Scoping and Terms of Reference for Social Impact Assessment

The Malmbjerg Molybdenum Project, Greenland Resources Inc.

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1.0 INTRODUCTION

1.1 The Malmbjerg Molybdenum Project

Greenland Resources Inc. (GRI) has 100% ownership of their mineral exploration licence MEL 2018-11, also known as The Malmbjerg Molybdenum Project. The Malmbjerg deposit is located approximately 30 km inland from the east coast of Greenland in an area bounded by latitudes 71º 57' N and 71 º 59' N and longitudes 24º 14' W and 24 º 19' W (Figure 1). The Malmbjerg deposit lies within a wedge-shaped exposure located at the confluence of two glaciers (Arcturus and Schuchert). Elevations range from approximately 1,100 metres above sea level (MASL) along the ridge above the deposit to 600-700 MASL on the ice in the valleys.

GRI is proposing a Molybdenum mining project at the Malmbjerg deposit. To obtain an exploitation licence the Greenland Authorities, among other studies, require a Social Impact Assessment (SIA). The SIA must be prepared in accordance with guidelines published by the Greenland Mineral Resources Authority (MRA, 2016).

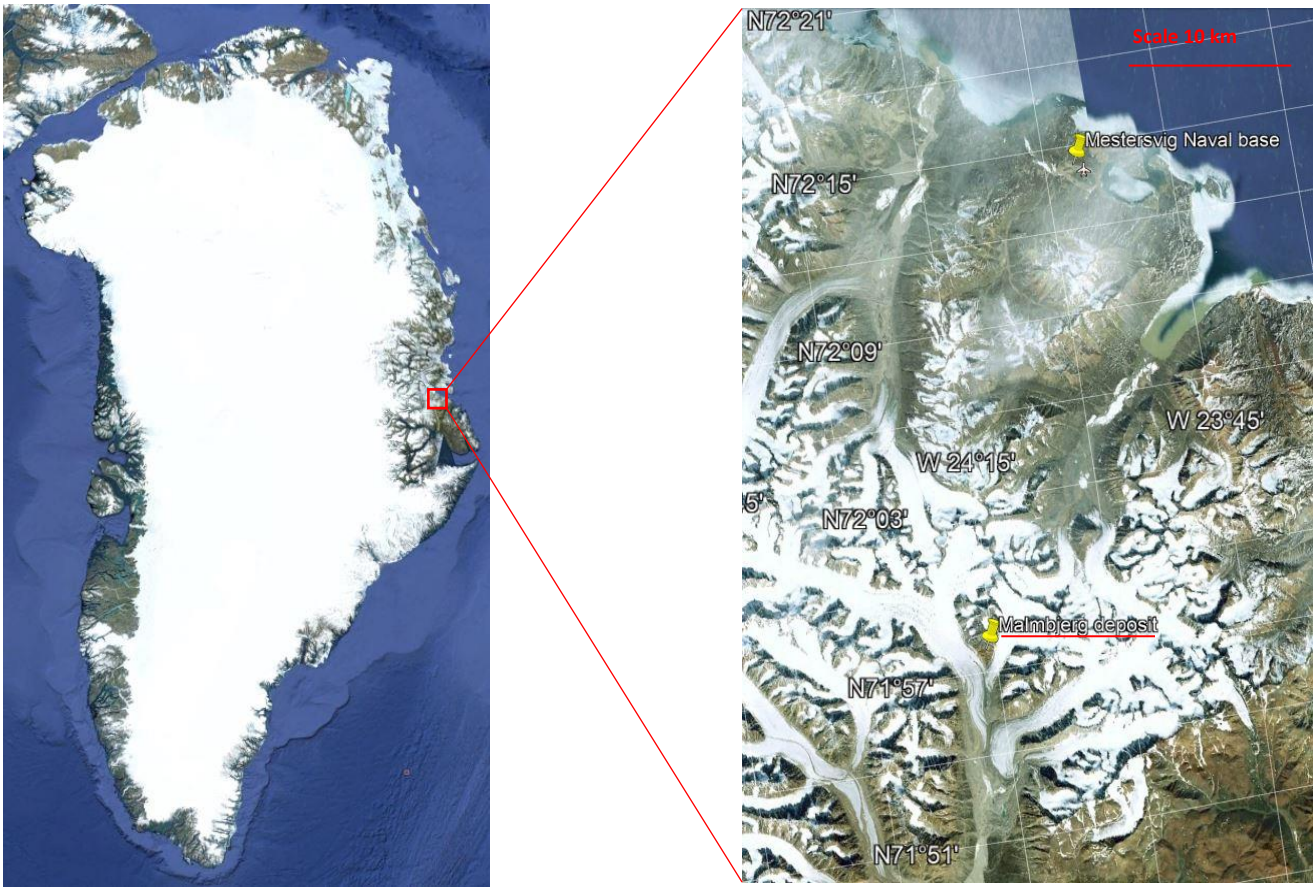


Figure 1: Geographical position of the Malmbjerg deposit.

GRI is aiming to update the EIA and SIA including the public consultation process (2020-2021) and apply for an exploitation licence in 2021-2022 (depending on the progress). In terms of starting production, because the size and complexity of the project and because Molybdenum is a cyclical metal, commencement for large scale investments and construction of the mine depend to a great extent on the price of Molybdenum.

Although GRI continues to optimize economics of the project, a specific minimum stable market price of USD per pound of Molybdenum metal over a two year consecutive period is expected to be required, to attract funds from investors to proceed with the construction of the mine. Once funds are secured, a minimum of three-year construction phase is expected to build the mine before production can start.

As opposed to international jurisdictions like Canada where regulators do not impose deadlines to start production or to develop a mine once an exploitation license is granted, Greenland Mineral Resources Act (part 7, 30(2)) does impose deadlines. Therefore, if current rules remain applicable, the deadlines to develop the mine and start production under the exploitation license granted will need to consider the specific minimum stable market price of USD per pound of Molybdenum.

Due to Covid-19, GRI may not be able to carry out field work in Greenland by 2020, and it may be postponed for 1 year.

The time-schedule for the project will be adjusted accordingly in the final version of the EIA and SIA.

1.2 About the Mine company GRI

Greenland Resources Inc. (the Company) is a Canadian reporting issuer regulated by the Ontario Securities Commission, focused on the acquisition, exploration and development of mineral properties in Greenland. The flagship project is the 100% owned Malmbjerg Molybdenum deposit. With offices in Toronto, the Company is led by a management team with an extensive track record in the mining industry and capital markets.

For further details, please refer to the web site (www.greenlandresources.ca) as well as the Canadian regulatory filings on Greenland Resources' profile at www.sedar.com.

1.3 The Molybdenum Mine Project Location

Greenland Resources Inc. exploration licence at Malmbjerg is located in rugged mountainous terrain. The licence covers an area of 82 km^2 (Figure 2). The resource outcrop area is at the base of the Hostakken Mountain forming a wedge-shaped exposure located at the confluence of the Arcturus and Schuchert glaciers. The nearest infrastructure site is a Danish Naval Base at Mestersvig some 30 km north-east of the Malmbjerg deposit. The Naval Base has an all-weather gravel airstrip suitable for B-737/Hercules C-130 aircraft operations. Located near the airstrip accessible by road is the old port site (Nyhavn) previously used for shipping of lead/zinc concentrate from the former Blyklippen mine. The closest international airport is at Nerlerit Inaat (Constable Point), located 150 km to the south-east of the Malmbjerg deposit, which is accessible by scheduled flights year round from Iceland. The nearest formal settlement is Ittoqqortoormiit (Scoresbysund village) with about 310 inhabitants (Statistics Greenland 2019) located about 185 km south-east of the Malmbjerg deposit.

