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## **Appendix 2 to addendum no. 3 of 1 July 2014 to Standard Terms for Exploration Licences for Minerals (Excluding Hydrocarbons) in Greenland**

### **Terms on royalty in an exploitation licence comprising exploitation of rare earth elements**

#### *Application of terms of this appendix 2 to exploitation licence granted on the basis of exploration licence*

This appendix 2 is and shall apply as an appendix 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, 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, and by addendum no. 3 of 1 July 2014 to the standard terms of 16 November 1998, regarding addition of sections 1408.d to the said standard terms and addition of this appendix 2 and appendices 1, 3 and 4 to the said standard terms. The standard terms of 16 November 1998, including addendum no. 1 thereto of 10 September 2010 in Danish, addendum no. 2 thereto of 25 June 2013 in Danish and addendum no. 3 thereto of 1 July 2014 in English, ("Standard Terms") are the official and applicable standard terms for licences for exploration for minerals.

The terms of this appendix 2 to the Standard Terms shall apply to and be a part of a licence for exploration for any minerals (excluding hydrocarbons) in Greenland ("Exploration Licence") pursuant to the terms thereon in the Standard Terms and below in this appendix 2.

The terms of this appendix 2 to the Standard Terms shall apply to and be a part of an exploitation licence, as part of the exploitation licence or as an appendix to the exploitation licence, if the following two conditions both are met:

1. The licensee under the Exploration Licence, as defined above, applies for and is granted the said exploitation licence on the basis of the Exploration Licence.
2. The said exploitation licence comprises exploitation of rare earth elements in Greenland.

If both of these two conditions are met, the terms of this appendix 2 shall apply to and be part of the exploitation licence, as stated above, to the extent the exploitation licence comprises exploitation of rare earth elements in Greenland.

*General definitions of this appendix 2*

Below in this appendix 2, the following terms shall have the meanings stated below, unless otherwise apparent from the context:

1. "licence" means an exploitation licence which (1) is granted on the basis of the Exploration Licence, as defined above, and (2) comprises exploitation of rare earth elements in Greenland.
2. "licensee" means the licensee under the licence, as defined above in definition no. 1.
3. "appendix" means this appendix 2.

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**Article 1 Definitions and interpretations**

1.01 Below in this appendix, the following terms shall have the meanings stated below, unless otherwise apparent from the context:

- (a) "Additional Payable Royalty" has the meaning stated in section 2.32.
- (b) "Annual Royalty Report" has the meaning stated in section 2.35.
- (c) "Basic Royalty Amount" has the meaning stated in section 2.28.
- (d) "Corporate Dividend Withholding Tax Amount" has the meaning stated in section 2.29.
- (e) "Corporate Income Tax Amount" has the meaning stated in section 2.29.
- (f) "Independent Parties" means parties which are not affiliated parties and are regarded as independent parties under transfer pricing rules, principles and guidelines of Greenland tax law and of international tax law agreements, rules, principles and guidelines applicable in Greenland from time to time.
- (g) "Independent Party" means any of the Independent Parties, as defined in section 1.01(f).
- (h) "licence" means the exploitation licence which the terms of this appendix apply to and are a part of, as part of the exploitation licence or as an appendix to the exploitation licence, as stated above.
- (i) "licensee" means the licensee under the licence, as defined in section 1.01(h).
- (j) "Mineral" means a mineral or a metal, respectively, which is exploited under the licence, as defined in section 1.01(h), and is, or can be processed into, a rare earth element.
- (k) "Mineral Resources Act" means 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 and any subsequent amendment Act or Acts, as applicable from time to time.
- (l) "Minerals" means more than one Mineral, as defined in section 1.01(j).
- (m) "MRA" or "Mineral Resource Authority" means the mineral resource authority under the Government of Greenland, as determined by the Greenland Government in accordance with the Mineral Resources Act.
- (n) "Payable Royalty" has the meaning stated in section 2.27.
- (o) "Preliminary Payment" has the meaning stated in section 2.33.
- (p) "Royalty Conversion Amount" has the meaning stated in section 2.29.
- (q) "Statutory Fee" has the meaning stated in section 2.47.
- (r) "Total Value of Minerals" has the meaning stated in section 2.28.

