GOVERNMENT OF GREENLAND
MINISTRY OF FOREIGN MINERAL RESOURCES AND JUSTICE

March 2022

ADDENDUM NO. 2 TO EXCLUSIVE LICENCE NO. 2015/13 FOR EXPLORATION FOR AND EXPLOITATION OF HYDROCARBONS IN AN ONSHORE AREA IN JAMESON LAND, EAST GREENLAND

Under sections 16 and 17 of Greenland Parliament Act No. 7 of 7 December 2009 on Mineral Resources and Mineral Resources Activities, as amended by Greenland Parliament Act No. 26 of 18 December 2012, the Greenland Parliament Act No. 6 of 8 June 2014, the Greenland Parliament Act No. 16 of 3 June 2015, the Greenland Parliament Act No. 34 of 28 November 2016, the Greenland Parliament Act No. 16 of 27 November 2018 and the Greenland Parliament Act No. 39 of 28 November 2019 (the Mineral Resources Act), the Government of Greenland hereby grants the following amendments to EXCLUSIVE LICENCE NO. 2015/13 FOR EXPLORATION FOR AND EXPLOITATION OF HYDROCARBONS IN AN ONSHORE AREA IN JAMESON LAND, EAST GREENLAND (the "Licence"):

Article 1 **On the first text page of the Licence (page 3), the provisions on the licensee and the Operator shall have the following wording:**

"The licensee is composed of the following companies, jointly, which hold the percentage shares stated:

Greenland Gas and Oil A/S
a company incorporated and existing under the laws of and registered in Greenland, having a registered number of A/S 600000 and having its registered office at
Nuna Law offices
Qullierfik 2, 6
Postboks 59
3900 Nuuk

Percentage share: 100.00 %

Greenland Gas and Oil A/S is the Operator.

Article 2 **Definitions**

201 Article 1.01 sub section (a) of the Licence shall be deleted in its entirety and replaced by the following:

(a) "Accumulated Surplus Royalty Turn-over Amount" has the meaning stated in section 12.16.

202 Article 1.01 sub section (b) of the Licence shall be deleted in its entirety and replaced by the following:

(b) "Accumulated Tier 1 Surplus Royalty Gross Profit Amount" has the meaning stated in section 12.16.

203 Article 1.01 sub section (c) of the Licence shall be deleted in its entirety and replaced by the following:

(c) "Accumulated Tier 2 Surplus Royalty Gross Profit Amount" has the meaning stated in section 12.17.

204 Article 1.01 sub section (d) of the Licence shall be deleted in its entirety and replaced by the following:

(d) "Accumulated Tier 3 Surplus Royalty Gross Profit Amount" has the meaning stated in section 12.18.

205 Article 1.01 sub section (e) of the Licence shall be deleted in its entirety and replaced by the following:

(e) "Annual Profit Calculation Basis" has the meaning stated in section 12.15.

206 Article 1.01 sub section (f) of the Licence shall be deleted in its entirety and replaced by the following:

(f) "Annual Royalty Report" has the meaning stated in section 12.21.



207 Article 1.01 sub section (g) of the Licence shall be deleted in its entirety and replaced by the following:

(g) "Annual Surplus Royalty Turn-over Amount" has the meaning stated in section 12.15(a).

208 Article 1.01 sub section (z) of the Licence shall be deleted in its entirety and replaced by the following:

(z) "HA" means the "Hydrocarbon Authority" which is the overall administrative authority for the hydrocarbon area and which comprises the Government of Greenland, the ministry with responsibility for the hydrocarbon area and the ministry and/or the agency with responsibility for environmental matters in hydrocarbon area. Any mentioning of "MRA" in the License is subsequently replaced with "HA".

209 Article 1.01 sub section (aa) of the Licence shall be deleted in its entirety

210 Article 1.01 sub section (bb) of the Licence shall be deleted in its entirety and replaced by the following:

(bb) "Payable Surplus Royalty" has the meaning stated in section 12.13.

211 Article 1.01 sub section (ii) of the Licence shall be deleted in its entirety

212 Article 1.01 sub section (jj) of the Licence shall be deleted in its entirety

213 Article 1.01 sub section (mm) of the Licence shall be deleted in its entirety and replaced by the following:

(mm) "Tier 1 Accumulated Percentage" has the meaning stated in section 12.16.

214 Article 1.01 sub section (nn) of the Licence shall be deleted in its entirety and replaced by the following:

(nn) "Tier 2 Accumulated Percentage" has the meaning stated in section 12.17.

215 Article 1.01 sub section (oo) of the Licence shall be deleted in its entirety and replaced by the following:

(oo) "Tier 3 Accumulated Percentage" has the meaning stated in section 12.18.

Article 3 Article 2 Licence area

301 The content of Article 2 of the Licence shall be deleted in its entirety and replaced by the following:

"2.01 The Exploration Licence covers an area delineated by the corner coordinates stated in Appendix 1. A map of the area is contained in the last part of Appendix 1.

2.02 If the exploration period is extended for the first time under section 3.02, the licensee shall, no later than the day when the extension of the explorationperiod is granted, relinquish at least 10 per cent (10%) of the total Licence area as it was atthe day when the Exploration Licence was granted.

2.03 If the exploration period is extended for the second time under section 3.02, the licensee shall, no later than the day when the extensionof the exploration period is granted, relinquish at least 20 per cent (20%) of the total Licence area as it was at the day when the Exploration Licence was granted.

2.04 If the exploration period is extended for the third time under section 3.02 or is extended in any other case in the exploration period, the HA may set terms on relinquishment of part of the Licence area.

2.05 An area comprised by an Exploitation Licence, see section 8.05, will cease to be comprised by the Exploration Licence with effect from the granting of the Exploitation Licence, see section 8.03.

