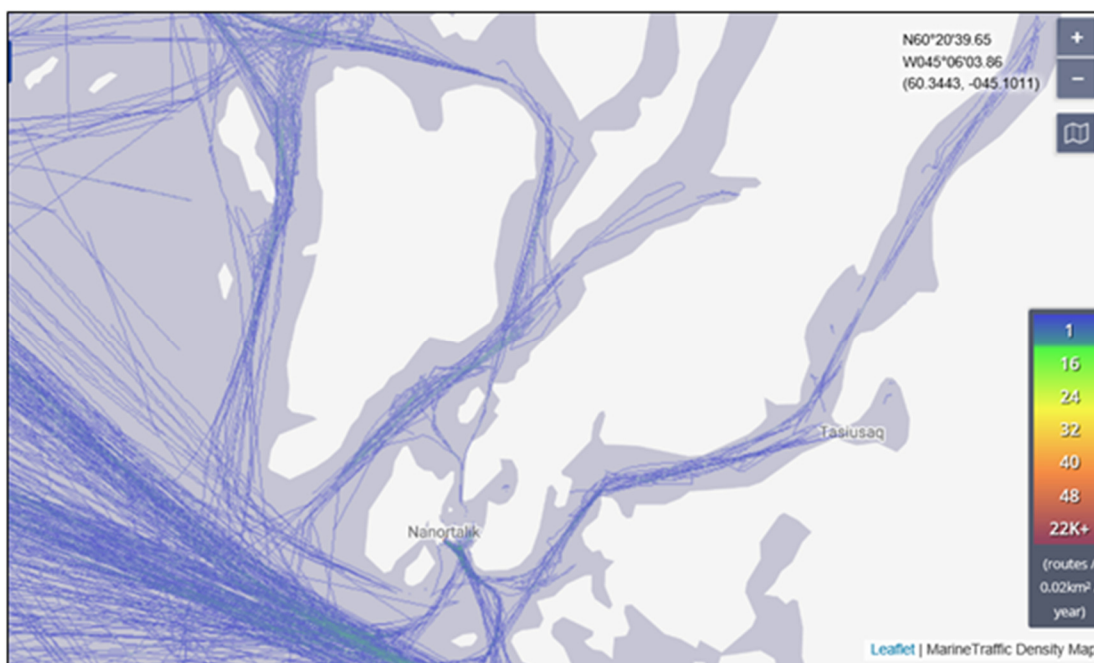


Figure 9: Density of vessels in 2016 and 2017 (source: www.marinetraffic.com).

Social issues

Employment

The project will employ approx. 70-80 workers during construction and 150 during operations. Construction and operations personnel will consist of a combination of locals and expatriates. Overall, the challenge will be the availability of local skilled labor with the background of in-country infrastructures investment and other exploration and mining activities.

During project execution, a construction management team mostly consisting of expatriates will lead a work force of teams consisting 50% expats and 50% locals. It is the company's desire to keep the ratio of locals to expats as high as possible, which will be dictated by the availability of skilled labor in a competitive labor environment.

Construction activities have been estimated for approximately 164,000 manhours for a period of 14 months. Preproduction activities, not including underground development, account for approximately 94,000 manhours. Those activities are mostly supported by geologists, machine operators, maintenance crew as well as camp staff. During construction and pre-production, approximately 1,000 rotations are expected. During operations, it is estimated that up to 150 people will be employed as direct employees of contractors at the Nalunaq Operations, including the staff being offsite in rotation.

Personnel Travel

Expatriates will be flown into Greenland on a rotation basis. They will be transported directly to site from Narsarsuaq.

Locals will be travelling to site, mainly from Nanortalik and Qaqortoq, by sea. The company may subcontract a local party or operate its own vessel to bring its employees from the consolidation point in Nanortalik.

5. The Study Area

The study area of the SIA is determined as the social area of influence and covers the area directly impacted by the Project's operation and ancillary facilities and the towns and settlements where the benefits of employment, business opportunities and developments directly and indirectly created by the Project are expected to be more noticeable.

The SIA will also identify towns and settlements, which are assessed to be particularly affected by activities, cf. section 87c in the Mineral Resource Act.

For the baseline study, the information will be analysed at three levels: National, Regional (Kujalleq Municipality) and Local (Nanortalik and Tasiusaq).

The Nalunaq Gold Project lies within the old area of the Municipality of Kujalleq, and Nanortalik is the nearest town. Nanortalik is the tenth largest town in Greenland and is also its most southerly, being located about 100 km north of Uummannarsuaq (Cape Farewell), the southern tip of Greenland.

