

Media background May 2021

Company: [Greenland Minerals Limited](#)

ASX: GGG

Share Value: 0.092

Project: Kvanefjeld (Kuannersuit in Greenlandic)

Commodities: Rare Earths and Uranium

2021 Election: Greenland rejects Australian rare earths and uranium mine

At the national election in April, the people of Greenland rejected the plan of Perth-listed mining explorer (GGG) for a major open-cut rare earths and uranium mine in the south-west of the island nation.

The US\$1.24 billion project, originally promoted as a uranium venture, has been under development since 2007. After being rejected three times since 2015 the project's environmental impact assessment was accepted for public consultation in December 2020. This saw the breakdown of the governing coalition in Greenland and triggered a snap national election which was effectively a referendum on the Kvanefjeld proposal. Greenlanders, who have self-government within the Kingdom of Denmark, voted against the main governing party in favour of the pro-independence Inuit Ataqatigiit (Community for the People) party, which explicitly campaigned on a platform opposing the mine.

The new coalition government has committed to stop the mine going ahead – as [outlined in a joint statement pg \(11\)](#) – “**Mineral extraction without uranium** The coalition sees mineral extraction as an opportunity to develop the economy. The coalition agrees that uranium should not be extracted in Greenland. The mining project at Kuannersuit (Kvanefjeld) must be stopped. In this election period, the coalition will work on legislation to ban exploitation of minerals that contain uranium. The coalition intends to amend the mineral resources act in order to increase public participation before projects are developed. The local population must have better conditions for starting up mining projects.”

In March a local Danish language newspaper [Sermitsiaq reported](#) an independent opinion poll had found that while 52 per cent of people surveyed across Greenland were in favour of mining in general, 63 per cent opposed the GGG mine. The newly elected government has adopted an explicit policy to stop the mine going ahead and further committed to advancing a national ban on uranium extraction.

Concerns around the Kvanefjeld proposal include the risk posed by radioactive dust and the storage of radioactive mine waste to the nearby town of Narsaq, the Narsaq River and the Kujataa UNESCO World Heritage area.

The project

The US\$1.24 billion [Kvanefield project](#) (Kuannersuit in Greenlandic) is named for its mountain location in Greenland's southernmost municipality, Kommune Kujalleq. It is located 600m above sea level and less than 8km from the small township of Narsaq (population 1500).

GGG, together with China's [Shenghe Resources](#) hopes to process 3 million tonnes of ore per year for [37 years](#) from “[one of the world's largest multi-element deposits of its kind](#)” and to extract “small but commercially valuable quantities” of uranium, zinc concentrates and fluorspar as well as rare earth elements neodymium, praseodymium dysprosium and terbium.

The deposit also contains very large quantities of radioactive thorium.

[The plan involves](#) building processing and refinery plants at the site, constructing tailings storage dams in a nearby lake basin and using around 200,000 litres per hour of fresh water from the Narsaq River. It would also see the construction of a workers' village and a new port 1km from the town.

The company has heavily promoted an estimated contribution of 1.5 billion Danish krone (A\$250 million) a year to Greenland in taxes and royalties and the creation of an estimated 330 local jobs. These figures are contested.

Environmental objections

[Opposition has been focused](#) on the potential dangers of radioactive dust from the open-cut mine and the on-site storage of radioactive waste, as well as potential impacts on agriculture, fishing, hunting and tourism.

The majority community opinion is opposed to both the mining of rare earths and uranium. The ore body and the presence of radioactive materials, dust and wastes present risks irrespective of whether uranium is further processed.

Environmentalists have also raised concerns about the proximity of the mine to [the Kujataa UNESCO World Heritage Site](#). The area is celebrated for its historic and unique sub-arctic farming incorporating Norse Greenlandic and modern Inuit farming, pastoralism and marine mammal hunting. The Kvanefjeld mine project threatens both the health of this area and access to maintain these practices. The UNESCO listing is based on the unique farming practices as well as the richness of biodiversity.

Uranium – from multi-billion dollar commodity to mining by-product

In 2007 when Greenland Minerals and Energy (as the company was then called) bought into the project, it saw Kvanefjeld as [a uranium mine](#). The company claimed the uranium deposit – one of the world's largest, which was discovered in the 1950s and first explored by the Danish Nuclear Energy Commission – as valued in excess of US\$11 billion.

The company reported to shareholders that Greenland's "zero-tolerance policy" on uranium exploration and extraction which had been in place since 1988 was under review and hired a uranium expert as technical director and the former Greenland Mineral Resources Department head as chairman.

With the global uranium commodity price stagnant post Fukushima and uranium mining continuing to be hotly contested in Greenland, the company's emphasis has now shifted to rare earths, with uranium to be recovered from the mine officially only as a by-product. This fundamental change to the mine concept and key commodity has seen increased community concern over and scepticism of GGG.

Governance concerns

Danish environmentalists describe GGG as having been instrumental in the overturn of Greenland's uranium mining ban in 2013.

The company has not signed up to international transparency and anti-corruption agreements and has hired several high-profile government figures formerly connected with the resources industry, who reportedly received large share packages:

- Former Mineral Resources Department head Hans Kristian Schønwandt, considered the author of the Greenlandic Mineral Resources Act, served on the board of the Australian-listed parent company from 2007 to 2010, initially as executive chairman.
- Former Prime Minister Lars-Emil Johansen was chairman of the board of the Australian company's local subsidiary Greenland Minerals A/S, from 2009 to 2011, and later acted as a consultant)

- Former Mineral Resources Department head and influential civil servant, Jørn Skov Nielsen, took up the role of general manager of Greenland Minerals A/S in July 2020 - only a month after leaving his decade-long job as a department head.

Problems with the process – environmental impact assessment

GGG's first environmental impact assessment statement (EIA) for Kvanefjeld in 2015 and subsequent versions in 2018 and 2019 were rejected by the government as incomplete. The 2015 document was very critically reviewed [by one expert](#).

The company was formally [reprimanded in a letter](#) from former Prime Minister Kielsen in 2019 for undermining Greenland's mineral resources agency, EAMRA, and approaching high-ranking civil servants or members of the parliament who had no jurisdiction over decisions about the project.

In December 2020 the EIA documents were finally accepted as suitable for public consultation and consultation sessions got underway – these are due to end on 1 June 2021.

Questions about connections

GGG has been accused of [a lack of transparency](#) about the details of its agreement with Chinese rare earth processor Shenghe Resources, which according to some reports gave Shenghe the rights to acquire a 60 per cent stake in the Australian company.

There has been a lack of transparency about the ownership of the company. In 2009 [Australian finance reporters](#) questioned a failure to declare what they believed was a more than 20 per cent stake in GGG owned by Michael Mihran Shemessian following a complicated series of transactions around the Kvanefjeld acquisition.

The company's early fortunes were bound up with companies control by Shemessian, a mining prospector dubbed [‘Mick Many Names’](#) for the variants of his name found in official documents. Over years the Australian media has reported on his labyrinth of speculative involvements, including links to underworld figures and a resource rights deal with the disputed government of a state of Somalia, which was suspected of [controlling piracy off the coast of the country](#) and using payments from Shemessian's company Range Resources to buy weapons to “pacify” neighbouring states.

GGG itself, through investment and current and former personnel, is linked to a web of current and former companies pursuing speculative oil, gas and mineral interests around Greenland and beyond, including Arctic Energy Pty Ltd, Greenland Gas & Oil Ltd, East Greenland Oil A/S and Bluejay Mining PLC.

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