



WHEN TRUST MATTERS



Marine Minerals – One Day Seminar

Experiences from the Cook Island licensing round

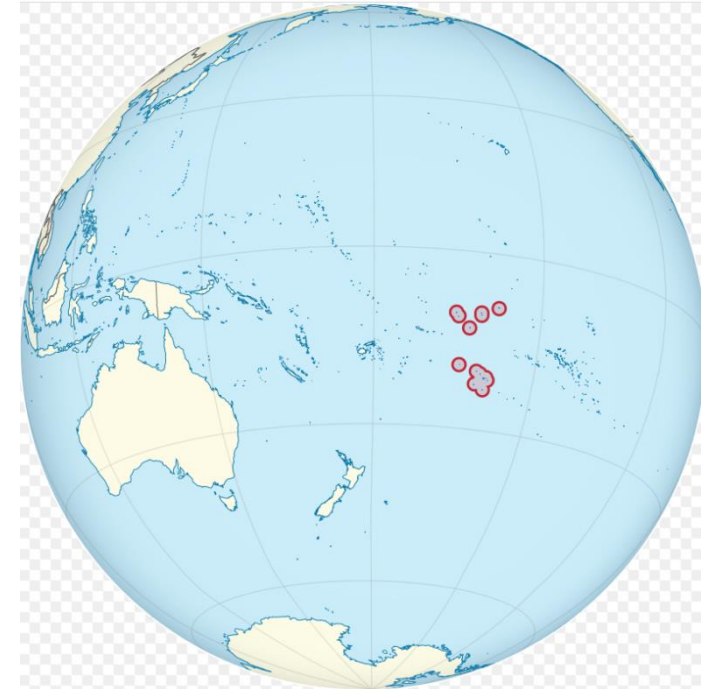
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Cook Islands



The Island of Rarotonga, the largest island and the capital of the Cook Islands, is viewed from the air on August 30th, 2021. Photo: Marty Melville, GettyImages



Source: Wikipedia

Cook Islands – Short overview

- The Cook Islands are a self-governing island country in the South Pacific Ocean in free association with New Zealand.
- It comprises 15 islands whose total land area is 240 square kilometres.
- The Cook Islands' Exclusive Economic Zone (EEZ) covers nearly 2 million square kilometres of ocean (about 2 times the Norwegian EEZ).
- Cook Islanders are citizens of New Zealand, but they also have the status of Cook Islands nationals, which is not given to other New Zealand citizens.
- The Cook Islands' main population centres are on the island of Rarotonga (13 000 inhabitants of a total of 17 500 inhabitants on the Cook Islands).
- The languages of the Cook Islands include English, Cook Island Māori, and Pukapukan.
- Tourism is the country's main industry, and the leading element of the economy, ahead of offshore banking, pearls, fisheries and marine and fruit exports.

Cook Islands – Seabed minerals

- The Cook Islands Seabed Minerals Authority regulates seabed minerals activities under the Cook Islands jurisdiction.
- Forty years of ocean survey work suggests that as much as 12 billion tonnes of mineral rich manganese nodules can be in the Cook Islands EEZ, representing a globally significant accumulation of cobalt, nickel, and rare earth elements.
- The nodules are at depths around of 5,000 m and spread over some 750,000 square kilometres of the Cook Islands Continental Shelf.



Source: The Cook Islands Seabed Minerals Authority. <https://www.sbma.gov.ck/> and Kung et al, Journ. of Env. Management /279) 2021.

Cook Islands – Seabed minerals legislation

- In 2009 the Cook Islands government passed the Seabed Minerals Act. This legislation established the Seabed Minerals Authority, a statutory authority tasked with managing the prospective deep sea mining industry in the Cook Islands.
- In 2019, a new Seabed Minerals Act repealed the 2009 version. The 2019 Act provides for the continuation of the Seabed Minerals Authority, and sets out processes for the awarding of seabed mining permits and licences.
- The Seabed Minerals Act 2019 requires all licences to be made ‘in the national interest’, which includes consideration of environmental and social risks.
- The Seabed Minerals Act adheres to the Environment Act which sets up a generic process for an environmental impact assessment (EIA) – there are draft Environment (Seabed Minerals) Regulations which set out the EIA process for exploration and mining activities.
- In 2020 came the Seabed Minerals (Exploration) Regulations which has details about application for and grant of exploration licences of blocks.
- There are draft Seabed Minerals (Mining) Regulations which are under development, and have been released for public comment.

