

**APPLICATION PROCEDURES AND STANDARD
TERMS FOR MINERAL EXPLORATION AND
PROSPECTING LICENCES IN GREENLAND**

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Application procedures and standard terms for exploration and prospecting licences for minerals in Greenland

The application procedures and standard terms indicated below have been approved by the Government of Greenland and the Danish Minister for Environment and Energy as the basis for the granting of exploration and prospecting licences for minerals (other mineral resources than hydrocarbons) in Greenland.

The application procedures have been amended significantly as of January 1, 1996. The Standard Terms for exploration and prospecting licences are unchanged.

The application procedures and standard terms will be revised from time to time according to the experiences obtained. Revised application procedures will apply to all licences, whereas revised standard terms, if any, will take effect only for licences granted after such revision.

A. Application procedure for exploration licences for minerals

1. Registered date of application

- 1.1. An application for an exploration licence for minerals shall be submitted to the Bureau of Minerals and Petroleum (BMP), see address, etc. on the back of this publication. The application and additional application material may be submitted by letter, by fax or may be brought to BMP. Application materiel sent by fax shall be mailed simultaneously.
- 1.2. An application for enlargement of the licence area for an existing exploration licence, cf. section 205 of the Standard Terms, is processed in the same way as an application for a new exploration licence.
- 1.3. An application is registered by BMP with a date of application as indicated in sections 1.4-1.6, cf. however section 5.1.
- 1.4. The registered date of application is defined as the date on which a correct application is received by BMP, cf. section 1.5:
 - a. If the application material is received by BMP within BMP's office hours (9.00 a.m. - 16.00 p.m.- Greenland time - GMT minus 3 hours) on a working day this date will be registered as the date of application.
 - b. If the application material is received outside of BMP's office hours, the next working day will be registered as the date of application.
 - c. If the application material is amended the registered date of application is altered as indicated in section 1.8.

- 1.5. A correct application is defined as an application, which is completed on BMP's application form (enclosure 1) and which according to BMP's assessment adequately contains the following information without reservations:
- a. indication of the name, address, telephone and fax numbers of the applicant;
 - b. indication of the delineation of the area applied for as indicated in sections 206-207 of the Standard Terms, i.e. primarily by corner coordinates (clockwise arranged) defined by degrees and undivided minutes and furthermore securing that the area applied for does not overlap exploration licences already granted or which have been decided upon by the authorities or which are part of previous application batches, cf. section 1.8;
 - c. sufficient information for BMP to assess the technical and financial capabilities of the applicant;
 - d. such other information which may at any time be stipulated by BMP;
 - e. information about the payment of an application fee as indicated in sections 2.1-2.3.
- 1.6. An application which is not correct, can not be registered.
- 1.7. If BMP finds that an application cannot be registered BMP will notify the applicant as soon as possible (normally within 3 working days from the receipt of the application) with indication of the reason for this. The applicant may hereafter submit additional application material. In that case the registered date of application shall be the date on which a correct application is received by BMP, cf. section 1.4.c.
- 1.8. The applicant shall secure that the application contains correct and adequate information including a correct delineation of the area applied for. Prior to submitting an application the applicant should obtain information from BMP as indicated in section 1.9.
- 1.9. BMP will on request forward the following information to an applicant, a potential applicant or others as regards a specific geographical area:
- a. texts of licences (including maps) for exclusive licences which are already granted;
 - b. corner coordinates and maps for exclusive licence areas applied for which have been decided upon by the authorities, however without indication of the applicant's identity;
 - c. corner coordinates and maps for licence areas applied for which are part of previous application batches (cf. section 3.1) and which have not yet been decided upon by the authorities, however without indication of the applicant's identity.
- BMP shall use all reasonable effort to secure that the information provided is correct but does not assume any liability as regards possible errors and defects of the material.
- 1.10. BMP may stipulate a fee for the forwarding of information under section 1.9.

2. Application fee

- 2.1. At the submission of an application for an exploration licence the applicant shall pay a fee of DKK 5,000 to BMP for each licence applied for.
- 2.2. The fee shall be paid to BMP in DKK and cannot be paid in another currency. The fee may be forwarded by credit card, by cheque or by bank transfer to BMP's bank.
- 2.3. The fee shall be received by BMP or BMP's bank not later than 14 days after the registered date of application, cf. section 1.5.e. If not received on this date, the registered date of application shall be altered to the date of receipt of the payment.
- 2.4. If the application results in the granting of an exploration licence to the applicant, the fee under sections 401 or 402 of the Standard Terms is reduced by the fee indicated in section 2.1 with respect to the application.
- 2.5. If the application does not result in the granting of an exploration licence to the applicant, the fee under section 2.1 is not repaid to the applicant. This also applies if the applicant withdraws the application whatever the reason may be.

3. Non-competing and competing applications

- 3.1. Applications with a registered date of application between the 1st and the 15th day of the month (both days included) shall be included in application batch A for that month. Applications with a registered date of application between the 16th and the last day of the month (both days included) shall be included in application batch B for that month.
- 3.2. A non-competing application is defined as an application of application batch A (B respectively) in which the licence area applied for does not overlap another licence area applied for within the same application batch A (B respectively).
- 3.3. A competing application is defined as an application of application batch A (B respectively) in which the licence area applied for overlaps another licence area applied for within the same application batch A (B respectively).
- 3.4. In case of competing applications BMP shall notify the applicants by fax (and mail) as soon as possible after expiry of the period for the application batch in question and shall at the same time notify the applicants about the delineation of the overlapping area.
- 3.5. In case of competing applications the applicant may, in addition to maintaining the application unamended, choose the following, provided that BMP is notified about this within the first 3 working days after BMP's notification under section 3.4:
 - a. The applicant may alter the licence area applied for in such a way that the overlap with other licence areas applied for is reduced or eliminated. In such case the registered date of application is not altered.

- b. The applicant may submit information about the matters indicated in section 4.5.a-c.

4. Presentation of applications to the political authorities

- 4.1. Applications which are registered during a month under section 1.3 will be presented by BMP to the Chairman and the two Deputy Chairmen (the chairmanship) of the Greenlandic/Danish Joint Committee on Mineral Resources in Greenland, to the extent possible during the first half of the following month unless they can be presented to the Joint Committee at a meeting within a reasonable period, cf. however section 5.1. The chairmanship may decide that an application, including competing applications, shall be presented to the Joint Committee at a meeting.
- 4.2. Subsequently all applications are presented with a recommendation from the Joint Committee or from the chairmanship of the Joint Committee to the Government of Greenland and the Danish Minister for Environment and Energy for final decision.
- 4.3. All applications within one application batch are processed by the political authorities prior to initiation of the processing of applications in the next application batch.
- 4.4. At the processing of an application the authorities will in particular attach weight to the following (not indicated in an order of priority):
 - a. the technical and financial capabilities of the applicant;
 - b. the authorities' assessment of the applicant's former activities, if any, in Greenland under exploration and prospecting licences.
- 4.5. At the processing of competing applications the authorities will, apart from the items under section 4.4, in particular attach weight to the following (not indicated in an order of priority):
 - a. the applicant's previous experiences from activities in Greenland under exploration and prospecting licences, if any;
 - b. possible previous field work carried out by the applicant under a prospecting licence within the licence area applied for;
 - c. possible offers by the applicant with respect to training and employment of Greenland labour in field work in the specific exploration project;
 - d. the registered date of application within an application batch.
- 4.6. In case of an applicant, who under section 4.5.c has offered training and employment for Greenland labour, being granted the licence applied for the offer in question is stipulated as an additional provision in the licence.
- 4.7. The authorities are free to decide upon an application or upon competing applications and may in relation to an applicant decide to grant a licence as applied for, to offer a portion of the licence area applied for or not to grant any licence.

5. Other matters

- 5.1. Applications which are received in the period from July 1 to August 31 shall be part of one application batch, but will not be processed by BMP within this period. An application which is received within this period will be processed and registered by BMP after August 31. However, applications will be registered with a preliminary registered date of application which shall be maintained unaltered if it is confirmed at the processing after August 31 that the application fulfils the conditions for registration.
- 5.2. The authorities may at any time declare that an area is not open for applications for exclusive licences for a certain period or may specify a special procedure for submitting and processing of applications regarding such area. Also deviations from the Standard Terms may be used.