There are a number of smaller settlements in the Nanortalik area of which the more important are Aappilattoq, Narsaq Kujalleq (Narsarmijit), Tasiusaq, Ammassivik, and Alluitsup paa together with others with less than 20 inhabitants each.

The primary occupations in Nanortalik are fishing, service and administration. The district around Nanortalik is home to 2,200 people distributed between the town itself, five settlements and several sheep holding stations.

Nanortalik has little productive trade. There are no factories and no largescale fishing activities. Small-scale fishing, crab fishing, seal and seabird hunting and tourism provide most of the locally produced revenue. The main harbour is home to a few small fishing boats and there is a marina type harbour in the old town which provides moorings for a number of private craft which are used for transport, fishing hunting and recreation purposes. Shops are limited but comprise two large and several smaller supermarkets, domestic and electrical goods, clothing and smaller general shops and cafes.

Nanortalik is served by scheduled helicopter services through Air Greenland which use the Nanortalik Heliport. The services currently link Nanortalik with the towns of Qaqortoq, Narsaq, Alluitsup paa and the international airport at Narsarsuaq.

The main employment in the town is provided by public sector in administration of the Kommune and Government services and in publicly owned companies. At present, tourism to the area forms a minor and irregular but significant part of Nanortalik 's economic life, and cruise ships sometimes of quite large size, visit Nanortalik on a regular basis.

Land use in the Municipality of Kujalleq is unique in Greenland in that quite extensive rearing of sheep is achieved together with some cattle and reindeer husbandry. It is also possible to grow vegetables and produce grass silage as animal feed. Sea fishing is one of the major local activities.

Gathering of mussels, seaweed, sea urchins, berries, herbs etc. is still a supplement to the daily household in many families in Nanortalik (Glahder 2001).

There is are few major hunting- or fishing interests in or near the study site covered by the scoping report. However, the Kirkespir Valley is to some extent used by local people from Nanortalik and surrounding settlements for gathering of berries and fungi for private households. It has been reported that seals and other smaller marine mammals have been hunted in the Saqqaa Fjord, and a few local fishermen is also putting up their nets in the fjord.

It is expected that the reopening of the mine will influence local peoples' possibilities for fishing, hunting, berry and fungi- collecting in the study area only to a very limited extent.

Based on experiences from the previous operations it is s expected that the Nalunaq Gold Project will be a considerable major employer that will contribute to the Greenlandic and local economy.

The possible influence from the mine project on the local use of the study area will be outlined in more detail in the SIA.