2.06 The licence covers one or more land areas only. The boundary between a land area and the adjoining sea area shall be the mean sea level. The Licence area does not cover any sea area, irrespective of whether one or more sea areas are covered by the area or areas delimited by the corner coordinates and delineation lines of the Licence area stated in Appendix 1 or by the map of the Licence area contained in the last part of Appendix 1.

2.07 If the Licence area or parts thereof cease to be under Danish sovereignty, the licensee shall respect such change in the status of the area and shall have no claim against the Greenland Self-Government or the Danish State as a result of or in connection with such change."

Article 4 Article 12 to the Licence

401 The content of Article 12 of the Licence shall be deleted in its entirety and replaced by the following:

"*Surplus Royalty*

12.01 The licensee shall pay royalty to the Government of Greenland, represented by the HA, pursuant to this Article 12. The royalty to be paid under this Article 12 comprises surplus royalty based on the income derived from Hydrocarbons exploited and sold under this Licence ("Surplus Royalty"), seesections 12.02-12.11 and 12.12-28.

Accounting principles

12.02 Appendix 7 contains accounting principles for the determination of items included and not included in the determination of the value (the calculation basis)on which Surplus Royalty are to be calculated under this Article 12.

12.03 The accounting principles in Appendix 7 shall apply in addition to the terms and calculation principles of this Article 12. In case of any inconsistency between this Article 12 and Appendix 7, this Article 12 shall take precedence over Appendix 7.

Extracted Hydrocarbons

12.04 For the purpose of calculating Surplus Royalty to be paid under this Article 12, Hydrocarbons shall be considered extracted when they have been exported from the production facility onto a tanker or into an export pipeline for shipping and/or export (that is have passed the metering point), see section 12.24b.Hydrocarbons shall also be considered extracted if they have been consumed in the production activities, see section 12.24b.

Value of extracted Hydrocarbons

12.05 The value of extracted Hydrocarbons shall be determined as the sales price obtainable in a sale in the free market in Europe at the time of delivery of the extracted Hydrocarbons to a purchaser which is independent of the seller (that is the time of transfer of risk to a purchaser which is independent of the seller).

12.06 If the HA finds that a sales price obtained in a sale does not correspond to the value determined under the principles in section 12.05, the HA shall, after consulting the licensee, determine the value of the Hydrocarbons concerned under the said principles.

12.07 If the sales price obtained in a sale in the free market in Europe cannot be regarded as representative of the sales price generally obtainable in sales in the free market in Europe, another quotation or pricing reference shall be applied. The application of another quotation or pricing reference is subject to the approval of the HA and any terms set for such approval.

12.08 Extracted Hydrocarbons which have been delivered to a purchaser which is independent of the seller subsequent to year end shall be included in the calculation basis for the year at their

value as at 31 December. The calculation basis for subsequent years shall include the difference between the value determined as at 31 December and the value determined at the subsequent time of delivery of the Hydrocarbons to an independent purchaser.

12.09 If the sale has taken place in a foreign currency, the value shall be determined on the basis of the exchange rate applicable at the time of delivery of the Hydrocarbons to a purchaser which is independent of the seller. However, the valuation shall be based on the exchange rate as at 31 December if the Hydrocarbons have been delivered to an independent purchaser subsequent to year end. The calculation basis for subsequent years shall include the difference between the value calculated at the exchange rate as at 31 December and the value calculated at the exchange rate at the subsequent time of delivery of the Hydrocarbons to an independent purchaser.

Other costs

12.10 In the determination of the value of extracted Hydrocarbons, no deduction shall be made for any cost, expense or other amount, including any sales commission, fee or other cost, any cash rebate or other rebate, any freight or other transport cost, any insurance cost or any financial cost.

Total Value of Hydrocarbons

12.11 For the purpose of calculating the Surplus Royalty to be paid under this Article 12, the total value of all Hydrocarbons extracted in a calendar year ("Total Value of Hydrocarbons") shall be calculated as the total (aggregate) sum of all values of all Hydrocarbons extracted in the said calendar year. The extracted Hydrocarbons shall be determined in accordance with section 12.04. The values of the extracted Hydrocarbons shall be determined in accordance with sections 12.05-12.10.

Surplus Royalty

12.12 The licensee shall pay Surplus Royalty as stated in this Article 12 to the HA for Hydrocarbons which are exploited under an Exploitation Licence and extracted, including considered extracted, under section 12.04. The Surplus Royalty shall be calculated, determined and paid separately for each individual Exploitation Licence, see section 8.03.

12.13 The Surplus Royalty to be paid by the licensee to the HA for a calendar year ("Payable Surplus Royalty") shall be calculated as the total (aggregate) sum of all of the following:

(a) A Surplus Royalty of 3.75 per cent of the Annual Profit Calculation Basis determined according to section 12.15 shall be paid if the Tier 1 Accumulated Percentage determined according to section 12.16 is equal to or higher than 35 per cent.

(b) In addition to the Surplus Royalty payable according to section 12.13a, a Surplus Royalty of 5 per cent of the Annual Profit Calculation Basis determined according to section 12.15 shall be paid if the Tier 2 Accumulated Percentage determined according to section 12.16 is equal to or higher than 45 per cent.

(c) In addition to the Surplus Royalty payable according to sections 12.13a and 12.13b, a Surplus Royalty of 6.25 per cent of the Annual Profit Calculation Basis determined according to section 12.15 shall be paid if the Tier 3 Accumulated Percentage determined according to section 12.17 is equal to or higher than 55 per cent.

This means that a total surplus royalty of 3.75%, 8.75% and 15%, respectively, is payable when accumulated revenues exceed accumulated expenses by 35%, 45% and 55%, respectively.