B. Application procedure for prospecting licences for minerals

1. Submission of applications

- 1.1. An application for a prospecting licence for minerals shall be submitted to BMP. The application and additional application material may be submitted by letter, by fax or may be brought to BMP. Application materiel sent by fax shall be mailed simultaneously.
- 1.2. An application shall be completed on BMP's application form (enclosure 1) and shall adequately contain the following information without reservations:
- a. indication of the name, address, telephone and fax numbers of the applicant;
 - b. indication of the area applied for;
 - c. sufficient information for BMP to assess the technical and financial capabilities of the applicant;
 - d. such other information which may at any time be stipulated by BMP;
 - e. information about the payment of an application fee as indicated in sections 2.1-2.3.

2. Application fee

- 2.1. At the submission of an application for a prospecting licence the applicant shall pay a fee of DKK 3,000 to BMP for each licence applied for. However, this does not apply to an application for a personal prospecting licence.
- 2.2. The fee shall be paid to BMP in DKK and cannot be paid in another currency. The fee may be forwarded by credit card, by cheque or by bank transfer to BMP's bank.
- 2.3. The fee shall be received by BMP or BMP's bank not later than 14 days after the date of application.
- 2.4. If the application results in the granting of a prospecting licence to the applicant, the fee under section 401 of the Standard Terms is reduced by the fee indicated in section 2.1 with respect to the application.

- 2.5. If the application does not result in the granting of a prospecting licence to the applicant, the fee under section 2.1 is not repaid to the applicant. This also applies if the applicant withdraws the application whatever the reason may be.

3. Presentation of applications to the political authorities

- 3.1. Applications will be presented by BMP to the chairmanship of the Joint Committee unless they can be presented directly to the Joint Committee at a meeting within a reasonable period. The chairmanship may decide that an application shall be presented to the Joint Committee at a meeting.
- 3.2. Subsequently all applications are presented with a recommendation from the Joint Committee or from the chairmanship of the Joint Committee to the Government of Greenland and the Danish Minister for Environment and Energy for final decision.
- 3.3. The authorities are free to decide upon an application and may in relation to an applicant decide to grant a licence as applied for, to offer a portion of the licence area applied for or not to grant any licence.

4. Other matters

- 4.1. The granting of an exclusive licence within the area covered by an existing prospecting licences results in a decrease of the area of the prospecting licence. BMP will inform licensees holding prospecting licences about exclusive licences as they are granted. However, as information about this may reach a licensee with delay a licensee holding a prospecting licence should regularly keep himself informed about exclusive licences which are granted or are in the process of being granted, cf. section A.1.9.

C. Exploration licences (exclusive) for minerals

1. Miscellaneous

- 1.1. An exploration licence will cover all mineral resources except hydrocarbons and radioactive elements, unless otherwise stipulated in the licence.
- 1.2. The licence is based on a number of standard stipulations, cf. the enclosed example of an exploration licence (enclosure 2) and the Standard Terms (enclosure 3) for this licence. Reference is made to these enclosures.
- 1.3. Special exploration licences for large areas in North and East Greenland may be granted, cf. section 8.1.

2. Licence area

- 2.1. The licence area shall be delineated by corner coordinates defined by degrees and undivided minutes connected by longitudes and latitudes and/or by the coastline. Thus a licence area

consists of a number of units delineated by 1 minute longitude and 1 minute latitude (varying between 0.4 km² in North Greenland and 1.8 km² in South Greenland). The licence area may consist of up to 5 subareas, but the distance between any two subareas must not exceed 100 km. Reference is made to sections 201-209 of the Standard Terms (enclosure 3).

- 2.2. Normally a licence area includes only land areas, but sea areas to a certain depth may upon application be included.
- 2.3. The licensee may reduce the licence area as indicated in section 204 of the Standard Terms (enclosure 3).
- 2.4. The licence area may upon application be enlarged as indicated in section 205 of the Standard Terms (enclosure 3).

3. Licence period

- 3.1. The first licence period will be 5 years ending December 31 in the 5th year in the following way:
 - a. If the licence is granted prior to October 1 in a year, this calendar year will count as year 1 of the licence period.
 - b. If the licence is granted on or after October 1 in a year, the following calendar year will count as year 1 of the licence period.
- 3.2. At expiration of year 5 of the licence period the licensee is entitled to be granted a new 5 year licence for the same area, cf. section 302 of the Standard terms (enclosure 3).
- 3.3. The licensee may at any time surrender the licence with immediate effect, cf. section 304 of the Standard Terms (enclosure 3).
4. Exploration obligations
 - 4.1. The licensee is obligated to spend exploration expenses per calendar year regarding the licence area of the character defined in sections 605-606 of the Standard Terms (enclosure 3). These minimum exploration expenses are calculated for each particular exploration licence as the sum of the following two components:
 - a. An amount per licence per calendar year as follows:
 - Years 1-2: DKK 100,000
 - Years 3-5: DKK 200,000
 - Years 6-10: DKK 400,000
 - b. An amount per km² per calendar year as follows:
 - Years 1-2: DKK 1,000 per km²
 - Years 3-5: DKK 5,000 per km²
 - Years 6-10: DKK 10,000 per km²

Reference is made to section 601-615 of the Standard Terms (enclosure 3).

4.2. The exploration commitments indicated in section 4.1 are calculated on the basis of the size of the licence area as follows:

- a. For year 1 of the licence period the exploration commitment under section 4.1.b is calculated on the basis of the size of the licence area at the granting of the licence.
- b. For years 2-10 of the licence period the exploration commitments under section 4.1.b are calculated on the basis of the size of the licence area on December 31 of the year in question. If the licensee during the year relinquishes part of the licence area the exploration commitment for the year in question will be reduced correspondingly. If the licensee surrenders the licence during the year the total exploration commitment under section 4.1 will be annulled for that year.

4.3. Expenses spent under a prospecting licence or exceeding the exploration obligations under a special exploration licence for large areas in North and East Greenland may within 3 years from the calendar year in which the expenses have been spent qualify as expenses for one or more exploration licences as indicated in section 613 of the Standard Terms (enclosure 3).

5. Licence fees

5.1. The licensee shall pay fees to BMP as indicated in sections 401-403 of the Standard Terms (enclosure 3).

6. Inspection, etc.

6.1. The licensee shall not reimburse BMP-expenses regarding regulation under article 25 subsection 5 of the Mineral Resources Act, cf. however section 804 of the Standard Terms (enclosure 3) as regards inspection site visits.

6.2. Normally BMP does not intend to inspect the activities indicated in section 701 of the Standard Terms (enclosure 3). Thus inspection will normally be concentrated on drilling programs, blasting, underground exploration, use of vehicles in the terrain, etc.

7. The transition from exploration to exploitation

7.1. If the licensee has found and delineated commercially viable deposits which the licensee intends to exploit and provided the terms of the exploration licence have been complied with, the licensee is entitled to be granted an exploitation licence. The exploitation licence will be granted as indicated in sections 1401-1413 of the Standard Terms (enclosure 3).

7.2. The economic terms of an exploitation licence will be as follows, unless otherwise stipulated in the exploration licence:

- a. Taxation according to Greenland legislation in force at any time.
- b. Payment of a fee of DKK 100,000 to BMP at the granting of an exploitation licence.

- c. Reimbursement of BMP's expenses regarding regulation in accordance with article 25 subsection 5 of the Mineral Resources Act.

The other terms of an exploitation licence will be those standard terms which are being used for new exploitation licences at the point in time when the exploitation licence is granted.

8. Special exploration licences for large areas in North and East Greenland

8.1. In North and East Greenland - in this context defined as areas in West Greenland north of 78°N and all areas in East Greenland east of 44°W - special (exclusive) exploration licences for large areas may be granted on the following conditions:

- a. The licence area shall during the entire licence period comprise a contiguous area of not less than 1,000 km².
- b. The licence period is 3 years.
- c. The total exploration commitment is DKK 500 per km² per year (to be indexed).
- d. During the licence period the licensee is entitled to be granted, upon application, an exploration licence on normal terms for the licence area, wholly or partly, beginning with year 1 for such licence.
- e. If the exploration expenses spent at the termination of the licence exceed the exploration obligation for the licence period the difference may qualify as fulfillment of the exploration obligations for one or more exploration licences (on normal terms) under the same conditions as for prospecting licences as indicated in section 613 of the Standard Terms (enclosure 3), cf. also section C.4.3 above.
- f. The Standard Terms (enclosure 3) apply with the amendments indicated above.