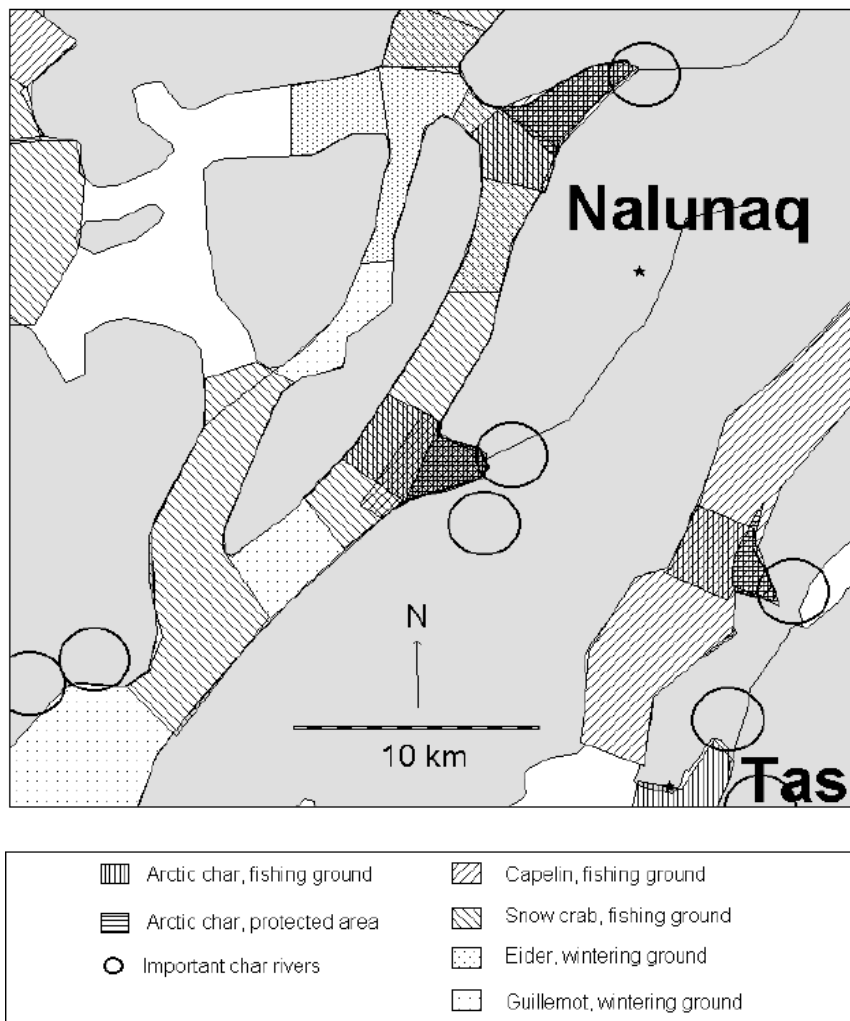


Figure 10: Fishing and hunting grounds in the Nalunaq area (Glahder 2001).

6. Baseline Description Before Project Activities

This chapter provides a brief description of the socio-economic conditions in the Study area. Focus is on socio-economic aspects that can potentially be impacted by the proposed project activities.

Kujalleq Municipality is home to 6442 people, of which 2,200 live in Nanortalik and nearby settlements (2019). The population in Kujalleq Municipality constitutes 13% of the population in Greenland (2017).

Greenland has a significant internal migration, primarily from the settlements to towns and from outer districts to Nuuk. Kujalleq municipality had a declining population of 182 persons leaving the municipality in 2019. It is estimated that the region will experience a contraction in population of 11% by 2030.

The unemployment rate is 16.6% in Nanortalik. In April 2020, 144 people in Nanortalik were registered as unemployed, 99 of these were considered available for job opportunities, while the remainder needs training or other efforts addressing underlying social challenges.

Kujjaleq municipality has a number of educational institutions including high school, business school, INUILLI, Majoriaq, regional school for social and health studies, and regional school for construction. The education level is generally low with 55% of the working-age population holding secondary education as their highest education level. 32% have vocational training, while 5% have a bachelor and less than 2% a master degree.

There are few businesses in Nanortalik, while Qaqortoq is home to several small and medium-sized businesses. According to Greenlands Business Association (GE) membership list, there are 11 business members in Nanortalik, mainly small entrepreneurs and craftsmen, while Qaqortoq has 25 business members.

Since 2011 the health system in Greenland has been organized into five health regions in the five municipalities. The regional hospitals are the centre of the health care system, with a number of additional health centres, nursing stations and settlement consultations.

The hospital in Nuuk, Dronning Ingrid's Hospital, is the Central Hospital in Greenland. In Kujalleq municipality the regional hospital is located in Qaqortoq. In Nanortalik there is a larger health centre providing emergency services as well as general health promotion, prevention and treatment services. Smaller health centres are located in settlements with 500-1200 inhabitants, while health stations are available in settlements with 200-500 inhabitants. In the smallest settlements with less than 200 inhabitants, Pipluk Telemedical equipment is available.

Compared to the other Nordic countries, tuberculosis has a significantly higher prevalence in Greenland. Sexual transmitted diseases are distinctly more frequent, while cancer is at same level. Suicide rates are 6-7 times higher, while consumption of alcohol has dropped and is now a par with the other Nordic countries.

7. Potential Social Impact

The reopening of a gold mining operation in the Nalunaq area can potentially impact the socio-economic conditions in the study area. Potential impacts can be both positive (e.g. employment and business opportunities), and negative (e.g. the pressure on public infrastructure, social risks related to influx of workers or impacts on communities' access to fishing and hunting areas near the mine site).

Based on the project description, the information presented in the previous chapters and the guideline the subjects identified to be covered in the Social Impact Assessment (SIA) are summarized in Table 1. Aspects are further elaborated in chapter 8.

Table 1: Issues identified to be addressed in the SIA

Employment	Direct employment Indirect and induced employment effects Labour conditions and occupational health and safety (OHS)
Education and Training	Development of competences
Sourcing from Greenlandic businesses	Business opportunities
Public sector pressure and revenues	Pressure on the public sector, infrastructure and services Public revenue
Health	Public health including prevalence of diseases, treatment and services
Social aspects	Social coherence / social conflict Vulnerable groups
Land use and cultural heritage	Local use of the project area Cultural heritage Resettlement and economic displacement
Cumulative impacts	Competition over labour, public sector pressure, social coherence etc.

