

Akt oversigt:

Vs: Concerns and comments reg Bill on Local Mineral Activitie (23606202)

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Modtagere	Bo Simmelsgaard (Sagsbehandler, Departementet for Råstoffer og Justitsområdet)
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Til: Bo Simmelsgaard (bosd@nanoq.gl)
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Til: Officiel post til For Erhverv, Handel, Råstoffer, Justitsområdet og Ligestilling (asn@nanoq.gl)
Fra: Resource 500 (pa@resource500.com)
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Sendt: 10-11-2023 11:26

Dear Minister
Dear Colleagues,

The companies, R500 Greenmin and Resource 500 Fevti, both, welcome and support initiatives by the Government of Greenland to support locals interested in minerals and the extraction of such.

We see the underlying reasons for the proposal of a new bill as an opportunity for building a strong relationship between individuals from local communities and as an integral part of a social contract between these local communities and the exploration / mining company as already proposed by regulations.

A social contract is a relationship builder and promotes cooperation and the sharing of resources, skills and benefits from the presence of an exploration-mining company with the local communities. We believe that MLSA support in developing the conceptualisation and roll out of social contracts by including local interest in minerals and extraction of particular minerals (semi-precious or precious stones) or metals (through alluvial panning) in licence areas is a fantastic opportunity. This will also fit in and support company ESG requirements by investors and auditors.

However, the explanation of the Bill by the Ministry on November 3 rd, raises some serious issues that will have various negative impacts on the mining industry in Greenland, from minor to major impacts..

An attempt to legalise concerns brought up and yet unforeseen will either, make it impossible for locals to participate due to over regulation of their activities or will lead to a handicapping of the mining industry in Greenland due to a real or even an internationally perceived creation of double standards and conflicts of interest. All these concerns would require hundreds of paragraphs of legislation that would complicate everything and bring no value to either side (Locals or companies).

1.
It is easy to foresee the risk of legal cases being brought against companies or vica versa and even one such case being lodged against or by a public company would have the potential to destroy the investment reputation of the company as well as of Greenland as a pro-mining country. One court case will most likely also close opportunities to raise money for exploration companies as legal risks become unclear.

2.
The mining industry world wide has a very difficult relationship with "local" or "artisanal" miners. Those who have worked worldwide have experience that the advisors of the Ministry appear not to have, or have failed to study at depth.

Many of the proposed structures of the bill are the equivalent of what authorities in other countries are trying to regulate against, for both environmental, economic, foreign investment and industrial development reasons.

I would therefore suggest that the Ministry considers going back to the drawing table and include mining, exploration companies as their partners in drawing up a programme for participation of locals in minor extractive activities. Other recommended partners would be mining consultancies such as SRK, CSA etc and government bodies from other countries. Advice from the financial community and major banks and stock exchanges would also be worth listening to.

3.
We would see that the Bill as proposed will lead to confrontation and division between locals and businesses, that such confrontation entering any community hearings will make it much more difficult for exploration companies to successfully apply for extractive licences. In turn this risk will lead to an international concern of serious political and social risk in Greenland for mining investments.

Other risks which we see and believe have been under evaluated at the current stage are

1. Damage to geology by removal of important outcrops important to interpreting subsurface mineralisation or geological structures
2. Risk of surface depletion of a resource and making potential mining operations less feasible.
3. Conflicts of interest for certain areas within a licence area leading to community objections, or official complaints to the activities of the company or to court cases.
4. Conflict arising over environmental responsibilities or health and safety responsibilities related to third parties who lack training and extractive skills. (Any damage or accident on a licence area even by unrelated third parties may damage the reputation of the company with the investor world.

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The Ministry failed in the online discussion to convince that environmental and health and safety issues will be properly controlled. One can imagine for example a large portion of rock falling on someone who is drilling overhanging rocks or higher rock surfaces due to a lack of understanding of cleavage and geotechnical behaviours. It is more likely that in cases of fatal accidents or environmental damage, the Ministry will not take responsibility and that it is more likely that a question of the responsibility of the exploration/mining company will be raised and discussed, as well as damage to the international reputation of the company purely due to the location.

5.
The concept of local as someone having lived in Greenland for 2 years is also an eyebrow raiser. We are of the opinion that the legal understanding of a local with respect to the Bill should be confined to members of local communities within a certain distance of the licence area or living within the licence area.

6.
In the event that a Bill is prepared for consideration and consultation, there should be a requirement to create a licensing or permission granting system where licences are issued to carry out minor mining activities within a municipality. The certified or licensed local would undergo a licensing test proving a minimal knowledge of environmental, health & safety regulations, geology and mineral identification and use of 'hand held' equipment. There should also be an annual reporting system including gps location and photographs.

7.
There is an absence of clarification in the Bill regarding

a.
which minerals or metals can be extracted by locals

There needs to be clarification of whether the bill is regulating particular minerals as hosts for valuable metals or stones, or is it referring to particular stones or metals.

b.
the exact types of 'hand' held machinery and equipment.
We would have no issues with hand held equipment such as geological hammers, crobars etc. But where equipment is fuel or diesel powered, multiple issues arise regarding logistics (damage through transportation), environment (spills, rubbish removal, disturbing flora and fauna) and health and safety.

c.
Depth to which extraction can be carried out,
and what are the requirements for filling or not filling of holes, and the establishment of important geological records.

d.
The limitation of the number of locals who can be active on a particular site.
This could lay a groundwork for possible illegal mining activities under the guise of individual activities where off-takers (traders) of stones or metals can provide finance and support to organised grouping activities of individuals and significant operations that stay below the legal and financial radar.

e.
There is no clarity regarding the upper limitation of mineral or ore tonnage of extracted minerals.
Different minerals would suggest different tonnages and tonnage should indicate the border line between local mining, small mining and primary mining projects.

f.
The suggested one kilogram export permission is also lacking clarity or regulation
a kilogram of diamonds, or rubies is totally different in value than a kilogram of amethyst. The more expensive minerals or stones will attract both regulated and unregulated sponsors.

To summarise, we as well as other exploration/mining companies will

1. Appreciate any assistance the Government of Greenland and the MLSA will provide in building

up work relations and social contracts as well as communications with locals interested in mineralogy and small family or individual mineral based business.

2.

We are against the proposed Bill as it has been explained. We would like to strongly emphasise that changes in Mining regulations have long term ripple effects. For instance, Resource 500 Fevti was not able to close deals with 2 investors due to the recent changes regarding radioactive minerals and the outfall from public reactions to Greenland Minerals. The international mining investment community will more than likely interpret this as a major risk of conflict with local communities and therefore Greenland as a no go area.

3.

The Bill as it stands will create a legal structure supporting conflicts of interest and will not enhance positive social relations.

4.

The Bill as it stands is enshrining the rights of a yet to be established 'artisanal' mining sector. This is opening a pandora's box.

5.

The responses of the Ministry to concerns of the mining and exploration community, sorry to say, seems to be based upon positive perceptions that the worries or risks identified will either all turn out to be ok or will be the responsibility of another ministry or third parties.

6.

During the online meeting the impression was given that the Ministry was not listening to concerns of the mining sector but was trying to convince us to accept decisions that were already made and are being pushed through a regulatory process.

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