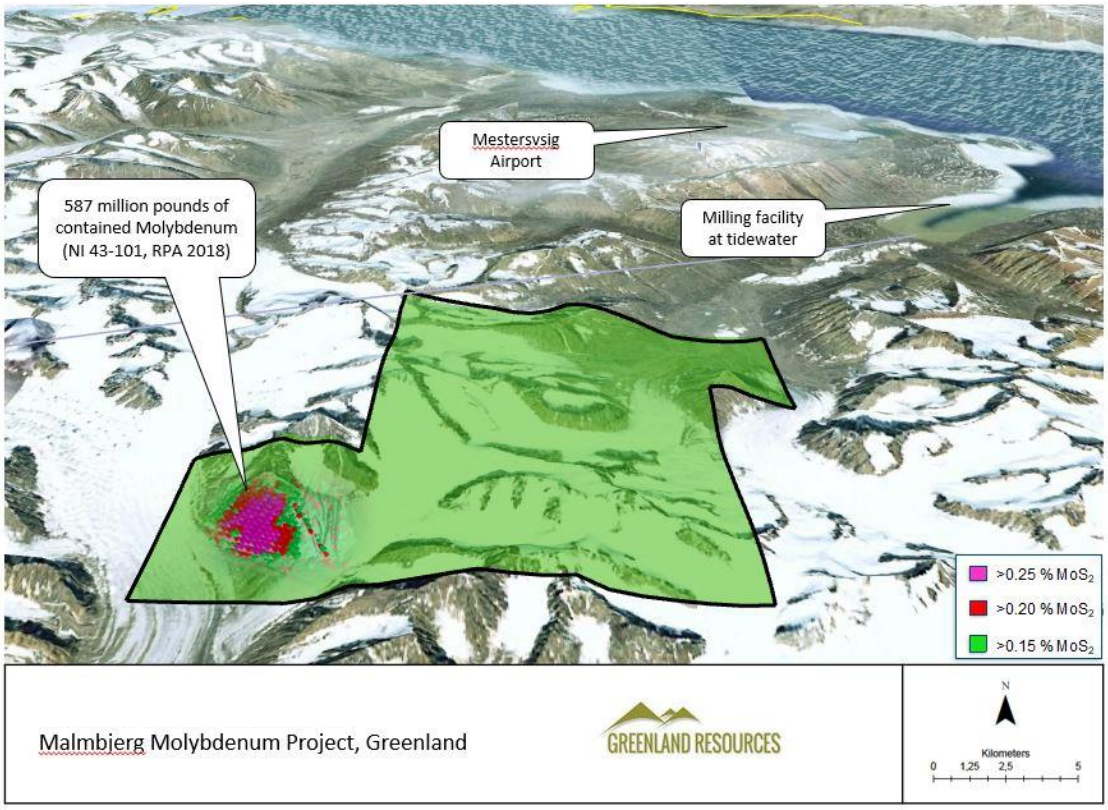


Figure 2: GRI licence area for MEL 2018-11

2.0 PROJECT DESCRIPTION OF THE MALMBJERG PROJECT

2.1 Project Site Description

The described project within this scoping document are based on the information provided by GRI in October 2019. Still in planning and preparatory phase, it should be noted that the final project may on various components alternate from the herein described.



Figure 3: The Malmbjerg deposit (rust stained), looking North East

2.1.1 Geology and Mineralization

The Malmbjerg intrusion hosts a porphyry molybdenum deposit and represents a significant world class deposit of the Climax type. Deposits of this type typically contain hundreds of millions of tons of ore at grades of 0,1 to 0,3% MoS_2. The Malmbjerg intrusion is broadly dome shaped with an outside diameter of up to 600 m and hosts sediments and granitic phases.

The sediments hosting the intrusion are composed of conglomeratic sandstones and argillites. The Molybdenum mineralization in the intrusion-sediment boundary and peripheral sections show Molybdenum grades up to 0,25% MoS_2.

The Malmbjerg granitic intrusion comprises five distinct phases and the mineralization largely comprises of quartz stockworks and veins that host molybdenite with accessory wolframite, scheelite, fluorite as well as uranium oxides. According to geochemical (metallurgical) testing of samples from Malmbjerg in 2006 by SGS Lakefield Research Ltd. the concentration of the U_3O_8 grade in bulk samples was less than 20 g/t (0,002%) and considered to be negligible.

2.2 Description of the Mining Project

The main components of the proposed Malmbjerg mine development include an open pit mine, a 1,5 km haul road from the mine to the primary crusher, a non-processed deposal area of mine rock, a 5,5 km project access tunnel, a 17 km hydraulic ore transportation system and mine access road to the ore processing infrastructure. The total transport distance of material from the mine site to the processing infrastructure will then be approximately 26 km. The concentrator tailings produced are transported by pipeline 28 km to the north and deposited into Noret Inlet, where the tailings impoundment will be segregated from the marine environment by use of a weir structure. The operations are supported by a service road from the Mesters Vig Inlet port facility that accesses the Mestersvig Naval Base.



Figure 4: Components of the proposed project.

2.2.1 Operating Plan

The Malmbjerg project is designed to operate as a 12,8 Million tonnes/year of ore mining operation and produce on average 22,000 tonnes/year of Molybdenum concentrate for planned Life of Mine of 18 years.

The Malmbjerg project will be a conventional open pit operation using standard off the shelf mining technology and equipment that is commonly used throughout the world on similar type remote locations. The ore concentrator and infrastructure is to be located on barges located at Mesters Vig Inlet. Ore from the open pit mine will be transported to the concentrator via a hydraulic transportation system. As the concentrator is placed on prefabricated barges there will be a minimal impact to the surroundings, as the barges easily can be removed when mine life is done.

2.2.2 Operations

The Malmbjerg deposit will be mining by conventional open pit mining equipment and established open pit mining techniques. Ore will be mined at a rate of 35,000 tonnes/day at a strip ratio of 0.8:1.
The ore will be processed in a concentrator located at the project infrastructure location at tidewater at Mesters Vig Inlet.

For personnel and supplies, the mine site is connected to the Mesters Vig Inlet via a surface roadway along the slurry pipeline route and a track transportation system situated in a tunnel located under several glaciers near the mine site.

The project infrastructure is located at Mesters Vig Inlet where a concentrator will separate the Molybdenum from the ore in a Molybdenum rich concentrate and export the final concentrate to overseas refineries and market destinations. The roasting of the final Molybdenum concentrate produced in Greenland will be performed by refineries outside of Greenland, the SIA study will include a section with more details in accordance with the Mineral Resources Act section 18(3).

2.2.3 Open Pit Operations

The open pit mining operating plan based on the following Life of Mine (LOM) production parameters are presented in Table 1.

Table 1 Life of Mine (LOM) production parameters

LOM PRODUCTION	AMOUNT	UNITS
Preproduction Period	2	Years
Mine Life	18	Years
Waste Stripped	203,176,000	tonnes
Ore Mined & Milled Directly	115,953,000	tonnes
MoS_2 Average Grade	0.232%	%
Ore to Stockpile	112,033,000	tonnes
MoS_2 Average Grade	0.127%	%
Stockpile Ore transported to Mill	101,178,000	Tonnes
MoS_2 Average Grade	0.180%	%
Total Ore Milled	217,131,000	Tonnes
MoS_2 Average Grade	0.185%	%
Total Contained Mo	530,047,000	lbs.

The open pit mine is intended to operate all year, 24 hours/day using conventional truck and shovel mining techniques. Climatic conditions are not as severe as experienced in the high Arctic due to moderating effects of the Gulf Stream. Expected coldest temperatures during the winter are expected to be in the -25 ^{o} C range as oppose to the high Arctic where -45^{o} C is a regular occurrence.

Mine site personnel will be transported via the access road and tunnel to and from the Mesters Vig Inlet accommodation center, however there will be a smaller camp located at the open pit mine for safety reasons.

2.2.4 Ore transportation to the concentrator from the mine site

The ore will be transported to and processed at the Mesters Vig Inlet concentrator complex located 26 km north-east of the mine site. Ore will be truck hauled 1,5 km from the mine to the primary crusher. Molybdenum ore will be placed in a local rock storage facility near the crusher. The local rock storage primary purpose is to feed the hydraulic ore transportation system on continuous uninterrupted basis and will be an engineered facility. The crushed ore will be transported down to the main concentrator complex at Mesters Vig Inlet, as a slurry via a hydraulic ore transportation system comprised of large diameter concrete pipe.
The pipeline will be located inside the tunnel and then above ground to the Mesters Vig Inlet concentrator, with drop structures to dissipate slurry potential and kinetic energy. In addition, there will be crossing points along the pipe corridor to allow wildlife and personnel to safely cross at selected points.

