
ETM SEEKS TO SIMPLIFY KVANEFJELD LEGAL PROCESS WITH STAY OF ARBITRATION REQUEST

Highlights

- **ETM has requested a stay of the arbitration proceedings**
- **Reflects ETM's strategic focus on streamlining various sets of legal proceedings**
- **Arbitration still an available path**
- **ETM remains committed to a constructive and orderly resolution of the dispute**

Energy Transition Minerals Ltd (ASX: ETM) advises that its wholly-owned subsidiary, Greenland Minerals A/S (**GM**), has applied for a stay of the arbitration proceedings currently underway in relation to the Kvanefjeld Rare Earths Project in Greenland.

This decision reflects ETM's strategic focus on simplifying and streamlining the ongoing legal processes.

Currently, GM is involved in three parallel proceedings—an international arbitration and two court cases filed in Greenland and Denmark respectively. All three actions concern the same core issue: GM's legal entitlement to an exploitation licence for the Kvanefjeld Project.

To reduce duplication and improve efficiency, GM is seeking to temporarily pause the arbitration while the court proceedings progress. In parallel, GM has also requested a stay of the Danish court case, allowing the Greenlandic court to lead the process for now.

The decision to seek a stay demonstrates GM's commitment to a constructive and orderly resolution of the dispute. This approach ensures that the focus remains on the core legal issues rather than procedural debates over jurisdiction. Arbitration remains an available path should the court processes not fully resolve the dispute.

GM remains extremely confident in its legal position and continues to pursue its rights in good faith, with the ultimate objective of securing the ability to develop the Kvanefjeld Project in accordance with its long-standing licence and legal entitlements.

Background

Greenland Minerals A/S (GM), a wholly-owned subsidiary of Energy Transition Minerals Ltd (ETM), has held an exploration licence for the Kvanefjeld Rare Earths Project in South Greenland since 2007. This licence entails an automatic right to receive an exploitation licence under Greenlandic law.

The exploration licence was issued based on a joint decision of the Governments of Greenland and Denmark (the latter refers to the central Government of the Kingdom of Denmark).

Under the law, both Governments have a direct economic interest in the Kvanefjeld Project because of the statutory framework for sharing of income from mineral resources activities in Greenland.

There was consistent political and social support for the Kvanefjeld Project for more than 15 years. Since 2021, a slim political majority formed against the mining project, citing alleged environmental concerns as a showstopper.



The Greenlandic Government has input on how mining operations should be organised, however it follows directly from Greenlandic law and the exploration licence, that such subsequent concerns cannot prevent the project from moving to the exploitation stage.

What is more, environmental concerns have already been addressed over a period of several years until the end of 2020, and they have been subject to extensive reports approved by the Government of Greenland following substantial review and commenting.

These reports show that there are no material additional contamination risks above what already exists in the area. As outlined in the reports, GM will have state-of-the-art environmental impact measures in place.

It is clear to ETM, that since 2020, the Greenlandic Government has intentionally delayed the processing of GM's request to issue an exploitation licence for political reasons. Similarly, it was for political reasons specifically concerning the Kvanefjeld Project that the Uranium Act (Act No. 20 of 1 December 2021) was enacted shortly after the 2021 parliamentary elections in Greenland.

After more than three years of arbitration, the Greenlandic authorities have yet to present a substantive defence for their bold assertion that GM allegedly has not obtained any legal rights to exploitation of any minerals whatsoever.

The Naalakkersuisut put the legislative system in Greenland in place to attract foreign investment and to provide legal certainty to investors for acquired mining rights. However, for now it seems that legal proceedings are necessary to hold the authorities to their legal obligation to ensure that mining operations can commence at Kvanefjeld.

The arbitration

Following the enactment of the Uranium Act and the ensuing statements from the Greenlandic Government in December 2021 that GM would never receive an exploitation licence, GM initiated arbitration in March 2022 against the Greenlandic and Danish Governments to have GM's rights to an exploitation licence confirmed.

It is clear that the Greenlandic and Danish Governments are uncomfortable with the arbitration case – which they had oddly failed to predict – even though they had drafted and imposed upon GM the very arbitration agreement forming the basis of the case.