8. Terms of Reference for the SIA

This part of the scoping report specifies the proposed content of the SIA for the project. A preliminary Table of Content for the SIA with the topics to be addressed is found in Annex I of this report. The proposed social issues to be discussed in the SIA are the ones listed in Table 1 and further described in Table 2.

Table 2: Issues identified to be addressed in the SIA

Description of impact	Brief baseline information	Potential impact	Information required for development of the SIA and essential sources of information
Employment			
Direct employment	<p>Labour force development is a key issue in Greenland.</p> <p>The previous mine hired workers from Nanortalik, Qaqortoq, Nasaq, Aasiaat, Uummanaq, and Nuuk. In total 48 out of 87 staff (55%) were from Greenland, including 30 from Nanortalik (34%).</p> <p>The district around Nanortalik is home to 2,200 people distributed between the town itself, five settlements and several sheep holding stations. The primary occupations in Nanortalik are fishing, service and administration.</p> <p>The education level is generally low in Kujalleq municipality with 55% of the working-age population holding secondary education as their highest education level. 32% have vocational training, while 5% have a bachelor and less than 2% a master degree.</p> <p>The unemployment rate in Greenland is 5.8%, but higher in Kujalleq municipality where the unemployment rate is 16.6% in Nanortalik, 8.5% in Qaqortoq and 11.1% in Narsaq.</p>	<p>The project will employ approx. 70-80 workers during construction and 150 during operations. The ratio of local workers and expats will be around 50/50 with the intention of keeping the local employment as high as possible.</p> <p>Hence the project will have a positive impact on direct employment.</p> <p>The SIA will assess aspects related to availability of skills in the local labour force, levels of unemployment and the opportunity to attract local workers. Workforce mobility and the competition over skilled workers will be assessed.</p>	<p>Detailed information from Nalunaq on expected job categories and numbers.</p> <p>Information on existing qualifications will be part of the socio-economic baseline.</p> <p>Description of the Greenlandic labour market considering the project's demand for specific job categories.</p> <p>Description of regulations related to how work and residence permits for foreigners are obtained in Greenland.</p> <p>Interviews with representatives from Kommune Kujalleq, SIK, and GE regarding aspect of attracting workers from Nanortalik, Qaqortoq and Narsaq.</p> <p>Employment Strategy 2015, and the evaluation of the strategy.</p>
Indirect and induced employment effects	The project will lead to additional job generation through indirect and induced effects:	The project will have a positive impact on indirect and induced employment through the use of suppliers locally and regionally including aspects of:	<p>Detailed information from Nalunaq on expected purchase of goods and services needed for the project.</p> <p>Interviews with representatives from Kommune Kujalleq, GE and NUSUKA regarding existing local businesses and</p>

	<p>Indirect employment is created through suppliers meeting increased demand of their product/services from the Project. Induced employment occurs due to an increased economic activity, as the increased income of employees (direct and indirect) are used to purchase products and services from other sectors. Experiences from Canada and Alaska have found a multiplier factor for employment of 1.6-2.2 in the mining sector. However, as Greenland has limited domestic production and therefore depend largely on imported goods, a conservative scenario should be used. Other SIAs for Greenlandic mining projects in Southern Greenland have used a multiplier factor of 1.3.</p>	<ul style="list-style-type: none"> • Purchase of equipment and goods • Transportation of equipment, goods and personnel to the mine site • Provision of camp services • Transportation of minerals • Increased use of hotels as people travel to and from the mine site <p>The SIA will identify measures that can enhance local content of the project.</p>	<p>how these can be affected by the project. Kujalleq Municipal Development Plan 2017-2018</p>
<p>Labour conditions and occupational health and safety (OHS)</p>	<p>The Greenlandic labour market is characterised by tri-party negotiations between the Government, employers and labour organisations. Main parties include the Greenland workers union (SIK) that largely represent the Greenlandic work force, and employers' organisations GE and NUSUKA. SIK have collective bargaining agreements with most Greenlandic enterprises with agreed minimum wages for non-skilled workers covering 2019-2023. Working conditions for international workers must not be more beneficial than for Greenlandic workers. Greenland has ratified six out of eight ILO core conventions, one governance</p>	<p>The project will be implemented in compliance with national labour law. Given the size of the project it is not expected to involve significant influx of workers, and will not impact negatively on labour conditions and OHS practices.</p>	<p>Information from Nalunaq on planned OHS policy and management system. Collective bargaining agreements between the labour market organisations SIK and GE. ILO Conventions and national legislation. Interviews with SIK, GE and NUSUKA regarding labour conditions and OHS.</p>

