

# **Natural Resources, Investment and Boundary Disputes in the Arctic**

**A Greenlandic Perspective**

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**2 September 2014**

# Eastern Greenland Case

## Permanent Court of International Justice, 1933

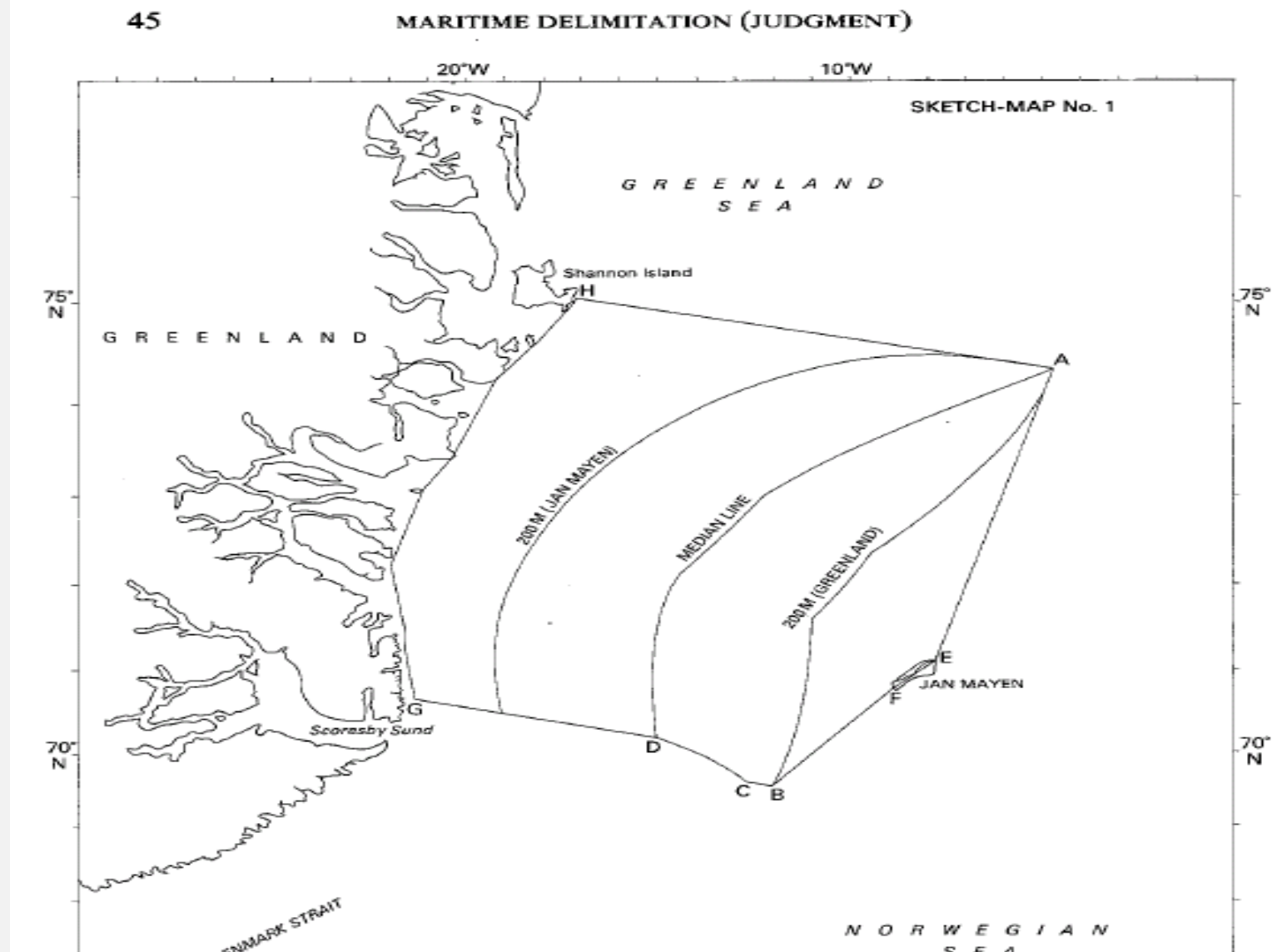
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# Jan Mayen Case

International Court of Justice, 1993

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# Agreement of 18 December 1995

Concerning the delimitation of the continental shelf in the area between Jan Mayen and Greenland

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The Government of the Kingdom of Norway and the Government of the Kingdom of Denmark,

