

PANORAMIC

MINING

Greenland



LEXOLOGY

Mining

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MINING INDUSTRY

Standing

What is the nature and importance of the mining industry in your country?

The mining industry is very important to Greenland. Currently, six exploitation licences are valid existing in Greenland: a gold mine in South Greenland (Nalunaq A/S (Amaroq)), a ruby mine (Greenland Ruby A/S), an anorthosite mine in West Greenland (Lumina Sustainable Materials A/S), a lead and zinc project in North Greenland (Ironbark A/S), a rare-earth elements project in South Greenland (Tanbreez Mining Greenland A/S) and an ilmenite mine in North Greenland (Dundas Titanium A/S) for which licences were granted in 2003, 2014, 2015, 2016, 2020 and 2021. The anorthosite mine is currently in production and the gold mine is currently starting up production again.

Generally, mineral exploration activity in Greenland has increased over the past 15 years as the mining industry has become more aware of Greenland's mineral potential – as well as a higher geopolitical focus. Greenland has a number of the 'critical minerals'. In November 2023, a memorandum of understanding between the European Union and the Greenlandic government was signed on a strategic partnership on the sustainable raw materials value chains.

Law stated - 13 april 2024

Target minerals

What are the target minerals?

The target minerals of current mining and exploration projects are base metals, iron and ferroalloys, precious metals, etc, among others, coloured corundum (ruby and pink sapphires), copper, diamonds, gold, ilmenite, iron, lead, molybdenum, nickel and zinc.

There is also a large potential in Greenland for critical minerals such as cobalt, graphite, niobium, platinum, rare earth metals, titanium and vanadium.

Law stated - 13 april 2024

Regions

Which regions are most active?

The regions of West Greenland and South Greenland are the most active, but we also see emerging and promising projects in East Greenland.

Law stated - 13 april 2024

LEGAL AND REGULATORY STRUCTURE

Basis of legal system

| Is the legal system civil or common law-based?

The legal system in Greenland is a civil law system primarily based on written legislation. Greenland is part of Denmark and is subject to the Danish Constitution, but since 1979 Greenland has had independent status within Denmark by the implementation of the Greenland Home Rule Act. On 21 June 2009, the Act on Greenland Self-Government came into force, replacing the Home Rule Act.

The Danish government still administers certain matters, including the Constitution, foreign and defence policies, the Supreme Court, citizenship and monetary policy. Greenland may take over the administration of all other areas of legislation and took over the legislation on mineral resources shortly after the implementation of the Act on Greenland Self-Government.

Law stated - 13 april 2024

| Regulation

| How is the mining industry regulated?

As per 1 January 2024, the Mineral Activities Act of 13 June 2023 (the Mining Act) came into force. The Mining Act replaces the Greenland Parliament Act of 7 December 2009 on Mineral Resources and Mineral Resource Activities (the Mineral Resources Act) as the framework legislation for all activities concerning prospecting, exploration and exploitation of minerals in Greenland.

Local residents have special rights to carry out small-scale mineral activities, currently still governed by the Mineral Resources Act; a bill for a new Act on Local Mineral Activities has been presented to the Greenlandic parliament in April 2024 and is expected to come into force as per 1 July 2024.

Besides, mining companies must comply with other Greenlandic legislation such as regulation on environmental matters, employment matters, use of foreign workers (residence and work permits), etc.

Law stated - 13 april 2024

| Regulation

| What are the principal laws that regulate the mining industry? What are the principal regulatory bodies that administer those laws? Were there any major amendments in the past year?

The principal law regulating the mining industry in Greenland is the Mining Act, which came into force as per 1 January 2024 and replaced the Mineral Resources Act as the main framework legislation applicable to prospecting, exploration and exploitation activities. The existing main rules and regulations on mineral activities were re-enacted – but also a number of novelties were introduced by the Mining Act, among others:

a licensee for prospecting and exploration licences must be registered as either a Greenlandic public limited company (A/S) or a private limited company (ApS) or a similar type of foreign limited liability company;

- prospecting licences may now be renewed up to a total licence period of 15 years;
- the granting of an exploration licence is subject to a public consultation on the application;
- exploration licences may now be renewed up to a total licence period of 22 years;
- an exploitation licence may now be granted subject only to the conditions that the licensee has substantiated and delineated a viable mineral deposit that the licensee intends to exploit, and that the licensee has performed all of its obligations in relation to the exploration licence and activities under the licence. Furthermore, a project terms of reference document must go out for public consultation for a period of at least 35 calendar days before an exploitation licence can be granted. Contrary to the regime under the former Act, the Environmental Impact Assessment, the Social Impact Assessment and the Impact Benefit Agreement may now be provided by the licensee after the granting of the exploitation licence; and
- the management of the licence company (A/S) holding an exploitation licence must have its seat in Greenland.