Cook Islands - Exploration tender launch 2020

- On 22 October 2020, the Prime Minister and Minister for Seabed Minerals, Honourable Mark Brown, announced the opening of a competitive tender for the exploration of seabed minerals in the Cook Islands.
- At the launch Prime minister Brown signed a declaration officially making areas of the Cook Islands seabed available for the application of Exploration Licences.



Cook Islands – Exploration licenses

- The licensing process is administered by the Cook Islands Seabed Minerals Authority.
- “The principal object of the Tender, consistent with the objects of the Act, is to initiate exploration activities that will ultimately result in the commercial recovery of seabed minerals in a manner that secures the sustainable economic development of the Cook Islands while meeting the requirements for the protection of the marine environments”
- “The Cook Islands is seeking to attract companies that have a demonstrated ability to responsibly conduct exploration activities for deep seabed minerals in Accordance with the Act, the Regulations, the Environment Act and the principles of ecologically sustainable use under the Marae Moana Act”.

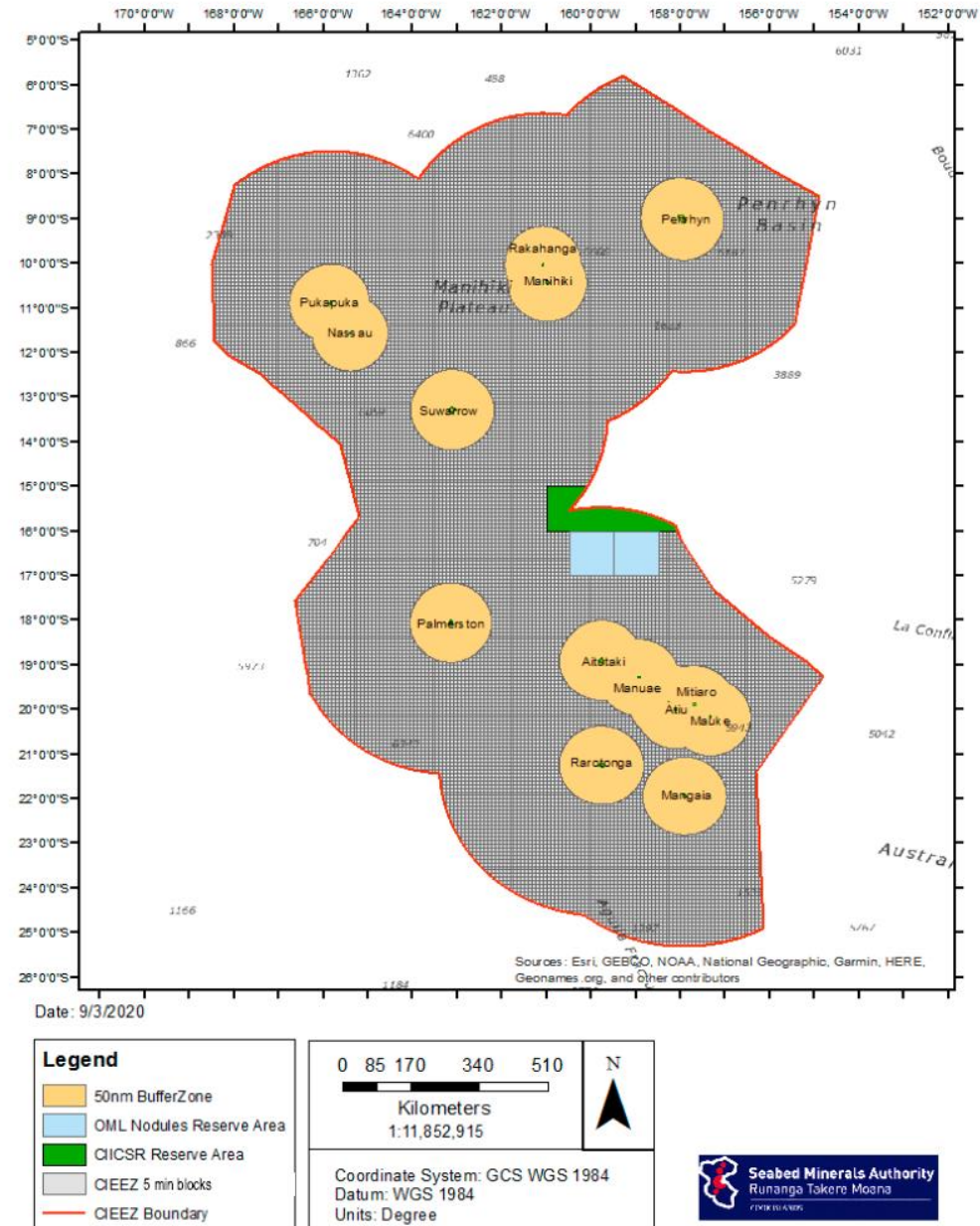
Marae Moana: A multiple-use marine protected area created by the Parliament in 2017 that covers the Cook Islands' entire exclusive economic zone.



