



NAALAKKERSUISUT
GOVERNMENT OF GREENLAND

GREENLAND'S MINERAL STRATEGY

2020 – 2024

The Ministry of Mineral Resources
February 2020

Preface

”There is wide political consensus to develop the mineral resources sector into a leading industry in Greenland

There is wide political consensus to develop the mineral resources sector into a leading industry in Greenland that differentiates the economy and creates new jobs, skills and business for the existing industries. At the same time, the mineral resources sector is to contribute revenue to the treasury and contribute to the economic development for the benefit of all of Greenland.

Over the years, Greenland has seen considerable exploration activity, but there are still areas which are virtually unexplored and which can contribute further to the development.

The starting point of the new mineral strategy is therefore our wish to establish the right framework to attract exploration companies interested in investing in Greenland as exploration is a prerequisite for the development of a mineral resources industry in Greenland.

It requires large investments to carry out exploration activity and take a project to exploitation. It is therefore important to provide a framework for the development of mining projects that is competitive

and attractive enough to attract the necessary capital to Greenland, which would otherwise be invested in other countries. More specifically, we wish to streamline administrative procedures to get good projects off the ground faster. An important element in this respect is the one-door approach to applications for mineral licences.

Moreover, we wish to maintain focus on the small-scale sector. It is our hope that the small-scale sector will develop into a locally rooted mineral resources industry in the long run.

The development of a mineral resources industry in Greenland has top priority, but must naturally go hand in hand with our high environmental and nature protection requirements.

The Government of Greenland wants to ensure that the mineral resources sector is developed in an environmentally sustainable manner with respect for Greenland’s magnificent nature. The Minister of Nature and environment has therefore defined the applicable strategic objectives in a separate strategic memorandum.

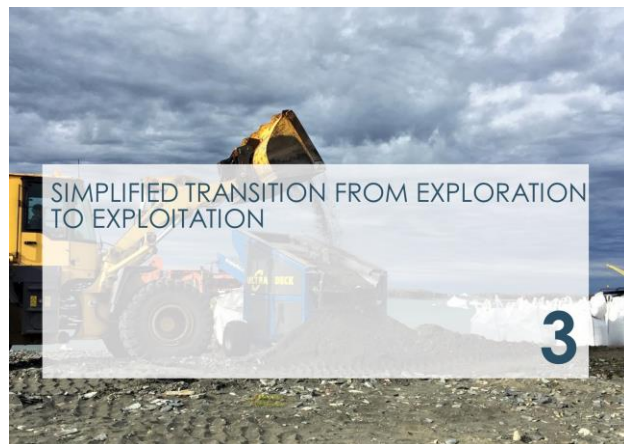
The implementation of the measures in this mineral strategy is to strengthen the established platform and form the basis for continued sustainable development of the mineral resources industry in Greenland.

We wish you happy reading.



The Minister for Finance and Mineral Resources
Vittus Qujaukitsoq

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SUMMARY & INTRODUCTION

Summary

The overall **vision** of the mineral strategy is to differentiate the economy, create new jobs, skills and business for existing enterprises and contribute with revenue to the treasury and contribute to the economic development to the benefit of all of Greenland. The strategy is divided into five **priority areas**, including 13 **objectives** which the Ministry of Mineral Resources will seek to achieve in the strategy period by launching and implementing 34 **initiatives**.

1. Priority Area Improved sharing of geological knowledge

1 Provide high quality geological data

- ❑ Provide more and better geological maps
- ❑ Carry out new field-based studies
- ❑ Improve the use of existing data

2 Increase access to data

- ❑ Provide online access to data to the extent possible
- ❑ Increase awareness of our geological data
- ❑ Expand the gemstone database

3 Enhance knowledge sharing and cooperation

- ❑ Request feedback from data users
- ❑ Build and improve local and international partnerships
- ❑ Communicate news on the mineral resources sector to the public

2. Priority Area Efficient, predictable and transparent case administration

1 Strengthen cohesion in case administration

- ❑ Maintain the personal case officer
- ❑ Maintain the one-door approach
- ❑ Set up a task force to ensure that applications are moving forward

2 Improve information about application procedures

- ❑ Prepare process descriptions and guidelines for the grant of licences
- ❑ Prepare timelines for the grant of licences
- ❑ Introduce a welcome package: "The good application"

3 Shorten turnaround time

- ❑ Implement an online application portal
- ❑ Split up and simplify the Mineral Resources Act
- ❑ Make administrative decisions in straightforward cases

4 Simplify guidelines and executive orders for field activities

- ❑ Simplify and reduce approval requirements
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5 Revise reporting requirements for exploitation licences

- ❑ Simplify and reduce reporting requirements

6 Support and simplify the application process for small-scale licences

- ❑ Simplify the application form for small-scale licences
- ❑ Revise the consultation process for small-scale applications
- ❑ Organise courses and workshops for small-scale licensees

3. Priority Area Simplified transition from exploration to exploitation

1 Simplify exploitation licence requirements

- ❑ Prepare models for exploitation licences
- ❑ Leave it to applicants to assess the profitability of exploitation projects

4. Priority Area Sustainable development of the mineral resources industry

1 Maximise the socio-economic benefits from

mineral resource activities

- ❑ Clarify requirements for social sustainability and benefits
- ❑ Ensure local recruitment to the extent possible
- ❑ Support the participation of Greenlandic enterprises in mineral resource projects

2 Improve information about consultation processes

- ❑ Ensure that all parties are informed of their rights in connection with consultation processes

5. Priority Area Competitive tax and royalty model

1 Secure a competitive tax and royalty model

- ❑ Make in-depth analysis of tax and royalty system
- ❑ Initiate analysis of local community's share of tax revenue from mineral extraction activities
- ❑ Monitor Greenland's competitiveness compared to other mining countries



The Mineral Resources Industry in Greenland

Introduction

It is a key factor in the development of the mineral resources industry that we are able to attract businesses interested in exploring and subsequently mining the subsoil mineral resources available in Greenland. In other words, it is important to maintain focus on creating attractive and stable framework conditions for the investors who build and develop the mineral resources industry in Greenland.

In Greenland, DKK 3.6 billion have been invested in exploration activities over the past ten years.