Referring to the Judgment of the International Court of Justice of 14 June 1993 in the case concerning maritime delimitation in the area between Greenland and Jan Mayen, <sup>9/</sup>

Having agreed to draw the delimitation line between the fishery zones and to delimit the continental shelf in accordance with that judgment,

Having in this connection completed a geodetic calculation of the delimitation criteria laid down by the Court,

Desiring to continue cooperation on reciprocal fisheries and on the flexible exploitation of the living marine resources in the area,

Having also agreed that a final determination of the further course of the delimitation line south of point No. 4 as specified in the Agreement must be effected in consultation with Iceland,

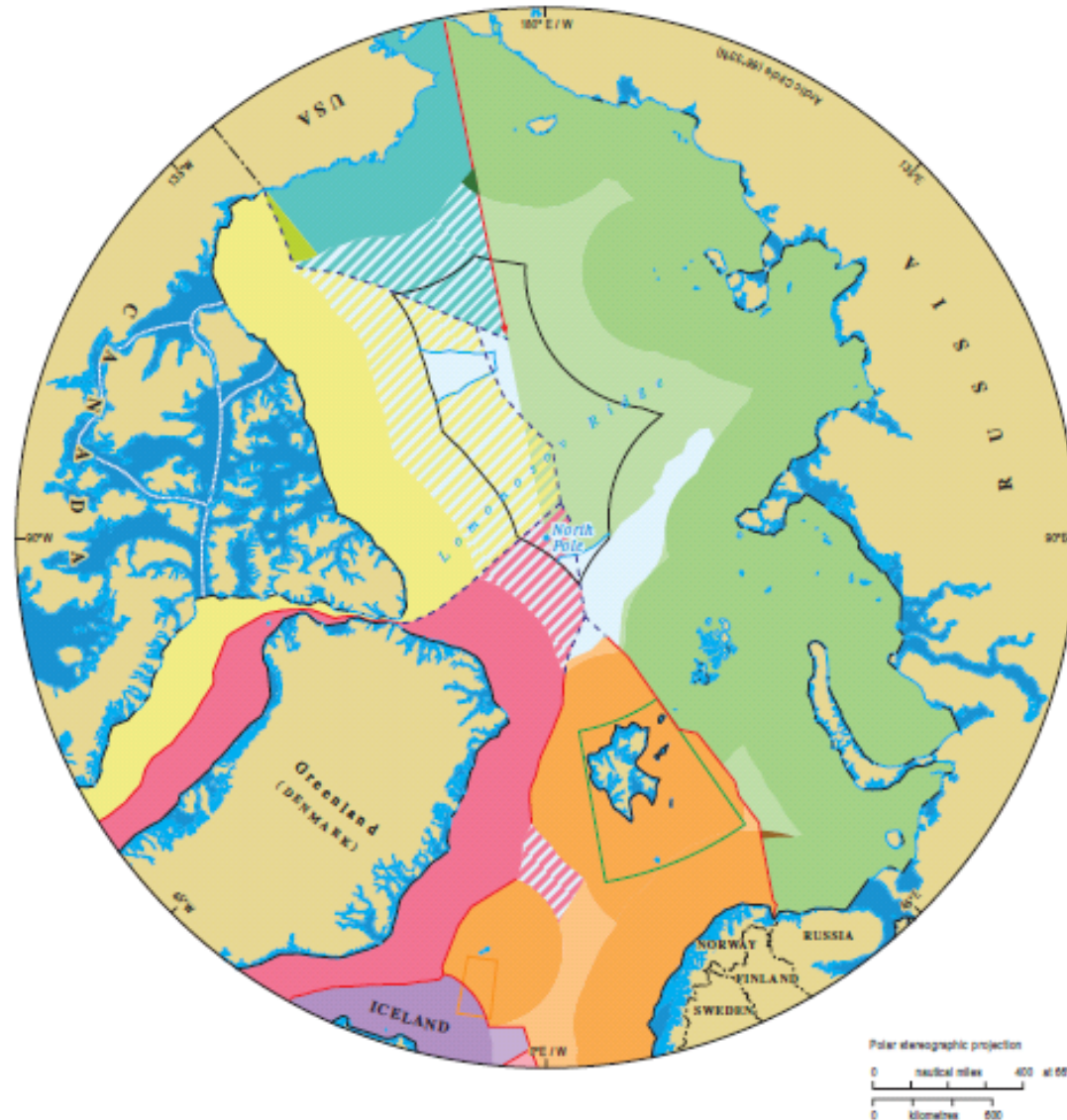
Have agreed as follows:

Article 1

# Outer continental shelf and possible claims

Centre for Borders Research, Durham University, 2008

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## Part of the Kingdom of Denmark

- Colonial Status
  - 1953: Integration into the Realm (and the Constitution)
  - 1979: Home Rule Act
  - 1985: Exit from the EU
  - 2009: Self-Government Act
- 
- Preamble: "... the people of Greenland is a people pursuant to international law with right of self-determination ..."
  - Preparatory work: "Unilateral termination of the Act by the Danish side would, according to international law, not be in accordance with the principles laid down in the preamble ... nor with the people of Greenland's right of self-determination."