- 1.01 In this appendix, "including" means including without limitation or prejudice to the generality of any description, definition, term or expression preceding that word. In this appendix, "including" also means including but not limited to. The word "include" and its derivatives shall be interpreted accordingly.
- 1.02 The terms of this appendix shall be and constitute an integral part of the licence, as defined in section 1.01(h), to which the terms of this appendix apply, as part of the licence or as an appendix to the licence, as stated above, and shall be deemed to be incorporated in the said licence.

## **Article 2 Royalty**

### *Obligation to pay royalty and royalty rate*

- 2.01 The licensee shall pay royalty to the Government of Greenland, represented by the MRA, for Minerals which are exploited under the licence and considered sold under sections 2.04-2.07.
- 2.02 The licensee shall pay royalty to the MRA for Minerals which are exploited under the licence and considered sold under sections 2.04-2.07, irrespective of whether the actual sales price for the Minerals is determined under this Article 2, including section 2.14, at a date which is subsequent to the date at which the Minerals are considered sold under sections 2.04-2.07.
- 2.03 The royalty shall be paid annually at the rate of 5 per cent on the basis of the value of Minerals sold and Minerals considered sold in the year concerned.

### *Sale of exploited Minerals*

- 2.04 Minerals shall be considered sold under this Article 2 when the licensee pursuant to Greenland tax law is considered to have acquired the right to payment of the sales price (consideration) for the Minerals under the sales agreement with the purchaser (in Danish: "har erhvervet ret til at modtage købesummen (vederlaget) for mineralerne efter købsaftalen med køberen"). In relation to this, Greenland tax law shall include rules, principles and guidelines of Greenland tax law and of international tax law agreements, rules, principles and guidelines applicable in Greenland from time to time.
- 2.05 Subject to section 2.04, Minerals shall be considered sold under this Article 2 when the Minerals have been loaded on board a ship or vessel if they are to be transported or have been transported from Greenland to another country or a place outside Greenland, irrespective of whether the Minerals actually have been sold or not sold.
- 2.06 Section 2.05 shall not apply in relation to any Minerals which are processed in another state than Greenland if the said processing is performed in accordance with an approval of the processing granted by the MRA.

- 2.07 A Mineral shall be considered sold under this Article 2 when the Mineral is lost or damaged and thereby cannot be sold, irrespective of the cause or causes of the loss or damage. For example, a Mineral may be lost by theft or damaged during processing, storage or transport.

*Volume of Minerals sold*

- 2.08 The volume of Minerals sold shall be determined with reference to the time when the Minerals are considered sold under this Article 2, see sections 2.04-2.07.
- 2.09 The volume of Minerals sold shall be determined with reference to the weight measured in kilogram or dry metric tonnes.
- 2.10 Subject to sections 2.11-2.12, the licensee may determine the volume of Minerals sold in any manner which the licensee, based on an objective, informed and substantiated assessment, considers to be appropriate and accurate and in accordance with recognised best international practice. If the MRA, based on an objective, informed and substantiated assessment, considers the licensee's determination of the volume to be incorrect or inaccurate, the MRA may, after consulting the licensee, determine the volume in accordance with sections 2.11-2.12.
- 2.11 The volume of Minerals sold shall be determined in accordance with Greenland tax law, including rules, principles and guidelines of Greenland tax law and of international tax law agreements, rules, principles and guidelines applicable in Greenland from time to time.
- 2.12 The volume of Minerals sold shall be determined in accordance with recognised best international practice for the determination of volumes of Minerals sold under similar conditions.