D. Prospecting licences (non-exclusive) for minerals

1. Miscellaneous

1.1. A prospecting licence will cover all mineral resources except hydrocarbons and radioactive elements, unless otherwise stipulated in the licence.

1.2. The licence is based on a number of standard stipulations, cf. the enclosed examples of a prospecting licence (enclosure 4) and the Standard Terms (enclosure 5) for this licence. Reference is made to these enclosures.

2. Licence area

2.1. The licence area may be delineated as an area within one of the following 3 areas or may be delineated as one of these areas:

- a. West Greenland, in this context defined as areas south of 78°N and west of 44°W;
- b. East Greenland, in this context defined as areas south of 75°N and east of 44°W;
- c. North Greenland, in this context defined as areas north of 78°N and west of 44°W and areas north of 75°N and east of 44°W.

Furthermore the licence area may be delineated as a contiguous area within two of the above mentioned areas.

- 2.2. Normally a licence area includes only land areas, but sea areas to a certain depth may upon application be included.
- 2.3. The licence is not valid to the extent that exclusive licences have been granted within the licence area regarding the same resources as the prospecting licence. Furthermore the licence lapses to the extent that exclusive licences are granted later as regards the area in question and the resources in question.

3. Licence period

- 3.1. The licence period will be 5 years ending December 31 in the 5th year in the following way:
 - a. If the licence is granted prior to October 1 in a year, this calendar year will count as year 1 of the licence period.
 - b. If the licence is granted on or after October 1 in a year, the following calendar year will count as year 1 of the licence period.
- 3.2. At expiry a new prospecting licence may be applied for and granted.

4. Exploration obligations

- 4.1. The licensee will have no commitments in the form of exploration obligations.
- 4.2. Expenses spent under a prospecting licence may within 3 years from the calendar year in which the expenses have been spent qualify as fulfilment of the exploration obligations for one or more exploration licences as indicated in section 602 of the Standard Terms (enclosure 5), cf. also section C.4.2.

5. Licence fees

- 5.1. The licensee shall pay fees to BMP as indicated in sections 401-403 of the Standard Terms (enclosure 5).

6. Inspection, etc.

- 6.1. The licensee shall not reimburse BMP-expenses regarding regulation under article 25 subsection 5 of the Mineral Resources Act, cf. however section 804 of the Standard Terms (enclosure 5) as regards inspection site visits.
- 6.2. Normally BMP does not intend to inspect the activities indicated in section 701 of the Standard Terms (enclosure 5).

7. A personal prospecting licence

7.1. A special personal prospecting licence may be granted to a person who intends to prospect on his own behalf and at his own risk - i.e. carry out prospecting which is not related to employment or contracting with a third party - on the following basis:

- a. Sections 2.1-2.3 will apply. Normally such licences will not be granted for areas in the National Park in North and North East Greenland.
- b. The licence period will be 1 year covering a calendar year. Also section 3.2 will apply.
- c. A fee of 100 DKK shall be paid to BMP by the licensee at the granting of the licence.
- d. The licence cannot be transferred.
- e. Sections 1.1-1.2, 4.1-4.2 and 6.1-6.2 will apply.

Unofficial translation

**STANDARD TERMS FOR EXPLORATION LICENCES
FOR MINERALS (EXCLUDING HYDROCARBONS)
IN GREENLAND**

Government of Greenland
Bureau of Minerals and Petroleum
June 25, 2013

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Unofficial translation and merge of:

- a. Standard Term for exploration licence for minerals (excluding hydrocarbons) in Greenland, November 16 1998
- b. Amendment of September 10 2010 regarding addition of sec. 709-711
- c. Amendment of June 25 2013 regarding change of sec. 303 and 602

Unofficial translation

STANDARD TERMS FOR EXPLORATION LICENCES FOR MINERALS (EXCLUDING
HYDROCARBONS) IN GREENLAND

§ 1. Mineral resources covered by the licence

101. The licence covers exploration for all mineral resources except hydrocarbons, radioactive elements and hydro-power, unless otherwise indicated in the licence, cf. chapter 3 of the Mineral Resources Act.
102. As regards mineral resources not covered by this licence, the Government of Greenland can within the licence area grant prospecting licences (cf. chapter 2 of the Mineral Resources Act) as well as exploration and exploitation licences (cf. chapters 3 and 5 of the Mineral Resources Act) to other parties.

§ 2. Licence area

201. The licence area is indicated in the licence.
202. The licence covers only land areas, unless otherwise indicated in the licence. The boundary between the land area and the adjoining offshore area is determined at the mean sea level.
203. The size of the licence area according to the Geological Survey of Denmark and Greenland (GEUS) is indicated in the licence and this size is the basis for the calculations under section 601. Prior to the issuance or granting of an addendum to the licence, cf. sections 204-205, the size of the changed licence area will be determined by GEUS after consultation with the licensee.
204. The licensee may at any time reduce the area with immediate effect provided the new licence area is delineated in accordance with sections 206-207. The licensee is not obligated to relinquish parts of the licence area. At relinquishment of parts of the area an addendum to the licence will be issued by BMP indicating the licence area now being in force and the size of this area.
205. The licence area may upon application be enlarged as follows:

- a. The application will be processed and possibly accepted by the Greenland/Danish Authorities in the same way as a new exploration licence.
- b. The changed licence area shall be delineated in accordance with sections 206-207.
- c. The licence period will not be changed and a new area will thus be included at the calculation of the exploration obligations according to sections 601-602 in the same way and with the same amount per km² as the other areas covered by the licence.
- d. Regardless of the stipulation in section 604.b the part of the total exploration commitment for the licence which is based on the new area cannot be reduced by relinquishment or annulled by surrender as regards the calendar year, in which the licence area is enlarged.
- e. The change of the licence area will be effected by the granting of an addendum to the licence indicating the licence area now being in force and the size of this area.

As an alternative a new exploration licence for the area in question may be applied for and possibly granted.

206. The licence area shall be delineated as follows:
 - a. The corner coordinates of the area will be defined by degrees and undivided minutes connected by lines of longitude and latitude. Longitude shall be defined in degrees West of the Greenwich meridian, latitude in degrees North of the equator.
 - b. An area may, however, wholly or partly be delineated by the coast line provided this is approved by BMP. Coast lines will be based on maps in one of the two series indicated in section 209.
 - c. Corner points will be numbered clockwise starting in the upper left corner of the licence area.
 - d. A licence area shall be at least 5 km².

207. The licence area may consist of up to 5 subareas, each delineated as indicated in section 206, provided the exploration in these subareas is carried out as an integrated exploration project for either geological or logistical reasons. The distance between any two subareas must not exceed 100 km. Each subarea shall be at least 5 km². A subarea is defined as an area which does not share a borderline with another subarea, however two subareas may share a corner point.

208. The licensee is responsible for the definition of the licence area, expressed in accordance with sections 206-207. If a conflict between the licensee and other licensees in nearby areas or between the licensee and BMP makes it necessary to carry out an independent survey of a borderline the expenses in this connection shall be borne by the licensees involved, distributed according to BMP's decision.

209. Two standard map series from the Danish National Survey and Cadastre (KMS) will be used in the determination of the size of the licence area. These map series are not complete, and if required maps do not exist in these series, the Geological Survey of Denmark and Greenland (GEUS) will find the best possible substitute. The calculation of the size of the licence area will be based on corner coordinates in longitude and latitude and/or digitized coast lines recalculated to the concrete projection, cf. section 206. The map-coordinates will be calculated using the standard projections of the following two standard KMS map series:

- a. Greenland 1:250,000 Lambert conformal projection (with one standard parallel), which will be used in West Greenland south of 78°N and in East Greenland south of 76°N; and
- b. Greenland 1:100,000 orthophoto in UTM projection, which will be used north of these latitudes.

§ 3. Licence period

301. The licence is effective for the period indicated in the licence.
302. At expiration of the first licence period (years 1-5) the licensee is entitled to be granted a new 5 year licence for the same area and mineral resources, wholly or partly, as included at the end of the first licence period, provided BMP has received an application for this not later than December 31 in year 5 and provided the terms of the licence have been complied with. The new licence period will count as years 6-10.
303. At expiration of the second licence period (years 6-10) the licensee may be granted new 3 year licences for years 11-13, 14-16, 17-19 and 20-22 for the same area and mineral resources, wholly or partly, as included at the end of the previous licence period, provided BMP has received an application for this not later than December 31 in years 10 and 13 respectively and provided the terms of the licence have been complied with. The licensee is, however, not entitled to have such licences granted, cf. article 29 subsection 1 of the Mineral Resources Act.
304. The licensee may at any time surrender the licence with immediate effect, cf. section 615.