	<p>convention, and ten technical conventions, including Indigenous and Tribal Peoples Convention.</p> <p>Labour Law</p> <p>Furthermore, the national OHS legislation sets out special regulation related to the extractives industry.</p>		
Education and Training			
Development of competences	<p>Vocational education and training are provided by Tech College Greenland (KTI), which offers education in Sisimiut and Nuuk. The School for Minerals and Petroleum is part of KTI and based in Sisimiut.</p> <p>The Maritime Centre Greenland provides education within the maritime sector in Paamiut, Nuuk and Uummannaq.</p> <p>The number of students completing vocational education has increased over the past decade.</p> <p>Furthermore, the exploration for potential mines, and the construction of the Greenland ruby and Hudson Mining projects have led to an increase in available national competences, though the opportunities in the sector remains limited.</p>	<p>Potential positive impact on competence development of students enrolled at the KTI and others through apprenticeships.</p> <p>Nalunaq has started dialogue with the mining school to enter into cooperation at an early stage.</p>	<p>Interview with the mining school and the maritime centre regarding existing qualifications and developments in education.</p> <p>Kujalleq Municipal Development Plan 2017-2018.</p> <p>Educational Strategy 2018.</p> <p>Greenland oil and mineral strategy 2019-2023.</p>
Sourcing from Greenlandic businesses			
Business opportunities	<p>The business development in South Greenland is facing significant challenges. The business development strategy in Kujalleq Municipality is focusing on the development of the fishing industry and related export, agriculture and food processing industries, tourism and extractive industry. There are few Greenlandic companies that are</p>	<p>Potential positive impact on local businesses as suppliers for services and logistical support.</p> <p>Several technical Greenlandic regulations concerning safety and infrastructure exist which apply during construction and operation. These will be considered when identifying Greenlandic</p>	<p>Interviews with representatives from Kommune Kujalleq, GE and NUSUKA regarding existing local businesses and how these can be affected by the project. Lessons learned from the previous mining activities.</p> <p>Annual Labour Market Review.</p>

	<p>specialised in logistical support to mining activities – two of these are Exploration Services and 21 North.</p> <p>A number of local business may be able to offer services to the project.</p>	<p>companies that could potentially provide assistance for the Nalunaq Gold Project.</p>	
Public sector pressure and revenues			
<p>Pressure on the public sector, infrastructure and services</p>	<p>The public sector services in Greenland is under pressure due to the demographic development in Greenland with a declining working-age population.</p> <p>The hospital in Nuuk, Dronning Ingrid’s Hospital, is the Central Hospital in Greenland. In Kujalleq municipality the regional hospital is located in Qaqortoq. In Nanortalik there is a larger health centre providing emergency services as well as general health promotion, prevention and treatment services.</p> <p>The infrastructure in Kujalleq municipality is under development. The international airport is located in Narsarsuaq, while heliports are located in Qaqortoq and Nanortalik. Development plans suggest relocation of the international airport of Narsarsuaq and upgrading of the heliport in Nanortalik. Air Greenland is the sole provider of domestic flights in Greenland.</p> <p>Service to the settlements in the area is provided by Royal Arctic Line, by vessels.</p>	<p>The projects impact on the public sector is expected to be limited due to the size of the project.</p> <p>The SIA will assess impacts on public infrastructure and services, including health services in case of emergency and any discrepancies with local development plans.</p> <p>Expatriates will be flown into Greenland on a rotation basis. They will be transported directly to site from Narsarsuaq.</p> <p>Locals will be travelling to site, mainly from Nanortalik and Qaqortoq, by sea.</p> <p>The company may subcontract a local party or operate its own vessel to bring its employees from the consolidation point in Nanortalik.</p>	<p>Detailed information from Nalunaq on e.g. project emergency response plans. Interviews with representatives from Kujalleq municipality on public services. Kujalleq Municipal Development Plan 2017-2018.</p>
<p>Public revenue</p>	<p>Public revenues come from:</p> <ul style="list-style-type: none"> • Personal income tax • Corporate tax • Royalties 	<p>The Project will contribute to the public revenues through corporate tax and royalties, and indirectly through the taxation of personal income of employees.</p>	<p>Detailed information on level of salaries from Nalunaq.</p> <p>Greenlandic tax legislation</p> <p>Greenland mineral strategy 2020-2024.</p>