2.2.5 Metallurgical processing

The ore slurry will be processed in the concentrator complex located at Mesters Vig Inlet where the Molybdenum is separated from the ore by grinding circuit and flotation cell tanks. A high grade, high purity Molybdenum concentrate is produced at the rate of 60 dry metric tonnes/day. The concentrate is dried to a moisture content of 8% and then bagged in 1 m^3 sacks for export shipping. The reagents used in the process includes lime, kerosene (surface tension reducer) and a suite of frothers. The reagents are intended to cause an absolute minimal impact to the environment, based on the choice of substances/mixtures. Information for each reagent as provided by Safety Data Sheets. The substances/mixtures are reported according to a number of international standards including the Globally Harmonized System of Classification and Labelling of Chemicals (GHS), The Workplace Hazardous Materials Information System (WHMIS) and The Occupational Safety and Health Administration (OSHA) standard.

2.2.6 Reagent Storage

Concentrator process reagents used to concentrate Molybdenum will be stored in a heated warehouse at the Mesters Vig Inlet until required.

2.2.7 Tailings disposal

Tailings produced from the concentrator are scheduled to be transported through a 28 km pipeline for placement in Noret Inlet, which is already historically contaminated with Lead and Zinc from the former Blyklippen mine. A more detailed tailings operational plan and an alternative to Noret Inlet, will be provided in the EIA.

2.2.8 Power Generation

Electrical power generation will be provided to the project by a 3rd party electrical producer over the fence. Estimated power requirement is 42 MW. The diesel power plant will be located on a barge and connected to the electrical distribution infrastructure at the operation site.

2.2.9 Fuel storage

The third party electrical power producer will be responsible to provide the power plant fuel. It is estimated that 2 Million M^3 of diesel is required by the power plant annually.

A diesel fuel tanker (fuel storage vessel) will be anchored at the Mesters Vig Inlet and transfer fuel to site by pipeline. A 3rd party ship will re-fill the tanker each year during the ice-free shipping season. An ice management plan for the anchored tanker and other vessels will be described in the EIA.

2.2.10 Concentrate shipping

It has been considered the best option to use the Mesters Vig Inlet to process and ship the concentrate from the mine. Mesters Vig Inlet is ice free for shipping for an estimated 4 months between the months of July and October annually. This allows for Molybdenum concentrate shipping and delivery of consumables and equipment during this period.

Also, Mesters Vig Inlet can be accessed by bulk carrier sized ships. The loading and unloading of ships can be performed at the planned constructed dock facility and/or pipelines depending of the material to be loaded.

2.2.11 Equipment and Consumables shipping

Operations equipment and consumables are scheduled to be transported to the Mesters Vig Inlet during the ice-free shipping season. Large mine and crusher/SAG mill consumable items that are too large to be transported in the tunnel will be received during the ice-free months and stored until the winter ice road to the mine site becomes operational. Alternatively, a gravel airstrip located just south of the Malmbjerg deposit may be used for this (or in combination with the ice road). Perishable consumables will be shipped year around by air to the Mestersvig airport.

2.2.12 Aviation services

The Danish military airstrip is located 28 km to the north of the Malmbjerg deposit. The all-weather gravel airstrip can accommodate Hercules 130 C and B-737 freight combo.

All personnel shift rotation transportation to and from the site will be performed by charter aircraft. The use of the Mestersvig airstrip will be discussed with the Greenland Government and Danish Military Defense.

2.2.13 Personnel

The intended operation plan has a forecast use of 500 people in pre-construction phase and 300 in the operating phase.

It is expected that Greenlandic personnel will be providing general expertise on the arctic operation of e.g. mine trucks, construction and other equipment, once the project has been commissioned and the Greenlandic personnel have been qualified to perform their assigned tasks. Most of the operating personnel initially will be expatriate specialists required for these tasks, however the number of expatriates on the labour establishment list will be significantly reduced once commissioning is completed. It is expected that there will be a number of expatriates in the senior operating positions, however the company can commit to a plan of replacing some of these expatriate positions with Greenlandic personnel.

It is GRI's intention to transfer as many technical and equipment operating positions to native Greenland personnel once Greenland personnel become proficient in their assigned duties. GRI will provide on-site training to all Greenlandic personnel throughout the life of mine.

2.3 Closure and Reclamation

To be decided up on completion of the EIA and SIA in close cooperation with the Greenland Government.

3.0 THE SIA PROCESS AND CONTENT

The process concerning Social Impact Assessment (SIA) includes a preliminary Scoping Study. This study contains the collection of baseline data and draft Terms of Reference – ToR. The Scoping Study is integral to the pre-consultation and early involvement of the various stakeholders to the Greenland Resources Inc. licensing property of Malmbjerg Mining Project.

Before the work with the SIA continues, the draft SIA Scoping and the ToR document must be published by the Greenland Authorities for 35 calendar days public consultation, where everyone can comment.

A White Paper will be prepared after the public consultation containing all comments and questions received and the answers from the mine company and the Greenland Authorities. GRI will also consider revision of the SIA Scoping and the draft ToR document.

The revised Scoping and ToR document will then be submitted for approval by the Greenland Authorities.

The Study and the public pre-consultations shall lead to the development of the ToR for the conducting of the draft SIA for the approval by the authorities in connection with the intended application for exploitation license by GRI.

The Scoping Study report describes the existing socio-economic environment in Greenland (Regional Study Area, RSA), Sermersooq Municipality and the local community of Ittoqqortoormiit Town (Local Study Area, LSA).

Potential project effects will in the SIA report be measured against the “baseline characteristics” of the towns and settlements of Sermersooq Municipality, on the services and infrastructure in the LSA and more generally in Greenland.

The scope and content of the Scoping for Baseline Study for the Project is based on the requirements in the Mineral Resources Act and the Social Impact Assessment (SIA) Guidelines on the process and preparation of the SIA report for mineral projects, Naalakkersuisut, Government of Greenland, 2016. The purpose of this baseline study is to describe the socio-economic environment that may be affected by project components (including mining, ore processing and transportation of ore, etc.), in order to provide sufficient information to support the SIA.

3.1 Study Approach

The scoping for the social baseline report, has the following objectives:

- Present and analyse information about the social, economic and health conditions in Greenland and potentially affected communities;
- Construct a baseline of socio-economic data that can be used in the SIA process, including monitoring of change in communities that might be affected by project components;
- Interact with affected people and communities during the data collection. This will facilitate the exchange of information on the project activities and allow stakeholders to provide information about relevant issues to include in the baseline; and
- Provide the readers and users of this Scoping Study with a focused and concise document, where emphasis is on areas of greatest relevance.

According to the Guidelines on the process and preparation of the SIA report for mineral projects (SIA Guidelines, 2016), a SIA report should include the following components:

- Policy, legal and administrative framework;
- Project description;
- Methodologies;
- Description of social baseline conditions, including (but not limited to);
  - Population and general demographics
  - Cost of living and housing situation
  - Nature and land use
  - Social problems, crime, illness and drug/alcohol abuse
  - Income and taxes
  - Industry and business structure
  - Public, private and semi-private sectors
  - Labour market structure and education structure
  - Infrastructure
  - Health
  - Values, heritage, knowledge and social/cultural well-being as well as language aspects
  - Listed/conservation areas
  - Relevant socio-economic and project-specific areas
- Analysis of alternatives;
- Potential impacts;
- Maximization of development opportunities and mitigating negative impacts;
- Benefit and impact plan;
- Monitoring plan;
- Evaluation plan;
- Public Participation; and
- Appendices.

Further, with reference to the guidelines, the following baseline data is required (non-exhaustive lists).