§ 4. Licence fees

401. The licensee shall pay a fee of DKK 25,000 to BMP, cf. article 7 subsection 6 of the Mineral Resources Act, at the granting of the licence, at the granting of a new licence for years 6-10 (cf. section 302) and at the granting of new licences for years 11-12, 13-14 or 15-16 (cf. section 303).
402. The licensee shall pay a fee of DKK 12,500 to BMP at enlargement of the licence area as indicated in section 205 and on approval of transfer of the licence, cf. article 7 subsection 6 of the Mineral Resources Act. Approvals under section 1604 do not require payment of such fee.
403. During years 6-10 the licensee shall pay an annual fee of DKK 25,000 per licence to BMP, cf. article 8 subsection 1 of the Mineral Resources Act. The fee shall be paid not later than April 1 in the year in question. If a new licence is granted for years 11-12, 13-14 or 15-16 an annual fee regarding these licence periods will be stipulated in the licences.
404. The fees indicated in sections 401-403 will be adjusted each year on the basis of the change of the Danish Consumer Price Index from January 1992 to January in the actual year.
405. The fees under sections 401-402 shall be paid upon 30 days notice.

406. The fees under sections 401-403 do not qualify as exploration expenses for purposes of fulfillment of the exploration obligations under sections 601-602.

§ 5. Activities of other parties in the licence area

501. The licensee shall respect all existing rights, and the licence does not entail restrictions of lawful activities carried out by other parties in the licence area, including the activities indicated in sections 502-504 and activities in pursuance of rights under the Mineral Resources Act. However, the licensee may, to the extent necessary, close limited areas for the purpose of securing the carrying out of specific exploration activities, provided this has been approved by BMP.

502. The licence does not restrict the rights of residents of Greenland under article 32 of the Mineral Resources Act.

503. In accordance with article 4 subsection 2 in Promulgation Order no. 39 of February 22, 1967 concerning travels to and in Greenland as amended by Promulgation Order no. 266 of May 21, 1976, the Danish Ministry of Foreign Affairs may permit others to sample geological material within the licence area.

504. Within the licence area investigations as indicated in article 2 subsection 2 and in article 21 of the Mineral Resources Act may be undertaken.

§ 6. Exploration obligations

601. The licensee is obligated to spend exploration expenses per calendar year as defined in sections 605-607 regarding the licence area, cf. however also section 613. These minimum exploration expenses are calculated for each particular exploration licence as the sum of the following two components, cf. section 603:

- a. An amount per licence per calendar year as follows:
 - Years 1-2: DKK 100,000
 - Years 3-5: DKK 200,000
 - Years 6-10: DKK 400,000
- b. An amount per km² per calendar year as follows:
 - Years 1-2: DKK 1,000 per km²
 - Years 3-5: DKK 5,000 per km²
 - Years 6-10: DKK 10,000 per km²

BMP may request the licensee to provide a bank guarantee or other type of security for the spending of the minimum expenses for a calendar year, cf. section 1702.

602. If a licence is granted for the years 11 and onward cf. section 303 the minimum exploration obligation is calculated for each particular exploration licence as the sum of the following two components, cf. section 604:

a. An amount per licence per calendar year as follows:

Years 11-13: DKK 1,128,800

Years 14-16: DKK 2,257,600

Years 17-19: DKK 4,515,200

Years 20-22: DKK 9,030,400

b. An amount per km² per calendar year as follows:

Years 11-13: DKK 28,220 per km²

Years 14-16: DKK 56,440 per km²

Years 17-19: DKK 112,880 per km²

Year 20-22: DKK 225,760 per km²

The amounts indicated in section 602 will be adjusted each year on the basis of the change of the Greenlandic Consumer Price Index from January 2012 to January the actual year.

For each exploration licence renewed beyond year 22 the exploration obligation is doubled in relation to the previous licence term.

BMP may request the licensee to provide a bank guarantee or other type of security for the spending of the minimum expenses for a calendar year.

603. The amounts indicated in sections 601 will be adjusted each year on the basis of the change of the Danish Consumer Price Index from January 1992 to January in the actual year.

604. The exploration commitments indicated in section 601 are calculated on the basis of the size of the licence area as follows, cf. however section 205.d:

a. For year 1 of the licence period the exploration commitment is calculated on the basis of the size of the licence area at the granting of the licence.

b. For years 2-10 of the licence period the exploration commitments are calculated on the basis of the size of the licence area on December 31 of the year in question. If the licensee during the year relinquishes part of the licence area the exploration commitment for the year in question will be reduced correspondingly. If the licensee surrenders the licence during the year the total exploration commitment under section 601 will be annulled for that year.

605. The exploration expenses qualifying under sections 601-602 must relate to the following types of exploration work regarding the licence area, however with the limitations indicated in section 606:

a. field work in Greenland

b. laboratory work

c. metallurgical studies

- d. environmental studies
- e. engineering and technical studies
- f. pre-feasibility studies and feasibility studies including market studies

BMP may approve other types of expenses as qualifying under sections 601-602.

606. Only the following types of documented exploration expenses qualify under sections 601-602, cf. section 605:

- a. salaries to employees of the licensee, however only during field work in Greenland, including an overhead of 100% (to make allowance for work before and after the field work) calculated on the amounts paid to the employee
- b. expenses incurred under contracts with external consultants or contractors
- c. expenses incurred for buying of equipment, materials, etc. which are fully used at the exploration
- d. expenses incurred for travelling and transportation of personnel and equipment to, from and in the licence area

BMP may approve other types of expenses as qualifying under sections 601-602.

607. The expenses approved under sections 605-606 will be increased by adding a general allowance of 50% to cover other project expenses not comprised by sections 605-606.

608. Expenses relating to work carried out under more than one licence (for example mobilization) shall be divided among these licences based on the work performed.

609. An expense will qualify under sections 601-602 for the calendar year in which the work in question has been carried out. Expenses regarding work extending over more than one calendar year shall be divided on the years in question based on the work performed.

610. Expenses will be calculated as the amounts entered in the licensee's accounts:

- a. calculated in DKK if the licensee's book-keeping is made in DKK; or
- b. calculated in another currency if the licensee's book-keeping is made in this currency, and in this case the total sum of expenses shall be converted to DKK by using either the exchange rate on the first bank day of July in the calendar year in question as published by the Danish Central Bank or an alternative conversion procedure which is approved by BMP.

611. The following expenses shall be documented by the licensee with copies of the receipts etc.:

- a. all expenses under section 606.a-b;
- b. expenses under section 606.c-d exceeding DKK 10,000.

BMP may request further documentation. BMP may decide not to approve an expense if not sufficiently documented or if not consistent with the work performed.

612. The licensee shall each year not later than April 1 - as part of the reporting under section 1002 - submit an account per licence of the expenses as defined under sections 605-606 during the previous calendar year. The account (including documentation) is submitted to BMP for approval. The account will include the allowance indicated in section 607 and may include expenses under section 613.
613. Expenses spent under either a prospecting licence or a special exploration licence for large areas in North and East Greenland may within 3 years from the calendar year in which the expenses have been spent qualify as expenses in the account indicated in section 612 for one or more exploration licences under the following conditions:
- a. The expenses are reported and documented in the same way as for exploration licences, cf. sections 605-612
 - b. The expenses have been approved by BMP
 - c. The exploration licence covers area which are wholly or partly lying within the prospecting/exploration licence area
 - d. The exploration licence shall have been granted, wholly or partly, to the same company which alone or together with other parties is the licensee in the prospecting/exploration licence or to a company which is an affiliate of said company. Such affiliated company shall mean
 1. a company all of whose stock is directly or indirectly owned by said company (subsidiaries); or
 2. a company all of whose stock is directly or indirectly owned by a company which owns directly or indirectly all of the stock of said company; or
 3. a company which directly or indirectly owns all of the stock of said company (parent companies).
 - a. If the licensee in the prospecting/exploration licence consists of several parties the expenses may, as regards use under section 613, be distributed among the parties according to their own decision, provided BMP is informed about such distribution. At a transfer of the prospecting/exploration licence or a part of the licence to a new party such new party cannot use expenses spent prior to the application for the transfer
 - b. Expenses may only be used once as qualifying expenses for exploration licences
 - c. The expenses shall have been spent in 1992 or afterwards
614. If the exploration expenses indicated in section 612 exceed the minimum expense under sections 601-602 the difference may be credited a later year for the same licence or a new licence in continuation of this licence (cf. sections 302-303). However, such difference cannot be carried forward for credit more than 3 years and cannot be carried back for more than 1 year (cf. section 615.c).
615. If the exploration expenses indicated in section 612 are less than the minimum expense under sections 601 and 604 the following applies:

- a. If the situation arises at the end of year 1 and the licensee has surrendered the licence, BMP may demand that the licensee pays 50% of the difference to BMP as full compensation not later than 1 month after BMP's approval of the account
- b. If the situation arises at the end of year 1-10 and the licensee has not surrendered the licence, the licensee may pay 50% of the difference to BMP as full compensation not later than 1 month after BMP's approval of the account. This procedure may not be used for more than 2 consecutive calendar years, unless approved by BMP
- c. If the situation arises at the end of year 1-10 and the licensee has not surrendered the licence, the difference is transferred - provided that the licence has not used the procedure under section 615.b - as an additional exploration obligation for the next calendar year and BMP may in this case demand that the licensee provides security in the form of a bank guarantee or other type of security that the difference will be spent during the next calendar year for the same licence or a new licence under sections 302-303. If the difference is not spent during the next calendar year, BMP may demand that payment under section 615.b is made for the remaining amount regardless of whether the licence is surrendered or not during this calendar year.

616. The licensee shall each year not later than May 1 inform BMP of the planned work under the licence for that calendar year. This information does not replace the approvals which may be required, cf. section 702.

§ 7. Approvals, etc. regarding activities

701. The following activities may be carried out by the licensee without specific approval by BMP:

- a. geological and geochemical investigations as well as sampling using handheld equipment, provided samples from each location do not exceed 3 tons and provided the total weight of the samples does not exceed 10 tons per year
- b. drilling with handheld equipment
- c. geophysical investigations carried out without the use of explosive materials

702. Activities other than those indicated in section 701 may be carried out, provided they have been approved by BMP. Such activities include i.e.

- a. use of explosive materials
- b. drilling excluding drilling as indicated in section 701.b
- c. sampling exceeding what is indicated in section 701.a
- d. use of equipment containing radioactive sources
- e. use of vehicles, bulldozers, etc.
- f. leveling of the terrain and construction of installations, buildings, etc.
- g. construction of shafts, drifts, ramps, etc.

On giving approval BMP may determine that specific equipment and material may not be used or that activities may not be carried out in specific areas and periods.

703. Samples under sections 701.a and 702.c may not be sold or otherwise transferred to a third party, unless this is approved by BMP.
704. Hunting and fishing is not allowed in connection with activities under the licence.
705. In accordance with article 24 of the Mineral Resources Act rules may be laid down governing the carrying out of activities comprised by exploration licences within and outside of the licence area, including rules regarding technical, safety, environmental and resources aspects.
706. The licensee shall take all necessary measures to ensure that the activities do not endanger persons or third-party property. Likewise, the licensee shall take measures to minimize the risk of pollution and the risk of harmful effects on the environment within as well as outside of the licence area.
707. If the licensee's activities endanger persons or third-party property or are liable to cause pollution or have a harmful effect on the environment exceeding what is acceptable in the opinion of BMP, BMP may order the licensee to take remedial action and to remedy any damages within a time-limit determined by BMP. If BMP deems it necessary, BMP may further order the licensee to suspend the activities, wholly or partly, until the licensee has taken such remedial measures.
708. The licensee shall currently undertake clean up operations and remedy damages to terrain and vegetation where necessitated by the activities of the licensee.
709. In order to be able to prepare a complete feasibility study, with assessments of environmental impacts and social sustainability, within the framework provided in section 101, BMP can, upon application, approve that, for use in a feasibility study of a deposit exploration can include minerals containing radioactive elements above normal background radiation. Exploration and feasibility study must emphasise, in particular, the extraction-technical, environmental, and health-and-safety aspects of deposits with a possible content of radioactive elements. The application must contain a description of the studies planned for the period, as stated in section 710.
710. Approval in accordance with section 709 is granted for a period of one year from the date of approval. Upon application from the licensee, the period may be extended for a period of one year at a time, provided that BMP has received reports in accordance with section 1001-1002 with a description of the studies, which have been carried out in accordance with section 709 and provided that all terms of the licence have been complied with.
711. Approval pursuant to section 709-710 does not entitle a licensee to be granted a licence to explore for and exploit radioactive elements.

§ 8. Inspection

801. BMP may undertake inspection of the licensee's activities under the licence and may appoint other parties to carry out the inspection. The inspection personnel shall be entitled in all respects to follow all activities of the licensee and to demand from the licensee all information relating to the licensee's activities under a licence. The inspection personnel shall have access at any time to all parts of the activities without a court decree to the extent required to enable them to carry out the inspection.
802. The inspection personnel may take out samples of geological material, which has been obtained as part of the licensee's activities.
803. The inspection personnel may protest against any infringement of legislation or other provisions applicable to the licensee's activities and may issue such orders as they deem necessary, cf. section 707.
804. The licensee shall pay reasonable expenses connected with the transportation of inspection personnel between the place to be inspected and the nearest airport or heliport in Greenland with scheduled flights and shall, according to agreement, arrange such transportation. The same applies to accommodation for the inspection personnel at the site and transportation in the licence area, if necessary. Such expenses qualify as exploration expenses under sections 601-602.

§ 9. Obligations at the termination of the activities

901. The licensee shall within 12 months from the termination of the activities under the licence or a new licence granted in continuation of this licence
- a. remove all installations, buildings, stored items, etc. in the area which have been established for the activities under the licence, except when the non-removal of these installations, etc., has been approved by BMP; and
 - b. carry out final clean up activities in the affected areas and remedy any remaining damage to the terrain and vegetation caused by the activities.

If the licensee does not comply with orders regarding carrying into effect measures as indicated above before the expiry of a time-limit stipulated by BMP such measures may be carried out at the licensee's expense and risk, cf. article 18 subsection 3 of the Mineral Resources Act.

§ 10. Reporting

1001. Not later than 1 month after termination of field work the licensee shall forward a field report to BMP regarding the work including notice of any essential finds of mineral resources.

1002. The licensee shall forward reporting to BMP regarding all geological, geochemical, geophysical, technical, environmental and other investigations which have been carried out regarding the licence area during a calendar year. The reporting shall be submitted not later than April 1 in the following year. The reporting shall i.e. include the following:
- a. Description of the exploration performed including geological maps and profiles, maps of sample locations, drilling logs and geophysical maps and profiles.
 - b. Reporting regarding any kind of analysis and data processing made on the samples collected including all raw data as well as the results of any beneficiation tests.
 - c. An account (with documentation) of the expenses during the previous calendar year, cf. section 611.

At BMP's request the licensee shall submit geological samples to BMP.

1003. BMP may lay down rules concerning the reporting of activities carried out under exploration licences including specifications of the types of data and information which shall be included in the reporting under sections 1001-1002. BMP may demand further information from the licensee concerning the activities under a licence.
1004. All expenses regarding preparation and submission of reports and samples under a licence shall be paid by the licensee.

§ 11. Confidentiality

1101. Reporting submitted in accordance with sections 1001-1002 shall be treated as confidential by BMP for a period of 5 years from the date when the reporting was submitted to BMP. However, the period of confidentiality will terminate at the expiry of the exploration licence (or a new licence granted according to sections 302-303) as regards those areas not covered by an exploitation licence.
1102. Confidential material may be released with the licensee's written consent. The licensee shall not without good reason withhold such consent.
1103. BMP is entitled to make general statements concerning the licence area and the activities under the licence. Furthermore, BMP may, without restrictions or conditions, make use (including publication) of material that in the opinion of BMP has a general public interest, including data and considerations of an environmental and meteorological nature, topographical maps and aerial photographs.

§ 12. Information to local authorities

1201. The licensee shall inform the relevant local authorities about the planned activities and other circumstances of interest for these authorities. In this connection the licensee shall inform the Municipality about his presence in the area prior to start-up of field work in the area.

§ 13. Personnel, supplies, etc.