*Value of Minerals sold*

- 2.13 The value of Minerals sold shall be determined with reference to the volume of Minerals considered sold under this Article 2, see sections 2.04-2.12.
- 2.14 Subject to sections 2.13 and 2.16-2.20, if Minerals are sold by the licensee to an Independent Party in relation to the licensee, the licensee may use the actual sales price to determine the value of the Minerals if the licensee, based on an objective, informed and substantiated assessment, considers the actual sales price to be equal to the sales price obtainable in a sale in the most relevant free market between Independent Parties, as determined in accordance with sections 2.18-2.20. The actual sales price shall be determined in this manner at the date where the price is determined under the sales agreement, however no later than 60 days after the date at which the Minerals are considered sold under this Article 2. If no actual price is available within the said period of up to 60 days, the value of Minerals sold shall be the sales price obtainable in a sale in the most relevant free market, at the time the Minerals are considered sold under this Article 2, for such Minerals sold under similar circumstances and in similar qualities and quantities in the trade concerned between Independent Parties. If the MRA, based on an objective,

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informed and substantiated assessment, considers the licensee's actual sales price not to be equal to the sales price obtainable in a sale in the most relevant free market between Independent Parties, as determined in accordance with sections 2.18-2.20, the MRA may, after consulting the licensee, determine the value of the Minerals in accordance with sections 2.13 and 2.16-2.20.

- 2.15 Subject to sections 2.13 and 2.16-2.20, if Minerals are sold by the licensee to an Independent Party in relation to the licensee and the value of the Minerals are not determined in accordance with section 2.14, or if Minerals are sold by the licensee to a party which is not an Independent Party in relation to the licensee, the licensee shall, based on an objective, informed and substantiated assessment, determine the value of the Minerals as the sales price obtainable in a sale in the most relevant free market between Independent Parties, as determined in accordance with sections 2.18-2.20. If the MRA, based on an objective, informed and substantiated assessment, considers the licensee's determined value of the Minerals not to be equal to the sales price obtainable in a sale in the most relevant free market between Independent Parties, as determined in accordance with sections 2.18-2.20, the MRA may, after consulting the licensee, determine the value of the Minerals in accordance with sections 2.13 and 2.16-2.20.
- 2.16 The value of Minerals sold shall be determined in accordance with Greenland tax law, including rules, principles and guidelines of Greenland tax law and of international tax law agreements, rules, principles and guidelines applicable in Greenland from time to time.
- 2.17 Subject to sections 2.13 and 2.16, the value of Minerals sold shall be determined in accordance with recognised best international practice for the determination of values of Minerals sold under similar conditions.
- 2.18 Subject to sections 2.13 and 2.16-2.17, the value of Minerals sold shall be the sales price obtainable in a sale in the most relevant free market between Independent Parties, see sections 2.19-2.20, for the volume of Minerals sold under this Article 2. If there is no such sales price, the value of Minerals sold shall be the price generally charged, at the time the Minerals are considered sold under this Article 2, for such Minerals sold under similar circumstances and in similar qualities and quantities in the trade concerned between Independent Parties.
- 2.19 The most relevant free market shall be the most recognised and representative free market for sale of the Minerals concerned (or, if there is no free market for sale of the Minerals concerned, for sale of the most similar Minerals) for delivery from Greenland or another country from which the Minerals are to be delivered (or, if there is no such market for delivery from Greenland or the said other country, from the place or country most similar to Greenland in respect of delivery of such Minerals) to the place or country where the Minerals concerned are delivered or to be delivered to a purchaser (or, if there is no such market for delivery to the said place or country of delivery, to the place or country most similar to the said place or country of delivery in respect of delivery of such Minerals).

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- 2.20 The sales price obtainable for a sale in the most relevant free market shall be determined by reference to the most relevant sales price or prices of the most recognised and representative market price index (list) or indexes (lists) if there is any such price or prices of any such index or indexes.

