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Statement of the CGRG s.r.o. to the Proposed Act

CGRG s.r.o. Company received an e-mail dated July 6, 2021 with a Bill banning uranium exploration and mining. We officially comment on this proposal by August 2, 2021. We send our standpoint in harmony with the instructions issued by the Ministry of Mineral Resources to the email address: asn@nanoq.gl.

The standpoint of CGRG s.r.o. Company:

We **disagree** with the text titled "*Greenland Parliament Act no. [X] of [dd mm 2021] to ban uranium prospecting, exploration and exploitation*".

The substantiation:

- The stated limit of 100 ppm of uranium content in the rock is so low that it can cause the cessation of large number of projects in Greenland, even those focused on exploring other elements.
- Under the terms of this new law, no company can be expected to invest in the mineral resources exploration in Greenland risking that the license may be revoked by the government at any time. Investing tens of millions of DKK in exploration work alone is a high risk that an exploration company is willing to take only if there is a political stability in the country, with particularly stable and well-defined laws and guarantees from the government. It is unrealistic for the government to expect a private company would invest tens of millions of DKK and eventually another millions of DKK until the final report elaborated according to the JORC Code or 43-101 Standard, only to get a result of the license revocation spoiling the entire investment in vain.
- The draft law as proposed raises great concerns among investors regarding the future in making business in Greenland. Provided that the government may gradually ban exploration and mining of other elements in the coming years, it does not make any sense to launch any exploration project in such circumstances. As an example, we present our license No. 2011/53

Milne Land, where the main raw material sought is a group of rare earth elements. At present, uranium in values above 100 ppm is not confirmed in the license area according to the exploration results. However, should the government start to change the terms of the law over time – for example by adding more elements to the list of banned elements, including rare earth elements – it could mean the liquidation of the whole project and a failed investments exceeding 10 million of DKK by now. This would also mean the impossibility to achieve the project economic objective, i.e. to transfer the license to the mining company. **The lost profit is estimated in the amount of tens to hundreds of millions of DKK.**

- Overall, the proposed Act raises great uncertainty and doubts. Saying that the government can change conditions at any time, for example to change thresholds or to extend the ban to further elements, or to revoke licenses granted by decision of government officials, means that it would be impossible to make any investment in mineral exploration in this unstable legal environment.

- The law does not deal with compensation for failed investments by private companies. These companies have obtained mineral exploration licenses and invested their funds in Greenland in good faith and in accordance with the applicable legislation. They trusted in Greenland's political and legal stability.

- The Bill is in sheer conflict with internationally accepted principles of rule of law and legitimate expectations as it grants powers to Greenland's government to modify, limit or even revoke licenses that had been duly granted and obtained before the Bill is coming into force and to introduce such new rules and limitations that will result in actual termination of the license (provided that the uranium threshold is or will be exceeded any time in the future).

- Full retroactivity of the Bill and no compensation provided to licensees that will or may, as a direct consequence of the Bill and subsequent governmental decisions, lose all or considerable part of their investments is in contrary with international law standards and will pose Greenland in high risk of internationally based disputes and arbitrations with many interested parties, including, likely, foreign state authorities, investors and international organizations.

- Such situation will likely be highly detrimental to Greenland's reputation as a stabile business and political partner in the future.

- The Act is not supported by expert opinions, especially the provision on limit values for uranium content in rock.

- The Act does not mention the author or the groups or political clubs of parliament that prepared the Act. The text was sent anonymously without any authorization and source.

Our suggestion:

- We suggest that the text of the law "*Greenland Parliament Act no. [X] of [dd mm 2021] to ban uranium prospecting, exploration and exploitation*" as amended, as presented to us, should be rejected in its entirety and handed over for further processing to specific entities designated by the government.

- We suggest that an international team of independent specialists, selected on the basis of a tender according to carefully determined conditions, comment on the provisions of the Act concerning the determination of uranium limit values in rock.

Proposal evaluation made by an invited expert:

- The concentration and distribution of uranium (U) in different regions of Greenland varies strongly between sedimentary, metamorphic and igneous rocks. In view of the extraordinary diversity of geological environments in the various regions of Greenland, it is, in our view, highly arbitrary to introduce a uniform limit value for U of 0.01% or 100 ppm.

- This limiting value is derived from statistical average values for the U content in granitic rocks (see Section 3.1 of the proposed Bill). This value is so general that it essentially loses its scientific meaning.

- It is important to state that this value, i.e. 4-60 ppm, absolutely cannot cover the entire range of geological and structural environments in Greenland.

- In this context, we state that the introduction of a limit value of U 100 ppm for the whole of Greenland will essentially exclude many regions from the possibility of exploration activity such as South Greenland (Gardar).

- We therefore suggest the following:

1. To increase the limit value to such a level that actually corresponds to the U ppm values in various regions.
2. Or alternatively introduce such limit values U according to the type of rock (sedimentary, igneous or metamorphic) or introduce values based on other geological criteria.

- We propose that the Bill draft lists all chemical elements to which the ban will apply and precisely define limit values of these elements in the rock. This list will again be compiled by a group of international independent specialists.

- According to the parameters above, we propose that the new bill should be properly consulted with the participation of all business entities operating in the mineral exploration industry in Greenland, especially with holders of exploratory mineral licenses.

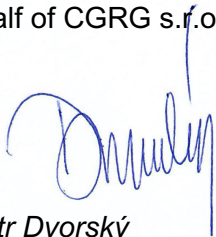
- We propose that license holders be allowed to participate in the drafting of the final wording of the new law with their suggestions.

- We propose that the Greenlandic Government hire a radioactive adviser to explain the issues of mineral exploration and extraction to the citizens of Greenland in such a way that citizens understand that the fear they have from the extractive industries caused by various media campaigns is unfounded and the reality of geological activity is completely different. In most cases, an ordinary Greenlandic citizen will not be affected by any exploration and mining activity and he/she will not even notice it throughout his lifetime. The only impact that mining activities will have on the citizen is the post-economic effect, where the taxes obtained from mining are expected to serve to significantly increase the living standards of the people of Greenland.

In conclusion, we would like to point out that the Act as presented to us may lead to retracting of most foreign investment from Greenland, without any compensation. It can also mean the bankruptcy of many companies due to investor's distrust, which will lead to the cessation of revenues to the treasury including all fees and mandatory investments associated with exploration licenses.

We hereby ask for acceptance of all points in our statement and we ask for the response from the Governmental Office to our statement in the points mentioned above.

In behalf of CGRG s.r.o.



Mr. Petr Dvorský
Managing Director of CGRG s.r.o.



Mr. Jiří Foldyna
Managing Director of CGRG s.r.o.