12.14 The Payable Surplus Royalty shall be calculated and paid annually for each calendar year.

12.15 An annual profit calculation basis ("Annual Profit Calculation Basis") to be used for the calculation of the Payable Surplus Royalty, see section 12.13, for a calendar year shall be calculated as follows for each of the calculations of surplus royalty to be made under sections 12.13a, 12.13b and 12.13c, respectively:

(a) the Total Value of Hydrocarbons, see section 12.11, with addition of the other income specified in Appendix 7 for the calendar year concerned recorded in accordance with the accounting principles stated in Appendix 7, ("Annual Surplus Royalty Turn-over Amount"),

(b) less the investment and operating costs specified in Appendix 7 for the calendar year concerned recorded in accordance with the accounting principles stated in Appendix 7. Any surplus royalty payable according to section 12.13a may be deducted from the annual profit calculation basis for surplus royalty according to section 12.13b, and any surplus royalty payable according to sections 12.13a and 12.13b may be deducted from the annual profit calculation basis for surplus royalty according to section 12.13c.

The Annual Profit Calculation Basis shall be determined separately for each individual Exploitation Licence, see section 8.03, and for each calendar year. The Annual Profit Calculation Basis shall be determined for the first time in the calendar year in which the licensee is granted an extension of the Licence for the purpose of exploitation, see sections 8.02 and 8.03, and shall include all income and expenses recorded for that calendar year for the period beginning at the day at which the said extension of the Licence for the purpose of exploitation is granted and ending at 31 December in that calendar year. In a calendar year where production under an Exploitation Licence is discontinued and in subsequent years, any costs in connection with implementation of the abandonment plan approved by the HA, see section 8.07, which exceed the income for the year concerned, determined under section 12.15a, may be transferred to the cost statement stated in section 12.20.

12.16 An accumulated tier 1 surplus royalty gross profit amount ("Accumulated Tier 1 Surplus Royalty Gross Profit Amount") shall be calculated for an Exploitation Licence as the sum of (1) an amount for the year corresponding to the Annual Profit Calculation Basis determined according to section 12.15 for the surplus royalty payable under the Exploitation Licence according to section 12.13a and (2) the accumulated balance at the beginning of the year of

equivalent amounts for the preceding years. Furthermore, an accumulated surplus royalty turn-over amount ("Accumulated Surplus Royalty Turn-over Amount") shall be calculated for an Exploitation Licence as the sum of (1) an amount for the year corresponding to the Annual Surplus Royalty Turn-over Amount determined according to section 12.15a for the Exploitation Licence and (2) the accumulated balance of equivalent amounts for the preceding years. A percentage rate ("Tier 1 Accumulated Percentage") shall be calculated as the Accumulated Tier 1 Surplus Royalty Gross Profit Amount multiplied by 100 and divided by the Accumulated Surplus Royalty Turn-over Amount, both as defined in this section 12.16. The Tier 1 Accumulated Percentage rate is the accumulated percentage rate stated and to be used in the calculation in section 12.13a.

12.17 An accumulated tier 2 surplus royalty gross profit amount ("Accumulated Tier 2 Surplus Royalty Gross Profit Amount") shall be calculated for an Exploitation Licence as the sum of (1) an amount for the year corresponding to the Annual Profit Calculation Basis determined according to section 12.15 for the surplus royalty payable under the Exploitation Licence according to section 12.13b and (2) the accumulated balance at the beginning of the year of equivalent amounts for the preceding years. A percentage rate ("Tier 2 Accumulated Percentage") shall be calculated as the Accumulated Tier 2 Surplus Royalty Gross Profit Amount, as defined in this section 12.16 multiplied by 100 and divided by the Accumulated Surplus Royalty Turn-over Amount, as defined in section 12.16. The Tier 2 Accumulated Percentage rate is the accumulated percentage rate stated and to be used in the calculation in section 12.13b.

12.18 An accumulated tier 3 surplus royalty gross profit amount ("Accumulated Tier 3 Surplus Royalty Gross Profit Amount") shall be calculated for an Exploitation Licence as the sum of (1) an amount for the year corresponding to the Annual Profit Calculation Basis determined according to section 12.15 for the surplus royalty payable under the Exploitation Licence according to section 12.13c and (2) the accumulated balance at the beginning of the year of equivalent amounts for the preceding years. A percentage rate ("Tier 3 Accumulated Percentage") shall be calculated as the Accumulated Tier 3 Surplus Royalty Gross Profit Amount, as defined in this section 12.17 multiplied by 100 and divided by the Accumulated Surplus Royalty Turn-over Amount, as defined in section 12.16. The Tier 3 Accumulated Percentage rate is the accumulated percentage rate stated and to be used in the calculation in section 12.13c.

12.19 Payable Surplus Royalty under section 12.13a shall only be calculated for an Exploitation Licence for a calendar year if the Annual Profit Calculation Basis, determined according to section 12.15, for the calculations of Surplus Royalty to be made under section 12.13a for that calendar year is a positive amount (number). Payable Surplus Royalty under section 12.13b shall only be calculated for an Exploitation Licence for a calendar year if the Annual Profit Calculation Basis, determined according to section 12.15, for the calculations of Surplus Royalty to be made under section 12.13b for that calendar year is a positive amount

(number). Payable Surplus Royalty under section 12.13c shall only be calculated for an Exploitation Licence for a calendar year if the Annual Profit Calculation Basis, determined according to section 12.15, for the calculations of Surplus Royalty to be made under section 12.13c for that calendar year is a positive amount (number).

12.20 If Surplus Royalty has been paid for an Exploitation Licence according to the terms of this Article 12, including the terms on Payable Surplus Royalty in sections 12.13a, 12.13b and 12.13c, the licensee may submit to the HA a final statement of the below-mentioned costs of implementation of the abandonment plan approved by the HA, see section 8.07. This cost statement shall be received by the HA within six months after the end of the year in which all parts of the abandonment plan, except the monitoring programme, have been implemented, and shall include any costs determined in accordance with the accounting principles described in Appendix 7 which have not previously been deducted under section 12.15b. The HA's approval and the terms set for such approval shall be sent to the licensee no later than six months after the HA's receipt of the cost statement and all relevant information and documentation. No later than 30 days after approving the cost statement, the HA shall pay an amount to the licensee to be determined as follows:

(a) 3.75 per cent of the costs, however not exceeding the amount of surplus royalty for the relevant Exploitation Licence which has been paid according to section 12.13a, plus

(b) 5 per cent of the costs after deducting the amount calculated according to section 12.20a above, however not exceeding the amount of surplus royalty for the relevant Exploitation Licence which has been paid according to section 12.13b, plus

(c) 6.25 per cent of the costs after deducting the amounts calculated according to sections 12.20a and 12.20b above, however not exceeding the amount of surplus royalty for the relevant Exploitation Licence which has been paid according to section 12.13c.