1) Checklist of information needed for the SIA Study baseline data

    a. Population and general demographics
    b. Cost of living and housing situation
    c. Nature and land use
    d. Social problems, crime, illness and drug/alcohol abuse
    e. Income and taxes
    f. Industry and business structure
    g. Public, private and semi-private sectors
    h. Labour market structure and education structure
    i. Infrastructure
    j. Health
    k. Values, heritage, knowledge and social/cultural well-being as well as language aspects
    l. Listed/conservation areas
    m. Relevant socio-economic and project-specific areas

3.2 Methodology

The process of data collection and reporting for the scoping study includes the following steps:

- Screening and identification of key issues relevant for the proposed project components;
- Literature review and secondary data collection (published data);
- Consultation with select stakeholders and data collection tour; and
- Data entry, analysis and reporting.

3.2.1 Screening and identification of Key Issues

To develop a comprehensive and concise SIA-baseline, the study focuses on social, economic and health parameters that are considered to be of greatest relevance for the proposed Malmbjerg Project. The report, therefore, prioritises parameters that have the potential to be affected or changed as a result of all activities that are likely to take place throughout the lifecycle of the project.

Several methods and sources are to be used to select key topics, including:

- The SIA Guidelines (2016);
- Information about the proposed project (mining, ore processing and transportation) as provided by the project proponent;
- Results of consultation with stakeholders in Greenland; and
- The consultants' experience from previous socio-economic baseline projects in similar settings (e.g., in Greenland and the Canadian Arctic).

The same methods were used to determine the geographical scope of the Scoping Study.

3.2.2 Literature Review and Secondary Data Collection

The majority of information in the baseline study is foreseen to include review of secondary data sources, including professional reports, academic papers, strategic documents and statistical databases (e.g., provided by Statistics Greenland). Also reports on the project and the estimated outcome hereof as provided by proponent GRI shall be reviewed.

3.2.3 Consultation with Key Stakeholders and Data Collection Tour

By consultation data shall be collected by interview and visiting stakeholders. Initially a checklist will be drawn up including:

- Checklist of data needed from statistical office and Mayor's office (Municipality of Sermersooq and Ittoqqortoormiit Town/village).
- If available collect a copy of detailed census report for Ittoqqortoormiit Town.
- Checklist of information needed from key informants (community leaders/representatives)

3.2.4 Data Entry, Analysis and Reporting

Data will be presented in the report through text, tables and figures. Wherever possible, quantitative information on key features of communities shall be compiled and presented in tables so as to limit the risk of misinterpretation. The baseline report shall include both quantitative and qualitative data.

3.3 Critical Issues

The baseline report is intended to discuss topics that are considered to be of high relevance to establishing existing conditions in the regional and local study areas (RSA and LSA), there is no plan to rate the relative importance of the topics to be discussed. However, employment opportunities, Greenlandic traditions and local culture can be considered of most concern to stakeholders. The discussion hereof in the report will be based on feedback from stakeholders.

3.4 Data Limitations

The baseline study shall be considered a snapshot of the current socio-economic conditions in Greenland and potentially affected communities by the project. It is the intention to report the most current data, however, in some instances the most recent and reliable data may be from before 2018 or earlier.

Data for Greenland as a whole and for individual towns are readily available for most social and economic parameters and topics on Statistics Greenland. This may, however, not be the case for many of the smaller settlements. Therefore, descriptions of baseline conditions in settlements may be less detailed than descriptions of conditions in towns.

Due to small populations in many communities, sample-based data might in some cases be unreliable.

3.5 Geographic Scope

The geographical study area covers nationally Greenland (National Study Area, NSA) and the regional area of the Sermersooq Municipality (RSA) on a general level, and locally the local community of Ittoqqortoormiit Town (Local Study Area, LSA) on a community demographic level.

Typically, the SIA would be divided geographically in to a national, regional and local level. In this case, as can be seen below, the Sermersooq Municipality (RSA), with an area of 635,600km^2 and a population of 22,738 (2018) covers a significant area of Greenland and a significant part of the population in Greenland is located within the municipality. To separate this study area from the national level seems pointless. Therefore, it is recommended for the SIA to define the geographical study area to cover nationally Greenland (National Study Area, NSA) and locally the local community of Ittoqqortoormiit Town (Local Study Area, LSA).

3.5.1 National and Regional Study Area (NSA and RSA)

Greenland is geographically located on the North American continent. In terms of geopolitics, however, it is a part of Europe.

Greenland is a self-governing region within the Kingdom of Denmark. In 1721, Greenland became a Danish colony, in 1953 a Danish County, and in 1979, home rule was granted. Self-rule was established on June 21st 2009. Along with Denmark, Greenland was an EU member from 1973 on. Following a referendum in 1985, however, Greenland left the union and has not been a member since.

Greenland has its own national flag and issues its own stamps. Danish Krone (DKK) is legal tender.

3.5.1.1 Climate

Greenland is located in the Northern Polar region. The winters are cold and the summers mild with a local variation.

In North Greenland, the climate is High Arctic. Here, the summers are cool with midnight sun, while the winters are harsh and the polar night lasts one to five months. Mid and South Greenland generally has a Low Arctic climate. However, in the deep fiords of South Greenland the climate is Sub Arctic, allowing for a few trees to grow.

The highest temperature measured in Greenland since 1958 is 25,9 degrees Celsius on the West Coast of Greenland in July 2013. The coldest place in Greenland is the Ice Cap, where temperatures can drop below -70 degrees Celsius [10].



Figure 5: Greenland with location of Ittoqqortoormiit at Kangersuttuaq.

3.5.1.2 Policy and Governance

In Greenland the government type is Parliamentary democracy within a constitutional monarchy being part of the Kingdom of Denmark and with self-governing overseas administrative division of Denmark since 1979.

The Inatsisartut (Parliament of Greenland) with 31 members, and Naalakkersuisut (the Government) are both located in the capital Nuuk. The Head of Naalakkersuisut is termed “Naalakkersuisut Siulittaasuat”. Every four years, elections for the Inatsisartut are held. After each election, the Inatsisartut appoints the new Naalakkersuisut members and the new Naalakkersuisut Siulittaasuat. A candidate can run for a party or as an independent.

Greenland is divided into five municipalities; Kommune Kujalleq, Kommuneqarfik Sermersooq, Qeqqata Kommunia, Kommune Qeqertalik and Avannaata Kommunia. Elections for the municipal boards are also held every four years. As of March 2018, Greenland has 7 political parties. The two largest are Siumut (“Forward”) and Inuit Ataqatagiit (“Unified Inuit”). Being a part of the Kingdom of Denmark, Greenland has two seats in Folketinget, the parliament of Denmark. The members are elected in conjunction with the election for the Danish parliament.

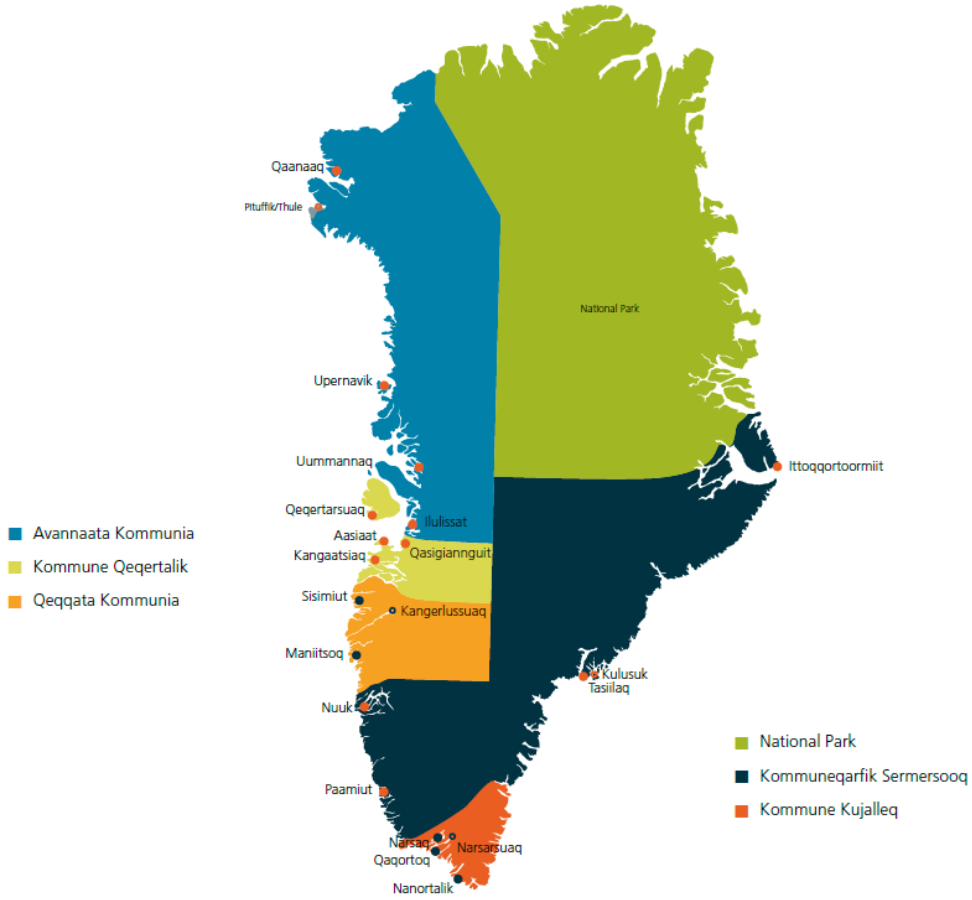


Figure 6: Greenland and its municipalities and towns.