As a result of rising demand for minerals in China, minerals prices rose globally, which led to growing investments in mineral exploration across the world through to 2011-2012. After that, minerals prices and exploration investments dropped globally and in Greenland until 2016, after which rising minerals prices helped pull investments upward again.

Changes in the number of licences in the minerals sector have generally followed fluctuations in minerals prices and in mineral exploration investments as shown in the top right figure.

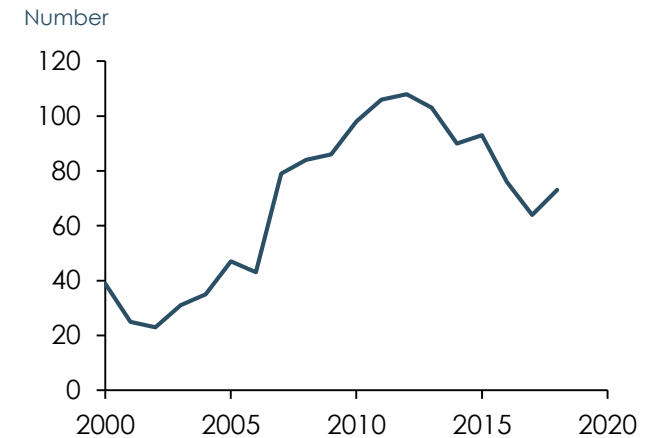
To avoid compulsory withdrawal of exploration licences as a result of poor financing opportunities for exploration activities during the downturn after 2012, the Mineral Licence and Safety Authority (MLSA) extraordinarily relaxed the requirements for the exploration obligations of companies in 2015-2017.

Exploration activities and mineral resources extraction are associated with high costs and high risks. Very few exploration projects turn into mines because many parameters need to be met before the extraction of mineral resources is profitable. The key parameters in the investors' assessment are ¹:

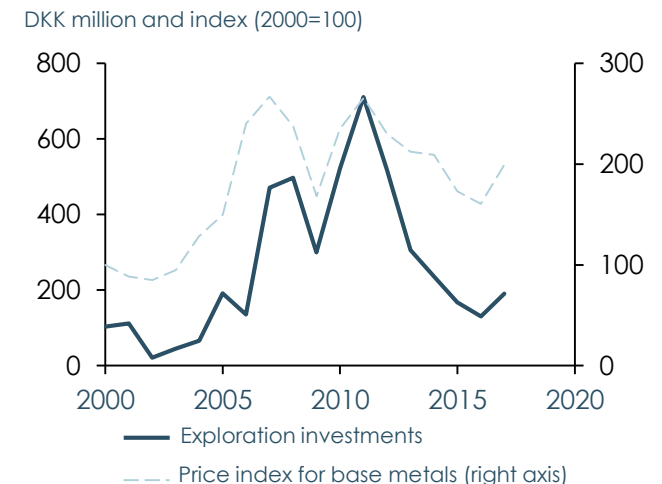
- *Geology*
- *Administrative processes*
- *Political stability*
- *Tax and royalty system*

The geological potential in Greenland is huge, whereas on other parameters, Greenland is in a less strong position in the competition with other more established mining countries. It is therefore important that the Greenlandic authorities do their part to provide the most stable framework terms and conditions for the industry as possible. For example, stable legislation, efficient and transparent case administration and a competitive tax and royalty system.

Licences in the minerals sector in Greenland



Exploration investments in the minerals sector in Greenland



Note: Licences include 1) prospecting, 2) exploration and 3) exploitation licences. The statement of exploration investments includes an overhead of 50%.

Source: The List of Licenses issued by the Mineral Licence and Safety Authority and the World Bank's Commodity databases.

Source: 1) Fraser Institute, Annual Survey of Mining Companies 2018

Fact box: Administration of the minerals sector

In Greenland, mineral resource activities are divided into three phases: prospecting, exploration and exploitation. To carry out these mineral resource activities, you need a licence from the Government of Greenland. The Mineral Licence and Safety Authority is responsible for processing applications for prospecting and exploration licences (and applications for approval of field activities). Application forms and guidelines are available at the website of the Government of Greenland, www.govmin.gl.

When a holder of an exploration licence wishes to apply for a licence to exploit mineral resource deposits, the licensee must provide an environmental impact assessment (EIA) together with the application and, where a project is deemed to have a material impact on social conditions, also a social impact assessment (SIA).

Mineral resource activity will inevitably have an

impact on the environment. Environmental laws in the mineral resources sector are to ensure that all activities are carried out with due respect for the environment, nature and the climate, and therefore, there are requirements for an EIA report and ongoing monitoring of the mineral resource activities. The Environmental Agency for Mineral Resource Activities (EAMRA) under the Ministry of Nature and Environment is responsible for the environmental aspects of mineral resource activities and has prepared a separate strategic memorandum for the environmental aspects of mineral resources, which will be made available at www.govmin.gl.

One of the purposes of the SIA is to describe what Greenland can expect to gain from a given project in terms of jobs, taxes and royalties, new business opportunities for subcontractors, etc.

Terms must be specified in the exploitation licence on the extent to which a licensee is required to enter into

and fulfil a social sustainability agreement and other socio-economic matters, a so-called Impact Benefit Agreement (IBA). The IBA is an agreement between the licensee, one or more local authorities and the Government of Greenland, providing specific requirements for the use of local workers etc.

Before initiating construction and exploitation activities, the Government of Greenland must approve an exploitation and closure plan including, among other things, security for clean-up obligations. In addition, the activities must be carried out in accordance with activity approvals.

Finally, small-scale licences are available to citizens who have resided permanently and been liable to pay tax in Greenland for the past five years. There are two small-scale licences – one granting exclusivity for an area of no more than one sq.km and one granting no exclusivity.