Reference is also made to the Standard Terms for Exploration Licences for Minerals (Excluding Hydrocarbons) in Greenland of 25 June 2013 (the Standard Terms) providing for standard fixed terms applying to prospecting and exploration licences. An addendum to the Standard Terms on Payment of Royalties was adopted on 1 July 2014, which are still applicable to existing and new prospecting and exploration licences.

Besides, the Uranium Act was passed in 2021 by which a ban on uranium prospecting, exploration and exploitation was introduced. It is also forbidden to carry on prospecting, exploration and exploitation of other minerals than uranium, if the average uranium content of the aggregate resource is 100 parts per million or more.

Special rules and regulations apply to local residents' small-scale mineral activities. A bill for a new Act on local mineral activities with extended special rights to local residents' mineral activities was presented to parliament in April 2024 and is expected to be put into force in July 2024.

The Greenlandic government administers all aspects of mineral activities in Greenland. The regulatory bodies are as follows:

- the Ministry of Mineral Resources (MMR) is responsible for strategy, policymaking and legal aspects of mineral resources in Greenland. It is also the authority responsible for all socio-economic aspects of mineral resources, including social impact assessments and impact benefit agreements;
- the Mineral Licence and Safety Authority within the MMR is the administrative authority for licences, mineral resource activities and licence-related safety matters including supervision and inspections; and
- the Environmental Agency for the Mineral Resources Area (EAMRA), under the Ministry of Environment and Nature, is the administrative authority for environmental matters relating to mineral and hydrocarbon resource activities, including protection

of the environment and nature, environmental liability and environmental impact assessments.

Law stated - 13 april 2024

Classification system

What classification system does the mining industry use for reporting mineral resources and mineral reserves?

There are no specific requirements by law.

Law stated - 13 april 2024

MINING RIGHTS AND TITLE

State control over mining rights

To what extent does the state control mining rights in your jurisdiction? Can those rights be granted to private parties and to what extent will they have title to minerals in the ground? Are there large areas where the mining rights are held privately or which belong to the owner of the surface rights? Is there a separate legal regime or process for third parties to obtain mining rights in those areas?

In Greenland, there is no privately owned land and all rights to any use of land are administered by the Greenlandic government. Thus, no areas are held privately and there are no owners of surface rights. However, an area allotment may be obtained for the construction of a building and similar under the Planning and Land Use Act, but only for an area that reflects the future footprint of the building.

Minerals in the ground in Greenland belong to the Greenlandic government, and mining companies can only obtain mining rights in Greenland under a prospecting, exploration or exploitation licence granted by the Greenlandic government.

Law stated - 13 april 2024

Publicly available information and data

What information and data are publicly available to private parties that wish to engage in exploration and other mining activities? Is there an agency, or securities commission regulating public companies, which collects mineral assessment reports from private parties? Must private parties file mineral assessment reports? Does the agency or the government conduct geoscience surveys, which become part of the database? Is the database available online?

The Mineral Licence and Safety Authority (MLSA) provides advice and assistance to private parties that wish to engage in activities of mineral exploration and development

in Greenland. Moreover, their English-language website (www.govmin.gl) is an important means of communicating relevant information to the mining industry. On this website, there is a wide range of information available, for example, information regarding relevant legislation, application procedures, licence terms, fieldwork, reporting and current licences.

The Greenland Mineral Resources Portal is an entry point to all available information about mineral resources in Greenland. It gives access to data, reports, maps and scientific background information about the geology of Greenland (www.greenmin.gl). The Portal is an ongoing project collaboration between the Department of Geology within the Mineral Resources Authority and the Geological Survey of Denmark and Greenland.

Licensees of exploration and prospecting licences shall forward reporting to the MLSA regarding all geological, geochemical, geophysical, technical, environmental and other investigations that have been carried out regarding the licence area during a calendar year.

Law stated - 13 april 2024

Acquisition of rights by private parties

What mining rights may private parties acquire? How are these acquired? What obligations does the rights holder have? If exploration or reconnaissance licences are granted, does such tenure give the holder an automatic or preferential right to acquire a mining licence or more senior tenure? What are the requirements to convert to a mining licence?