## Division of competence

- Internally: wide degree of autonomy
- Only five areas of competence cannot be taken over: the Constitution; Nationality, Supreme Court; Foreign, defence and security policy; Currency and monetary policy
- Yet in matters of foreign policy, the Greenlandic Government has been given a parallel competence, to a degree
- Externally: territorial reservations (also EU)



## Mineral resources

- Taken over as from 1 January 2010
- According to preparatory work: "Once mineral resources has been taken over, Greenland will enjoy the property right to dispose over and exploit the mineral resources in the Greenlandic subsoil. The State will, however, continue to have sovereignty over Greenland."
- Block grant from Denmark to Greenland to be reduced by half of the revenues
- Recent debate in relation to uranium:  
what constitutes foreign or security policy
- Treaty-making?
- Export control?
- Exchanges with the IAEA?





# Greenland as the gateway to the Arctic?

A view from Greenland Minerals & Energy Ltd

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## Increasing International Focus on Arctic Resources

Greenland – the gateway to the Arctic

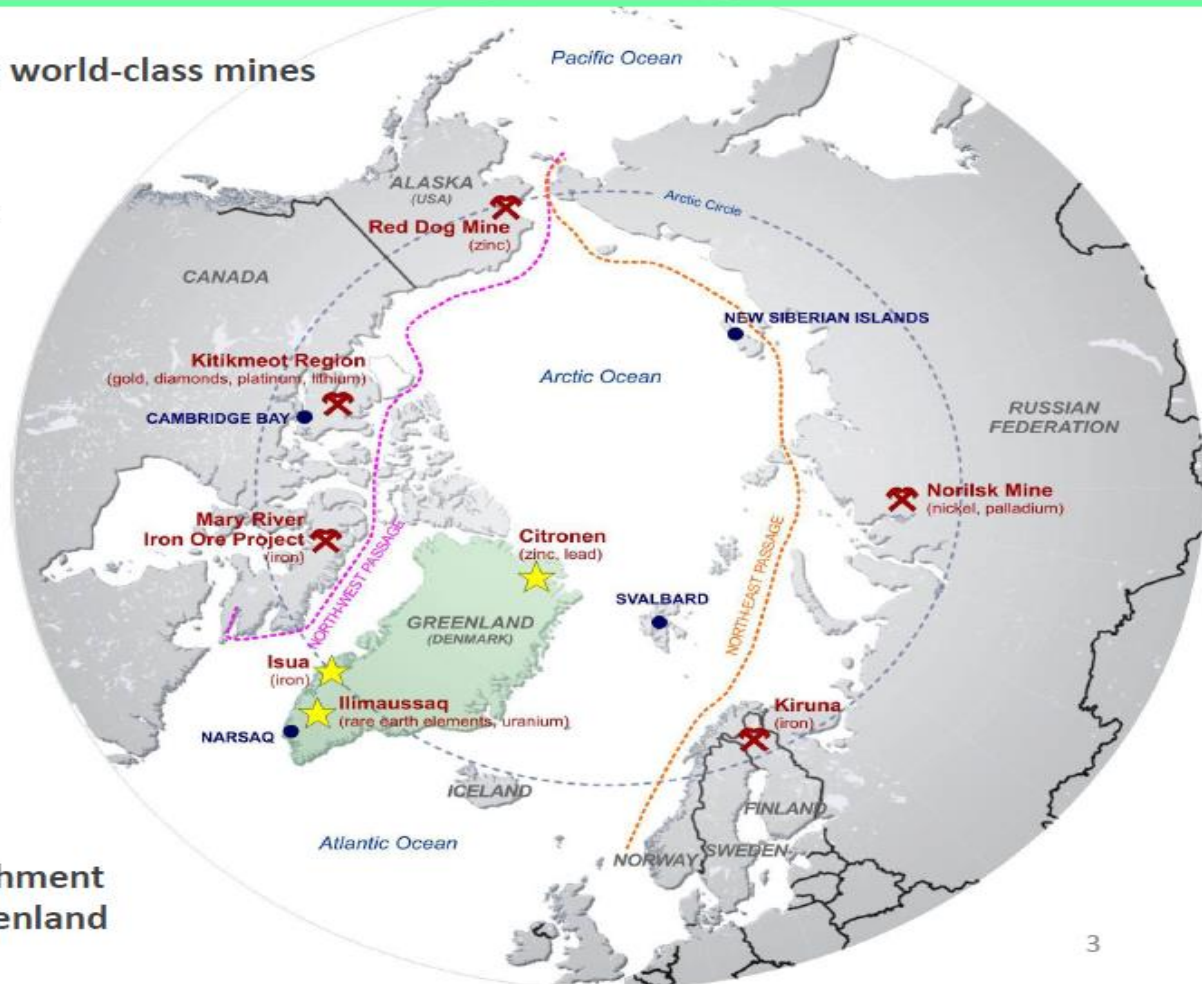


The Arctic region is host to numerous world-class mines

Greenland is increasingly the centre point of Arctic resource focus due to:

- *Political stability with increasing independence*
- *Political push to move toward a natural resource-based economy*
- *Numerous mineral resource projects awaiting development*
- *Mining licenses being issued*
- *Opening of Arctic shipping lanes providing access to Asia-Pacific*

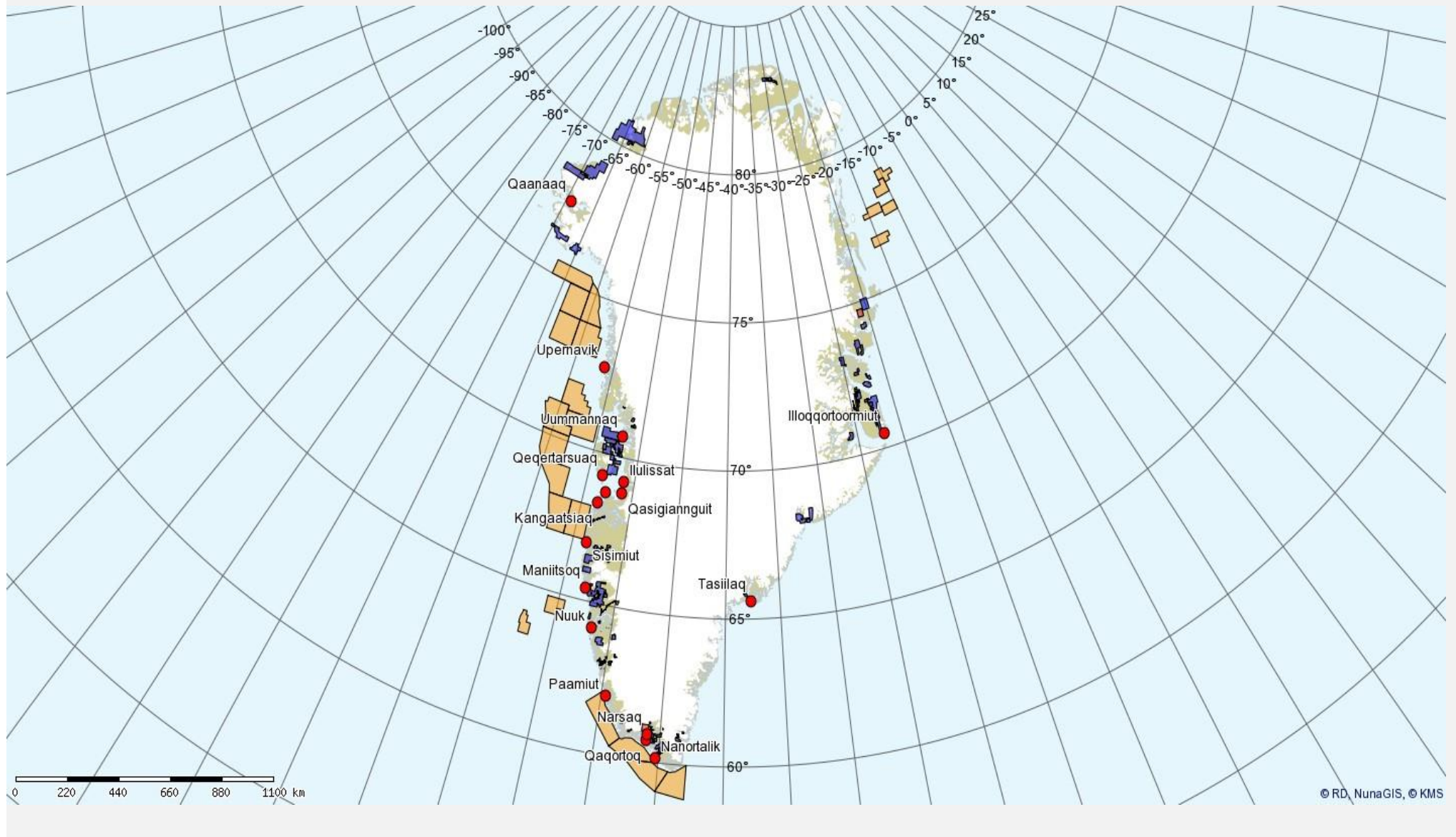
A growing number of countries are looking to participate in the establishment of a new generation of mines in Greenland



