



Nuuk November 17th, 2023

To: The Department of Mineral Resources and Justice

Subject: Consultation comments to Bill for local mineral activities

In general, it is the opinion of Lumina that the minister's work to change the previous Mineral Resources Act into three different acts will be beneficial for everybody, and especially it will make the administration for small-scale miners much easier.

The bill has raised some concerns, and because of these concerns it has been appreciated by Lumina that the Minister and Deputy Minister have met with the industry to explain and clear up potential misunderstandings relating to the bill for small scale mining.

Lumina support having a close relationship with the local population and small-scalers, and we are of the opinion that the industry has a genuine interest in working together with the local communities and stakeholders. A good corporation and relationship are what contributes to give the companies the social acceptance for their activities in Greenland in general and regionally specifically. The whole process for an exploration company to bring a project forward is depended on the company's engagement with the local community and it is the opinion of Lumina that the exploration- and mining companies active in Greenland indeed show and exercise an understanding for this, an interest in engaging and a willingness to establish and maintain a close relationship with local communities.

Lumina find it interesting to learn that the Minister and her department has taken the time to have seminar with the artisanal community but did not find it relevant to engage with the exploration- and mining companies and their investors, in an attempt to address any concerns that inevitably will arise when the two different activities interact. A much earlier inclusion of the industry to the process and dialogue for this bill would have been appreciated and allowed the companies to contribute with suggestions of models that could have been considered.

Lumina is there for concerned that with this new bill, the government does not look for solutions where the companies and the local population have to find a solution together, but instead sets up new legislation in which the companies have nothing to say. This will eventually create situations where the parties find themselves in two opposite ring corners, instead of bringing the parties together, this can create frustrations between the two parties.

Lumina notes that the bill has changed name from "Small Scale" to "Local mineral activities". In the Greenlandic title it refers to mineral activities in your geographically local community. Though the name change has had nothing to do with changes the content of the bill, Lumina would like to suggest that the former title is kept or even changed to "Prospecting", which would have references to international terminology. Our concern is that if discussions or conflicts between companies and local small scalers are taken in a public forum then it will easily be misunderstood as the company trying to prevent a local from accessing an area. This will result in a perception of a conflict as "them" against "us". Foreign owned companies fighting local communities. But in reality, the concern of the company has nothing to do with the fact that the small-scaler is local, but more to do with the concerns addressed in the points explained in this document.



Situations that can cause problems between a company and local small-scalers:

1. A company would easily be able to make an agreement with one or two locals who wants to enter an area to collect (most likely) precious- or semiprecious gemstones or metals (gold), but with this bill there is no maximum to the number of locals who can enter an area. This will pose a huge liability risk to the company in terms of Health and safety, the environmental footprint of the locals' activities, the integrity of the geology a.o.
2. The minister and her department have reassured the companies that the locals' activities should not and must not create interference with the companies' activities, but how will the department decide what is considered "interference" if one or several locals are operating in the same area as an exploration company.
3. How can the department guarantee that locals respect safety instructions, if the locals don't understand these or if the company is not even able to provide such instructions. The underlying problem here is, that the locals are not required to report their plans and activities to neither the department nor the company, in which license area they operate.
4. Lumina operates a mine in production and according to the mineral resources act and our license, we have the overall responsibility for health, safety and environment within the license area. In case locals and/or tourists enter our operations, we can be forced to shut down for safety reasons. If this repeats or if we have no success in explaining the safety rules for persons being in the area, as we have no authority or owner's rights, this will impose a huge liability risk to us. In case of financial loss due to shut down of production or even an insurance claim as a result of an accident involving a local or a tourist, it is our opinion that the minister and department with the existing bill can not indemnify us. The bill needs to explicitly state that all and any activities within a 3rd party's license area and any accidents or damages can not be the responsibility of the licensee.
Lumina is concerned that unregulated and unmonitored activities from local small-scalers and tourists eventually will result in accidents or conflicts with companies exercising their approved exploration or exploitation activities and while the minister and department might consider this as less of a problem, this can easily become a problem for the company and its investors as a liability issue with huge financial consequences.
5. When talking about an exploration- or mining company, that company is subject to a very strict set of rules and guidelines where no activity is allowed to take place unless described and applied for at the department. The company is also subject to numerous reportings. But a local small-scaler doesn't have to apply for anything to anyone; not the department and not the exploration company that has ongoing activities in the area. It is a major concern that a local small-scaler and tourists can unexpectedly be in an area where the exploration company can be doing dangerous operations without knowing the presence of other parties. It has been stated by the deputy minister, that as a licensee you have preferential rights, but the department has not yet explained how to deal with the problem described.

Content in the bill that can cause problems to the companies and the investors:

1. A major concern is when a bill like this has vague formulations, which expresses ambiguity. The reason is, that it is often explained by the department that a bill is made to make things simpler. However, our experience is that when sections in an Act are ambiguous then the department can make decisions based on subjective criterias, which does not contribute to the transparency and only rarely are in the interest of the licensee.



2. Any exploration- or mining company and their investors would support the principle of the local community and small-scalers accessing an area, but it would have to be in a way that does not question who has the right to do what. It is already a concern that companies and investors can not own land in Greenland. Basically, it is a huge risk for investors to invest a substantial amount of money in a piece of land they can not own. The Greenland government is considered as a guarantor for the investors that they will not lose an asset. That their investment is safe. However, the government now shows that it is willing to pass a bill where considerations regarding expropriation is not fully investigated. Preferential rights should in principle still be enforced, but still the minister and the department have been unable to answer such questions as the bill is ambiguous.

Suggestions:

1. Lumina suggest that other models are considered, where a social contract between the small-scaler and a company is entered on voluntary basis. Should a situation occur where an agreement can not be reached, then a grievance mechanism can be in place, that will assist in finding solutions which both parties would have to accept. Such models already exist.
2. In the new Mineral Resources Act, adapted at the spring session 2023, it has already been implemented that any application for an exploration license now has to go into public consultation. This was explained to the industry as a necessity in order to allow the local population to raise any concerns they might have with a license covering a specific area. This would be the ideal time for local small-scalers to raise a concern if an area in question covers areas of interest for the local small-scaler. This way an exploration license could be issued under the condition that a solution or agreement will be entered between the parties.
3. Ambiguity needs to be removed from the bill and a legal circular need to be in place to avoid any misunderstandings.
4. Over the last 20 years approx. 5.0 billion DKK have been invested in exploration in Greenland. None of the investors putting these money in Greenland have yet seen a return of their investments. None. The companies still active in Greenland have raised concerns about this bill. The industry and the investors fully agree that solutions to this problem exist and to suggest a solution that will inevitably put the industry and the local population in each corner is not what the industry would suggest. The industry and their investors would like to suggest that they get involved in a real dialogue with the stakeholders in Greenland, instead of the government referring to mining companies and investors, which to the industry's knowledge are not even active in Greenland and have no skin in the game at all and where the industry and their investors can not see how the government has been asking questions, which answers have been received and how these responses have been analysed. As described, the exploration- and mining activities taking place contributes substantially to the Greenlandic economy even though the investors see no return from their investments coming back. It is not unreasonable to expect to be heard and involved, just as the minister and department would expect the companies to involve the local communities. It needs to work both ways.



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A handwritten signature in blue ink, appearing to read "Bert Olsvig Jensen".

Bert Olsvig Jensen
Managing Director