Mining rights are granted by the Greenlandic government upon application (namely, prospecting licences, exploration licences and exploitation licences). A prospecting or exploration licence granted according to the current Standard Terms for Exploration Licences for Minerals (Excluding Hydrocarbons) in Greenland of 25 June 2013 (the Standard Terms) will cover all mineral resources except hydrocarbons and radioactive elements. In future, limitations must be expected in relation to certain gemstones and minerals of special interest to local residents.

Prospecting licence

A prospecting licence is non-exclusive and covers a large licence area. The granting of a prospecting licence does not preclude the granting of similar licences to others for the same area, and it will be limited to the extent exclusive exploration licences are granted in the same area.

A prospecting licence is granted for five-year periods at a time up to a total licence period of 15 years.

The licensee has no preferential rights when applying for an exclusive exploration licence within the licence area.

The licensee has no exploration commitments and may surrender the licence at any time by written notice to the MLSA.

Exploration licence

An exploration licence is exclusive, precluding the granting of a similar licence in the same area to others. However, permanent residents may carry out certain limited local mineral activities in the licence area.

An exploration licence is granted for a five-year period and at the expiry of the first licence period, the licensee is entitled to be granted a new licence for the same area for five years. At the expiry of the second licence period (years six to 10), the licensee may be granted additional new three-year licences for years 11 to 13, 14 to 16, 17 to 19 and 20 to 22 for the same area, wholly or partly, provided the terms of the licence have been complied with. However, the licensee is not entitled to have these licences granted. The maximum licence period is 22 years.

During the licence period, the licensee is obliged to spend a fixed minimum of exploration expenses per calendar year calculated as the sum of an amount per licence per year and an amount per square kilometre per year stipulated in the Standard Terms. In addition, a yearly licence fee is payable from year six of the licence period.

Exploitation licence

If a holder of an exploration licensee has substantiated and delineated a viable mineral deposit that the licensee intends to exploit, and that the licensee has performed all of its obligations in relation to the exploration licence and activities under the licence. Furthermore, a project terms of reference document must go out for public consultation for a period of at least 35 calendar days before an exploitation licence can be granted. Contrary to the regime under the former Act, the Environmental Impact Assessment, the Social Impact Assessment and the Impact Benefit Agreement may now be provided by the licensee after the granting of the exploitation licence.

The licence is granted for a period of 30 years unless a shorter period has been laid down as a condition for granting the licence. The government may extend the period for exploitation. The total period is subject to a maximum of 50 years. The Greenlandic government may lay down amended licence terms in connection with any extension of the licence period to a longer total licence period than 40 years, including terms on restriction of the licence area.

An exploitation licence may only be granted to public limited liability companies domiciled in Greenland. The company may only perform activities covered by licences granted under the Mineral Resources Act and must not be taxed jointly with other companies, unless joint taxation is compulsory. It is required that these companies may not be more thinly capitalised than the group of which the company forms part, but the company's loan capital must always exceed the shareholders' equity up to a ratio of 2:1.

The licensee shall, furthermore, have the necessary expert knowledge and adequate financial background with respect to the exploitation activities in question.

Law stated - 13 april 2024

Renewal and transfer of mineral licences

What is the regime for the renewal and transfer of mineral licences?

A prospecting licence is non-exclusive and is granted for a five-year period and may be extended up to a total period of 15 years.

An exploration licence is granted for a five-year period and at the expiry of the first licence period the licensee is entitled to be granted a new licence for the same area for five years. At the expiry of the second licence period (years six to 10), the licensee may be granted additional new three-year licences for years 11 to 13, 14 to 16, 17 to 19 and 20 to 22 for the same area, wholly or partly, provided the terms of the licence have been complied with. However, the licensee is not entitled to have these licences granted. The maximum total period is 22 years.

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Any direct or indirect transfer of a licence to a third party requires approval by the Greenlandic government. Indirect transfer means any transfer of ownership interests in the licence company that will affect the controlling interest of the licensee.

Law stated - 13 april 2024

Duration of mining rights

What is the typical duration of mining rights? Is there a requirement to relinquish a portion of the mining rights to the government after a certain number of years?

A prospecting licence is granted for five years only and may be extended by five-year periods up to a total of 15 years.

An exploration licence is granted for a period of five years, and at the expiry of the first licence period, the licensee is entitled to be granted a new licence for the same area for five years. Pursuant to the Standard Terms, at the expiry of the second licence period (years six to 10), the licensee may be granted additional new three-year licences for years 11 to 13, 14 to 16, 17 to 19 and 20 to 22 for the same area, wholly or partly, provided the terms of the licence have been complied with. However, the licensee is not entitled to have these licences granted. The maximum total licence period is 22 years.