# Greenland – the real thing

## Map of existing licences

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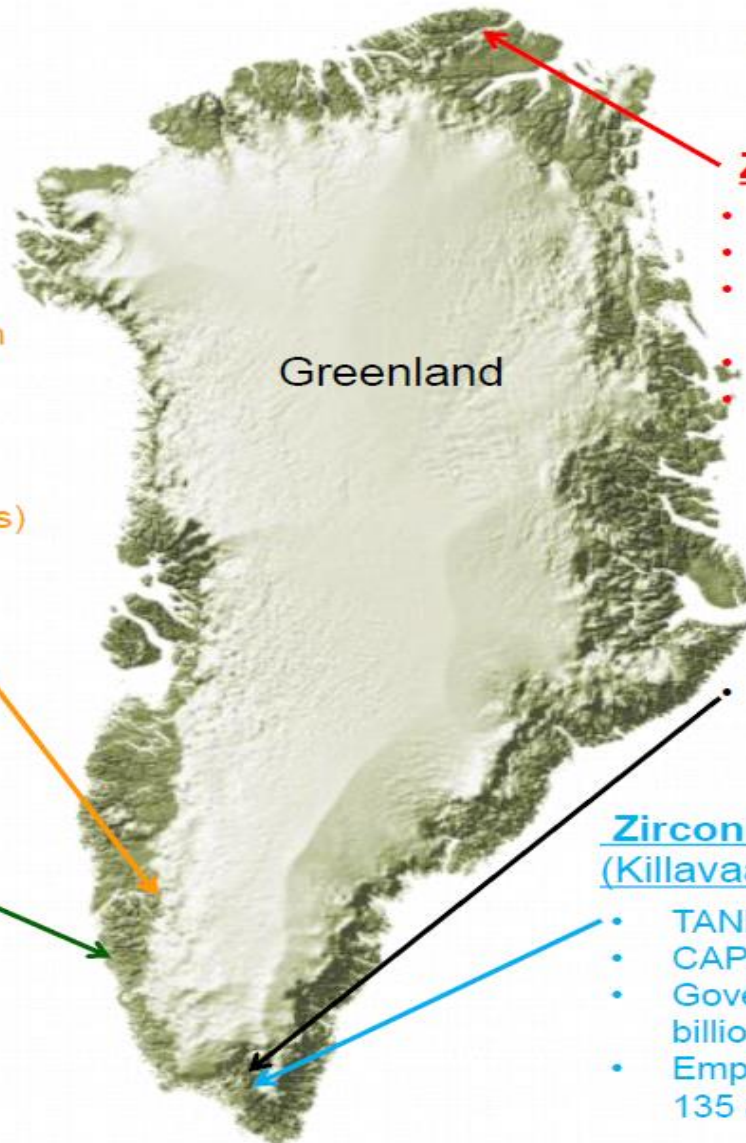
## Mining projects

### Iron (Isukasia)

- London Mining project
- Official public consultation ended in October 2012
- Exploitation license is granted
- CAPEX USD 2.35 billion
- Royalty, corporate and income tax DKK 20-30 billion (over 15-18 years)
- Employees (Construction 3,000 & production 700)

### Rubies (Fiskenæsset)

- True North Gems project
- Official public consultation ended in September 2013
- CAPEX USD 38 mio.
- OPEX USD 11 mio.
- Government take between DKK 90-450 mio. (over 9 years)
- Employees (Construction 40-50 & production 80)