No interest shall be payable on the above amount.

Annual Royalty Report

12.21 The licensee shall prepare an annual royalty report ("Annual Royalty Report") on all matters relating to Surplus Royalty, including their calculation, payment, reporting and auditing. Such matters include, but are not limited to, the matters mentioned in Appendix 7 and Appendix 8. The Annual Royalty Report shall also include specifications describing how the royalty was calculated, accompanied by all relevant information and documentation, including information regarding income, investments and expenses recorded in accordance with the accounting principles stated in Appendix 7. The Annual Royalty Report shall be submitted by the licensee to the HA no later than 120 days after the end of the calendar year concerned. The Annual Royalty Report shall be submitted by the licensee even though the calculation basis is nil or negative for the calendar year concerned.

12.22 If the Annual Royalty Report has not been filed by the licensee within the time limit stated in

section 12.21 or if information or documentation relating to the Annual Royalty Report is not submitted by the licensee within the time limit fixed by the HA, the HA shall determine the Payable Surplus Royalty for the calendar year concerned. If the Annual Royalty Report is not prepared in accordance with the applicable rules and terms and the matter is not rectified within the time limit fixed by the HA, the HA shall determine the Payable Surplus Royalty for the calendar year concerned.

12.23 If the Payable Surplus Royalty have been determined by the HA under section 12.22, the said Payable Surplus Royalty shall be paid no later than 7 (seven) days after the licensee has received the HA's notification of the amount of royalty payable.

12.24 For the purpose of the HA's control and supervision of the licensee's calculation, reporting and payment of royalty under this Article 12, the licensee shall submit relevant information and documentation, including the following information and documentation, to the HA and shall also include such information and documentation in the Annual Royalty Report:

(a) Information and documentation on volumes and qualities of oil/condensate and natural gas which have been produced (extracted). The volumes and qualities of oil/condensate and natural gas shall be determined using the methods and equipment generally accepted in the petroleum industry. Such methods and equipment are subject to the HA's approval and any terms of the approval and to the HA's control and supervision. Hydrocarbons are considered produced and extracted when they have been exported from the production facility, that is when they have passed the metering point on the production facility. If it is ascertained that the methods or equipment used has resulted in a metering that leads to underpayment of royalty, see section 12.02 of the Licence and Appendix 7, section 1.1, this situation will be deemed to have existed since the last control, unless (1) the licensee demonstrates and the HA approves that the licensee has demonstrated that the situation has lasted for a shorter or longer period of time or (2) the HA otherwise determines that the situation has lasted for a shorter or longer period of time.

(b) Information on the volumes and qualities of oil/condensate and natural gas that have passed the metering point, see section 12.24a, in any one month shall be submitted to the HA monthly no later than 15 days after the end of the month and shall also be included in the Annual Royalty Report. In determining the volume of Hydrocarbons on which royalty is payable, the licensee shall include all Hydrocarbons produced, including Hydrocarbons consumed in the production activities, regardless of whether their energy content was utilized. Hydrocarbons which are reinjected or lost before passing the metering point (and are not consumed in the production activities) shall not be included, but the Annual Royalty Report shall contain information on the types and volumes of such Hydrocarbons.

(c) Any other relevant information and documentation relating to the calculation, reporting

or payment of royalty or to the HA's control and supervision thereof.

All submitted information and documentation relating to the calculation, reporting or payment of royalty shall be kept confidential by the HA in accordance with existing legislation thereon.

The licensee shall have a state authorised public accountant perform an annual audit of the Annual Royalty Report and the accounting records which form the basis for the calculation and reporting of the royalty and for the Annual Royalty Report. The HA shall be entitled to perform an independent audit.

The audit for any calendar year shall be completed no later than 120 days after the end of the calendar year concerned. The auditor's report on the audit of the Annual Royalty Report and the licensee's calculation and reporting of the royalty shall be issued no later than 120 days after the end of the calendar year concerned.

The costs of auditors shall be paid by the licensee.

12.25 The HA may set more specific terms on the matters stated in sections 12.21-12.24, including the licensee's preparation and submission of the Annual Royalty Report, the contents of the Annual Royalty Report and documentation thereto and the annual audit of the Annual Royalty Report. At the request of the HA, the licensee shall submit to the HA any information and documentation relating to the matters stated in sections 12.21-12.24.

Currency and currency conversion

12.26 As regards currency and currency conversion, the Payable Surplus 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

12.27 The Payable Surplus Royalty for a calendar year shall be paid by the licensee to the HA in Danish Kroner (DKK) no later than 120 days after the end of the calendar year concerned.

12.28 The licensee shall transfer (by electronic funds transfer) the Payable Surplus Royalty in full (without any cost, fee, charge or other amount to be paid or borne by the HA or its bank(s)) in Danish Kroner (DKK) to one or more bank accounts designated by the HA."

Article 5 Article 13 to the Licence

501 Article 13 of the Licence shall be deleted in its entirety.

Article 6 Article 14 to the Licence

601 Article 14 of the Licence shall be deleted in its entirety.

Article 7 Article 15 to the Licence

701 Article 15 of the Licence shall be deleted in its entirety and replaced by the following:

15.01 During the period of exploration, the lincensee shall be obliged to reimburse the HA for annual expenses of up to DKK 150.000 for the further training etc. of the HA's employees in accordance with the terms stated in Appendix 6. In connection with any extension of the Exploration Licence for the purpose of exploitation, see section 8.03, an agreement shall be made regulating the licensee's obligations with respect to the training etc. of HA employees during the period of exploitation.