1301. The licensee shall in carrying out activities under a licence use reasonable endeavours to employ manpower from Greenland or Denmark when employees are hired. However, to the extent necessary for the activities the licensee may employ staff from other countries, if manpower with similar qualifications does not exist or is not available in Greenland or Denmark.
1302. The licensee shall in carrying out activities under a licence use reasonable endeavors to assign contracts, subcontracts, purchases of supplies and services to Greenland enterprises. However, the licensee may assign such contracts, purchases of supplies and services to other enterprises provided Greenland enterprises are not technically or commercially competitive. Greenland enterprises are defined as enterprises which are domiciled in Greenland and which by virtue of the commercial activities they perform have a true connection to the Greenland community.
1303. BMP may lay down rules and procedures regarding recruitment of personnel under section 1301 and regarding submission of information about the topics indicated in sections 1301-1302.

§ 14. The transition from exploration to exploitation

1401. If the licensee has found and delineated commercially viable deposits which the licensee intends to exploit and provided the terms of this licence have been complied with, the licensee is entitled to be granted an exploitation licence under articles 7 and 15 subsection 2 of the Mineral Resources Act. The exploitation licence will be granted as indicated in sections 1402-1408.
1402. If the licensee finds that a deposit or several deposits are commercially viable and intends to effect exploitation thereof, and after delineation of these deposits the licensee may submit to BMP a request for the granting of an exploitation licence for the deposit or deposits in question. The request shall be accompanied by
- a. A declaration that the deposit or deposits are commercially viable and that the licensee intends to exploit these deposits.
 - b. A bankable feasibility study of the deposits in question on which the declaration is based. The feasibility study shall contain a description and an evaluation of the deposits with respect to geology and a specification of the assumptions as regards exploitation technology, economics, environmental matters and other matters which form the basis for the licensee's declaration.
 - c. The licensee's proposal for delineation of the exploitation licence area based on the deposit or deposits in question, cf. section 1406.a-g.
1403. The exploitation licence will be granted to either a company or a joint venture of companies, appointed by the licensee of the exploration licence, fulfilling the conditions in article 7 subsection 3 of the Mineral Resources Act, cf. also article 27 subsection 1 of the Mineral Resources Act.

1404. The exploitation licence will cover the same mineral resources as covered by the exploration licence.
1405. The exploitation licence will be granted for a period of 30 years from the signing by the Government of Greenland.
1406. The licence area for the exploitation licence will be delineated by BMP by corner coordinates defined by degrees and undivided minutes connected by longitude and latitude according to the following principles:
- a. The licence area will comprise the area in which according to the available results from drilling commercially viable deposits have been demonstrated and delineated.
 - b. The delineation of the area will be based on the vertical projection of the outer limits of the deposits to the surface extended by a surplus area whereby the distance from these projected outer limits to the borderline of the licence area as determined by BMP is at least 1 km, however adjusted to the delineation by degrees and minutes.
 - c. The basis of the delineation under point b will be the deposits in question as their extent, in the judgment of BMP, has been documented by the licensee in the material under section 1402.b and taking into consideration the licensee's proposal under section 1402.c.
 - d. The licence area may wholly or partly be delineated by the coast line.
 - e. The licence area may consist of several subareas, each delineated as indicated above.
 - f. Areas lying outside of the exploration licence area cannot be included in the exploitation licence area, unless a licence for such areas is granted in accordance with article 7 of the Mineral Resources Act.
 - g. The licence area cannot include areas which are covered by exclusive licences to other parties regarding the same mineral resources as the exploitation licence.
 - h. The exploitation licence area will be excluded from the exploration licence area with effect from the granting of the exploitation licence.
1407. The licensee is entitled to establish buildings, production plants, installations, tailings and waste disposal sites, etc. within and outside of the licence area provided they are approved in accordance with articles 10 and 25 subsection 1 of the Mineral Resources Act. However, establishment of such buildings, production plants, installations, tailings and waste disposal sites, etc. outside of the licence area will, in addition to the approval under the Mineral Resources Act, require a permit under the Act on Land Use in Green-land.
1408. The economic terms in an exploitation licence will be as follows, unless otherwise stipulated in the exploration licence, cf. article 16 of the Mineral Resources Act:
- a. Taxation according to Greenland legislation in force at any time and, provided the licensee is domiciled in Denmark, also according to Danish legislation.
 - b. Payment of a fee of DKK 100,000 to BMP at the granting of an exploitation licence, cf. article 7 subsection 6 of the Mineral Resources Act.
 - c. Reimbursement of BMP's expenses regarding regulation in accordance with article 25 subsection 5 of the Mineral Resources Act.

The other terms of an exploitation licence will be those standard terms which are being used for new exploitation licences at the point in time when the exploitation licence is granted.

1409. In connection with the granting of an exploitation licence, the licensee and BMP shall discuss how the parties can arrange in the most expedient way the development activities up to the commencement of production. The discussion shall inter alia form the basis for the preparation of a joint timetable for the development activities including inter alia the following activities:
- a. The licensee's preparation and submission to BMP of the development plan etc. including a closure plan as indicated in section 1410. The material shall to the extent possible be prepared and submitted, so that the overall plan for the exploitation is submitted first.
 - b. The licensee's preparation, in cooperation with BMP, of an Environmental Impact Assessment ("EIA") regarding the specific exploitation. The EIA shall be submitted as part of the material indicated in section 1409.a. BMP may demand that the EIA shall be changed or expanded if it, in the opinion of BMP, is not sufficient.
 - c. BMP's processing of the licensee's development plan etc. including the closure plan. This processing is to the extent possible carried out so that, based on the material under section 1409.a-b, decisions are made first as regards the overall plan for the exploitation.

The timetable shall specify the dates at which the parties, in cooperation, will aim in arranging their respective tasks. The licensee and BMP shall use their best endeavors to adhere to the timetable.

1410. Following the granting of an exploitation licence, the licensee shall to BMP submit a development plan etc. including a closure plan in accordance with articles 10 and 19 of the Mineral Resources Act. This material shall contain all necessary plans for the activities, including development, production, tailings and waste disposal, transportation and closure activities. The closure plan shall include cost estimates for the closure activities.
1411. At the granting of an exploitation licence and based on the discussions under section 1409 BMP will stipulate a time-limit for the licensee's submission of a development plan etc., cf. section 1410. The time-limit will be stipulated in such a way that the licensee has the necessary time for the preparation of the material.
1412. Prior to commencement of development and production the plans indicated in section 1410 shall have been approved in accordance with articles 10 and 19 of the Mineral Resources Act.
1413. The licensee shall initiate the exploitation at the latest at the date stipulated in the approval under section 1412. The time limit will be stipulated in such a way that the licensee has the necessary time to carry out the approved development plan etc.

§ 15. Transfer of the licence

1501. The licence or parts hereof can neither directly nor indirectly be transferred to other parties unless the transfer is approved in accordance with article 27 of the Mineral Resources Act.

1502. The licence cannot be attached by creditors.

§ 16. Revocation of the licence

1601. The licence may be revoked in the following situations, cf. article 28 of the Mineral Resources Act:

- a. If the licensee breaches the terms of the licence or the provisions laid down pursuant to the Mineral Resources Act or pursuant to the licence, or if the licensee fails to meet specified time-limits.
- b. If the licensee acts fraudulently while submitting information to BMP.
- c. If one (or more) of the parties participating in the licence goes into liquidation or is declared bankrupt.

1602. Revocation pursuant to section 1601.a is not to take place if the licensee has remedied the default within a time-limit stipulated by BMP. If the default has not been remedied within the time-limit, the licence will be revoked.

1603. If the default which under section 1601.a leads to revocation of the licence is caused by events which could not be prevented by the licensee (force majeure), the licence cannot be revoked as long as the hindrance caused by the force majeure continues.

1604. In the event indicated in section 1601.c BMP intends to approve a transfer of the percentage of the party in question to one or more of the other parties participating in the licence. In that case the licence will not be revoked in pursuance of section 1601.c.

§ 17. Liability and security

1701. The licensee shall be liable for loss and damages caused by activities comprised by the licence according to the enactments and general rules of Danish law regarding liability for loss and damages.

1702. BMP may request that the licensee provides security for the fulfillment of his obligations, cf. sections 601, 615.c, 901 and 1701.

1703. BMP may request the licensee to hold an insurance during field work covering costs in connection with rescue operations or to provide another type of security regarding such costs.