Cook Islands – Blocks available

- The blocks offered in the tender are all blocks in the Cook Islands EEZ excluding:
 - Areas within 50 nautical miles of each of the 15 islands
 - Reserved areas (existing reserve area agreements)
- It is possible to apply for one or several blocks.
- An exploration license gives an exclusive right to explore and take samples from the licensed area for testing and analysis.
- There is an application fee that has to be paid in connection with an application.
- The applicant must be a Cook Islands incorporated company.

Tender 2020: Blocks available for Application Areas



Cook Islands – Evaluation criteria

The most important return for the Cook Islands from the exploration is the increase in knowledge of the resources and the maritime environment and the move toward the development of mining opportunities at a later stage.

Evaluation Criteria	Score
Proposed work plan and viability of exploration operation	0-100
Financial resources	0-20
Technical competence	0-30
Compliance	0-5
Risk assessment and management	0-5
National Interest	0-30
Environmental research commitment	Yes = 10 No = 0

The evaluation and ranking of the applications is done by an appointed Licensing Panel.

Cook Islands – Exploration license terms

- An Exploration License granted under the Tender is, in accordance with the Act, for a term of 5 years.
- During this period it is expected that the licensed area has been explored and identified minerals have been appraised and upgraded to mineral reserves with the objective of deciding whether to:
 - continue exploration and appraisal (the Exploration license may be renewed for 5 years providing there is satisfactory compliance with the Act, Regulations and terms and conditions of the licence). Justified reason why licensee has not been able to complete exploration under the licence including circumstances beyond the licensee's control. Renewal limit is 3 times i.e. maximum 20 years.
 - apply for a mining license to recover a mineable reserve or request a retention for the area within the license (keeping the license area); licensee must show that he is taking diligent steps towards applying for mining licence in regards to the retained area. Also reasons for applicant not yet applying for mining licence (to be reviewed by authority); or
 - surrender the Exploration license

Cook Islands – Exploration timetable

- Closure for applications was on December 11, 2020.
- 4 applications for licences – 2 in the tender area, 2 in the reserved area.
- At the end of the licensing process a public announcement on the grant licenses will be made.

The licensing process is still ongoing and so far no announcement has been made concerning who was granted licenses – this is expected to be in the second half of 2021.



Cook Islands - Further information

- For further information on the Cook Islands Exploration tender, see

<https://www.sbma.gov.ck/licensing>

- If you have more specific questions concerning the Cook Islands seabed minerals licensing process you can contact the Cook Islands Seabed Minerals Authority at:

sbma@cookislands.gov.ck

Cook Islands - Acknowledgements

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