Licences granted to companies Via www.govmin.gl

Prospecting

Maximum term of five years
No activity obligation
No exclusivity
Large area

Exploration

Maximum term of ten years*
Activity obligation
Exclusivity
Small area

+ Field activity approval

Exploitation

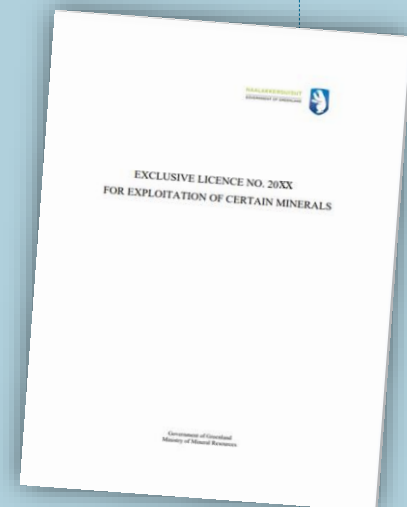
For 30 years**
Limited mineral resource deposits for commercial exploitation

- + Environmental Impact Assessment (EIA)
- + Approval of exploitation and closure plan
- + Activity approval
- (+) Social Impact Assessment (SIA)***
- (+) Tripartite agreement: Impact Benefit Agreement (IBA)

Licences granted to citizens Via www.Sullissivik.gl

Exclusive small-scale

Non-exclusive small-scale



Note: *) Renewable by terms of up to three years. **) Maximum term of 50 years. ***) In the cases where a project is deemed to have a material impact on social conditions.

Introduction

Purpose of the strategy

The overall objective of the Government of Greenland for the mineral resources sector is to develop a leading industry which will contribute positively to the economic development and create new jobs for the benefit of all of Greenland. In other words: Greenland is to be an attractive mining country which investors will prefer over other mining countries.

“Greenland is to be an attractive mining country which investors will prefer over other mining countries.”

The purpose of this strategy is to describe the long-term plans of the Government of Greenland for the mineral resources industry and the strategic objectives for the next strategy period 2020-2024. The strategy is then to provide the framework for the further development of the mineral resources sector in Greenland.

The former Oil and Mineral Strategy 2014-2018 which included specific goals for a specific number of producing mines and the establishment of a specific number of offshore oil and gas projects in the strategy period. Unfortunately, we had to realise that things have not gone as expected, among other things because of unfavourable price movements within the mineral resources sector.

At present, we have two producing mines in Greenland: The White Mountain anorthosite mine of Hudson Greenland A/S in Qaqortorsuaq and the ruby and sapphire mine of Greenland Ruby A/S in Aappaluttoq. The new mineral strategy is to help improve the conditions that will make it possible to add even more projects to the list of producing mines.

The strategy is intended as a guide to the industry, politicians and the general public, showing the direction we wish to take when developing the mineral resources sector in Greenland over the next five years.

Working with this strategy

During the process to improve the strategy, the Mineral Licence and Safety Authority has performed a questionnaire survey among stakeholders in the mineral resources sector, including exploration and exploitation companies, Greenland Business, local authorities, ICC Greenland and small-scale licensees. The purpose of the questionnaire is to find out how we can make Greenland more attractive to investors in the exploration and extraction of mineral resources.





A new mineral strategy for Greenland

Introduction

The development of the mineral resources sector is based on funds invested by companies interested in exploring and later extracting Greenland's mineral resources. Greenland is considered attractive on a parameter such as geology, but is considered weaker in competition with other countries on a parameter such as infrastructure. The new strategy for the minerals sector is based on and reflects Greenland's strengths and challenges within the mineral resources sector¹:

Strengths

Our good and diversified geology, chances of good finds in future and the availability of high quality geoscientific data are naturally strengths for Greenland, together with up-to-date legislation and general public support for the development of the mineral resources sector.

Challenges

Many mineral-rich countries have a more well-developed mineral resources industry and infrastructure than Greenland. Exploration and extraction in Greenland may therefore be associated with relatively high costs compared to other countries. However, Greenland's many deep fiords allow for sea transport almost directly to and from many of the mineral resource deposits. Finally, several companies see the exploitation licence application process as lengthy and at times unpredictable.

In addition to addressing the above challenges, the Government of Greenland has various political objectives which this strategy intends to promote. By

way of example, there is a wish to make small-scale mining a real income opportunity for citizens in Greenland. Naturally, the initiatives required to promote this area differ from those required for large-scale mining projects, and the strategy must embrace both aspects.

Finally, we need to be realistic: in the coming strategy period, the mineral resources sector will not be able to contribute revenue to the Greenland economy to the extent we know from eg. Australia and Canada, but we can initiate and support a transition in our economy using a number of initiatives which we expect to heighten the level of investments and improve the opportunities for launching mining projects.

The Government of Greenland therefore wishes to work with five strategic priority areas in the next strategy period 2020-2024:

Five strategic priority areas:

1. Improved sharing of geological knowledge
2. Efficient, predictable and transparent case administration
3. Simplified transition from exploration to exploitation
4. Sustainable development of the mineral resources industry
5. Competitive tax and royalty model

For each priority area, we have worded a number of objectives and related initiatives which we want to launch and implement in the course of the strategy period to achieve these objectives.

Note: 1) This way of illustrating strengths and challenges is inspired by the classic SWOT analysis which looks at internal strengths and weaknesses and external opportunities and threats.

A hand is holding a handheld geological instrument, possibly a refractometer or a similar device, over a collection of rocks. The instrument has a digital display and a yellow casing. The rocks are of various colors and textures, including dark brown, light brown, and grey. The background is a wooden surface.

IMPROVED SHARING OF GEOLOGICAL KNOWLEDGE

1

1 Improved sharing of geological knowledge

Geodata – the driving force behind exploration and attracting investments

Investing in mineral resources exploration comes with significant risks. In Greenland, we are dependent on the willingness of exploration companies to take on these risks in return for the potential gain of making a find. Only a few exploration projects actually end up becoming a mine, and the exploration companies therefore have to make thorough analyses before investing in exploration. If the exploration companies are able to obtain good prior knowledge of the geology of an area, eg. via geological databases, that will contribute to reducing the financial risk involved in exploration.

Greenland competes with other countries to attract exploration investments. This makes it an absolute necessity that we contribute to minimising the investment risk of the mining companies and thus continue our efforts towards becoming an attractive investment destination.

In cooperation with our partners, the Mineral Resource Authority already makes exploration relevant data available and, where possible, free of charge. And we will continue to do so. At the same time, we will strive to provide new data and thus continue building on our existing knowledge and understanding of Greenland's mineral resources potential. Apart from that, we will also increase local and international awareness of Greenland through cooperation. Finally, we want to increasingly communicate news about the mineral resources sector to the public in Greenland and in the rest of the world.