§ 18. Liability

1801. If more than one party participate in the licence these parties are liable for the fulfillment of any obligation under the licence in proportion to their respective participating percentages in the licence.

§ 19. Relationship to other legal requirements

1901. The licence is subject to the laws of Greenland and Denmark in force at any time. The licence does not exempt the licensee from obtaining such approvals and permits as are required pursuant to the Mineral Resources Act and other legislation.

§ 20. Arbitration

2001. Decisions, which according to stipulations of the licence depend on the judgment or resolve of the Government of Greenland or BMP, are not subject to arbitration. This stipulation does not exclude ordinary review by Danish courts.

2002. In any other case disputes arising between the Government of Greenland and the licensee regarding questions concerning the licence will be finally decided upon by a board of arbitration, appointed pursuant to sections 2003-2006.

2003. The board of arbitration consists of 3 members and will be seated in Copenhagen. In its decision the board of arbitration will apply Danish law.

2004. Of the 3 members of the board of arbitration, the Government of Greenland and the licensee will each appoint 1 member. The Government of Greenland and the licensee appoints jointly the chairman of the board of arbitration. If a part has not appointed his member within 30 days after the date on which the other part has appointed his member, then this member is appointed by the Chief Justice of the Danish Supreme Court. If the two parties have not reached agreement upon the choice of chairman of the board of arbitration within 60 days after one of the two parties has suggested a chairman, the chairman will be appointed by the Chief Justice of the Danish Supreme Court. The chairman of the board of arbitration must be a Danish citizen.

2005. The board of arbitration makes its decision by a majority of votes. The board of arbitration will lay down its own rules of procedure for the consideration of the case including rules of providing evidence of technical nature, and it will decide which part shall pay the expenses connected with the arbitration.

2006. The right to bring in a case before the board of arbitration pursuant to the licence will endure after its expiry.

§ 21. Obligations at the termination of the licence

2101. The licensee's obligations according to the licence which have not been fulfilled at the termination of the licence remain in force regardless of the termination.
2102. At expiry of the licence at a point in time when no exploitation licence has been or is being granted, BMP may within 1 year after the expiry of the licence take over, free of charge, all data, drill cores and other samples acquired by the licensee or on his behalf regarding the licence area. Transportation expenses will be paid by BMP. After this time-limit the licensee may at any time scrap such data, drill cores and other samples.

§ 22. Translations

2201. The licence and the Standard Terms are in Danish and translations of these have no validity.

Unofficial translation

**STANDARD TERMS FOR PROSPECTING LICENCES
FOR MINERALS (EXCLUDING HYDROCARBONS)
IN GREENLAND**

Government of Greenland
Bureau of Minerals and Petroleum
June 25 2013

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Unofficial translation

STANDARD TERMS FOR PROSPECTING LICENCES FOR MINERALS (EXCLUDING
HYDROCARBONS) IN GREENLAND

§ 1. Mineral resources covered by the licence

101. The licence covers prospecting for all mineral resources except hydrocarbons, radioactive elements and hydro-power, unless otherwise indicated in the licence. (cf. chapter 3 of the Mineral Resources Act).

§ 2. Licence area

201. The licence area is indicated in the licence.
202. The licence covers only land areas, unless otherwise indicated in the licence. The boundary between the land area and the adjoining offshore area is determined at the mean sea level.
203. The licence is not valid to the extent that exclusive licences under article 7 of the Mineral Resources Act have been granted within the licence area regarding the mineral resources indicated in § 1. Furthermore the licence lapses to the extent that exclusive licences are granted later as regards the area in question and the mineral resources in question.

§ 3. Licence period

301. The licence is effective for the period indicated in the licence.
302. The licensee may surrender the licence with notice in writing to BMP.

§ 4. Licence fees

401. The licensee shall pay a fee of 15,000 DKK to BMP at the granting of the licence, cf. article 6 subsection 4 of the Mineral Resources Act.

402. The licensee shall pay a fee of 7,500 DKK to BMP on approval of transfer of the licence, cf. article 6 subsection 4 of the Mineral Resources Act. Approvals under section 1504 do not require payment of such fee.
403. The fees indicated in sections 401-402 will be adjusted each year on the basis of the change of the Danish Consumer Price Index from January 1992 to January in the actual year.
404. The fees under sections 401-402 shall be paid upon 30 days notice.

§ 5. Activities of other parties in the licence area

501. The licensee shall respect all existing rights, and the licence does not entail restrictions of lawful activities carried out by other parties in the licence area, including the activities indicated in sections 502-504 and activities in pursuance of rights under the Mineral Resources Act.
502. The licence does not restrict the rights of residents Greenland under article 32 of the Mineral Resources Act.
503. In accordance with article 4 subsection 2 in Promulgation Order no. 39 of February 22, 1967 concerning travels to and in Greenland as amended by Promulgation Order no. 266 of May 21, 1976, the Danish Ministry of Foreign Affairs may permit others to sample geological material within the licence area.
504. Within the licence area investigations as indicated in article 2 subsection 2 and in article 21 of the Mineral Resources Act may be undertaken.

§ 6. Exploration obligations

601. The licensee is not obligated to spend exploration expenses regarding the licence area.
602. Expenses spent under a prospecting licence may within 3 years from the calendar year in which the expenses have been spent qualify as fulfillment of the exploration obligations for one or more exploration licences under the following conditions:
- a. The expenses are reported and documented under the same stipulations as for exploration licences, cf. sections 605-612 of the Standard Terms for exploration licences.
 - b. The expenses have been approved by BMP.
 - c. The exploration licence covers areas which are wholly or partly lying within the prospecting licence area.
 - d. The exploration licence shall have been granted, wholly or partly, to the same company which alone or together with other parties is the licensee in the prospecting licence or to a company which is an affiliate of said company. Such affiliated company shall mean
 - a company all of whose stock is directly or indirectly owned by said company (subsidiaries); or

- a company all of whose stock is directly or indirectly owned by a company which owns directly or indirectly all of the stock of said company; or
 - a company which directly or indirectly owns all of the stock of said company (parent companies).
- e. If the licensee in the prospecting licence consists of several parties the expenses may, as regards use under section 602, be distributed among the parties according to their own decision, provided BMP is informed about such distribution. At a transfer of the prospecting licence or a part of the licence to a new party such new party cannot use expenses spent prior to the application for the transfer.
 - f. Expenses may only be used once as qualifying expenses for exploration licences.
 - g. The expenses shall have been spent in 1992 or afterwards.

§ 7. Approvals, etc. regarding activities

701. The following activities may be carried out by the licensee without specific approval by BMP:
 - a. geological and geochemical investigations as well as sampling using handheld equipment for laboratory investigations, provided samples from each location do not exceed 500 kg and provided the total weight of the samples does not exceed 3 tons per year;
 - b. drilling with handheld equipment;
 - c. geophysical investigations carried out without the use of explosive materials.

702. Activities other than those indicated in section 701 may be carried out, provided they have been approved by BMP. Such activities include i.a.
 - a. use of explosive materials
 - b. drilling excluding drilling as indicated in section 701.b.
 - c. sampling exceeding what is indicated in section 701.a
 - d. use of equipment containing radioactive sources
 - e. use of vehicles, bulldozers, etc.
 - f. leveling of the terrain and construction of installations, buildings, etc.
 - g. construction of shafts, drifts, ramps, etc.

On giving approval BMP may determine that specific equipment and material may not be used or that activities may not be carried out in specific areas and periods.

703. Samples under sections 701.a and 702.c may not be sold or otherwise transferred to a third party, unless this is approved by BMP.

704. Hunting and fishing is not allowed in connection with the activities.

705. In accordance with article 24 of the Mineral Resources Act rules may be laid down governing the carrying out of activities comprised by exploration licences within and outside of the licence area, including rules regarding technical, safety, environmental and resource aspects.

706. The licensee shall take all necessary measures to ensure that the activities do not endanger persons or third-party property. Likewise, the licensee shall take measures to minimize the risk of pollution and the risk of harmful effects on the environment within as well as outside of the licence area.
707. If the licensee's activities endanger persons or third-party property or are liable to cause pollution or have a harmful effect on the environment exceeding what is acceptable in the opinion of BMP, BMP may order the licensee to take remedial action and to remedy any damages within a time-limit determined by BMP. If BMP deems it necessary, BMP may further order the licensee to suspend the activities, wholly or partly, until the licensee has taken such remedial measures.
708. The licensee shall currently undertake clean up operations and remedy damages to terrain and vegetation where necessitated by the activities of the licensee.