An exploitation licence is granted for 30 years. The period for exploitation may be extended if warranted by special circumstances, however, the total period cannot exceed 50 years. The Greenlandic government may lay down amended licence terms in connection with any extension of the licence period to a longer total licence period than 40 years, including terms on restriction of the licence area.

The licences lapses automatically at the end of the licence period, but otherwise, there is no obligation to relinquish mining rights, neither in whole nor in part, to the Greenlandic government.

Law stated - 13 april 2024

Acquisition by domestic parties versus acquisition by foreign parties

Is there any distinction in law or practice between the mining rights that may be acquired by domestic parties and those that may be acquired by foreign parties?

There is no distinction between mining rights that may be acquired by domestic and foreign parties, with the exception of an exploitation licence, which may only be granted to public limited companies domiciled in Greenland. But, there is no requirement in relation to the country of origin of the owner of the licence.

However, certain small-scale mining rights rest with local residents in Greenland. Such special rights to local mineral activities (small-scale) are expected to be expanded with regard to gemstones and minerals of special interest of collectors (non-commercial) under the new Act on local mineral activities, which is expected to be passed in Spring 2024 and come into force in July 2024.

Law stated - 13 april 2024

Protection of mining rights

How are mining rights protected? Are foreign arbitration awards in respect of domestic mining disputes freely enforceable in your jurisdiction?

Decisions that, according to the terms of the licence, depending on the judgement or resolve of the Minister for Mineral Resources or the MLSA, are not subject to arbitration. This stipulation does not exclude ordinary reviews by the courts.

In any other case, disputes arising between the government and the licensee regarding questions concerning the licence may be decided upon by a board of arbitration, if so stipulated in the licence terms and conditions.

With regard to enforcement in Greenland of foreign arbitration awards, the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards 1958 applies as Greenland is a signatory. Thus, awards made in a state that is a party to the Convention can be enforced in Greenland.

Law stated - 13 april 2024

Surface rights

What types of surface rights may mining rights holders request and acquire? How are these rights acquired? Can surface rights holders oppose these requests or does the holder of the mineral tenure have priority over surface rights use?

In Greenland, private ownership of land cannot be obtained as all land is owned by the public (Greenland).

However, upon application, a right to use a specific piece of land for a defined purpose, such as the construction of a building, may be granted under the Planning and Land Use Act.

When obtaining an exclusive mineral exploration or mineral exploitation licence, the licensee acquires the right to explore and exploit the minerals under the conditions of the licence terms within the licence area, but otherwise, such licence rights do not entail surface rights. Thus, the area is publicly accessible.

Law stated - 13 april 2024

Participation of government and state agencies

Does the government or do state agencies have the right to participate in mining projects? Is there a local listing requirement for the project company?

Neither government nor state agencies have the right to participate in mining projects.

There is no local listing requirement.

Law stated - 13 april 2024

Government expropriation of licences

Are there provisions in law dealing with government expropriation of licences? What are the compensation provisions?

Under Danish and Greenlandic law, expropriation is defined as the government taking over private property without the consent of the owner.

According to section 73 of the Constitutional Act of Denmark, which also applies in Greenland, the legislature is authorised to make regulations on expropriation within the framework hereof.

The general rule is that expropriation is only possible if it complies with the following conditions:

- the owner of the property being expropriated is fully compensated;
- the alienation is motivated by the interests of the public good; and
- it is made with statutory authority.

There are no specific rules or regulations for the expropriation of mineral licences; thus, the expropriation of licences will be subject to the general rule.

Law stated - 13 april 2024

Protected areas

Are any areas designated as protected areas within your jurisdiction and which are off-limits to mineral exploration or mining, or specially regulated?

There are currently certain protected areas in Greenland. Each of the areas has its own history and serves to protect unique landscapes or wildlife habitats.

Law stated - 13 april 2024

DUTIES, ROYALTIES AND TAXES

Duties, royalties and taxes payable by private parties

What duties, royalties and taxes are payable by private parties carrying on mining activities? Are these revenue-based or profit-based?

When carrying out mineral exploitation activities, the following is payable by the licence company:

- corporate tax according to Greenlandic tax legislation;
- a royalty;
- a fee for the granting of the licence (100,000 Danish kroner);
- the reimbursement of all related and factual expenses associated with processing by authorities in relation to the exploitation licence; and
- other payments as may stipulated under the licence, for example, under the Impact Benefit Agreement, etc.

The royalty may be calculated on the basis of:

- the exploited minerals (a production royalty);
- the selling price of the exploited minerals or some other sales value (a sales royalty);
or
- as a share of the profits realised from the licensee's activities under the licence (a profits royalty).