3.5.1.3 Population

January 1st, 2019 there lived 55,992 persons in Greenland. Thus, the population increased by 115 persons during 2018 (Grønlands Statistik).

Greenland´s population lives almost exclusively on the west-coast; towns, settlements, sheep farms and weather stations.

3.5.2 Mining Legislation and Guidelines

In general, the legal system in Greenland is Danish.

Under the *Act on Greenland Self Government,* the Government of Greenland has administrative control of the environment, including mineral resources (Government of Greenland, 2009a). Mining activities are regulated by the *Mineral Resources Act* (Government of Greenland, 2009b) which stipulates the requirements for how activities are carried out throughout the Project life cycle, including employment and contracts. The *Mineral Resources Act* was amended in 2012 (Government of Greenland, 2012a). The Mineral License and Safety Authority (formerly the Bureau of Minerals and Petroleum (BMP)), the Ministry of Mineral Resources, and the Environmental Agency for Mineral Resource Activities (EAMRA) have administrative authority for mineral activities. Under the *Mineral Resources Act*, the following activities currently require a license from the Government of Greenland:

- Prospecting, exploration and exploitation of mineral resources and export of mineral resources from Greenland;
- Use of the subsoil for storage or purposes relating to mineral resource activities;
- Use of energy from water, wind or the subsoil for activities under the Greenland Parliament Act; and
- Establishment and operation of pipelines for activities under the Greenland Parliament Act.

Under the *Mineral Resources Act*, the Government of Greenland collects revenues from the following mineral resource activities:

- Licensing fee from prospecting, exploration, or exploitation of mineral resources;
- Taxation of licence holders for revenue related to mineral resources in Greenland;
- Collecting revenue from Greenland and Danish public authorities' stakes in companies; and
- Collecting revenue from withholding tax.

Other national legislation and guidelines which are applicable to mining activities include:

- The Greenland Working Environment Act no. 1048 (2005);
- Greenland Conservation Act (2007);
- Standard Terms for Exploration Licenses for Minerals (excluding hydrocarbons) in Greenland (2009);
- Social Impact Assessment (SIA) Guidelines on the process and preparation of the SIA report for mineral projects, Naalakkersuisut, Government of Greenland, 2016;
- Guidelines for Preparing and Environmental Impact Assessment (EIA) Report for Mineral Exploitation in Greenland (2015); and
- Standard Terms for prospecting Licenses for Minerals (excluding hydrocarbons) in Greenland (2010).

3.5.3 Regional Study Area (RSA)

Kommuneqarfik Sermersooq are a municipality in Greenland with a population of 22,738 inhabitants (2018) [8], making it the biggest municipality in Greenland measured by inhabitants. The largest town is Nuuk, also being the capital of Greenland, with 17,796 inhabitants. The other towns and communities are spread out of the coast in Vest- and East Greenland respectively. The total area of the municipality is 635.600km^2.

Kommuneqarfik Sermersooq has a yearly budget in 2018 of DKK 1,7 billion [9].

Towns and communities with population in the Sermersooq Municipality area shown in below table:

Table 2: Populations in towns and communities of Sermersooq (2018).

Town/community:	Population:
Nuuk	17,796
Tasiilaq	2,006
Paamiut	1,355
Ittoqqortoormiit	366
Kuummiut	262
Kulusuk	240
Qeqertarsuatsiaat	206
Sermiligaaq	202
Tiniteqilaaq	102
Arsuk	78
Isortoq	62
Kapisillit	55
Sheep farm v/ Kapisillit	3
Kangilinnguit	3
Nerlerit Inaat	2

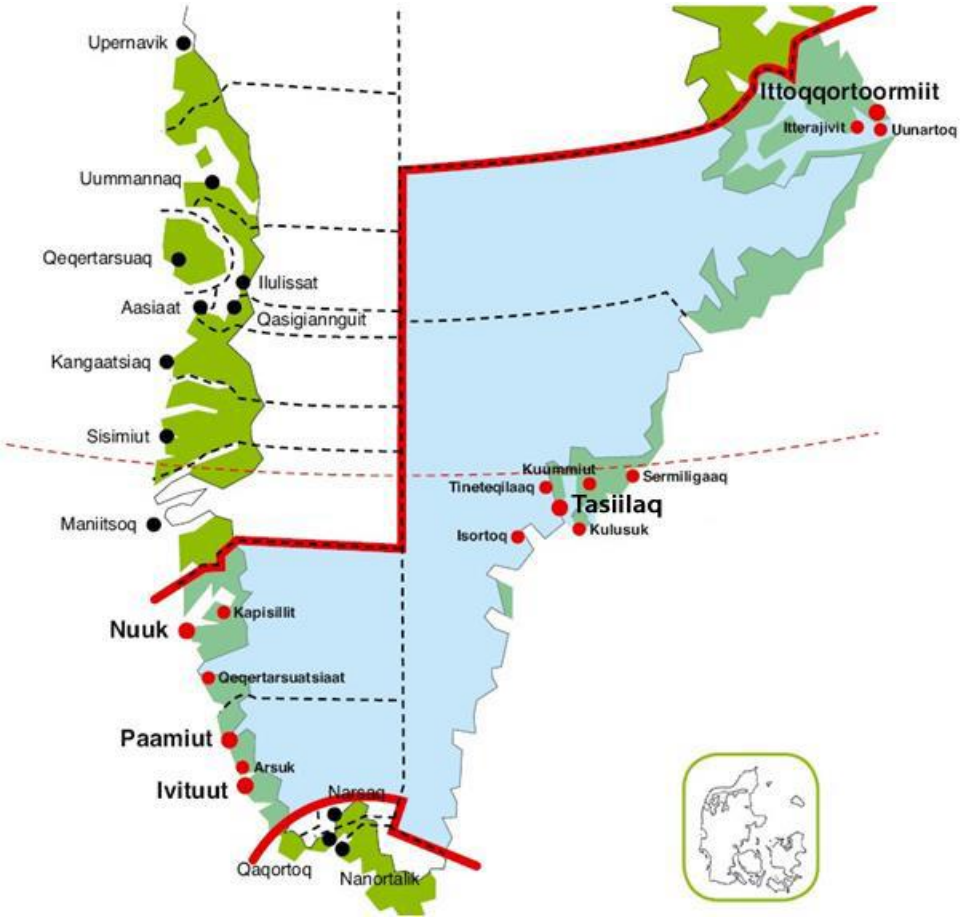


Figure 7: Area of Municipality of Sermersooq (source: Kommuneqarfik Sermersooq).

In the SIA study the National and Regional Level will be assessed as one area as defined above.

3.5.4 Local Study Area (LSA) - Town of Ittoqqortoormiit

Ittoqqortoormiit with a population around 366 inhabitants, is placed by Kangersuttuaq (Scoresby Sund), north of the polar circle in East Greenland. Kangersuttuaq and all its by-fjords, covers an area of around 38,000 km^2, being the world's largest fjord system. The area around Ittoqqortoormiit are highly mountainous, in many places the mountains erects directly from shore site of the fjord. The Staunings Alpes reach heights of almost 2500 meter (source: Destination East Greenland).