§ 8. Inspection

801. BMP may undertake inspection of the licensee's activities under this licence and may appoint other parties to carry out the inspection. The inspection personnel shall be entitled in all respects to follow all activities of the licensee and to demand from the licensee all information relating to the licensee's activities under a licence. The inspection personnel shall have access at any time to all parts of the activities without a court decree to the extent required to enable them to carry out the inspection.
802. The inspection personnel may take out samples of geological material, which has been obtained as part of the licensee's activities.
803. The inspection personnel may protest against any infringement of legislation or other provisions applicable to the licensee's activities and may issue such orders as they deem necessary, cf. section 707.
804. The licensee shall pay reasonable expenses connected with the transportation of inspection personnel between the place to be inspected and the nearest airport or heliport in Greenland with scheduled flights and shall, according to agreement, arrange such transportation. The same applies to accommodation for the inspection personnel at the site and transportation in the licence area, if necessary.

§ 9. Obligations at the termination of the activities

901. The licensee shall within 12 months from the termination of the activities under the licence or a new licence granted in continuation of this licence

- a. remove all installations, buildings, stored items, etc. in the area which have been established for the activities under the licence, except when the non-removal of these installations, etc., has been approved by BMP; and
- b. carry out final clean up activities in the affected areas and remedy any remaining damage to the terrain and vegetation caused by the activities.

If the licensee does not comply with orders regarding carrying into effect measures as indicated above before the expiry of a time-limit stipulated by BMP such measures may be carried out at the licensee's expense and risk, cf. article 18 subsection 3 of the Mineral Resources Act.

§ 10. Reporting

1001. Not later than 1 month after termination of field work the licensee shall forward a field report to BMP regarding the work including notice of any essential finds of mineral resources.
1002. The licensee shall forward reporting to BMP regarding all geological, geochemical, geophysical, technical, environmental and other investigations which have been carried out regarding the licence area during a calendar year. The reporting shall be submitted not later than April 1 in the following year. The reporting shall i.a. include the following:
 - a. description of the exploration performed including geological maps and profiles, maps of sample locations, drilling logs and geophysical maps and profiles.
 - b. reporting regarding any kind of analysis and data processing made on the samples collected including all raw data as well as the results of any beneficiation tests.

At BMP's request the licensee shall submit geological samples to BMP.

1003. BMP may lay down rules concerning the reporting of activities carried out under prospecting licences including specifications of the types of data and information which shall be included in the reporting under sections 1001-1002. BMP may demand further information from the licensee concerning the activities under a licence.
1004. All expenses regarding preparation and submission of reports and samples under a licence shall be paid by the licensee.

§ 11. Confidentiality

1101. Reporting submitted in accordance with sections 1001-1003 shall be treated as confidential by BMP for a period of 5 years from the date when the reporting was submitted to BMP. However, the period of confidentiality will terminate at the expiry of the prospecting licence or a new licence granted in continuation of this licence.
1102. Confidential material may be released with the licensee's written consent. The licensee shall not without good reason withhold such consent.

1103. BMP is entitled to make general statements concerning the licence area and the activities under the licence. Furthermore, BMP may, without restrictions or conditions, make use (including publication) of material that in the opinion of BMP has a general public interest, including data and considerations of an environmental and meteorological nature, topographical maps and aerial photographs.

§ 12. Information to local authorities

1201. The licensee shall inform the Municipality about his presence in the area prior to start-up of field work in the area.

§ 13. Personnel, supplies, etc.

1301. The licensee shall in carrying out activities under a licence endeavor to employ manpower from Greenland or Denmark when employees are hired. However, to the extent necessary for the activities the licensee may employ staff from other countries, if manpower with similar qualifications does not exist or is not available in Greenland or Denmark.
1302. The licensee shall in carrying out activities under a licence endeavor to assign contracts, subcontracts, purchases of supplies and services to Greenland enterprises. However, the licensee may assign such contracts, purchases of supplies and services to other enterprises provided Greenland enterprises are not technically or commercially competitive. Greenland enterprises are defined as enterprises which are domiciled in Greenland and which by virtue of the commercial activities they perform have a true connection to the Greenland community.

§ 14. Transfer of the licence

1401. The licence or parts hereof can neither directly nor indirectly be transferred to other parties unless the transfer is approved in accordance with article 27 of the Mineral Resources Act.
1402. The licence cannot be attached by creditors.

§ 15. Revocation of the licence

1501. The licence may be revoked in the following situations, cf. article 28 of the Mineral Resources Act:
- a. If the licensee breaches the terms of the licence or the provisions laid down pursuant to the Mineral Resources Act or pursuant to the licence, or if the licensee fails to meet specified time-limits.
 - b. If the licensee acts fraudulently while submitting information to BMP.

- c. If one (or more) of the parties participating in the licence goes into liquidation or is declared bankrupt.

1502. Revocation pursuant to section 1501.a is not to take place if the licensee has remedied the default within a time-limit stipulated by BMP. If the default has not been remedied within the time-limit, the licence will be revoked.

1503. If the default which under section 1501.a leads to revocation of the licence is caused by events which could not be prevented by the licensee (force majeure), the licence cannot be revoked as long as the hindrance caused by the force majeure continues.

1504. In the event indicated in section 1501.c BMP intends to approve a transfer of the percentage of the party in question to one or more of the other parties participating in the licence. In that case the licence will not be revoked in pursuance of section 1501.c.

§ 16. Liability and security

1601. The licensee shall be liable for loss and damages caused by activities comprised by the licence according to the enactments and general rules of Danish law regarding liability for loss and damages.

1602. BMP may request that the licensee provides security for the fulfillment of his obligations, cf. sections 901 and 1601.

1603. BMP may request the licensee to hold an insurance during field work covering costs in connection with rescue operations or to provide another type of security regarding such costs.

§ 17. Liability

1701. If more than one party participate in the licence these parties are liable for the fulfillment of any obligation under the licence in proportion to their respective participating percentages in the licence.

§ 18. Relationship to other legal requirements

1801. The licence is subject to the laws of Greenland and Denmark in force at any time. The licence does not exempt the licensee from obtaining such approvals and permits as are required pursuant to the Mineral Resources Act and other legislation.

§ 19. Arbitration

1901. Decisions, which according to stipulations of the licence depend on the judgment or resolve of the Government of Greenland or BMP, are not subject to arbitration. This stipulation does not exclude ordinary review by Danish courts.
1902. In any other case disputes arising between the Government of Greenland and the licensee regarding questions concerning the licence will be finally decided upon by a board of arbitration, appointed pursuant to sections 1903-1906.
1903. The board of arbitration consists of 3 members and will be seated in Copenhagen. In its decision the board of arbitration will apply Danish law.
1904. Of the 3 members of the board of arbitration, the Government of Greenland and the licensee will each appoint 1 member. The Government of Greenland and the licensee appoints jointly the chairman of the board of arbitration. If a part has not appointed his member within 30 days after the date on which the other part has appointed his member, then this member is appointed by the Chief Justice of the Danish Supreme Court. If the two parties have not reached agreement upon the choice of chairman of the board of arbitration within 60 days after one of the two parties has suggested a chairman, the chairman will be appointed by the Chief Justice of the Danish Supreme Court. The chairman of the board of arbitration must be a Danish citizen.
1905. The board of arbitration makes its decision by a majority of votes. The board of arbitration will lay down its own rules of procedure for the consideration of the case including rules of providing evidence of technical nature, and it will decide which part shall pay the expenses connected with the arbitration.
1906. The right to bring in a case before the board of arbitration pursuant to the licence will endure after its expiry.

§ 20. Obligations at the termination of the licence

2001. The licensee's obligations according to the licence which have not been fulfilled at the termination of the licence remain in force regardless of the termination.
2002. At expiry of the licence BMP may within 1 year after the expiry take over, free of charge, all data, drill cores and other samples acquired by the licensee or on his behalf regarding the part of the licence area which is not covered by exploration or exploitation licences granted to the same licensee, wholly or partly. Transportation expenses will be paid by BMP. After this time-limit the licensee may at any time scrap such data, drill cores and other samples.

§ 21. Translations

- 2101 The licence and the Standard Terms are in Danish and translations of these have no validity.