The Government of Greenland's objectives for the period 2020-2024



1 Provide high quality geological data

- Provide more and better geological maps
- Carry out new field-based studies
- Improve the use of existing data



2 Increase access to data

- Provide online access to data to the extent possible
- Increase awareness of our geological data
- Expand the gemstone database






3 Enhance knowledge sharing and cooperation

- Request feedback from data users
- Build and improve local and international partnerships
- Communicate news on the mineral resources sector to the public

“If the exploration companies are able to obtain good prior knowledge of the geology of an area, eg. via geological databases, that will contribute to reducing the financial risk involved in exploration.”

1 Improved sharing of geological knowledge

 1 Provide high quality geological data <p>Geological maps are essential in the mineral resources industry. They are of paramount importance to the exploration companies in their assessment of the exploitation potential in an area. Much of the exiting geoscientific data about Greenland which are not produced by the Mineral Resource Authority are not readily accessible, eg. the exploration companies' extensive data sets and maps as well as data from sources that are not specifically intended for exploration but which could potentially be used for this purpose.</p>	 2 Increase access to data <p>Easy access makes our geoscientific data more useful and lays the foundations for additional studies into Greenland's subsoil. We wish to increase local as well as international awareness of the geoscientific data that are available from us.</p>	 3 Enhance knowledge sharing and cooperation <p>The data we collect and develop will be of most value if they reflect the needs of the users and this perspective will now large guide our work. At the same time, we may further strengthen our knowledge of Greenland's subsoil through partnerships, and that is why we will develop and support research projects of specific geoscientific relevance. Finally, we want to increasingly communicate news about the mineral resources sector to the public.</p>
Provide more and better geological maps <input type="checkbox"/> The Mineral Resource Authority will integrate all new and existing digital geological maps in a new stratigraphic database for Greenland, in cooperation with GEUS.	Provide online access to data to the extent possible <input type="checkbox"/> All of the geoscientific data financed or co-financed by the Ministry of Mineral Resources will be made available in the course of the strategy period and, where possible, free of charge.	Request feedback from data users <input type="checkbox"/> The Mineral Resource Authority will request input and wishes from users and will gear geoscientific studies and data deliveries specifically to the needs of the users.
Carry out new field-based studies <input type="checkbox"/> The Mineral Resource Authority will carry out new, systematic studies of unexplored areas that are assumed to have a mineral resources potential. <input type="checkbox"/> These studies will include new topographic mapping, geological mapping and remote sensed data interpretation.	Increase awareness of our geological data <input type="checkbox"/> The Mineral Resource Authority will increase the visibility of Greenland's mineral resources industry and heighten awareness of Greenland's mineral resources potential, eg. on social media and at promotional events and activities.	Build and improve local and international partnerships <input type="checkbox"/> The Mineral Resource Authority will build partnerships, locally and with international organisations and research agencies to promote Greenland-based geoscientific research.
Improve the use of existing data <input type="checkbox"/> The Mineral Resource Authority will select, collect and integrate relevant external data in the existing database and make the data available online.	Expand the gemstone database <input type="checkbox"/> The Mineral Resource Authority will expand the gemstone database and continue to communicate information about gemstone potentials to interested citizens and small-scale licensees. <input type="checkbox"/> The Mineral Resource Authority will continue to offer independent geological assessments of collected and extracted minerals to all citizens in Greenland free of charge.	Communicate news on the mineral resources sector to the public <input type="checkbox"/> The Mineral Resource Authority will increase communication about new decisions, consultation processes, activities, etc. externally, eg. through press releases and on its website.



EFFICIENT, PREDICTABLE AND TRANSPARENT CASE ADMINISTRATION

2

2 Efficient, predictable and transparent case administration

Coherent case administration

The Mineral Resource Authority is currently made up of different ministries and administrative departments. This means that an application for a mineral licence will have to go through two or more bodies which, unfortunately, do not always work seamlessly together. That can at best result in long application processes and at worst in some applicants giving up along the way or being completely deterred from investing in Greenland. It is therefore important that we lower the existing barriers and shorten the turnaround time, making the process more efficient, predictable and transparent so as to get good projects off the ground faster. More specifically, the licensees under mineral exploitation licences, local authorities, Greenland Business and others have asked for clearer communication from the Mineral Resource Authority, clearer guidelines as well as a clearer picture of deadlines.

We will try to deliver on that promise by assigning a personal case officer to each application and by preparing processing descriptions and guidelines to give applicants a greater certainty of what to expect. On top of that, we wish to shorten the turnaround time by simplifying rules and reducing reporting requirements as well as working with specifying *expected* turnaround times for various types of licences. Finally, the Mineral Resource Authority will explore the possibility of granting a greater number of licences administratively by authority of the Government of Greenland in straightforward cases, e.g prospecting and small-scale licences. It is our expectation that, taken together, these measures will contribute to a smoother case administration, save public resources and reduce some of the uncertainty and insecurity that some companies experience especially when they apply for exploitation licences in Greenland.

The Government of Greenland's objectives for the period 2020-2024



1 Strengthen cohesion in case administration

- Maintain the personal case officer
- Maintain the one-door approach
- Set up a task force to ensure that applications are moving forward



2 Improve information about application procedures

- Prepare process descriptions and guidelines for the grant of licences
- Prepare timelines for the grant of licences
- Introduce a welcome package: "The good application"



3 Shorten turnaround time

- Implement an online application portal
- Split up and simplify the Mineral Resources Act
- Make administrative decisions in straightforward cases



4 Simplify guidelines and executive orders for field activities

- Simplify and reduce approval requirements
- Update the Greenlandic field rules
- Upskill supervisory staff



5 Revise reporting requirements for exploitation licences

- Simplify and reduce reporting requirements



6 Support and simplify the application process for small-scale licences

- Simplify the application form for small-scale licences
- Revise the consultation process for small-scale applications
- Organise courses and workshops for small-scale licensees

2 Efficient, predictable and transparent case administration



1 Strengthen cohesion in case administration

When applying for an exploitation licence in Greenland, a case officer from the Mineral Licence and Safety Authority's licensing department will be assigned to the applicant. The case officer will be the applicant's primary point of contact to the Mineral Resource Authority and the case officer must ensure that all inquiries from the applicant reach the right administrative department at the authorities and are responded to appropriately. The case officer will also, as far as possible, be in charge of coordinating and moving forward all pending applications. This can be done by setting up a task force which will be responsible for specific exploitation applications and licences.