Currently, the royalty payment form applied is sales royalty. The royalty payable depends on the type of minerals exploited, such as:

- minerals (other than rare earth elements, and gemstones): 2.5 per cent;
- rare earth elements: 5.0 per cent; and
- gemstones: 5.5 per cent plus a surplus royalty.

Law stated - 13 april 2024

Tax advantages and incentives

What tax advantages, tax credits and incentives are available to private parties carrying on exploration and mining activities?

Corporate tax is 25 per cent for companies carrying out mining activities.

The tax on dividends for companies carrying out mining activities is 36 per cent regardless of the municipality in which the company is situated, as opposed to other companies who pay tax on dividends of 42 to 44 per cent, depending on in which municipality the company is domiciled.

Furthermore, as a special rule companies carrying out mining activities may bring deficits forward without limitation in time.

Law stated - 13 april 2024

Tax stabilisation

Does any legislation provide for tax stabilisation or are there tax stabilisation agreements in force?

No.

Law stated - 13 april 2024

Carried interest

Is the government entitled to a carried interest, or a free carried interest in mining projects?

As a general rule, the Greenlandic government is not entitled to a free carried interest in mining projects.

Law stated - 13 april 2024

Transfer taxes and capital gains

Are there any transfer taxes or capital gains imposed regarding the transfer of licences?

Capital gains on the transfer of licences are included in the calculation of the corporate taxable income.

Law stated - 13 april 2024

Distinction between domestic parties and foreign parties

Is there any distinction between the duties, royalties and taxes payable by domestic parties and those payable by foreign parties?

There is no distinction as a mineral exploitation licence may only be held by a public limited company incorporated in Greenland.

Law stated - 13 april 2024

BUSINESS STRUCTURES

Principal business structures

What are the principal business structures used by private parties carrying on mining activities?

Pursuant to the Mineral Activities Act of 13 June 2023, new licence holders must fulfil the following requirements.

The licence holder of prospecting and exploration licences must be registered as a public limited company (A/S) or a private limited company (ApS), which has its registered office in Greenland, or a similar type of limited liability company having its registered office in another country. The company must also be registered as a business enterprise in Greenland in accordance with the Greenland Parliament Act on registration in the Central Business Register – namely, as a taxable entity in Greenland.

The licence holder of an exploitation licence must be registered as an A/S having its registered office in Greenland.

Law stated - 13 april 2024

Local entity requirement

Is there a requirement that a local entity be a party to the transaction?

The licence holder of an exploitation licence must be an A/S, which has its registered office in Greenland. There are no requirements for the country of residence of the shareholders.

Law stated - 13 april 2024

Bilateral investment and tax treaties

Are there jurisdictions with favourable bilateral investment treaties or tax treaties with your jurisdiction through which foreign entities will commonly structure their operations in your jurisdiction?

Greenland has tax treaties with Denmark, the Faroe Islands, Iceland and Norway. Also, the double tax treaty between Denmark and Canada may be relied upon in some respects.

Law stated - 13 april 2024

FINANCING

Principal sources of financing

What are the principal sources of financing available to private parties carrying on mining activities? What role does the domestic public securities market play in financing the mining industry?

The principal sources of financing available to private parties carrying on mining activities consist of equity raised on the international markets or private placements. There is no domestic public securities market in Greenland.

Law stated - 13 april 2024

Direct financing from government or major pension funds

Does the government, its agencies or major pension funds provide direct financing to mining projects?

The Danish Growth Fund (now called the Export and Investment Fund of Denmark), Nalik Capital A/S (wholly-owned by the Greenlandic government) and the Greenlandic pension fund SISA have invested capital in some of the mining projects that are run pursuant to mineral exploitation licences in Greenland.

Law stated - 13 april 2024

Security regime

Please describe the regime for taking security over mining interests.

Pursuant to the Mineral Activities Act of 13 June 2023, a mineral licence is exempted from legal proceedings. Legal proceedings against a licence will have no legal force.

Thus, mineral licences in Greenland cannot be attached by creditors, and no system for the perfection of security in mineral licences exists under the laws of Greenland. However, the shares in the licence-holder company may be pledged.

Law stated - 13 april 2024

RESTRICTIONS

Importation restrictions

What restrictions are imposed on the importation of machinery and equipment or services required in connection with exploration and extraction?

Some types of vehicles are subject to import duty.

With regard to services, a mineral exploitation licence must stipulate the extent to which the licensee must use local companies for contracts, supplies and services. However, other companies may be used if local companies are not technically or commercially competitive.