NAALAKKERSUISUT  
GOVERNMENT OF GREENLAND



### Zinc/lead (Citronen Fjord)

- Ironbark project
- Expected application 2014
- Pre-feasibility study finalized in 2013
- CAPEX USD 484 mio.
- Employees (Construction 465 & production 300)

### REE/Uran (Kuannerusit /Kvanefield)

Greenland Minerals & Energy

### Zirconium + REE (Killavaat Alannguat/Kringlerne)

- TANBREEZ Greenland project
- CAPEX USD 186 mio.
- Government Take DKK 1.2 billion (over 12 years)
- Employees (Construction 35-135 & production 80)

## Isua project at a glance

- ▶ London Mining Plc owns 100% of Isua and has made a significant investment in the project over the last 7 years; there are currently no other partners
- ▶ 30 year exclusive exploitation licence was awarded on 24 October 2013
- ▶ London Mining is looking for strategic and financing partners to develop the project
- ▶ Bankable Feasibility Study completed in March 2012 to establish the economics of developing Isua
- ▶ Social and Environmental Impact Assessments completed in 2012 submitted to BMP in Greenland
- ▶ Large resource: 1.1 billion tonne JORC Fe resource with the potential for further resources
- ▶ Isua could sustain a 15Mtpa operation for 20 years, total investment of USD2.35 billion. BFS project NPV of USD2.37bn with an IRR of 20.9%
- ▶ Development would only be considered once permits are granted by BMP and funding is secured





### Other projects

#### **Isua, Greenland (100% ownership)**

We continue to work to attract strategic and potential financing partners to the project as well as completing an Impact Benefit Agreement (IBA) and the final construction permitting. As previously stated we are flexible in our thinking and considering all options.

Isua is located 150km north-east of Nuuk and 110km from a proposed deep seawater port. The project will produce a premium quality 70% Fe pellet feed concentrate with low impurities. In addition, Isua benefits from its position in the warmer south-west corner of Greenland which allows for year round shipping. A bankable feasibility study (BFS) was completed in 2012 and identified a 16Mwmt/a operation based on a resource of over 1.1 billion tonnes.



**24 August 2010**

### Greenland

- Two offshore rigs currently operating in the previously undrilled Baffin Bay Basin
- First hydrocarbons discovered in Baffin Bay basin by T8-1 well which has encountered gas, in thin sands
- 2,500 km of 2D seismic to be acquired in the West Disko Eqqua Block
- 7,500 km of planned 2D seismic in southern Greenland underway
- Three site surveys in southern Greenland complete

**Greenland** - Cairn remains encouraged by the opportunity in the Pitu exploration block (Cairn 56.875% WI, Operator, with partners Statoil 30.625% and Nunaoil 12.5%), with combined prospects within the 3D area confirming a potential multi-billion boe prospective resource (gross mean unrisked prospective resource >3bn boe.) In line with the stated strategy of minimising capital expenditure on high risk frontier acreage positions, any further activity on the block will be subject to further farming down Cairn's interests.

- “Any decision to be made at the discretion or the order of the Government of Greenland, including the MRA, or other Greenland or Danish authorities according to applicable law, see section 32.01, or to the Licence **cannot be submitted to arbitration**. Any dispute regarding such a decision shall be brought before and decided by the Greenland and Danish courts with jurisdiction in Nuuk, Greenland. The said courts shall have exclusive jurisdiction. A decision by such a court may be appealed according to the rules thereon.”
- “Any other dispute between the Government of Greenland, including the MRA, and the licensee arising out of or in relation to the Licence or activities under the Licence **shall be decided finally and conclusively by an arbitration tribunal** pursuant to sections 33.03-33.08.”



- “Subject to sections 32.01 and 33.04-33.08, the arbitration tribunal shall apply **Greenland law** to decide any procedural matter relating to the arbitration proceedings.”
- “The arbitration tribunal **shall sit in Nuuk**, Greenland.”
- “The arbitration tribunal shall consist of three members (arbitrators). The president and the two other members of the arbitration tribunal **shall hold Danish law degrees and shall be Danish subjects.**”
- “The Government of Greenland and the licensee shall each appoint one member (arbitrator). If the Government of Greenland or the licensee has not appointed its member within 30 days of the other party appointing its member, then **the President of the Danish Supreme Court** shall appoint that member. The Government of Greenland and the licensee shall jointly appoint the president of the arbitration tribunal. If the parties fail to reach an agreement on the appointment of the president of the arbitration tribunal within 60 days of a party proposing a person for president of the arbitration tribunal, then the President of the Danish Supreme Court shall appoint the president of the arbitration tribunal.”