	<p>Income tax percentage for national employees depend on the home municipality ranging from 36-44% (Kujalleq municipality has a 44% tax rate in 2020). The annual personal tax-free allowance for national employees is 58,000 DKK. Internationals working in Greenland in relation to oil, gas, and mineral activities pay a flat rate of 35% with no deductions allowed. Corporate tax is 30%. The share of royalties is part of the negotiation of the license.</p>	<p>The SIA will present an estimate of the expected public revenue that the project will generate throughout the project life.</p>	
Health			
Public health	<p>Compared to the other Nordic countries, tuberculosis has a significant higher prevalence in Greenland. Sexual transmitted diseases are distinctly more frequent, while cancer is at same level. Suicide rates are 6-7 times higher, while consumption of alcohol has dropped and is not a par with the other Nordic countries.</p>	<p>The project will have potential positive impact on the local workers and their families' health due to higher income. Due to the size of the project and the limited influx of workers no negative impacts on public health is expected. The potential impact on local health services are addressed under Pressure on public sector, infrastructure and services. The SIA will pay particular attention to how health service provision will be affected and propose a strategy for how to mitigate potential impacts.</p>	<p>The SIA will be based on existing secondary data. Detailed description of the conditions for being eligible for Health Services in Greenland. Annual Health Inspection Authority Report. Public Health Strategy 2013-2019.</p>
Social aspects			
Social coherence/social conflict	<p>Greenlandic experience of social conflicts related to mining projects (e.g. the Ivittuut Cryolit mine) include increase in unwanted pregnancies and sale of illegal substances. Such impacts have not been seen in the previous operations at Nalunaq .</p>	<p>Due to the limited influx of workers, the remote location of the camp site and the minimum interaction of workers with local communities, impacts on social coherence and conflict is expected to be limited.</p>	<p>Interviews with social protection officials in Nanortalik regarding vulnerable groups to be considered in the assessment.</p>

Vulnerable groups	Vulnerability is often related to socio-economic conditions such as employment, education and health, as well as access to services. The baseline will provide information on vulnerability in the local context.	It is not foreseen that vulnerable groups will be directly affected by the Project. At the same time vulnerable groups are not likely to benefit directly from the project through e.g. employment.	Interviews with social protection officials in Nanortalik regarding vulnerable groups to be considered in the assessment.
Land use and cultural heritage			
Local use of project area	There are few major hunting- or fishing interests in or near the study site covered by the scoping report. However, the Kirkespir Valley is to some extent used by local people from Nanortalik and surrounding settlements for gathering of berries and fungi for private households. It has been reported that seals and other smaller marine mammals have been hunted in the Saqqaa Fjord, and a few local fishermen is also putting up their nets in the fjord. Information on the land use – local knowledge to be incorporated in the baseline	It is expected that the reopening of the mine will influence local peoples' possibilities for fishing, hunting, berry and fungi- collecting in the study area only to a very limited extent.	Interview with fishers and hunter's association (KNAPK) regarding areas used for hunting and fishing.
Cultural heritage	The Kvaerner Feasibility Study of 2002 identified archaeological sites. These have been considered in the Project design. It will be discussed with Greenland National Museum, if an archaeological survey is considered necessary.	The project is not expected to have impacts on cultural heritage. This will be further studied as part of both the EIA and SIA process.	Interviews with KNAPK and close link to the EIA process.
Resettlement and livelihood compensation	There are no existing settlements in the project area.	The project will not lead to any physical resettlement. Impacts on livelihoods from fishing and hunting activities in the areas will be studied as part of the SIA.	
Cumulative impacts			

<p>Cumulative impacts</p>	<p>Several mining and exploration projects are under development in Greenland, including two mining projects in Southern Greenland – TANBREEZ and Kvanefjeldet close to Nasaq. Others include the Ruby project (Qeqertarsuatsiaat), Anorthosite (Naajat), Ironbark (Citronenfjord) and Red Rock Resources, and Pituffik Titanium project.</p>	<p>Cumulative impacts on aspects such as competition on labour will be addressed in the SIA.</p>	<p>Greenland oil and mineral strategy 2019-2023.</p>
---------------------------	---	--	--

9. Stakeholder engagement

9.1 Public relations during permitting and life of the mine

The Mineral Resource Act aims to ensure that mineral resource activities under the act are securely performed in regard to social sustainability cf. section 1 (2) in the MRA.

A key component in the social license of the project is the engagement of stakeholders, including public consultation.

Stakeholder engagement and public consultation is an integrated part of the SIA process as described in the guideline, with pre-consultation of the ToR and public consultation of the draft SIA as the requirements.