A foreign service provider should note that all foreign workers must obtain a residence and work permit (Greenland is not a member of the European Union), except Nordic citizens, who may stay and work in Greenland without a residence and work permit, or if the relevant workers shall only stay and work in Greenland on a mining project for a maximum of 90 days.

Also, depending on the educational level of the relevant workers, a permit from the local municipality to use foreign workers may be relevant. A visa may also be required depending on the country of origin of the relevant workers.

Law stated - 13 april 2024

Standard conditions and agreements

Which standard conditions and agreements covering equipment supplies are used in your jurisdiction?

No standards are used on equipment supplies.

Law stated - 13 april 2024

Mineral restrictions

What restrictions are imposed on the processing, export or sale of minerals? Are there any export quotas, licensing or other mechanisms that prevent producers from freely exporting their production?

Pursuant to the Mineral Activities Act of 13 June 2023, a mineral exploitation licence may stipulate the extent to which the licensee must use local companies for contracts, supplies and services. However, other companies may be used if local companies are not technically or commercially competitive.

A mineral exploitation licence may stipulate the extent to which the licensee must process exploited mineral resources in Greenland. However, processing may take place outside Greenland if processing in Greenland would result in significantly greater costs or disadvantages.

For a mineral exploitation licence, the Greenlandic government may also set provisions and terms to the effect that the licensee must store exploited minerals in Greenland and sell them to companies having their registered offices in Greenland or to persons being resident in and fully taxable to Greenland, provided such companies intend to process the minerals themselves or otherwise use the minerals commercially in Greenland. The licensee must sell the minerals at arm's length prices and on arm's length terms.

In the licence, the Greenlandic government may set other specific provisions and terms on minerals, including processing, storage, depositing, transport, trading, export, import and certification.

Law stated - 13 april 2024

Import of funds restrictions

What restrictions are imposed on the import of funds for exploration and extraction or the use of the proceeds from the export or sale of minerals?

There are no restrictions or limitations on the import of funds for mining activities (except anti-money laundering regulation) or the use of the proceeds from the export or sale of minerals. There are no restrictions on foreign direct investments in Greenland.

Law stated - 13 april 2024

ENVIRONMENT

Principal applicable environmental laws

What are the principal environmental laws applicable to the mining industry? What are the principal regulatory bodies that administer those laws?

The Mineral Activities Act of 13 June 2023 includes special provisions on the protection of the environment in relation to mineral resource activities, including general rules on environmental protection, environmental protection, climate protection, nature conservation and responsibility for this protection and conservation, and environmental liability.

Greenland has a one-door system under which the Mineral Licence and Safety Authority administers all matters regarding the exploration and exploitation of mineral resources, but the Environmental Agency for Mineral Resource Activities (EAMRA) under the Ministry of Environment and Nature is the administrative authority for environmental matters relating to mineral resource activities, including protection of the environment and nature, environmental liability and environmental impact assessments (EIAs).

Furthermore, the general rules and regulations under the Consolidated Act No. 4 of 17 February 2022 on the Protection of the Environment must be complied with.

Law stated - 13 april 2024

Environmental review and permitting process

What is the environmental review and permitting process for a mining project? How long does it normally take to obtain the necessary permits?

Before an exploitation licence can be granted, the licensee must prepare a project 'terms of reference' document that must be submitted to the Greenlandic government. The terms of reference must go out for public consultation for a period of at least 35 calendar days before an exploitation licence can be granted. If the applicant is required to carry out a public pre-consultation on a project description concerning environmental or social aspects, such pre-consultation must, to the extent possible, be carried out in connection with the consultation concerning the terms of reference. A consultation on the terms of reference must be completed no earlier than 24 months before the grant of an exploitation licence.

Prior to the commencement of exploitation and development activities, a plan for the activities, including the organisation of production and production installations, must be approved by the Greenlandic government. In this connection, an EIA report must be prepared and a public consultation process be carried out. The purpose of an EIA is to identify, predict and communicate the potential environmental impacts of a proposed mining project in all its

phases from before the commencement of mining to after closure, and to propose measures to address and mitigate these impacts.

The draft EIA is published on the government's public consultation portal for a minimum of eight weeks. During this period, public consultation meetings are held in relevant towns and settlements. At the end of the consultation period, the licensee must address all comments in the three languages in a white paper, and revise the EIA.

The EAMRA is the case-handling authority.

There are no rules guaranteeing a maximum processing time, and specific circumstances, complexity and individual negotiations may lead to a longer processing time.

Law stated - 13 april 2024

Sustainability

Do government agencies or other institutions in your jurisdiction provide incentives or publish environmental and social governance (ESG) guidelines for green projects?