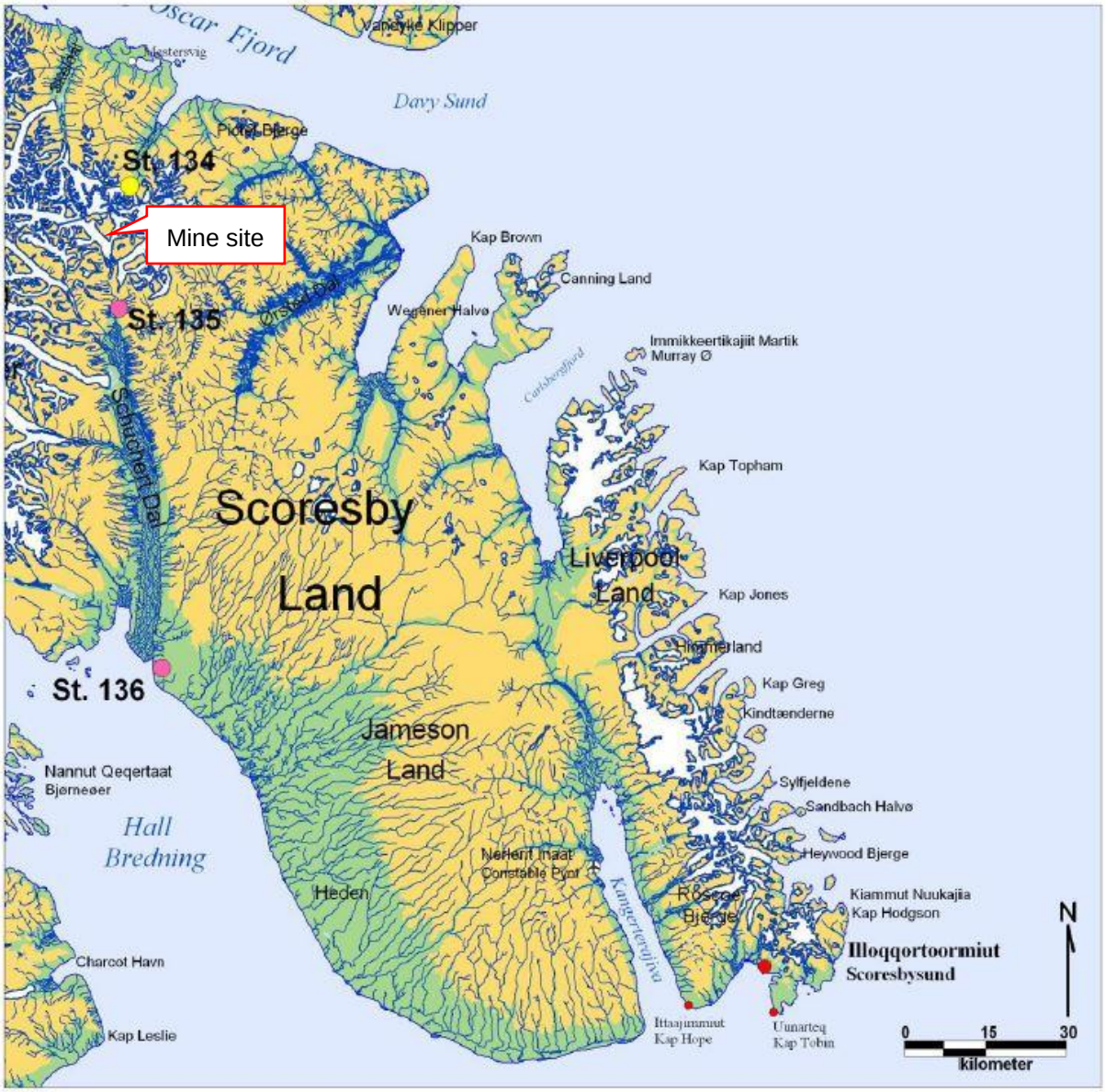


Figure 8: Location of Ittoqqortoormiit in Kangersuttuaq.

Kangersuttuaq (Scoresby Sund) differs from other East Greenland fjords as it is open at the inlet the whole year round. The area has special physical and biological conditions that allows the marine fauna to be particularly well presented here (source: Destination East Greenland).

North of Ittoqqortoormiit lays the Greenland National Park, the world's largest national park. The National Park is rich in animal life and is an important international research area.

The SIRIUS-patrol (Danish Defence) maintains the Danish Sovereignty in the area and are the only permanent residence in the National Park at Mesters Vig (Destination East Greenland).

Geographically, Ittoqqortoormiit lays isolated from rest of the populated Greenland [6].



Figure 9: Ittoqqortoormiit Townsite.

3.5.4.1 History

The geographical area of Ittoqqortoormiit has historically been inhabited of both the Saqqaq culture and the Dorset people.

The town of Ittoqqortoormiit was founded on 17th august 1924 by the polar explorer and later supervising inspector for East Greenland, Ejnar Mikkelsen.

The background for establishing the town was a response to the growing interest in north-east Greenland by the Norwegian Government. The state of Denmark found it necessary to secure sovereignty of the area. In parallel, it was a mean to create improved living conditions for the people from the Ammassalik-area, by moving them to a new area with a better possibility of hunting.

The Danish name of the town is “Scoresbysund”, named after the British whale hunter William Scoresby, the first to map the area in 1822. The name Ittoqqortoormiit means “the place with the big houses”’. Today, the town is only called Ittoqqortoormiit (local dialect) or Illoqqortoormiut.

3.5.4.2 Climate

Ittoqqortoormiit is located north of the polar circle. In the period of approx. 23rd November to 17th January the sun is not rising above the horizon, being the dark period. During summer is opposite with midnight sun and light day and night. On average there are 9 hours with sunshine in a day including the midnight sun in July. The average middle temperature is + 6º in daytime and during night around freezing (July). Rainfall is on average 24mm in July (Denmark: 66 mm).

The climate in the Ittoqqortoormiit area is characterized as high-arctic. Long winters with low temperatures and often storms. The first snow comes in beginning of September and stays until July. In October/November the fjord begins to freeze over and an edge of ice is formed at the inlet of the fjord. December to March is the coldest period, with average temperatures around -15 degrees Celsius. Summer is short with June-August being the warmest with average temperature around zero (source: www.dmi.gl, Destination East Greenland).

3.5.4.3 Infrastructure

Airports

The nearest airport is Nerlerit Inaat (Konstabel Pynt) approximately 38 km north-west of Ittoqqortoormiit and is operated year-round with typically two weekly flights during the summer period and one weekly flight during the winter period.

Transport between the airport and Ittoqqortoormiit is by helicopter serviced by Air Greenland or by local boats (unformal).

Harbours

There is no port facility in Ittoqqortoormiit but a small harbour. The hunters and fishing boats are placed on land and lifted by crane to the water when needed.

Larger cargo and containers with supplies and the like are transported from the supplying ships via barges and lifted by crane on to land at a small landing harbour.

Telecommunication

Telecommunication infrastructure in the project may benefit the nearby villages and towns. The SIA shall analyze the positive impact to public available telecommunication from the mining project.

3.6 Stakeholder Engagement

The current scoping study is done primarily as a desk-top study, based on national and international guidance, literature surveys and experiences from previous projects.

Furthermore, a number of stakeholder meetings shall be held during the public pre-consultations during the scoping phase and the development of the draft ToR to provide inputs to finalisation of the ToR for the SIA. Consultations will take place in Nuuk and Ittoqqortoormiit.

GRI are aware that the social impacts and benefits subsequently to the application process will be regulated in the Impact Benefit Agreement (IBA) throughout the life of the mine. The IBA commonly agreed between the Government of Greenland and GRI will regulate the public involvement through out the life of the mine.

3.6.1 Identification of Stakeholders

This draft scoping study has identified relevant stakeholders in accordance with the Social Impact Assessment Guidelines (2016). Stakeholders include a range of social entities, including; communities, special interest groups, individuals and organisations that (i) may hold particular knowledge about the social aspects of the area of influence, (ii) may be affected by the project's outcome, or (iii) may be in a position to affect the project's success.