Stakeholders will be engaged in different ways during the preparation of the SIA. Stakeholder engagement activities prior to the public consultation of the draft SIA report will include:

- Pre-consultation of ToR
- Interviews, focusing on specific aspects of the SIA, such as baseline information, identification of impacts and proposed mitigation measures relevant to the local context
- Written information with opportunity to comment

After the public consultation of the draft SIA report, the mitigation measures addressing social impacts and enhancement measures for benefits will form the basis for the provisions to the IBA. The IBA will outline the obligation and rights of Licensee and its contractors, suppliers and service providers, including the commitment towards the use of local workforce, and procurement of goods and services from Greenlandic companies. These will be subject to annually monitoring.

9.2 Establishing a grievance mechanism

To ensure that local communities and other stakeholders can raise concerns or issues, a grievance mechanism will be established for the project.

The grievance mechanism will provide stakeholders with the opportunity to lodge oral or written complaints in Greenlandic, Danish and English. The grievance mechanism will be open for any complaint related to project activities or issues caused by project staff, its consultants or contractors.

The SIA will describe how the grievance mechanism will be established in accordance with international good practices.

9.3 Stakeholders to be engaged during the SIA process (permitting)

Based on the SIA guidelines from 2016 and local context information, stakeholders have been identified.

Table 3 presents a list of identified stakeholders. The list may be expanded during the SIA process.

Stakeholders are divided according to their category and proposed engagement measures are suggested.

Table 3: Project Stakeholders to be engaged during the SIA process

Stakeholder	Proposed stakeholder engagement
Government	
The Premier’s Office	To be informed via Ministry of Mineral Resources
Ministry of Finance	To be informed via Ministry of Mineral Resources
Ministry of Mineral Resources	To be engaged through direct communication during the SIA process
Ministry of Labour	To be engaged through direct communication during the SIA process
Ministry of Industry	To be engaged through direct communication during the SIA process
Ministry of Fisheries, Hunting and Agriculture	To be informed via Ministry of Mineral Resources
Ministry of Health	To be informed via Ministry of Mineral Resources
Ministry of Social Affairs, Family and Justice	To be informed via Ministry of Mineral Resources
Ministry of Education, Culture and Church	To be informed via Ministry of Mineral Resources
Ministry of Science and Environment	To be informed via Ministry of Mineral Resources
Ministry of Housing and Infrastructure	To be informed via Ministry of Mineral Resources
Ministry of Foreign Affairs and Energy	To be informed via Ministry of Mineral Resources
National authorities	
The Mineral License and Safety Authority (MLSA)	To be engaged through direct communication during the SIA process
Working Environment Authority	To be informed via Ministry of Mineral Resources
Environmental Agency for Mineral Resources Activities (EAMRA)	To be engaged through direct communication during the EIA process
Department of Contingency Management	To be engaged through direct communication during the SIA process
The High Commissioner of Greenland	To be informed via Ministry of Mineral Resources
The Arctic Command	To be informed via Ministry of Mineral Resources
The Police	To be informed via Ministry of Mineral Resources
Local authorities	
Municipality Kujalleq	Interviews and discussions with representatives during the SIA process
Other public organisations	
The Greenland Nature Institute	To be engaged through direct communication during the EIA process
National Museum	To be engaged through direct communication during the EIA process

Greenland School of Minerals and Petroleum, Nuuk	To be engaged through direct communication with Nalunaq Interviews and discussions with representatives during the SIA process
Greenland Maritime School, Nuuk	Interviews and discussions with representatives during the SIA process
Arctic Technology Centre (ARTEK)	Interviews and discussions with representatives during the SIA process
Greenland Fire Safety Training School	Interviews and discussions with representatives during the SIA process
Majoriaq (continuing adult training institution)	Interviews and discussions with representatives during the SIA process
Civil society organisations	
Workers' Union, SIK Local Department of SIK in Nanortalik	To be invited to information meeting and workshop after the pre-hearing Interviews and discussions with local representatives during the SIA process
Greenland Business Association, GE Local Department of GE in Nanortalik and Qaqortoq	To be invited to information meeting and workshop after the pre-hearing Interviews and discussions with local representatives during the SIA process
Greenland Employer's Association, NUSUKA	To be invited to information meeting and workshop after the pre-hearing Interviews and discussions with local representatives during the SIA process
Fisherman and Hunters Association, KNAPK	To be invited to information meeting and workshop after the pre-hearing Interviews and discussions with local representatives during the SIA process
AVATAQ	To be invited to information meeting and workshop after the pre-hearing
WWF	To be invited to information meeting and workshop after the pre-hearing
Transparency Greenland	To be invited to information meeting and workshop after the pre-hearing
Inuit Circumpolar Conference, ICC	To be invited to information meeting and workshop after the pre-hearing Interviews and discussions with local representatives during the SIA process
Local communities	
Nanortalik	To be invited to information meeting and workshop after the pre-hearing
Qaqortoq	To be invited to information meeting and workshop after the pre-hearing