*Freight costs*

- 2.21 If the sales price for Minerals sold, as determined in accordance with sections 2.13-2.15, does not include freight costs (consideration/payment) for transport from Greenland or another country from which the Minerals are to be delivered (or from the place or country most similar to Greenland or the said other country in respect of transport of the Minerals) to the place or country to which the Minerals are transported or to be transported to be delivered to a purchaser (or to the place or country most similar to the said place or country of delivery in respect of transport of the Minerals), freight costs shall not be deducted from the said sales price in the calculation of the value of the Minerals sold. For example, the sales price does not include freight costs, if the sales price is based on a sale on the delivery terms Free Alongside Ship (FAS) (named port of shipment/loading), Incoterms 2010, or Free On Board (FOB) (named port of shipment/loading), Incoterms 2010.
- 2.22 If the sales for Minerals sold, as determined in accordance with sections 2.13-2.15, includes freight costs (consideration/payment) for transport from Greenland or another country from which the Minerals are to be delivered (or from the place or country most similar to Greenland or the said other place or country in respect of transport of the Minerals) to the place or country to which the Minerals are transported or to be transported to be delivered to a purchaser (or to the place or country most similar to the said place or country of delivery in respect of transport of the Minerals), the freight costs may be deducted from the said sales price in the calculation of the value of the Minerals sold. For example, the sales price does include freight costs, if the sales price is based on a sale on the delivery terms Cost and Freight (CFR) (named port of destination/delivery), Incoterms 2010, or Cost, Insurance and Freight (CIF) (named port of destination/delivery), Incoterms 2010.
- 2.23 Subject to section 2.25, the freight costs which may be deducted pursuant to section 2.22 shall be determined as the freight (consideration/payment for transport) to be paid for such transport in the most relevant free market between Independent Parties. The most relevant free market shall be the most recognised and representative free market for the making of the transport agreement concerned. The freight (consideration/payment for transport) to be paid in the most relevant free market shall be determined by reference to the most relevant freight rate or rates of the most recognised and representative freight market price index (list) or indexes (lists) (if any). If there is no such price index (list), the freight to be paid shall be determined by reference to the freight generally or usually charged at the time of performance of the transport for such transport under similar circumstances, for similar ships or vessels in the trade concerned.

2.24 Subject to section 2.25, if the transport of the Minerals sold has been performed by a carrier which is an Independent Party in relation to the licensee, the licensee may use the actual freight paid to determine the freight costs which may be deducted pursuant to section 2.22, if the licensee, based on an objective and informed assessment, considers the actual freight paid to be equal to the freight to be paid when the freight is determined in accordance with section 2.23. If the MRA, based on an objective and informed assessment, considers the actual freight paid not to be equal to the freight to be paid when the freight is determined in accordance with section 2.23, the MRA may, after consulting the licensee, determine the freight costs in accordance with section 2.23.

2.25 The freight costs which may be deducted pursuant to sections 2.22 and 2.23 shall be determined in accordance with Greenland tax law, including rules, principles and guidelines of Greenland tax law and of international tax law agreements, rules, principles and guidelines applicable in Greenland.

*Other costs*

2.26 In the determination of the value of Minerals sold or considered sold, no deduction shall be made for any cost, expense or other amount (including any sales commission, cash rebate or other rebate, any insurance cost or any financial cost), except for freight costs in accordance with sections 2.21-2.25.

*Basic Royalty Amount, Royalty Conversion Amount and Payable Royalty*

2.27 The royalty to be paid by the licensee to the MRA ("Payable Royalty") shall be calculated annually for each calendar year.

2.28 In the calculation of Payable Royalty (and for this purpose only and with no other effect), a basic royalty amount ("Basic Royalty Amount") shall be calculated for the calendar year concerned. The Basic Royalty Amount shall be calculated by applying the royalty rate, as set in section 2.03, to the total (aggregate) sum of all values of all volumes of all Minerals sold in the said calendar year concerned ("Total Value of Minerals"). The volumes of the Minerals shall be determined in accordance with sections 2.08-2.12. The values of the Minerals shall be determined in accordance with sections 2.13-2.26.