Maintain the personal case officer

- ❑ The Mineral Resource Authority will maintain the principle of the personal case officer for the entire strategy period.

Maintain the one-door approach

- ❑ The Mineral Resource Authority will redefine the one-door principle in a new Mining Act by creating more effective and seamless case administration.
- ❑ The Mineral Resource Authority will cooperate with other authorities on a mutually agreed basis.

Set up a task force to ensure that applications are moving forward

- ❑ The Mineral Resource Authority will set up a task force for progressed exploration projects which is to ensure that exploitation licence applications move forward.



2 Improve information about application procedures

Exploration companies in Greenland have expressed the need for greater transparency in the application process and for more information about application procedures, including turnaround times. The Mineral Resource Authority wishes to meet these needs by preparing guidelines and timelines for case administration and to give applicants more guidance in the application process.

Prepare process descriptions and guidelines for the grant of licences

- ❑ In the course of the strategy period, the Mineral Resource Authority will prepare process descriptions and guidelines for mineral exploitation licences (under section 16 of the Mineral Resources Act), approval of exploitation and closure plans (under sections 19 and 43 of the Mineral Resources Act) and activity approvals (under section 86 of the Mineral Resources Act).

Prepare timelines for the grant of licences

- ❑ The Mineral Licence and Safety Authority's licensing department will introduce a practice where the expected processing time involved in the individual steps of the case administration is stated. An expected case processing time is not to be viewed as a guarantee but as a target the applicant can use in its own planning of the application process.

Introduce a welcome package: "The good application"

- ❑ The Mineral Licence and Safety Authority's licensing department will prepare a 'welcome package' consisting of all the information needed by an applicant early in the process, eg. appendices to a prospecting licences so as to ensure that the applicant is in the best position to effectively plan its work going forward and, if required, submit a complete application for an exploration or other licence faster.

2 Efficient, predictable and transparent case administration



3 Shorten turnaround time

The Mineral Resource Authority has initiated the implementation of an online application portal for prospecting and exploration licences where the applicant will be able to check the status of an application (approved, under review, etc.), communicate with the Mineral Resource Authority, upload reports, etc. The application portal is expected to simplify and streamline administrative procedures at the Mineral Resource Authority.



4 Simplify guidelines and executive orders for field activities

It is expected that clearer and simpler requirements to applications for field activities may contribute to increased activity generally by making it simpler and easier to apply. At the same time, the hope is to reduce the share of incorrect and incomplete applications and by extension save time and resources for the applicant and the authorities alike. The supervision of field activities is handled by competent employees with the proper insight into the area.

Implement an online application portal

- ❑ In 2019, the Mineral Resource Authority has implemented an online application portal for prospecting and exploration licences as well as small-scale licences. The intention is to streamline the portal with time so that it will be easier to apply for licences and less time-consuming for the Mineral Resource Authority to process applications.
- ❑ In 2021, the Mineral Resource Authority will initiate its work to expand the portal to also be able to handle applications for exploitation licences.

Simplify and reduce approval requirements

- ❑ The Mineral Resource Authority will initiate an internal project which is to come up with concrete proposals to reduce the number of activities requiring regulatory approval and to simplify, for example, the application and documentation required for approval.

Split up and simplify the Mineral Resources Act

- ❑ The Ministry of Mineral Resources will work towards a simplification of mineral resource legislation by proposing to split up the Mineral Resources Act so that mineral resource activities and hydrocarbon activities are regulated separately.

Update the Greenlandic field rules

- ❑ No later than in 2021, the Mineral Resource Authority will initiate a 360-degree check of *Rules for field work and reporting regarding mineral resources in Greenland*, as most recently updated in 2000. The check is to lead to specific proposals for amendments to the field rules to make them more updated, practically oriented and user-friendly.

Make administrative decisions in straightforward cases

- ❑ The Ministry of Mineral Resources will explore the possibility of the Mineral Resource Authority being authorised in certain straightforward and trivial cases (eg. change of applicants' addresses and small-scale licences) to make administrative decisions on behalf of the Government of Greenland and the Minister for Mineral Resources, respectively.

Upskill supervisory staff

- ❑ In the strategy period, the Ministry of Mineral Resources will offer upskilling initiatives to employees to ensure that supervision is in accordance with up-to-date rules and standards.

2 Efficient, predictable and transparent case administration



5 Revise reporting requirements for exploitation licences

The licensees have stated that reporting requirements constitute a disproportionate administrative burden. Fewer reporting requirements are expected to provide for more seamless case administration and save resources for licensees as well as the Mineral Resource Authority.

Simplify and relax reporting requirements

- ☐ In cooperation with other reporting authorities, the Mineral Resource Authority will review and revise the reporting requirements currently imposed on mineral licensees. The goal is to minimise the reporting requirements so that only the necessary information is submitted to the authorities.



6 Support and simplify the application process for small-scale licences

Since 1 January 2017, the resident population in Greenland with a small-scale licence has been allowed to collect and extract minerals (except for radioactive materials). This has resulted in a positive development within the small-scale licence area where more than 58 active small-scale licences have now been granted. As an important part of making small-scale activities an income generating employment opportunity for the local community the Mineral Resource Authority will simplify the application procedure for small-scale licences, which is currently involving the use of up to three different application forms.

Simplify the application form for small-scale licences

- ☐ The Mineral Resource Authority will prepare a single application form for small-scale licences.
- ☐ The Mineral Resource Authority will standardise requirements for activity approvals under small-scale licences, for example guided mineral tours.

Revise the consultation process for small-scale applications

- ☐ The Mineral Resource Authority will evaluate the need for putting all small-scale applications out to consultation.