Tasiusaq (Bygdebestyrelse)	Interviews and discussions with bygdebestyrelsen during the SIA process
Fishermen and hunters	To be invited to information meeting and workshop after the pre-hearing Interviews and discussions with local representatives during the SIA process
Local tourism operators	To be invited to information meeting and workshop after the pre-hearing Interviews and discussions with local representatives during the SIA process
Local businesses	To be invited to information meeting and workshop after the pre-hearing Interviews and discussions with local representatives during the SIA process
Other relevant stakeholders	
Media	To be invited to information meeting after the pre-hearing
Royal Arctic Line	To be invited to information meeting after the pre-hearing
Air Greenland	To be invited to information meeting after the pre-hearing

10. References

Angel Mining. 2009. Nalunaq Gold Mine - Social Impact Assessment.

Bjerregaard, P. og Aidt E.C. Levevilkår, livsstil og helbred. Befolkningsundersøgelse 2005-2009, Statens Institut for Folkesundhed. København. 2010

Dahl, P.P.E & Hansen, A.M. 2019. Does Indigenous Knowledge Occur in and Influence Impact Assessments Reports? Exploring Consultation Remarks in Three Cases of Mining Projects in Greenland. Arctic Review on Law and Politics. Vol 10, 2019.

Henriksen, K. Grønland 2013. Grønlands bydger – økonomi og udviklingsdynamik. INUSSUK Arktisk forskningsjournal 3, 2013.

NORDREGIO. 2010. Mobilitet i Grønland – sammenfattende analyse.

Glahder, C. M. 2001. Natural resources in the Nanortalik district. An interview study on fishing, hunting and tourism in the area around the Nalunaq gold project. National Environmental Research Institute, Technical Report No. 384: 81 pp.

Government of Greenland 2016. Guidelines for preparing a Social Impact Assessment (SIA) report for mineral exploitation in Greenland.

Government of Greenland. Beskæftigelsesstrategi 2015

Greenland Economic Council. 2019. Greenland's Economy 2019.

Poppel, et al. SLICA. Survey of living conditions in the Arctic, 2009

Steenholdt, N.C. 2019. Livsformer og Livskvalitet i Grønland.

Vanclay, F. et.al. 2015. Social Impact Assessment: Guidance for assessing and managing the social impact of projects. International Association for Impact Assessment

11. Annex 1

PROPOSED TABLE OF CONTENTS FOR THE SIA REPORT

1. **Non-technical summary and conclusions**
2. **Introduction**
 - 2.1 The Nalunaq Project
 - 2.2 Project setting
 - 2.3 Description of the mine company
3. **Administrative and legislative framework affecting the project**
 - 3.1 Introduction
 - 3.2 Greenlandic legislation
 - 3.3 The Mineral Resource Act
 - 3.4 International obligations
4. **The SIA Process**
 - 4.1 The purpose of the Social Impact Assessment
 - 4.2 The Greenlandic procedure for preparing an SIA for mineral exploitation
 - 4.3 Socio-economic baseline
5. **Project description**
 - 5.1 Introduction
 - 5.2 Mining design (production size and schedule)
 - 5.3 Mine Site Infrastructure (mine workshop, processing facility, accommodations, port facility, power generation)
 - 5.4 The extent of processing in Greenland
 - 5.5 Employment
 - 5.6 Local use and access to the project area
6. **Baseline conditions summary**
7. **Impact Assessment Methodology**
8. **Impact and Mitigation in the Construction, Operation and Closure Phase**
 - 8.1 Employment opportunities
 - 8.2 Education and training
 - 8.3 Business development
 - 8.4 Public sector pressure and revenues
 - 8.5 Health and vulnerability
 - 8.7 Land use and cultural heritage (hindrance of traditional use, disturbance of heritage sites)
9. **Impact and Benefit Plan**
10. **Public participation**

11. **References**

Appendix 1 Methodology

Appendix 2 Legal and administrative framework

Appendix 3 Baseline conditions