Svalbard – the Søre Fagerfjord Property

The current shareholders of **AS Kulspids**, the holding company that owns the Søre Fagerfjord property on Svalbard, are in the process of selling the company and therefore wish to clarify certain matters connected with the State's involvement in the sale of the company/property. If further information is needed, or if there are other questions about this matter, please contact:

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Summary

The State, represented by the Office of the Attorney General, has repeatedly and over an extended period presented an incorrect picture of both the factual circumstances and the legal situation surrounding a sale of the property or the shares in the company. The sole purpose has been to position itself to purchase the property at a bargain price.

The State has been given several opportunities to buy the shares in the company at a realistic price reflecting the market and the sellers' expectations, but has declined. Instead, the Attorney General has launched a series of unlawful measures aimed at undermining the property's value. State representatives have stated that they possess—and can expand—a mandate to buy, yet the Attorney General has refused to name any amount beyond the purely symbolic or to engage in genuine negotiations.

If the State does not wish to buy on terms acceptable to the sellers, that is perfectly acceptable to the owners. What is unacceptable is that the Attorney General, by means of processes without legal foundation, is trying to position the State for a purchase at a price wholly unacceptable to the sellers. The State therefore has no grounds for complaint if the company/property ends up in other hands.

Brief Background – Sale of the Company

The shareholders of AS Kulspids are negotiating to sell their shares to leading global environmental organisations and foundations. At the same time a foundation and fund will be established; roughly half of the purchase price will be paid into the fund. The foundation's tasks will include:

- **Supporting** the company's vision of a philanthropic ownership collective that contributes to the long-term protection of biological diversity and living ecosystems on Svalbard and in the surrounding Arctic/high-north region, and

helps reduce future risks and destructive impacts on vulnerable marine and terrestrial ecosystems.

- **Assisting** the company in gathering and mobilising a seven-generation climate diplomacy across nationalities and sectors, seeking to support Svalbard's "indigenous population" – its wildlife – and protect it from short-term exploitation on behalf of future generations of humans and other living species.
- **Assisting** the company's future engagement in climate diplomacy, reducing polarisation, regional tensions and geopolitical conflicts, united behind a long-term vision of regional peace and stability.
- **Assisting** the company in long-term custodianship of its current and future assets through a regenerative financing structure that supports the purpose and the activities needed to fulfil it.
- **Providing** financial support to scale solutions that address or prevent urgent environmental challenges, including initiatives for mapping and protecting biodiversity in Arctic ecosystems.

The sale therefore poses no threat to national-security interests—indeed, it preserves and strengthens State protection of the property as a national park.

Details of the Case

The Attorney General has, for an extended period, presented an incorrect picture of both the facts and the legal situation to position the State for a bargain purchase. The sellers are tired of the harassment. The State has repeatedly been offered the shares at a realistic market price but has declined, choosing instead to:

- Rely on the royal decree of **25 June 2024**, which plainly violates both the Svalbard Treaty and the Svalbard Act.
- Invoke an alleged **encumbrance** on the property, despite having no factual or legal basis.
- Deny the owners' request to **subdivide** the property, again without legal foundation.
- Make significant **interferences** with the rights of use and ownership in breach of the Svalbard Treaty and the Svalbard Act.

Because the State has never tabled a genuine purchase price—only symbolic amounts—it is impossible to conduct real negotiations. The State therefore forfeits any right to complain if a sale is completed with other parties.

Key Points

- The geopolitical landscape has been completely transformed.
- This is a unique property—the only privately owned land and the last opportunity on Svalbard/the High Arctic.
- All Arctic resources are appreciating in value; the geopolitical value is extreme, and the property has never been worth more than today.
- Several bidders have offered **USD 250–300 million** after full due diligence; the State has repeatedly and wrongfully intervened to scuttle sales.

The Royal Decree of 25 June 2024

On 25 June 2024 the Government adopted a resolution under § 2-5(1) of the National Security Act (2018). The decree sought to regulate the sale of the Søre Fagerfjord property or the shares in AS Kulspids. The decree:

i. **Breaches** both the Svalbard Treaty and the Svalbard Act. The Treaty's principle of equal treatment is absolute (Articles 2, 3, 7). Svalbard Act § 23 likewise grants nationals and companies of Treaty states the right to acquire ownership and user rights **without permission**.

ii. **Cannot** be applied to a sale between Treaty parties, because Article 7 demands complete equality of treatment in acquiring, enjoying, and exercising property rights.

iii. **Exceeds** the authority in § 2-5 of the National Security Act, which is limited to cases posing a non-trivial threat to national security.

Legal experts—including a leading Norwegian law firm and the country's foremost academics—uniformly regard the decree as a breach of the Svalbard Treaty. No independent support for the Attorney General's position exists.

An Alleged Encumbrance – The 1932 Mortgage Deed

The State claims a perpetual encumbrance prevents any sale. The facts:

- In **1919** the State granted AS Kulspids an interest- and instalment-free loan of **NOK 30 000** to finance exploratory asbestos drilling. Standard loan terms applied.
- The associated mortgage deed was registered only in **1932** once a land-registration system existed.

- The loan has long since lapsed under Norwegian law, and the Mapping Authority correctly deleted the encumbrance in **2007**.
- In **2019**, after the owners offered the State first refusal, the Attorney General induced the Mapping Authority to re-enter parts of the deed, wrongly claiming they were perpetual.
- Loan-term restrictions lapse with the loan itself; continuing them is legally unfounded.

The supposed encumbrance is therefore a nullity. The current owners have not litigated; it will be up to new owners to decide.

The 1932 Encumbrance Declaration

On the same day as the mortgage deed (9 February 1932), a separate declaration of **perpetual** encumbrances was executed and registered in favour of the State (e.g., land for public facilities, roads, masts, docking rights, housing for officials).

If the State had intended a perpetual restriction on asbestos fields, it would have been included in this declaration. The Attorney General's contrary suggestion is unfounded.

Subdivision of the Property

The company sought to divide the property into six lots. The Ministry of Justice refused, claiming doubt over title due to the alleged encumbrance. This reasoning is groundless:

- Why pass a security-law decree on a company that allegedly lacks title?
- How could the State offer to purchase a company alleged not to own the property?
- Subdivision is normally straightforward; existing encumbrances follow the subdivided lots.

Again, the owners did not litigate; new owners may choose to do so.

Unlawful Interference with Use and Ownership Rights

The principle of equal treatment underpins both the Svalbard Treaty and the Svalbard Act, legitimising Norway's position on Svalbard. Norway itself conducts extensive activities—settlements, tourism, coal mining, research, satellite stations—apparently without restriction, and allows other states to do likewise. The State cannot therefore immobilise Søre Fagerfjord (e.g., by declaring it a national park) in a manner that

prevents **AS Kulspids**, uniquely, from pursuing any activity. Such treatment would again breach both the Treaty and the Act and would almost certainly be challenged internationally.

Concluding Remarks

The sellers respect the State's choice not to buy the company/property, just as the sellers are free not to sell to the State. What they cannot accept is an attempt—through processes without legal foundation—to force a sale at an unacceptable price. It is striking that the State paid about **NOK 3 billion** for Meråker Bruk, a marshy property with minimal added value and no geopolitical significance.

As shown above, the State repeatedly declined opportunities to buy the company and therefore cannot complain if it is sold to others.

For completeness, the following earlier submissions and documents are attached:

- Letter to the Attorney General, 21 May 2025
- Letter to the Attorney General, 26 June 2025
- Royal decree of 25 June 2024
- Loan agreement of 1919
- Mortgage deed of 1932
- Encumbrance declaration of 1932