2.29 In the calculation of Payable Royalty (and for this purpose only and with no other effect), a royalty conversion amount ("Royalty Conversion Amount") shall be calculated for the calendar year concerned. The Royalty Conversion Amount shall be the total (aggregate) sum of (1) an amount corresponding to the licensee's actually paid or to be paid (if actually paid subsequently when due) corporate income tax pursuant to Greenland tax law in force from time to time (calculated at the tax rate in force from time to time and not including interest, penalty charges for late payment or other additional fees or charges) ("Corporate Income Tax Amount") and (2) an amount corresponding to the licensee's actually paid or to be paid (if actually paid subsequently when due) corporate dividend withholding tax pursuant to Greenland tax law in force from time to time (calculated at the tax rate in force from time to time and not



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including interest, penalty charges for late payment or other additional fees or charges) ("Corporate Dividend Withholding Tax Amount").

- 2.30 The Payable Royalty for a calendar year shall be calculated as the Basic Royalty Amount for that calendar year less (that is with deduction of) the Royalty Conversion Amount for that calendar year. If the result of the calculation is a positive number, the calculated Payable Royalty amount shall be paid by the licensee to the MRA. If the result of the calculation is nil (zero) or a negative number, no royalty amount shall be paid by the licensee to the MRA for that calendar year. If the result of the calculation is a negative number, this number shall have no effect for any other calendar year, and there shall not be any carry backward or carry forward or any other transfer of any negative number or any corresponding amount between any calendar years.
- 2.31 If subsequent corrections are made to the Basic Royalty Amount calculated for a calendar year, these corrections shall be referred back to the calendar year to which the corrections relate. The licensee shall make any required updated calculations of corporate income tax and shall make corrected calculations of the Corporate Income Tax Amount, the Corporate Dividend Withholding Tax Amount, the Royalty Conversion Amount and the Payable Royalty. If subsequent corrections are made to the corporate taxable income and/or the corporate taxable dividend for a calendar year, these changes shall be referred back to the calendar year to which the corrections relate (for the purpose of royalty calculation). The licensee shall make corrected calculations of the Corporate Income Tax Amount and/or the Corporate Dividend Withholding Tax Amount, the Royalty Conversion Amount and the Payable Royalty and shall submit the corrected calculations and a corrected Annual Royalty Report, as defined in section 2.35, to the MRA.
- 2.32 If the total (aggregate) sum of the Payable Royalty, the Corporate Income Tax Amount and the Corporate Dividend Withholding Tax Amount for a calendar year is less than the Basic Royalty Amount for that calendar year, the licensee shall pay an additional royalty amount ("Additional Payable Royalty") to the MRA. The Additional Payable Royalty shall be calculated as the difference between the Basic Royalty Amount and the total (aggregate) sum of the Payable Royalty, the Corporate Income Tax Amount and the Dividend Withholding Tax Amount.

#### *Preliminary Payment of royalty*

- 2.33 The licensee shall make a preliminary payment of royalty ("Preliminary Payment") to the MRA for Minerals which are exploited under the licence and considered sold under sections 2.04-2.07 if the licensee shall make any preliminary or other advance payment, any instalment payment, any prepayment or any other periodic payment during a calendar year of corporate income tax under Greenland tax law as applicable from time to time. The Preliminary Payment shall then be made for the same periods and on the same dates and terms (if relevant in relation to Preliminary Payment of royalty) as the said payment of corporate income tax. The Preliminary Payment shall be an amount equal to 5 per cent of the aggregate (total) value of all the Minerals sold. The aggregate (total) value of the Minerals sold shall be calculated

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on the basis of the volume and the value of the Minerals sold, as calculated in accordance with sections 2.04-2.26.

2.34 The Preliminary Payment shall be paid to the MRA in accordance with the terms on payment of Payable Royalty in sections 2.43-2.45.