Organise courses and workshops for small-scale licensees

- ☐ The Mineral Resource Authority will organise information events for small-scale licensees.
- ☐ The Mineral Resource Authority will offer existing licensees to participate in one or two courses and workshops every year.

The background image shows a mining or construction site. A yellow excavator is in the process of dumping a load of dark material into a blue conveyor system labeled 'ULTRA DECK'. The conveyor is part of a larger piece of machinery. In the background, there are white bags, possibly for cement or other materials, and a body of water under a cloudy sky. The entire scene is overlaid with a semi-transparent white rectangle containing text.

SIMPLIFIED TRANSITION FROM EXPLORATION TO EXPLOITATION

3

3 Simplified transition from exploration to exploitation

Fewer and more predictable requirements

Licensees under mineral exploitation licences have requested that attempts be made on the exploitation area to replicate the clear and plain application procedures existing within the prospecting and exploration area. In the course of the strategy period, we will seek to make the transition from exploration to exploitation easier.

No two exploitation projects are alike and that is of course also to be reflected in the case administration, but the Mineral Resource Authority currently processes each application for an exploitation licence on a case by case basis, and it may be difficult for applicants to know which element will be given weight in the examination of the project. Therefore, there may be a need for standardising the application requirements so as to make it easier, and thus also faster and less costly, for applicants to meet the requirements. We wish to standardise administrative processing of applications for exploitation licences by preparing 'model licences' to standardise a larger part of the application process and require fewer specific elements to be assessed from one case to the other.

It is obviously essential that projects comply with all applicable rules and requirements, but there may be areas where it may be useful to leave a greater part of the responsibility with the applicant; for example in connection with the assessment of whether a project is economically viable.

The Mineral Resource Authority will thus look into the possibility of simplifying legislation.

The Government of Greenland's objectives for the period 2020-2024



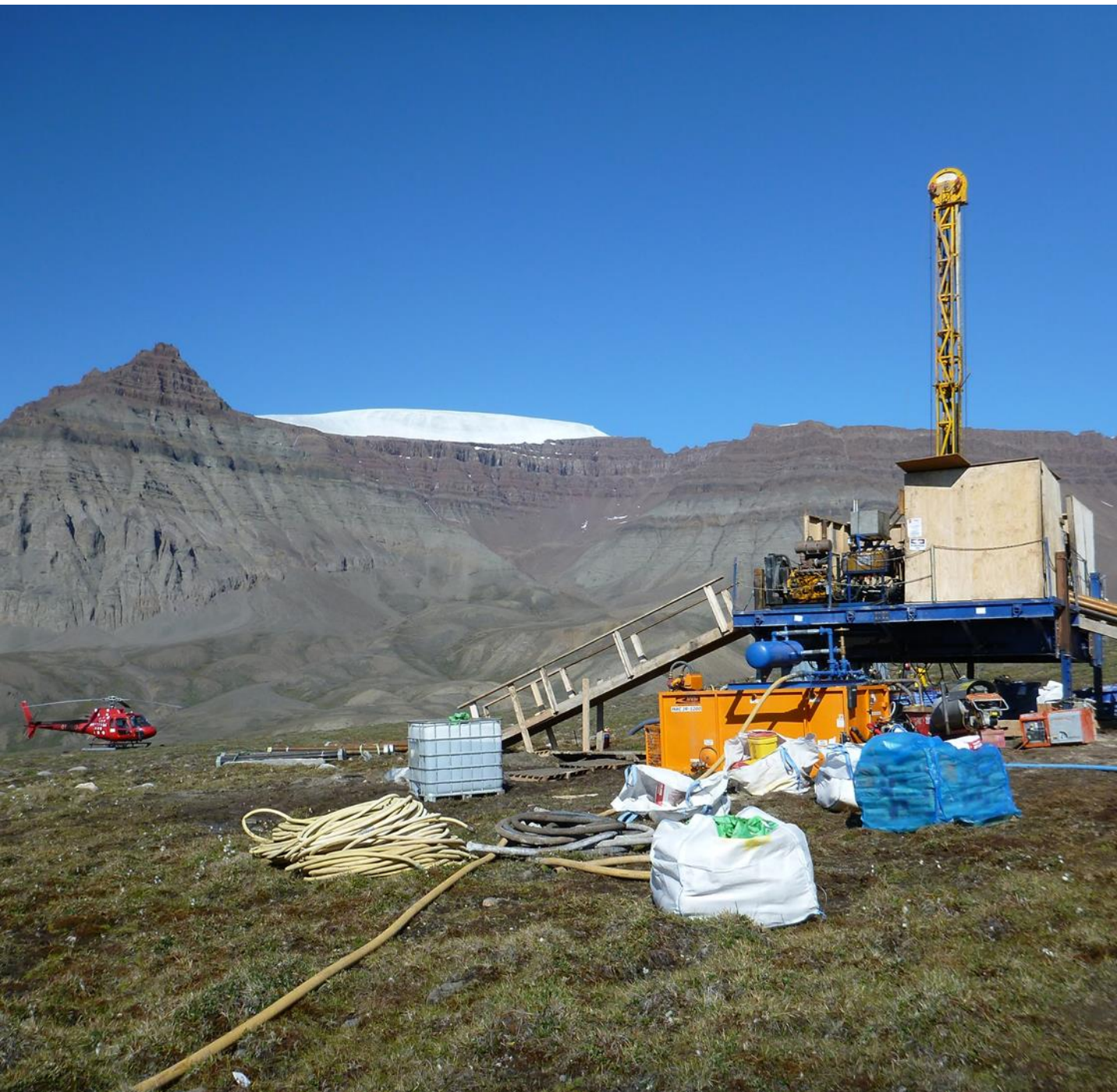
1 Simplify exploitation licence requirements

- Prepare models for exploitation licences
- Leave it to applicants to assess the profitability of exploitation projects



“In the course of the strategy period, we will seek to make the transition from exploration to exploitation easier.”

3 Simplified transition from exploration to exploitation



1 Simplify exploitation licence requirements

The path to an exploitation licence under the existing rules has proven longer and more complex than the Mineral Resource Authority would it to be. The consequence is that we do not get to set as many projects in motion as we would in a less complex scenario. For some time now, the mining industry has been calling for simplification of case processing and decision-making procedures at the Mineral Resource Authority. We will seek to do so through various concrete initiatives.