15.02 The obligation mentioned above in section 15.01 does not take effect in the calendar years 2020 and 2021.

Article 8 Section 24.01 to the Licence

801 Section 24.01 to the Licence shall be deleted in its entirety and replaced by the following:

24.01 The joint operation of the activities by the companies holding percentage shares in the Licence shall be regulated by a Joint Operating Agreement, which shall be signed by the parties within four months of the Exploration Licence being granted.

The companies holding percentage shares in the Licence shall, by making and signing the Joint Operating Agreement, establish a joint venture for the purpose of engaging in joint hydrocarbon activities, including exploration for and exploitation of Hydrocarbons, under, and in accordance with, the Licence. The companies' percentage shares in the joint venture shall at all times be identical to the percentage shares specified in the Licence, unless otherwise provided in the Joint Operating Agreement's provisions on sole risk operations and development by less than all parties.

The provisions on partnerships between public limited companies and/or private limited companies in the Act on Commercial Enterprises' Presentation of Financial Statements etc. and the Bookkeeping Act shall apply correspondingly to the joint venture established by the Joint Operation Agreement. The Operator shall, on behalf of the joint venture, provide financial statements, reports and information and keep books and records etc. in accordance with the provisions of the said acts."

Article 9 Article 29.02 to the Licence

901 Article 29.02 to the licence shall be deleted in its entirety and replaced by the following:

29.02 In order to ensure fulfilment of the licensees' obligations under the Licence, each company holding a share in the Exploration Licence shall provide guarantees within 30 days of the

Exploration Licence being granted. Such guarantees shall be approved by the HA. The guarantees shall cover the fulfilment of all obligations towards Greenland and Danish public authorities as well as any liability in damages pursuant to section 28.01. If a company holding a share in the Licence is owned by other companies, the HA will usually require a guarantee from the ultimate parent company of each individual company holding a share in the Licence, and/or from other companies that are ultimate owners of material holdings of shares of the participating company. Guarantors are generally required to be jointly and severally liable with the participating companies, see section 29.01. Upon approving plans for the exploitation activities in accordance with section 8.08 the HA may request that the guarantees be changed or supplemented, subject to six months'prior notice."

Article 10 Appendix 5 to the Licence

1001 Appendix 5 to the Licence shall be deleted in its entirety.

Article 11 Appendix 6 to the Licence

1101 The content of Appendix 6 to the Licence shall be deleted in its entirety and replaced by the following:

"**Further training obligations during the exploration period, see Article 15 of the Licence**

For each year of the exploration period and any extended exploration period, see sections 3.01-3.09 of the Licence and Appendix 2, the licensee shall contribute to the further training etc. of the employees of the Government of Greenland and other Greenland government agencies as stated below, see Article; 15 of the Licence.

Further training

The licensee shall reimburse DKK 300,000 of expenses annually for further training etc. in connection with exploration, development, production and maintenance. Such further training shall be targeted at employees with a technical or scientific education or employees with an administrative, legal or financial background. The further training shall consist of the following elements:

1. Participation in courses, in-house as well as external.
2. On-the-job training at the licensee. On-the-job training shall be defined as full-time employrnent that includes the performance of tasks commensurate with the trainee's education and background and representative of the oil and gas industry.

If the expenses for further training are less than DKK 300,000 in any one year, automatically transferred to the next year. No later than two months after the end of every year, the Government of Greenland shall

forward a statement of the unutilised funds that are forwarded to the following year.

Expenses

Expenses associated with the employee's participation in courses or on-the-job training, includes trave], local transport, meals and accommodation, as well as insurance and attendance fees, the cost of the employee's gross salary etc., as documented by the employee's contract of employment with the Govemrnent of Greenland etc. Expenses for travel, local transport, meals and accommodation shall be paid in accordance with the rules established by the Government of Greenland for the payment of per diem allowances on official trips. The Government of Greenland shall forward invoices for the amounts to be reimbursed. Payment shall be effected 30 days at the latest after the invoice date.

Period

The training and other obligations assumed hereunder shall be upheld until they have been fulfilled, regardless of whether the Exploration and/or Exploitation Licence terminates prior to their fulfilment.

Confidentiality

The persons participating in activities under this Appendix 6 shall sign a confidentiality agreement where this is required due to the nature of the job. However, the participants shall subsequently be entitled to unrestricted use of the expertise acquired.

Exemption of obligation to reimburse

For the calender years 2020 and 2021, the abovementioned obligation to reimburse the expenses of the Government of Greenland is DKK 0."

Article 12 Appendix 7 to the Licence

1201 The content of Appendix 7 to the Licence shall be deleted in its entirety and replaced by the following:

"Accounting principles for accounting items included and not included in the determination of the value and the calculation basis on which surplus royalty are to be calculated under Article 12of the Licence

This description of accounting principles comprises the following main categories:

1. INCOME
2. INVESTMENTS AND EXPENSES
3. TRANSLATION OF FOREIGN CURRENCY

The calculation basis for surplus royalty shall be filed annually as part of the Annual Royalty Report. The annual filing of the calculation basis for surplus royalty shall include a specification of items comprising

as a minimum those items which are specified in Appendix 8 to the Licence.

The HA may require additional specifications, information and documentation from the licensee.

1. INCOME

1.1 Sales value of extracted Hydrocarbons

The value of extracted Hydrocarbons is calculated according to sections 12.02-12.11 of the Licence.

Hydrocarbons are considered produced and extracted when they have been exported from the production facility, that is when they have passed the metering point on the production facility.