No.

Law stated - 13 april 2024

Closure and remediation process

**What is the closure and remediation process for a mining project?
What performance bonds, guarantees and other financial assurances are required?**

Before the licensee under an exploitation licence begins to perform exploitation or activities in preparation for or in relation to such activities, a closure plan must have been prepared and submitted by the licensee and approved by the Greenlandic government.

The licensee must submit the closure plan to the Greenlandic government and have obtained the Greenlandic government's approval of the closure plan no later than when the licensee submits the mining plan to the Greenlandic government and obtains the Greenlandic government's approval of the mining plan.

The Greenlandic government may also set provisions and terms to the effect that the licensee must provide and maintain security for the performance of its obligations in relation to the licence and the activities under the licence. Under the current practice, the Greenlandic government requires a cash deposit on an escrow account. In practice, provision of the security for the estimated closure costs is almost always required prior to the commencement of development and production.

Law stated - 13 april 2024

Restrictions on building tailings or waste dams

What are the restrictions for building tailings or waste dams?

Restrictions for building tailings and waste dams depend on the nature of each mining project on a case-by-case basis. Terms and conditions are laid down directly in the licence inclusive of the exploitation plan, closure plans and other plans that are approved by the authorities.

Law stated - 13 april 2024

HEALTH AND SAFETY, AND LABOUR ISSUES

Principal health and safety, and labour laws

What are the principal health and safety, and labour laws applicable to the mining industry? What are the principal regulatory bodies that administer those laws?

The main health and safety regulation is the Consolidating Act No. 1048 of 26 October 2005 on the Working Environment in Greenland, as amended. Also, attention should be paid to Order No. 32 of 23 January 2006 on rest periods and a weekly day, which is highly relevant to mining companies.

The regulatory body is the Greenlandic Working Environment Authority.

With regard to labour laws, the main regulations are Parliament Act No. 11 of 29 November 2013 on Salaried Employees and Consolidated Act No. 12 of 3 November 2021 on Holiday.

Law stated - 13 april 2024

Management and recycling of mining waste

What are the rules related to management and recycling of mining waste products? Who has title and the right to explore and exploit mining waste products in tailings ponds and waste piles?

The rules on environmental protection under the Mineral Activities Act of 13 June 2023 aim to help protect nature and the environment so that society can develop on a sustainable basis. Specifically, the aim, among other things, is to promote recycling and limit problems in relation to the disposal of waste.

In connection with meeting the obligations concerning the protection of the environment, the party concerned must ensure and promote the use of the best available techniques, including less-polluting facilities, machinery, equipment, processes, technologies, raw materials, substances and materials and the best possible measures for pollution abatement, insofar as this is technically, practically and financially possible for the party concerned.

In relation to handling mining waste and tailings, the relevant obligations of the licensee are usually set out in the closure plan. As long as the mining waste products are stored in the licence area during the licence period, the licensee has all rights and obligations to such mining waste products.

Law stated - 13 april 2024

Use of domestic and foreign employees

What restrictions and limitations are imposed on the use of domestic and foreign employees in connection with mining activities?

A mineral exploitation licence must stipulate the extent to which the licensee must use local labour. However, to the extent necessary for operations, the licensee may use labour from outside Greenland when similarly qualified labour is not found or available in Greenland.

Also, the Impact Benefit Agreement must include terms on the licensee's use of local workers and local suppliers, and on education, training and further education and training of local workers.

All foreign workers must obtain a residence and work permit (Greenland is not a member of the European Union), except Nordic citizens, who may stay and work in Greenland without a residence and work permit, or if the relevant workers shall only stay and work in Greenland on a mining project for a maximum of 90 days.

Also, depending on the educational level of the relevant workers, a permit from the local municipality to use foreign workers may be relevant. A visa may also be required depending on the country of origin of the relevant workers.

Law stated - 13 april 2024

SOCIAL AND COMMUNITY ISSUES

Community engagement and CSR

What are the principal community engagement or corporate and social responsibility (CSR) laws applicable to the mining industry? What are the principal regulatory bodies that administer those laws?

Under the Mineral Activities Act of 13 June 2023, various obligations are imposed on the licensee with regard to involving the local society, labour and enterprises.

A licence must lay down the extent to which the licensee must use labour from Greenland. However, to the extent necessary for the activities, the licensee may use foreign labour if labour with similar qualifications does not exist or is not available in Greenland. Also, the licensee must use Greenland enterprises for contracts, supplies and services, provided that other enterprises may be used if Greenland enterprises are not technically or commercially competitive.