*Annual Royalty Report, audit and submission of information and documents relating to royalty*

2.35 The licensee shall prepare an annual report ("Annual Royalty Report") on all matters relating to the royalty and its calculation and payment. Such matters include (but are not limited to) the following:

- (a) The volume of Minerals sold, including separate information for Minerals actually sold and for Minerals considered sold under this Article 2.
- (b) The time of sale of Minerals, including separate information for Minerals actually sold and for Minerals considered sold under this Article 2.
- (c) The value of Minerals sold, including separate information for Minerals actually sold and for Minerals considered sold under this Article 2.
- (d) Freight costs (if relevant), including separate information for Minerals actually sold and for Minerals considered sold under this Article 2.
- (e) Minerals exploited and neither sold nor considered sold under this Article 2.
- (f) Basic Royalty Amount.
- (g) Corporate Income Tax Amount.
- (h) Corporate Dividend Withholding Tax Amount.
- (i) Royalty Conversion Amount.
- (j) Payable Royalty.
- (k) Additional Payable Royalty (if any is to be paid).
- (l) Preliminary Payment and its calculation and payment.

For Minerals sold which have been loaded on board a ship or vessel to be transported from Greenland, or from another country from which the Minerals are to be delivered to the purchaser, to another place or country or which have been transported on a ship or vessel from Greenland, or from such other country, to another place or country, the Annual Royalty Report shall include information on the matters mentioned in letters (a) to (d) above for each cargo (shipment) of Minerals loaded or transported on each ship or vessel as well as for all Minerals so loaded or transported. For Minerals sold which have not been so loaded or transported, the Annual Royalty Report shall include information on the matters mentioned in letters (a) to (d) above for each pile or other accumulation of such Minerals as well as for all such Minerals.

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- 2.36 The Annual Royalty Report for a calendar year shall be submitted by the licensee to the MRA no later than 1 May the subsequent calendar year or the later date in the subsequent calendar year at which the licensee submits its annual tax return for the said calendar year and may do so under Greenland tax law.
- 2.37 The Annual Royalty Report for a calendar year shall have been audited in accordance with section 2.38 when the Annual Royalty Report is submitted by the licensee to the MRA in accordance with sections 2.35 and 2.36.
- 2.38 The licensee shall appoint a state authorised public accountant to perform an annual audit of the Annual Royalty Report and the accounting records which form the basis of the Annual Royalty Report and of the calculation of the royalty. The state authorised public accountant's audit for any calendar year shall be completed and the audit report issued and submitted to the MRA no later than 1 May the subsequent calendar year or the later date in the subsequent calendar year at which the licensee submits its annual tax return for the said calendar year and may do so under Greenland tax law. The audit shall be performed in accordance with International Standards on Assurance Engagements (ISAE 3000) and the audit report shall provide reasonable assurance that the Annual Royalty Report is complete, accurate and free from any material misstatement. The MRA shall be entitled to perform an independent outside audit and may appoint a state authorised public accountant or other auditor to participate in or perform the independent outside audit. The costs of auditors shall be paid by the licensee.
- 2.39 Any information and document relating to the calculation, payment and/or reporting of royalty shall be submitted, without undue delay, by the licensee to the MRA at the request of the MRA.
- 2.40 The Annual Royalty Report shall be prepared, submitted, reviewed by the MRA and audited in accordance with rules, principles and guidelines of Greenland tax law and of international tax law agreements, rules, principles and guidelines applicable in Greenland, to the extent the application of such rules, principles and guidelines are relevant and appropriate in relation to the Annual Royalty Report.

#### *Currency and currency conversion*

- 2.41 As regards currency and currency conversion, the Basic Royalty Amount, the Royalty Conversion Amount, the Payable Royalty, any Additional Payable Royalty and any other amount stated in the Annual Royalty Report shall be calculated and stated in accordance with Greenland tax law relating to currency and currency conversion and shall be in the currency used to calculate and stated in the final approved tax assessment for the same calendar year.

#### *Payment of royalty*

- 2.42 The Payable Royalty and any Additional Payable Royalty for a calendar year shall be paid by the licensee to the MRA in Danish kroner (DKK) no later than 20 November in the subsequent calendar year.