In the determination of the value of extracted Hydrocarbons, no deduction shall be made for any cost, expense or other amount, including any sales commission, fee or other cost, any cash rebate or other rebate, any freight or other transport cost, any insurance cost or any financial cost.

As described in section 12.05 of the Licence, the value of extracted Hydrocarbons is calculated by applying the sales price obtainable in a sale in the free market in Europe at the time of delivery of the extracted Hydrocarbons to a purchaser which is independent of the seller (that is the time of transfer of risk to a purchaser which is independent of the seller). As the primary reference for sales in Europe the "Brent (DTD)" (average of low and high quotation) according to Platts Crude Oil Marketwire shall be applied. To the extent the Brent (DTD) cannot be regarded as a representative of the sales price generally obtainable in sales in the free market in Europe, another quotation or price fixing reference shall be applied according to section 12.07 of the Licence. The application of another quotation or price fixing reference is subject to the HA's approval and any terms set for such approval.

The value in Danish kroner shall be translated at the foreign exchange rate at the day of delivery of the extracted Hydrocarbons to a purchaser which is independent of the seller (that is the day of transfer of risk to a purchaser which is independent of the seller).

If at the said day of delivery (risk transfer) no official quotation is available, the following day's official quotation shall be applied.

Financial income and expenses deriving from forward contracts or similar financial instruments relating to sales of Hydrocarbons, such as derivatives in the form of sales futures, sales options or similar, shall not be included in the value of extracted Hydrocarbons in the Annual Royalty Report (including its annual surplus royalty statements). Such financial income and expenses shall also not be included in the calculation basis, as described in the sections below, relating to financial income and financial expenses.

If the day of delivery of extracted Hydrocarbons to a purchaser which is independent of the seller (that is the day of transfer of risk to a purchaser which is independent of the seller) is later than 31 December in the calendar year in which the said Hydrocarbons are extracted, the said extracted Hydrocarbons shall be included in the calculation basis for the calendar year concerned at the value as at 31 December. The value of the extracted Hydrocarbons shall be calculated as the sales price obtainable in a sale in the free market in Europe to a purchaser which is independent of the seller (or other quotation as approved by the HA) as at 31 December. The value in Danish kroner shall be translated at the foreign exchange rate as at 31 December. If there is a difference between the value so included in the calculation basis as at 31

December and the value subsequently calculated as at the day of delivery of the extracted Hydrocarbons to a purchaser which is independent of the seller (that is the day of transfer of risk to a purchaser which is independent of the seller), the difference shall be included in the calculation basis in the year where the extracted Hydrocarbons are delivered to a purchaser which is independent of the seller (that is the year where the risk is transferred to a purchaser which is independent of the seller).

1.2 Other income booked by the licensee

Any other income booked by the licensee is included in the calculation basis, see section 12.19(a) of the Licence.

Other income is included in the calculation basis when realized. Income has been realized, when the usual criteria for recognizing income in accordance with international accounting standards have been fulfilled (IAS 18).

According to IAS 18 income is recognized by an entity when:

(a) the significant risks and rewards of ownership are transferred to the buyer,

(b) the entity has relinquished managerial involvement and effective control over the goods,

(c) the revenue has a cost or value that can be measured reliably,

(d) it is probable that any future economic benefit associated with the revenue will flow to the entity, and

(e) the costs incurred or to be incurred can be measured reliably.

Other income comprises the following items (not exhaustive):

1.2.1 Disposals

Any amounts realized from the disposal of material or other joint property. Disposal of material to the Operator shall be valued according to the principles described in section 2.3.6(b) below.

1.2.2 Material and Property

Any amounts realized as a result of the return of material or other property.

1.2.3 Sole Risk Credits

Any amounts realized from third parties or from companies holding shares in the Licence ("licensee parties") engaged in sole risk activities for services or for use of joint property.

1.2.4 Insurance

Any amounts realized pursuant to insurance claims made by the Operator in respect of insurance carried for the benefit of all the licensee parties.

1.2.5 Claims

Any amounts realized pursuant to claims made by the Operator on behalf of the licensee parties and any other event-giving rise to a receipt (including interest) by the Operator on behalf of the licensee parties.

1.2.6 Financial income

Any interest income realized in connection with Joint Operations. Interest income is accrued. Accordingly, calculated accrued interest income is included regardless of whether the interests have been received in cash.

Other financial income, including currency exchange gains and gains on derivatives relating to Hydrocarbons, investments, material, foreign currency etc. is not included in the calculation basis. However, any currency gains relating to income included in the calculation basis on Hydrocarbons where risk has not transferred at 31 December, which are realized in a subsequent year where risk transfers, see section 1.1, is included in the calculation basis. Furthermore, currency gains relating to accruals as described in section 3 are included as described in section 3.

1.2.7 Other

Any other amounts of revenues or credits, except for certain financial items stated above in section 1.2.6, which accrue in connection with the Joint Operations.

2 INVESTMENTS AND EXPENSES

2.1 General criteria

Investments and operating expenses are chargeable to the calculation basis as described in section 12.19(b) of the Licence.

Expenses held in the exploration period are not chargeable to the calculation basis.

Only investments and expenses held after the granting of the Exploitation Licence as described in section 8.03 of the Licence are chargeable to the calculation basis, and only such investments and expenses as comprised by the development plan approved according to sections 19 and 43 of the Mineral Resources Act are chargeable.

Provisions for abandonment are not chargeable to the calculation basis on a current basis.

Transportation costs, financial expenses, corporate and withholding taxes are not chargeable to the calculation basis. Reference is made to the detailed description of these items in sections 2.2 and 2.3 below.

2.2 Investments

Investments can be defined as expenditures held in accordance with a development plan approved by the operating committee and the HA, comprising property, production facilities, installations, pipelines, storage facilities etc., and which are recorded in the Joint Account.

Investments (CAPEX) are included in the calculation basis at the time of delivery (risk transfer) and amounts in foreign currency are translated to Danish kroner at the exchange rate at the time of risk transfer.