A systematic approach was used to identify stakeholders based on the likely geographic extent of the project's influence. This includes the primary areas of activity and potential communities and their likely interactions with project activities, including transport routes.

List of stakeholder's preliminary identified and with possible contribution to baseline data:

- Ministry of Mineral Resources, Naalakkersuisut, Government of Greenland;
- Mineral Licence and Safety Authority, Naalakkersuisut, Government of Greenland;
- Ministry of Nature and Environment, Department of Contingency Management, Naalakkersuisut, Government of Greenland (in regard to explosive regulations);
- Kalaallit Nunaanni Aalisartut Piniartullu Kattuffiat (KNAPK);
- Kalaallit Nunaanni Kommuneqarfiit Kattuffiat (KANUKOKA);
- Mittarfeqarfiit;
- Air Greenland;
- Royal Arctic Line;
- Arctic Command;
- Tele Greenland;
- Agency for Health & Prevention;
- Grønlands Arbejdsgiverforening (GA);
- Sulinermik Inuussutissarsiuteqartut Kattuffiat (SIK);
- Nunaqavissut Suliffiutillit Kattuffiat (NUSUKA);
- Greenland Institute for Natural Resources;
- Inuit Circumpolar Council (ICC);
- Nature and Environment Association of Greenland (AVATAQ);
- Greenland National Museum;
- Semersooq Municipal Council;
- Ittoqqortoormiit Village;
- Police;
- Port Authorities;
- Greenland School for Minerals and Petroleum;
- Greenland Fire Safety Training School;
- Nuuk Hospital;
- Piareersarfik;
- Artek;

- Town and Settlement Councils;
- Airport Authorities;
- Local businesses; and
- Greenland Arctic Circle.

A number of these stakeholders were engaged previously in 2006 and 2007 in connection with the development of the ESIA[1]. A part of the present SIA process is to update already known information and data.

The purpose of engaging with stakeholders during the meetings is to define a study scope and ensure that all relevant stakeholders and stakeholder issues are identified. In compliance to the Mineral Resources Act, section 87c, the SIA study aims to, during the stakeholder engagement, identify which (if any) town/villages will be particularly affected by the project activities. Not all stakeholders, or sub-group of stakeholders, are expected to share the same concerns, opinions or priorities.

3.6.2 Public Opinion, Participation and Engagement

Engagement and participation of the public will be done through a number of meetings including

- Stakeholder meetings,
- Community meetings,
- Information meetings and
- Public consultation meetings

Unlike stakeholder meetings, information meetings and other citizen-related meetings typically held by the company, the authorities hold public consultation meetings after SIA material has been published and submitted for public consultation on the Government of Greenland website (www.naalakkersuisut.gl). Upon consultation with Greenland Government, it will be considered to supplement these meetings with other types of meetings and methods, including social media.

In compliance with the SIA guidelines (2016) public consultation meetings are chaired by a chairperson and minutes are taken during the meetings. Presentations, questions and answers will subsequently be published on the Government of Greenland website in Greenlandic and Danish. Consultation meetings will typically be based on the published draft SIA report. Types of meetings, topics and number of meetings etc. depend on a continuing professional assessment and will therefore be decided in cooperation with the Greenland Government with regard to needs and relevance.

3.6.3 Local participation

Public participation is a part of the scoping phase in order to identify the most relevant social issues and to ensure that groups concerned will be able to influence the issues to be studied in the SIA.

[1] Environmental and Social Impact Assessment (ESIA) of The Malmbjerg Project Volume One – Main Report, International Molybdenum Plc, December 2007.

Locally in Ittoqqortoormiit Village the following local stakeholders have preliminary been identified to be consulted in the scoping phase:

- Local Members of the municipality of Sermersooq (Mr. Rolk Pike (Siumut) and Ms. Charlotte Pike (Inuit Ataqatigiit)
- Municipal engineer (Mr. Kristian Hammeken)
- Public Meeting with local community
- Piniartut Peqatigiiffiat (Fangerforening)

A first pre-visits to Ittoqqortoormiit Village was conducted by Greenland Resources Inc. and Golder already in 2-4th October 2019 thus ensuring early involvement in the SIA process.

As considered a first step for the preparation of the SIA report the scoping study will be followed by pre-consultations for a period of 35 days with public hearing.

The pre-consultation is seen as the official announcement of the project and will be in compliance with the guidelines for SIA, including:

1) Announcement letter.

2) Project description (draft Scoping Study and ToR)

Following this, the scoping study will be submitted to the authorities in order to be approved before development of the final ToR for the SIA. The preparation of the SIA also includes a public consultation and hearing of 8 weeks.

3.7 Potential positive impacts

In the SIA report direct, indirect and induced impacts of the proposed activities will be assessed, including assessment of alternatives to the preferred location.

Referring to the Mineral Resources Act, particularly section 18 regarding Greenlandic Labour and Enterprises, this chapter of the SIA report will deal with positive impacts from the Malmbjerg Project and how it likely will impact the Greenlandic society positively in a number of ways. The assessment of these positive impacts will be structured as follows:

3.7.1 Business life

This section will describe which type of local companies (e.g. Greenland Oil Spill Response, Polar Oil, Air Greenland and others), that could be involved in the project and which tasks they could take on.

A description of project related demands for goods and services acquired from Greenlandic companies will also be included in this section.

3.7.2 Employment at the project

The SIA will describe job positions related to the project and how many of these that may be held by Greenlandic citizens with a permanent address in Greenland. GRI intends to employ as many as possible Greenlanders who are qualified to perform the tasks. The Greenland Government, Greenland employers organisation (GE) and SIK (labour organization), schools and other stakeholders will be consulted for identifying possible job opportunities for people living in Greenland.

3.7.3 Public service and economy

This section of the SIA will include an estimate of the revenue that the Tax Agency in Greenland will be able to collect each year and for the entire project period from fees, possible port charges and passenger duties in airports.

3.7.4 Infrastructure

This section will describe airports or ports most likely to be affected by the project and to what extent. The section will also give information about how many ships that are expected to call ports and about how many persons connected to the project are expected to be passengers at Greenlandic airports.

3.7.5 Summary of impacts

At the end of this chapter an overview of expected benefits will be provided in the form of a table listing all benefits for the Greenland society, including expected government take (fee), jobs, involvement of Greenland enterprises, procurement, direct, indirect and induced effects, knowledge transfer, etc.

3.8 Maximization of development opportunities

Based on the assessments above opportunities for maximization of development in the Greenlandic society will be identified. Special focus will be on which educational institutions there could benefit from internships in the Malmbjerg Project. Greenland School of Mining will be consulted to clarify which positions could be eligible for Greenlandic students attending the School.

3.9 Potential negative impacts

In the SIA report direct, indirect and induced impacts of the proposed activities will be assessed, including assessment of alternatives to the preferred location.

This chapter of the SIA report will deal with potential negative impacts. The Malmbjerg Project could potentially impact certain stakeholder groups negatively. The assessment of these negative impacts will be structured as follows:

3.9.1 Socio-economic issues

In this section direct, indirect and induced impacts on fishing and hunting (both commercial and private) in the proposed areas will be described.

3.9.2 Health issues

In this section the health policies of GRI and the different companies participating in the project will be described. Health impacts of possible environmental impacts identified in the EIA will be also be assessed in this section.

3.9.3 Use of the area and Recreational values

In this section the recreational use of the proposed areas and their surroundings will be described, for instance fishing and recreational boating and hunting. Projected related impacts on the use of the areas will be assessed.

3.9.4 Summary of impacts

At the end of this chapter an overview of potential impact will be provided in the form of a table listing all potential impacts.

3.10 Mitigation Measures

Based on the assessments above mitigating measures for the potential impacts will be identified.

4.0 DRAFT TERMS OF REFERENCE - TOR

The ToR includes the summery of the social impact issues of concern to be included in the SIA.

4.1 General data requirements

Based on the project description and the information of existing knowledge presented in previous chapters and subjects identified to evoke attention in the social Impact Assessment (SIA) are summarized in Table 3: General Issues identified to be addressed in the SIA.