Presumably, it is also for political reasons that the Governments have chosen to contest the Arbitral Tribunal's competence to decide the case, including the main issue of the extent to which GM has a right to an exploitation licence.

The validity of Naalakkersuisut's decisions of 1 June and 8 September 2023 as such can only be challenged in court, irrespective of where the fundamental issue of the extent of GM's legal rights is assessed.

Although the move to issue these decisions violated a clear recommendation from the Arbitral Tribunal to avoid any aggravation of the dispute, ETM anticipated that Naalakkersuisut may take the bold step to render the said decisions to force at least parts of the dispute into the courts.

The reason is that, despite the promise of arbitration to investors—such as GM—under an exploration licence, the authorities appear to be much more accustomed to the general procedure in the domestic court system and seemingly prefer to dispute on their home ground.



Strategic adjustment to simplify the proceedings

GM simply wants its rights to an exploitation licence confirmed by an independent body because the administrative authorities are refusing to honor their legal obligations, and the corresponding rights of GM.

It is natural for all parties to seek a simplification of the three legal proceedings that are currently pending given the extent of overlap between them: the arbitration filed in March 2022 and the two litigation cases filed in Greenland and Denmark, respectively, in May 2024.

So far, the Governments of Greenland and Denmark, however, have not engaged in any constructive dialogue about this. As previously stated, all three proceedings have been filed as a necessary precaution because of the stance taken by the authorities despite the existing agreements on the proper forum for dispute resolution in this matter.

As GM is committed to an efficient resolution of the dispute without further procrastination, GM has now filed an application with the arbitral tribunal to stay the arbitration, pending the outcome of the litigation.

This is an attempt to de-escalate the dispute and have the proceedings focus on the substance rather than to debate which judicial body should ultimately decide the case on the merits.

With the developments in the case, GM considers that the courts can provide a more comprehensive assessment of the dispute, and that pausing the arbitration in the meantime is more efficient.

However, arbitration remains a viable option for addressing issues that can ultimately not be resolved in the courts, ensuring that all aspects of the dispute are appropriately managed in due course. This is why GM is only seeking to pause the arbitration until the court proceedings are completed and not terminate the arbitration.

At the same time, GM has requested in parallel, a similar stay of the litigation in Denmark, meaning that if both stays are granted, only the litigation in Greenland would proceed for now. Solving everything in one case to the greatest extent possible, is the most efficient method.

This strategic adjustment underscores GM's commitment to resolving disputes constructively and collaboratively. GM remains confident that the courts will uphold the rule of law, and GM is dedicated to maintaining integrity and transparency throughout the dispute resolution process.

GM's claims in the court proceedings

As mentioned before, GM's primary objective with the legal proceedings in the three cases is the continuation and development of the Kvanefjeld project.

Thus, the main legal claims in court are focused on confirming GM's right to an exploitation licence:

- Confirmation of GM's right to an exploitation licence.
- Declaration of the inapplicability of the Uranium Act to GM's exploration licence/the project, on the basis of its expropriatory effect
- Declaration of the invalidity of Naalakkersuisut's decisions of 1 June and 8 September 2023 denying GM an exploitation license.



- Ordering Naalakkersuisut to issue an exploitation licence straight away or to resume the processing of GM's requests for an exploitation licence based on the court's findings in relation to the above.

The Greenlandic Government has confirmed publicly that, if GM wins, the outcome would be the issuance of an exploitation licence and not payment of damages for the lost value of the entire project.

Authorised for release by the Board of Energy Transition Minerals Ltd.

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ABOUT ENERGY TRANSITION MINERALS LTD.

Energy Transition Minerals Ltd (ASX: ETM) is an exploration and development company focused on developing and financing supply chains for the metals and materials that are critical to the decarbonization of the world, with a special focus on high-quality mineral projects globally. The Company is managing exploration projects in Western Europe, North America, and Greenland. The Company is involved in the Villasrubias Lithium-Tantalum exploration project which is in the province of Salamanca, in the region of Castille and Leon in Spain; it is expecting the grant of several additional exploration licenses in Extremadura and Madrid. The Company also holds the Solo and Good Setting lithium projects in James Bay, Quebec. The Kvanefjeld rare earths project remains subject to arbitration procedures in the Arbitration Tribunal in Copenhagen and legal proceedings in the courts of Greenland and Denmark.

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