Prepare models for exploitation licences

- ❑ The Mineral Resource Authority will prepare 'model licences' on the exploitation area and make sure that exploitation licences become more uniform and involve fewer specific elements that have to be assessed on a case-by-case basis.

Leave it to applicants to assess the profitability of exploitation projects

- ☑ At its autumn session in 2019, the Ministry of Mineral Resources adopted an amendment of section 29 of the Mineral Resources Act to leave out the requirement for a 'demonstrated commercially exploitable deposit'.

A geologist wearing a red and yellow high-visibility jacket and grey cargo pants is working on a dark, textured rock face. He is using a hammer to strike the rock. The background shows a scenic landscape with a blue lake, mountains, and a clear blue sky. A semi-transparent white box is overlaid on the image, containing the title text and a large number 4.

SUSTAINABLE DEVELOPMENT OF THE MINERAL RESOURCES INDUSTRY

4

4 Sustainable development of the mineral resources industry

A locally rooted mineral resources industry...

A sustainable development of the mineral resources sector is essential from an environmental, social and economic perspective. What this means is that in connection with mineral resource projects we must take maximum care of our environment while at the same time allowing for projects to be carried out in an economically viable and profitable manner and for creating opportunities for the local community and enterprises as the importance of the mineral resources to our economy is increasing.

By way of example, we wish to secure residents of Greenland a share in the development driven by the major projects and foreign companies via direct employment in the projects, subcontracts, etc. That is why we want to spell out the potential socio-economic benefits to be had from mineral resource projects and in that process, for example, have it written into the binding Impact Benefit Agreements (IBAs) that as many socio-economic benefits as possible must devolve on the Greenland society in the form of jobs, subcontracts from local firms as well as cooperation with educational institutions, including the School of Minerals and Petroleum.

... in an Arctic environment

With its up-to-date environmental legislation and a strong focus on locally rooted nature conservation and environmental protection, Greenland is a pioneering country in the Arctic.

In order to ensure the best possible environmental regulation of mineral resource activities, the activities must be carried out in accordance with

The Government of Greenland's objectives for the period 2020-2024



1 Maximise the socio-economic benefits from mineral resource activities

- Clarify requirements for social sustainability and benefits
- Ensure local recruitment to the extent possible
- Support the participation of Greenlandic enterprises in mineral resource projects



2 Improve information about consultation processes

- Ensure that all parties are informed of their rights in connection with consultation processes

recognised best international practice adapted to the conditions prevailing in Greenland, applying the best environmental practice and best available technology.

The Environmental Agency for Mineral Resource Activities (EAMRA) is the administrative authority responsible for the regulation of matters relating to the environment, nature and the climate connected with mineral resource activities in Greenland. EAMRA has prepared its own strategic memorandum with ambitions for the mineral resources sector to supplement this strategy, see the below fact box.

Furthermore, the 2020 Finance Bill budgets for a mineral resource commission that is to present specific recommendations for increased activities within the mineral resources area.¹

Source: 1) FL2020 p. 545.



4 Sustainable development of the mineral resources industry



1 Maximise the socio-economic benefits from mineral resource activities

It is a political touchstone that as many activities and jobs as possible in the mineral resources sector take place in Greenland and are filled by local workers. However, there is a genuine need to clarify the criteria for when minerals may be processed outside Greenland. There is also a need to upskill and upgrade the local workforce so that it will become easier for them to take jobs within the mineral resources industry. The Mineral Resource Authority will focus its efforts on developing the Impact Benefit Agreements (IBA) and the social impact assessments (SIA) to support this development.

Clarify requirements for social sustainability and benefits

- ☐ The Mineral Resource Authority will clarify the documentation requirements under the Mineral Resources Act for the processing of minerals outside Greenland
- ☐ The Mineral Resource Authority will update the guide on the preparation of a social impact assessment (SIA)

Ensure local recruitment to the extent possible

- ☐ The Mineral Resource Authority will ensure that holders of mineral licences cooperate with local recruitment centres (e.g. at Sulli.gl, Majoriaq and the School of Minerals and Petroleum)
- ☐ The Mineral Resource Authority will make the advertising of jobs in Greenland more flexible for the mineral resource companies
- ☐ The Mineral Resource Authority will support the development of the industry schools' cooperation with the mineral resources industry, for example by drawing the companies' attention to the School of Minerals and Petroleum and through that ensure that more people in Greenland acquire the skills demanded by the mining industry

Support the participation of Greenlandic enterprises in mineral resource projects

- ☐ The Mineral Resource Authority will involve Greenland's business sector in creating opportunities for local enterprises becoming subcontractors to mining companies, e.g. through the creation of a database of registered companies in Greenland that may be of relevance to the mining industry
- ☐ The Mineral Resource Authority will clarify the requirements for using Greenlandic enterprises in mineral resource projects



2 Improve information about consultation processes

The Ministry of Mineral Resources is responsible for the consultation process in connection with applications within the mineral resources area, but not all relevant parties are always consulted, e.g. because some parties are not aware of the consultation process or that they can submit comments. However, it is in everybody's interest - not only of the local community, municipalities, various organisations, but also of the applicants - that all objections are put forward during the consultation process and not afterwards when applicants have already made substantial investments. Late-stage objections may cause delay or create uncertainty about the future of projects. Not to mention the fact that it is easier to address any concerns early in a process rather than at a later stage.

Ensure that all parties are informed of their rights in connection with consultation processes

- ☐ The Mineral Resource Authority will bring attention to the consultation process in connection with licence applications
- ☐ The Mineral Resource Authority will explore the possibility of making all consultation processes public, improve information about the consultation process and target and improve the consultation documents for the benefit of all consultation parties

Fact box: Environmental regulation of the mineral resources sector in Greenland

In Greenland, the Environmental Agency for Mineral Resource Activities (EAMRA) is the regulatory authority in matters relating to the environment, nature and the climate connected with mineral resource activities. EAMRA has prepared a strategic memorandum for environmental regulation of mineral resource activities as a supplement to the mineral strategy. The overall objective of the strategy is to bring the environment to the forefront of the agenda of mineral companies from pre-startup of activities to post-closure.