Table 3: General Issues identified to be addressed in the SIA.

Issue:	Approach and method:
Policy, legal and administrative framework	Updating the data and information to present day situation and identifying issues of relevance to the mining project
Project description	Detailing of the mining project as the planning is progressing and detailed data being available
Methodologies	The process of data collection and reporting for the scoping study includes the following steps: ■ Screening and identification of key issues relevant for the proposed project components; ■ Literature review and secondary data collection (published data); ■ Consultation with select stakeholders and data collection tour; and ■ Data entry, analysis and reporting.
Description of social baseline conditions	Present and analyse information about the social, economic and health conditions in Greenland and potentially affected communities;
Analysis of alternatives	Construct a baseline of socio-economic data set that can be used in the SIA process on analysis of impact including monitoring of change in communities that might be affected by project components, positive and negative.
Potential impacts	
Development opportunities	
Mitigating negative impacts	
Public Participation	Public participation is a part of the scoping phase in order to identify the most relevant social issues and to ensure that groups concerned will be able to influence the issues to be studied in the SIA.Locally in Ittoqqortoormiit Village a number of local stakeholders have preliminary been identified.

Issue:	Approach and method:
Screening and identification of Key Issues	The baseline report is intended to discuss topics that are considered to be of high relevance to establishing existing conditions in the national and local study areas (NSA and LSA), there is no plan to rate the relative importance of the topics to be discussed. However, employment opportunities, Greenlandic traditions and local culture can be considered of most concern to stakeholders. The discussion hereof in the report will be based on feedback from stakeholders.
Literature Review and Secondary Data Collection	The majority of information in the baseline study is foreseen to include review of secondary data sources, including professional reports, academic papers, strategic documents and statistical databases (e.g., provided by Statistics Greenland). Also reports on the project and the estimated outcome hereof as provided by proponent GRI shall be reviewed.
Consultation with Key Stakeholders	Stakeholders include a range of social entities, including; communities, special interest groups, individuals and organisations that (i) may hold particular knowledge about the social aspects of the area of influence, (ii) may be affected by the project's outcome, or (iii) may be in a position to affect the project's success.
Data Collection Tour	Visit and interview with identified stakeholders for collection of relevant data as specified below.
Critical Issues	Based on the project description and the information of existing knowledge presented in previous chapters and subjects identified to evoke attention in the social Impact Assessment (SIA)
Benefit and impact plan Monitoring plan Evaluation plan	To be developed in compliance with regulations and guidelines in close cooperation with Greenland Government.
Data Entry, Analysis and Reporting	Collect data and findings into a report in compliance with regulations and guidelines for SIA as further described below.

4.2 Consultation with Key Stakeholders and Data Collection Tour

Data needed from statistical office and Mayor's office (Municipality of Sermersooq and Ittoqqortoormiit Town/village). If available collect a copy of detailed census report for Ittoqqortoormiit Town.

Checklist 1:

a. Population, males, females
b. Population growth rate
c. Migration
d. Literacy rate
e. Level of infrastructure for health and education (v/s requirement)
f. Main occupations
    i. Distribution of workforce in main occupation groups
g. Average income
    i. Minimum wages
    ii. Unemployment rate
h. Total labour force
i. Dependency ratio
j. Productive age group and numbers
k. Consumer price index
l. Number of paid hunting licences (segregated for hunters and sportsmen)

Information needed from key local informants (community leaders/representatives).

Checklist 2:

a. How many persons (or % of population) are dependent on hunting and fishing for their livelihood?
    i. what is been hunted? private, commercial? seasons and what, quotes?
    ii. how much fisheries? private, commercial? seasons and what
b. On a map indicate the hunting areas and routes as well as fishing areas.
c. How many persons have hunting licences?
d. What is the frequency and timing of hunting?
e. Describe if there are any traditional hunting rights.

f. Is there any unlicensed hunting in the area?

g. Other uses: Summerhouses, cottage and camping areas?

h. What are the existing tourism activities in the area? What is the potential for growth? Is the proposed project likely to promote or discourage tourism?

i. What are the preferable communication methods that can be used by the project to disseminate information of public interest? (radio, tv, emails, post, etc)

4.3 Key Issues raised during Pre-Data Collection Tour

During the first early visit to Ittoqqortoormiit Village in October 2019, the GRI conducted a series of community meetings, to provide residents an update on the Malmbjerg Molybdenum project ("the Project"). During the visit, GRI gave a public presentation on the Project at the local school for the general public. The GRI also met with the hunter's association, the municipality committee members and the municipal engineer. The presentation was in Danish supported by a local Greenlandic translator and hard copies were distributed in Greenlandic. GRI believes that the consultation meeting results were positive and supportive of the Project and agreed to maintain relevant communication through the head of the municipal office of Ittoqqortoormiit.

Key issues raised during the first visit can be summarised as follows:

- There's an existing report on Ittoqqortoormiit from the Sermersooq Municipality (Kommuneqarfik Sermersooq) called "Lokalsamfundsprofil" [8] which has important facts and data useful for the SIA. However, the document is from 2012 and hasn't been updated. This was raised and will be followed, incl. identifying relevant data outside the municipality (e.g. Greenland statistics).
- The number of inhabitants is not certain but is estimated to app. 340 people and in decline.
- At the formal meetings there wasn't issued any direct concern about the establishment of a molybdenum mine, however, the following questions were raised:
  - Will there be local employment for the mine?
  - Will the mining company provide training for people employed by the mine?
  - Will the mining activity influence hunting in the area?
  - Will the mining activity influence the nature and environment and what about leftovers?
  - Will there be any uranium or other 'dangerous' minerals mined?
  - Will the mining company consider establishing an airstrip/airport close to Ittoqqortoormiit?
  - Will a more frequent supply of foods and goods to Ittoqqortoormiit could happen?

It was also recommended for future visits to address institutions directly and have one-on-one interaction, incl. with schools on giving them information/presentation on the possibilities for young people in the expected mining project.

4.4 Expected content of the SIA Report

The final SIA report should include the following components (but not limited to):

1) NON-TECHNICAL SUMMARY
2) INTRODUCTION/BACKGROUND/OBJECTIVE
3) PROJECT DESCRIPTION including relevant key figures, including
    a. Capital investment and operating expenses etc.
    b. Expected profit for society as well as for the mining company
4) POSITIVE AND NEGATIVE IMPACTS ON:
    a. National, regional and local economy
    b. Public services and sector
    c. Labour market
    d. Demographics, housing conditions and mobility
    e. Local business community and suppliers
    f. Labour and conditions regarding employment
    g. Education and upgrading of skills
    h. Apprenticeships and placements
    i. Infrastructure
    j. Social and health conditions
    k. Hunting/fisheries, recreational opportunities and tourism
    l. Socio-cultural values
    m. Relevant current and planned projects
    n. Processing of minerals in Greenland
    o. Increased tax revenues
    p. Reduction of unemployment / creation of jobs
    q. Expected work-experience positions/placements
    r. Supplies from local sources
    s. Knowledge transfer to society
    t. Start-up of courses

u. Description of the company's planned collaboration and supplier models

v. Public events targeted at the business community

w. Upgrading of the local business community

x. Expected employee competences necessary for being employed in the mine and/or for sub-suppliers as far as such information is available

y. Individuals and other stakeholders, including public institutions and local communities

5) BENEFIT AND IMPACT PLAN

a. Positive and negative impacts as well as derived and cumulative effects.

b. Proposed mitigation and development initiatives

c. Specific initiatives

d. Monitoring and evaluation plan

6) STAKEHOLDER INVOLVEMENT

7) ANALYSIS OF ALTERNATIVE PROJECT PROPOSALS including status quo

8) CUMULATIVE EFFECTS

9) BASELINE DATA SUMMARY

10) APPENDICES

a. Definitions and abbreviations

b. Methodology

c. Legal and administrative framework

d. Baseline data and baseline description

e. Possible stakeholder analysis

f. Summary of Scoping Study and ToR

11) REFERENCES

5.0 REFERENCES

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Signature Page

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