

November 9, 2023

Attention:  
Minister Naaja H. Nathanielsen  
Government of Greenland

**Re: Bill on Local Mineral Activities**

Dear Minister Nathanielsen,

We appreciate the open dialogue regarding the proposed legislation on local mineral activities. Hudson Resources is supportive of working with local miners in a responsible and regulated process. It is extremely important that this be done in a safe, controlled, fair and transparent manner while protecting the environment and rights of license holders.

We strongly believe the proposed legislation needs to be amended to ensure the safety of everyone in the field, to protect the delicate ecosystem of Greenland and to ensure everyone is working on a fair and even playing field. As the proposed legislation is written, and based on discussions from the call of November 3<sup>rd</sup>, the Greenland government intends to establish a two-tiered system for mineral exploration and mining whereby local miners can operate in an unmonitored, unregulated environment with no reporting requirements on a licensed exploration property owned by a company which must abide by strict environmental, health and safety and operating regulations, including reporting and taxation with substantial penalties for breaking these rules.

The legislation will establish a potentially devastating precedence whereby licensed explorers will no longer have exclusive minerals rights, which is the standard around the globe and a primary right expected by shareholders and investors. Licensed explorers will be competing on their own licenses directly with local parties in unrestricted numbers that are playing by a completely different set of rules (i.e. no rules). This legislation as proposed, will most certainly make headlines around the mining and finance world and will likely curtail, if not stop completely, future foreign investments in the Greenland mineral sector, a jurisdiction where it is already challenging to finance mineral projects.

The government will have no way of knowing what activities the local miners have undertaken and what damage has been done to the environment. There will be no way for the tax authorities to know what has been extracted and potentially sold. There are very high value projects near surface where it is possible that a local mining group could extract “samples” worth millions of dollars and proceed to sell them in the black market. We have seen examples of this in several countries.

The argument that local miners do not have the financial means to abide by the same rules as licensed exploration holders sets a terrible precedence. The environment and safety cannot be put at risk because of monetary reasons. It is not prohibitively expensive to ensure field activities are conducted in a safe manner while protecting the environment. This two-tiered system will almost definitely be abused by those not willing to spend the time and money to conduct activities safely while taking care of the environment and safety of their own workers.

We recommend the following amendments to ensure a fair and even playing field which will hold up the integrity of mineral legislation in Greenland while protecting the health and safety of all field personal and the environment:

- Ensure local miners are subject to the same rules and regulations pertaining to safety, health and the environment.
- Ensure that local miners are subject to reporting as per holders of mineral licenses. This will assist with taxation of potential minerals extracted. It is not a financial burden to submit reports.
- Enact legislation that provides the holder of an exploration license the exclusive right to exclude any party from conducting mineral exploration or extraction on their license. License holders will have the right to negotiate on a case-by-case basis with any local miners who may be interested in conducting work on their exploration license. It will be up to the individual parties to come to an agreement which would then be forwarded to the government for your records.

We hope you take these recommendations in to consideration and respect the rights of exploration and mining companies who will be the ones creating employment and tax revenue in the future. This can all be done without compromising the rights of local miners.

Regards,

ON BEHALF OF THE BOARD OF DIRECTORS



President and Director

Hudson Resources Inc.