The cross-disciplinary priority areas of the mineral strategy is to:

1. Minimise the total environmental footprint
2. Promote openness, cooperation and communication

The overall objective of the strategy is for EAMRA - through the different priority areas and the

development targets for each priority area - to bring the environment into focus with the mineral companies as quickly and effectively as possible. EAMRA's efforts are intended to support the companies' own responsibility for the best possible environmental solutions.

The strategy is based on the overall objective of the Mineral Resources Act: that all activities within the area must be performed in a sound manner as regards the environment and in accordance with recognised best international practice under similar conditions.

Just like the Mineral Resource Authority, EAMRA is interested in effective and mutually respectful cooperation with the players within the mineral resources sector. This applies across all life cycle phases of the mineral resource projects. This also calls for strengthened efforts to promote an open and

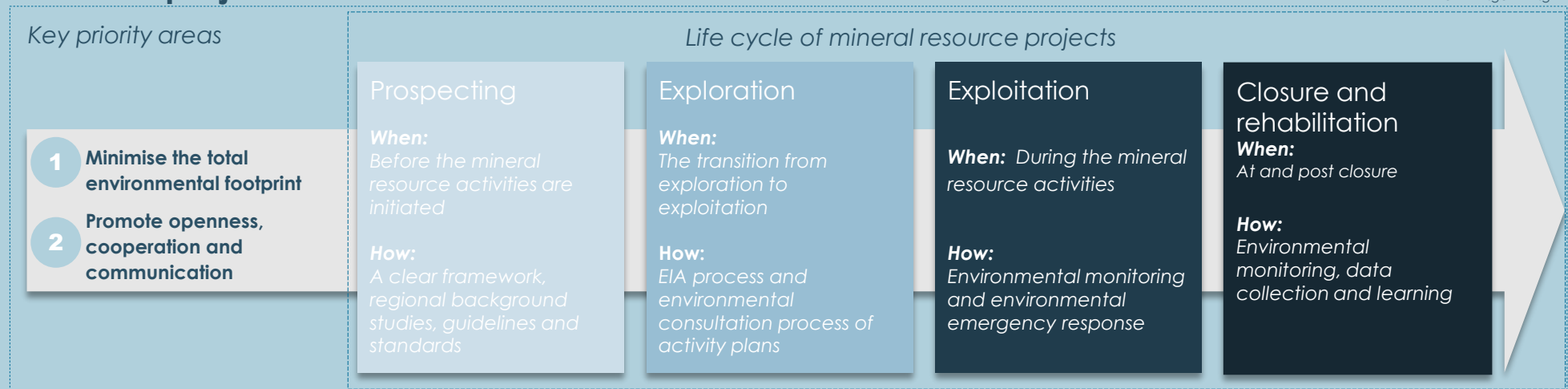
constructive dialogue between the parties. Greenland's environmental regulation must be locally rooted. That is why it is so important that focus is also on openness and communication.

It is EAMRA's goal that the local community is to have even better access, where possible, to up-to-date environmental data, but without this being at the cost of the confidential relationship existing in the mineral resources sector. It is important that the mining companies are able to perform the required development work, under reasonable terms and development conditions, having regard to the Mineral Resources Act.

Predictability, clear rules and guidelines are key in this context.

The correlation between the priority areas of the mineral strategy and the life cycle of mineral resource projects

Via www.govmin.gl



The background of the slide is a dense, close-up photograph of many rose petals. The petals are in various shades of purple, magenta, and pink, with some showing darker edges and lighter centers. They are scattered across the entire frame, creating a textured, organic pattern.

COMPETITIVE TAX AND ROYALTY MODEL

5

5 Competitive tax and royalty model

Competing with the whole world

Greenland competes with the whole world to attract investments to the mineral resources sector. One of the parameters that investors look at is the tax and royalty system.

Thus, when fixing the royalty level, Greenland must have focus on its competitiveness and take other cost elements into account that are connected with mineral resource activities in Greenland such as corporate and withholding taxes as well as the level of expenses for capital investments and production.

Greenland has a differentiated royalty system with four different rates based on the following metals and minerals:

- Rare earth elements: 5.0% (An amount corresponding to paid corporate and withholding taxes may, under certain conditions, be set off against the royalty payment)
- Uranium: 5.0 %
- Gemstones: 5.5% / 15% (5.5% is paid of the value of the gemstone and 15% of any profits made in excess of a profit margin of 40%)
- Other metals and minerals: 2.5% (An amount corresponding to paid corporate and withholding taxes may, under certain conditions, be set off against the royalty payment)

The Government of Greenland's objectives for the period 2020-2024



1 Secure a competitive tax and royalty model

- Make in-depth analysis of tax and royalty system
- Initiate analysis of local community's share of tax revenue from mineral extraction activities
- Monitor Greenland's competitiveness compared to other mining countries



Thus, when fixing the royalty level, Greenland must have focus on its competitiveness and take other cost elements into account that are connected with mineral resource activities in Greenland such as corporate and withholding taxes as well as the level of expenses for capital investments and production.

5 Competitive tax and royalty model



1 Secure a competitive tax and royalty model

The Ministry of Mineral Resources will complete an in-depth analysis to assess the tax and royalty system in Greenland against that of other mining countries. The objective is to be a country that is attractive to foreign investors.

Make in-depth analysis of tax and royalty system

- The analysis is to propose and recommend which parameters in the tax and royalty model that need fine-tuning if Greenland is to be competitive and at the same time receive a fair share of the profit from mineral extraction activities.

Initiate analysis of local community's share of tax revenue from mineral extraction activities

- An in-depth analysis is to include local conditions and considerations as to how the tax revenue can best be channelled through to the community.

Monitor Greenland's competitiveness compared to other mining countries

- The Ministry of Mineral Resources will continuously monitor Greenland's competitiveness in terms of costs, taxes and royalties. We will do this, among other things, by monitoring international comparisons and benchmarks, maintaining a close dialogue with the industry and by carrying out own analyses.



Copenhagen Economics has assisted the Ministry of Mineral Resources in the preparation of the mineral strategy. The contents and the initiatives are the Ministry's own and are the result of long-term preparatory work involving the mineral resources industry.