



ADDENDUM NO. 3 OF 1 JULY 2014 TO STANDARD TERMS
FOR EXPLORATION LICENCES FOR MINERALS
(EXCLUDING HYDROCARBONS) IN GREENLAND

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ADDENDUM NO. 3 OF 1 JULY 2014 TO STANDARD TERMS FOR EXPLORATION LICENCES FOR MINERALS (EXCLUDING HYDROCARBONS) IN GREENLAND

Under section 31 of Greenland Parliament Act no. 7 of 7 December 2009 on mineral resources and mineral resource activities, as amended by Greenland Parliament Act no. 26 of 18 December 2012, ("Mineral Resources Act"), the Government of Greenland hereby amends the standard terms for licences for exploration for minerals (excluding hydrocarbons) in Greenland by this addendum no. 3, including appendices 1-4 to this addendum no. 3, (hereinafter collectively referred to as the "Addendum").

This Addendum shall apply as an addendum to the Standard Terms for Exploration Licences for Minerals (Excluding Hydrocarbons) in Greenland of 16 November 1998, as amended by addendum no. 1 of 10 September 2010 to the standard terms of 16 November 1998, regarding addition of sections 709-711 to the said standard terms, and by addendum no. 2 of 25 June 2013 to the standard terms of 16 November 1998, regarding change of sections 303 and 602 of the said standard terms. The standard terms of 16 November 1998, including the two addenda thereto of 10 September 2010 and 25 June 2013, in Danish ("Standard Terms") are the official and applicable standard terms for licences for exploration for minerals. The Standard Terms are included in the Danish collection of documents titled (in Danish) "Application Procedures and Standard Terms for Mineral Exploration and Prospecting Licences in Greenland" (in Danish: "Ansøgningsprocedurer og standardvilkår for efterforsknings- og forundersøgelsestilladelser for mineraler i Grønland"), 25 June 2013, as document 2 and is titled (in Danish) "Standard Terms for Exploration Licences for Minerals (Excluding Hydrocarbons) in Greenland" (in Danish: "Standardvilkår for efterforskningstilladelser vedrørende mineralske råstoffer (eksklusiv kulbrinter) i Grønland"), 25 June 2013, see pages 17-37 of the PDF document. An unofficial translation of this Danish collection of documents of 25 June 2013 into English is published in the document titled (in English) "Application Procedures and Standard Terms for Mineral Exploration and Prospecting Licences in Greenland", 25 June 2013.

This Addendum implements some of the statements in the Greenland oil and mineral strategy for 2014-2018, 8 February 2014, FM 2014/133, in the Standard Terms.

Article 1 Applicable standard terms

1.01 A licence for exploration for minerals (excluding hydrocarbons) in Greenland shall be governed by the standard terms for licences for exploration for minerals (excluding hydrocarbons) in Greenland applicable from time to time. If such standard terms are amended or replaced by new standard terms, the amended or new standard terms shall apply to the said exploration licence with effect from the day the said standard terms come into force (unless otherwise determined in the said standard terms).

Article 2 Royalty

2.01 In section 1408 of the Standard Terms, the following shall be inserted as section 1408.d after section 1408.c and before the last sentence of section 1408:

"d. If the licensee applies for and is granted an exploitation licence on the basis of the exploration licence, the exploitation licence shall contain terms on the licensee's payment of royalty to the Government of Greenland. The main terms on royalty are generally as follows:

- (1) A licensee which exploits minerals, other than rare earth elements, uranium and gemstones, shall pay a sales royalty of 2.5%, of the value of the minerals, to the Government of Greenland. The licensee may on certain terms offset an amount equal to paid corporate income tax and corporate dividend tax against sales royalty to be paid. The more specific terms on royalty for minerals, other than rare earth elements, uranium and gemstones, are stated in appendix 1 to these standard terms. In case of any inconsistency between the terms of this section 1408.d(1) and the terms of appendix 1, the terms of appendix 1 shall take precedence and prevail over the terms of this section 1408.d(1).
- (2) A licensee which exploits rare earth elements shall pay a sales royalty of 5%, of the value of the minerals (elements), to the Government of Greenland. The licensee may on certain terms offset an amount equal to paid corporate income tax and corporate dividend tax against sales royalty to be paid. The more specific terms on royalty for rare earth elements are stated in appendix 2 to these standard terms. In case of any inconsistency between the terms of this section 1408.d(2) and the terms of appendix 2, the terms of appendix 2 shall take precedence and prevail over the terms of this section 1408.d(2).
- (3) A licensee which exploits uranium shall pay a sales royalty of 5%, of the value of the minerals (uranium), to the Government of Greenland. The licensee may not offset any amount related to paid corporate income tax or corporate dividend tax against sales royalty to be paid. The more specific terms on royalty for uranium are stated in appendix 3 to these standard terms. In case of any inconsistency between the terms of this section 1408.d(3) and the terms of appendix 3, the terms of appendix 3 shall take precedence and prevail over the terms of this section 1408.d(3).
- (4) A licensee which exploits gemstones shall pay a sales royalty of 5.5%, of the value of the gemstones, and a surplus royalty of 15%, based on gross profit exceeding 40%, to the Government of Greenland. The licensee may not offset any amount related to paid corporate income tax or corporate dividend tax against sales royalty to be paid or surplus royalty to be paid. The more specific terms on royalty for gemstones are stated in appendix 4 to these standard terms. In case of any inconsistency between the terms of this section 1408.d(4) and the terms of appendix 4, the terms of appendix 4 shall take precedence and prevail over the terms of this section 1408.d(4).

Appendices 1-4 to these standard terms contain the more specific terms on royalty which shall be included in an exploitation licence granted on the basis of the exploration licence."

2.02 Appendices 1-4 to this Addendum shall be and apply as appendices 1-4 to the Standard Terms.

Article 3 Coming into force and application of this Addendum

3.01 This Addendum shall come into force on 1 July 2014.

3.02 This Addendum shall apply to the following licences:

- (a) A licence for exploration for minerals (excluding hydrocarbons) in Greenland if the licence is granted on 1 July 2014 or later.
- (b) A licence for exploration for minerals (excluding hydrocarbons) in Greenland if the licence is granted earlier than 1 July 2014 and it follows from the licence, including any addendum or any other amendment to the licence, that the Greenland Government may set terms on the licensee's payment of royalty or consideration, including royalty, in an exploitation licence granted on the basis of the exploration licence.
- (c) A licence for exploration for minerals (excluding hydrocarbons) in Greenland if the licence is granted earlier than 1 July 2014 and the Greenland Government and the licensee agree that this Addendum shall apply to the licence.

Article 4 Language and translation

4.01 This Addendum has been drawn up in the English language. Any translation hereof shall have no validity.