A social impact assessment (SIA) must be prepared before production under an exploitation licence may be commenced if an activity subject to the Mineral Resources Act is assumed to have a potentially significant impact on social conditions. The licensee must carry through a public consultation process and prepare an SIA report to be approved by the Greenlandic government.

Also, the execution of an impact benefit agreement (IBA) is usually required. The IBA is entered into by and between the licensee, the relevant municipalities and the Greenlandic government, and aims to ensure the social commitment of the parties involved throughout

the lifetime of the project, among other things, with regard to the education or training of Greenlandic manpower.

Law stated - 13 april 2024

Rights of aboriginal, indigenous or disadvantaged peoples

How do the rights of aboriginal, indigenous or currently or previously disadvantaged peoples affect the acquisition or exercise of mining rights?

According to the current regulation under the Mineral Resources Act, a person who is a permanent resident of, and fully liable to pay tax in Greenland, may carry out the non-commercial collection of loose minerals without a licence being required, with the exception of licence areas covered by exploitation licences. Such rights for local permanent residents are expected to be expanded under the Act on Local Mineral Activities, which was presented to the Greenlandic Parliament in April 2024. The Act is expected to be put into force in July 2024.

Otherwise, there are no special rights, including economic rights, for aboriginal, indigenous or currently or previously disadvantaged people in relation to mining activities.

Law stated - 13 april 2024

International law

What international treaties, conventions or protocols relating to CSR issues are applicable in your jurisdiction?

With the exception of a number of International Labour Organization conventions, we are not aware of any international treaties, conventions or protocols relating to CSR issues applying to the mining industry in Greenland.

Law stated - 13 april 2024

ANTI-BRIBERY AND CORRUPT PRACTICES

Local legislation

Describe any local legislation governing anti-bribery and corrupt practices.

Rules and regulations are set out under the Greenland Criminal Code against bribery, abuse of public authority and criminal breach of trust.

Law stated - 13 april 2024

Foreign legislation

Do companies in your country pay particular attention to any foreign legislation governing anti-bribery and foreign corrupt practices in your jurisdiction?

There is no specific foreign legislation in particular.

Law stated - 13 april 2024

Disclosure of payments by resource companies

Has your jurisdiction enacted legislation or adopted international best practices regarding disclosure of payments by resource companies to government entities in accordance with the Extractive Industries Transparency Initiative (EITI) Standard?

Greenland is part of the Kingdom of Denmark, which is a supportive country to the EITI.

Law stated - 13 april 2024

FOREIGN INVESTMENT

Foreign ownership restrictions

Are there any foreign ownership restrictions in your jurisdiction relevant to the mining industry?

There are currently no foreign ownership restrictions relevant to the mining industry in Greenland.

Greenland is not a member of the European Union (contrary to Denmark).

Law stated - 13 april 2024

INTERNATIONAL TREATIES

Applicable international treaties

What international treaties apply to the mining industry or an investment in the mining industry?

Denmark and the Greenlandic government have established an internal framework within Denmark regarding the special foreign, defence and security policy issues concerning the mining and export of uranium from Greenland. This has led to legislation to implement safeguards and export regulations for uranium produced in Greenland. Among other things, since September 2016, the Convention on Nuclear Safety also applies to Greenland. Measures are also implemented to comply with Information Circulars INFCIRC176 and INFCIRC176/ADD 1 of the International Atomic Energy Agency. Export controls on products with dual-use have been introduced in Greenland.

Moreover, in 2015, Greenland was officially admitted into the Kimberly Process Certification Scheme (KPCS) through its association with the European Union. This means that trade in

rough diamonds in Greenland must be conducted in accordance with EU rules – namely, Greenland will only export rough diamonds to other KPCS participants after they have been certified by an EU authority. The imports of rough diamonds into Greenland will also be verified by EU authorities.

Law stated - 13 april 2024

UPDATE AND TRENDS

Recent developments

What were the biggest mining news events over the past year in your jurisdiction and what were the implications? What are the current trends and developments in your jurisdiction's mining industry (legislation, major cases, significant transactions)?

Last year, the Greenlandic parliament passed the Mineral Activities Act of 13 June 2023, which replaced the Mineral Resources Act in terms of mineral activities, whereas local mineral activities (small-scale) are to be governed by a new Act on Local Mineral Activities (expected to be passed during Spring 2024 and come into force in July 2024).

With the current focus on geopolitics and critical minerals, more attention has been paid to the minerals present in Greenland. In November 2023, Greenland and the European Union signed a memorandum of understanding on a strategic partnership on sustainable raw materials value chains.

Law stated - 13 april 2024