For contracts with defined instalments relative to milestones, the instalments are included in the calculation basis, when the terms for raising the instalment invoice have been fulfilled.

For invoicing of hours (services) it is a requirement that the hours invoiced have been used, and for

invoicing of hardware, that the hardware has been delivered to the platform or facility under construction on shore.

Prepayments do not constitute a delivery. A prepayment does not qualify as chargeable to the calculation basis. Any currency gain or loss arising between the time of prepayment and delivery is regarded as a financial item, which cannot be regarded in the calculation basis.

2.3 Expenses

Expenses are chargeable to the calculation basis on the basis of a normal accrual principle, unless other terms are stated in sections 2.3.1-2.3.16 below.

According to the accrual principle transactions and other events are included in the calculation basis in the period where they occur, regardless of the time of payment.

Subject to the limitations hereinafter set forth the Operator shall, with proper documentation, charge the Annual Royalty Report with the following items of expenditure in so far as the expenditure has been duly authorized, relates to and is necessary for the conduct of the Joint Operations, and, finally, are recorded in Joint Account.

Below a more detailed description is provided for the individual main types of expenses.

2.3.1 Licence Fees

Licence fees incurred by the Operator on behalf of the licensee parties in connection with the Joint Operations.

2.3.2 Damages and Losses

All expenses incurred for the repair or replacement of damaged or lost joint property, provided that all insurance coverage shall be appropriately credited. Documentation for such expenses shall be made available to the HA on request.

2.3.3 Offices and Field Expenses

The net cost of establishing and operating offices, field offices, warehouses, shore bases and other facilities used for the Joint Operations. If any such facilities serve more than the Joint Operations, the costs shall be allocated proportionally. The principles applied for such allocation shall be documented and the documentation shall be made available to the HA on request.

2.3.4 Insurance and Third Party Claims

Premiums incurred for insurance coverage obtained in accordance with the Joint Operating Agreement, and expenditures, excluding related interest expenses, incurred in settlement of claims from third parties.

2.3.5 Legal Costs

All legal costs and expenses arising from the handling of claims and disputes in connection with the Joint Operations except those arising in connection with disputes among the licensee parties.

2.3.6 Material

Material is based on consumption. Accordingly, an inventory ledger shall be kept and material shall be

charged to the Annual Royalty Report on the basis of purchases in the year with the addition of the value of inventory at the beginning of the year and the deduction of the value of inventory at the year-end.

(a) Material purchased by the Operator from third parties for use in the Joint Operations shall be charged at cost after deducting all trade and discounts received. Transport costs and handling, insurance, duties and other direct related costs are also chargeable.

(b) Material transferred from the Operator or its affiliates for use in the Joint Operations shall be charged at a value determined as follows:

New material - Condition "A"

Material, which has not been used and is in a new condition, shall be classified as Condition "A" and charged at direct cost (stated in (a) above) to the Operator, but not exceeding the current market value (replacement value).

Used material - Condition "B"

Material which has been used but is in sound and serviceable condition and suitable to be reused without repair, shall be classified as Condition "B" and charged at seventy-five per cent (75%) of what its value would be if it were in Condition "A".

Used material - Condition "C"

Material, which is suitable for use after reconditioning, shall be classified as Condition "C" and charged at fifty per cent (50%) or less of what its value would be if it were in Condition "A". After reconditioning the material shall not exceed the Condition "B" value.

Material - Condition "D"

Material, which is not usable for its original purpose, shall be priced at a value commensurate with itsuse.

(c) Obsolete material in inventory is expensed at the time of returning, disposing or physically scrapping of the inventory items.

(d) Accumulation of surplus stocks of material shall be avoided.

(e) Material which will be used partially or on a temporary basis shall never exceed market rates available through third parties for comparable material.

(f) When material is supplied through the Operator, the Operator shall promptly credit for material returned to the Operator or with any rebates or other adjustments received from a supplier or manufacturer.

(g) The Operator shall be entitled to make a reasonable charge to cover storage cost of drawing material from the Operator's stock. The calculation of such charge, including the underlying principles, shall be documented and the documentation shall be made available to the HA on request.

2.3.7 Administrative costs

No administrative overhead costs relating to the Operator's direct costs, charged to the Annual Royalty Report, are chargeable to the Annual Royalty Report.

Direct expenses charged from the Operator or the Operator's affiliated companies shall be documented and the documentation shall be made available to the HA on request.

2.3.8 Personnel

All costs for the Operator's and affiliates' personnel directly engaged for the benefit of the Joint Operations proportionally. The computation of costs proportionally should take into consideration the percentage of the total cost of each such employee to the Operator that is equivalent to the percentage of such employee's entire working time that is spent on the Joint Operations.

For the avoidance of doubt, the total cost of such employees to the Operator shall take into consideration allowances and benefits, retirement benefits, accommodation expenses and similar costs.

The cost of personnel of other parties or third parties who are working under the direct control of the Operator shall be chargeable to the Annual Royalty Report. Any travel and accommodation expenses incurred by such personnel and required for the conduct of the Joint Operations are also chargeable to the calculation basis for surplus royalty.

2.3.9 Services

The costs of services and facilities provided by the Operator or its affiliates shall be chargeable to the Annual Royalty Report on an arm's length basis, provided that such charges shall not exceed the rates for comparable services available to the Joint Operations from third parties. The cost of such services shall be documented and the documentation shall be made available to the HA on request.

2.3.10 Taxes

Taxes, duties and other governmental levies, except for corporate income taxes and withholding taxes on dividends etc., which have been incurred and paid by the Operator on behalf of the Joint Operations, are chargeable to the calculation basis for surplus royalty. For the avoidance of doubt, direct taxes (corporate income taxes and withholding taxes on dividends etc.) imposed on the parties are not chargeable to the calculation basis for surplus royalty.