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- 2.43 The licensee shall transfer (by electronic funds transfer) the Payable Royalty and any Additional Payable Royalty in full (without any cost, fee, charge or other amount to be paid or borne by the Greenland Government or its bank(s)) in Danish kroner (DKK) to one or more bank accounts designated by the MRA.
- 2.44 If the licensee has paid one or more Preliminary Payments to the MRA in a calendar year and the total (aggregate) amount paid as Preliminary Payments in that calendar year is less (lower) than the total (aggregate) amount to be paid as Payable Royalty and any Additional Payable Royalty, then the licensee shall only pay the difference (balance) between the said two total (aggregate) amounts.
- 2.45 If the licensee has paid one or more Preliminary Payments to the MRA in a calendar year and the total (aggregate) amount paid as Preliminary Payments in that calendar year is greater (higher) than the total (aggregate) amount to be paid as Payable Royalty and any Additional Payable Royalty, then the MRA shall repay the difference (balance) between the said two total (aggregate) amounts. The MRA shall repay the said difference (balance) by transferring the amount in full (without any cost, fee, charge or other amount to be paid or borne by the licensee or its bank(s)) in Danish kroner (DKK) to one or more bank accounts designated by the licensee.

*Obligation to pay direct and indirect taxes etc.*

- 2.46 The licensee shall, in addition to the Payable Royalty and any Additional Payable Royalty for a calendar year under this Article 2, pay any direct and indirect taxes, including corporate income tax and corporate dividend withholding tax, pursuant to Greenland tax law in force from time to time.
- 2.47 Subject to section 2.46, if the Greenland Parliament passes a statute on payment of a royalty, surplus royalty or similar fee to be paid for and calculated on the basis of (1) the volume or value of, or profit or other profit related matters derived from the exploitation and sale of, the same specific types of minerals exploited and sold under mineral exploitation licences as the Minerals exploited and sold under this licence or (2) the licence area comprised by licences for exploitation of the same specific types of minerals as the Minerals exploited and sold under this licence (each of no. 1 or 2 above a "Statutory Fee"), the licensee shall not pay any Payable Royalty or any Additional Payable Royalty under this Article 2 from the date of coming into force of such statute if the licensee has an obligation to pay and actually pays such Statutory Fee for Minerals exploited and sold under this licence or for the licence area of this licence. The licensee shall, in addition to payment of such Statutory Fee, pay any other direct and indirect taxes, including corporate income tax and corporate dividend withholding tax, pursuant to Greenland tax law in force from time to time. If the Greenland Parliament passes a statute on payment of fees or charges etc. not comprised by this section 2.47, the licensee shall still pay Payable Royalty and any Additional Payable Royalty under this Article 2. Examples of such fees or charges etc. not comprised by this section 2.47 include, but are not limited to, an environmental fee, a fee, charge or obligation relating to emission of carbon dioxide (CO<sub>2</sub>) or other greenhouse gases, another climate fee, a fee relating

to health or safety of person or property or a value added tax (VAT). Examples of fees comprised by this section 2.47 include, but are not limited to, a special royalty to be paid for and calculated on the basis of the volume or value of a specified mineral exploited and sold under mineral exploitation licences, a special surplus royalty to be paid for and calculated on the basis of profit derived from the exploitation and sale of a specified mineral under mineral exploitation licences, or a special area fee to be paid for and calculated on the basis of the licence area comprised by licences for exploitation of a specified mineral.

*Further provisions and decisions on royalty matters*

2.48 Subject to sections 2.01-2.47, the MRA may lay down further provisions and make decisions on procedures, documentation and administrative matters relating to sections 2.01-2.47. If there is a conflict or an inconsistency between sections 2.01-2.47 and a provision laid down or a decision made under this section 2.48, sections 2.01-2.47 shall take precedence over the said provision or decision. In determining whether to lay down further provisions and make decisions on procedures, documentation and administrative matters relating to sections 2.01-2.47, the MRA shall consult with the licensee and act reasonably and in accordance with general rules and principles of Greenland administrative law, including the principle of objectiveness, the principle of proportionality and the principle of equal treatment.