2.3.11 Transportation other than of Hydrocarbons

(a) Travel and accommodation expenses when these are required for the conduct of the Joint Operations. All charges shall be in accordance with the Operator's normal practice, and include expenses for families and households, when appropriate. Relocation expenses at the termination of work for the Joint Operations will be based on a return to the home of record, except if the employee is relocated for the benefit of another operation, in which case the costs shall not be charged to the calculation basis for surplus royalty.

(b) All costs to transport and handle material for use in the Joint Operations, unless otherwise chargeable under this description of accounting principles.

2.3.12 Sole Risk Charges

No expenditures in connection with sole risk operations shall be charged to the Annual Royalty Report without the prior approval of the HA.

2.3.13 Hydrocarbon transport costs

Transport costs relating to Hydrocarbons are not chargeable to the calculation basis. Loading charges, storage charges etc. on the first or subsequent points of delivery are not chargeable to the calculation basis either.

2.3.14 Financial expenses

Financial expenses, including interest expenses, financial levies, foreign currency losses, losses on accounts receivable from sales of Hydrocarbons and losses on derivatives relating to Hydrocarbons, investments, material, foreign currency etc. are not included in the calculation basis. However, any currency losses relating to income included in the calculation basis on Hydrocarbons where risk has not transferred at 31 December, which are realized in the subsequent year on risk transfer, see section 1.1, is included in the calculation basis. Furthermore, currency losses relating to accruals as described in section 3 are included as described in section 3.

2.3.15 Other Expenditures

Any other expenditure not covered by the expenditures otherwise described in these accounting principles, except for costs excluded according to this section 2, which the Operator in accordance with the Joint Operating Agreement incurs and which are necessary and proper for the Joint Operations, is chargeable to the calculation basis for surplus royalty subject to the HA's approval.

2.3.16 Abandonment expenses

Abandonment expenses as approved by the HA may result in repayment of surplus royalty from the HA as described in section 12.24 of the Licence. The expenses shall be included according to the accounting principles described in sections 2.3.1-2.3.15 of this Appendix 7.

Provisions made for abandonment on a current basis are not chargeable to the calculation basis for surplus royalty.

3 TRANSLATION OF FOREIGN CURRENCY

Transactions in foreign currency are during the year included at the currency exchange rate on the transaction date. Gains and losses arising between the currency exchange rate on the transaction date and the currency exchange rate on the date of payment are not chargeable to the calculation basis for surplus royalty.

Assets and liabilities in foreign currency, including accruals, receivables, short-term debt and other monetary items, such as prepayments relating to purchases of material, investments etc., which have not been settled at the balance sheet date (year-end of the royalty year) are translated at the currency exchange rate at the balance sheet date or the subsequent day's exchange rate if no official quotation is available at the balance sheet date. This gives rise to a financial gain or loss. In those cases, where the transaction date relating to a receivable or a short-term debt etc. is in advance of the balance sheet date, and in those cases,

where subsequent to the balance sheet date a difference is realized between the currency exchange rate at the balance sheet date and the payment date such financial gains or losses are not chargeable to the calculation basis.

Receivables, short-term debt and other monetary items, which have not previously been charged to the calculation basis on a balance sheet date, for example prepayments that do not qualify as chargeable to the calculation basis at the balance sheet date, are charged according to the currency exchange rate of the transaction date / the balance sheet date, when the terms for being chargeable to the calculation basis have been fulfilled.

Accruals in foreign currency, such as accrued expenses or accrued receivables, where no transaction date has yet occurred, are charged to the calculation basis on the basis of translation at the currency exchange rate on the balance sheet date. Subsequent differences between the currency exchange rate at the balance sheet date and the currency exchange rate at the transaction date are chargeable to the calculation basis in the year, where the transaction occurs."

Article 13 Appendix 8 to the Licence

1301 The content of Appendix 8 to the Licence shall be deleted in its entirety and replaced by the following:

"Items in Annual Royalty Report

As stated in sections 12.21-12.25 of the Licence, the licensee shall prepare and submit an Annual Royalty Report on all matters relating to Surplus Royalty, including their calculation, payment, reporting and auditing. Such matters include, but are not limited to, the matters mentioned in Appendix 7 and this Appendix 8.

1 INCOME

1.1 Sales of Hydrocarbons

1.1.1 Volume of hydrocarbons sold, specified by batch

1.1.2 Time of sale of hydrocarbons sold, specified by batch

1.1.3 Price per unit of hydrocarbons sold, specified by batch

1.1.4 Value of hydrocarbons sold, specified by batch

1.1.5 Total value of hydrocarbons sold for the year

1.2 Other income booked by the licensee

1.2.1. Disposals

1.2.2. Material and Property

1.2.3. Sole Risk Credits

1.2.4. Insurance

1.2.5. Claims

1.2.6. Financial income

1.2.7. Other

2 INVESTMENTS AND EXPENSES

2.1 Investments

2.2 Expenses

2.2.1 Licence Fees

2.2.2 Damages and Losses

2.2.3 Offices and Field Expenses

2.2.4 Insurance and Third Party Claims

2.2.5 Legal Costs

2.2.6 *Material*

2.2.7 Administrative costs

2.2.8 Personnel

2.2.9 Services

2.2.10 Taxes

2.2.11 Transportation other than of Hydrocarbons

2.2.12 Sole Risk Charges

2.2.13 Currency exchange losses relating to accruals

2.2.14 Other Expenditures

2.2.15 Abandonment expenses"

Article 14 Addendum is part of Licence, translation and commencement etc.

This addendum is a part of the Licence. Subject to the terms of this addendum, the terms of the Licence shall also apply to this addendum.

This addendum has been drawn up in the English language. Any translation of this addendum shall have no validity.

This addendum comes into force when it is signed by the Government of Greenland.

For and on behalf of Greenland Gas and Oil A/S

Mark Bilsland MARK BILSLAND

Name: Nationality: BRITISH
Passport number: 127666939
Title: DIRECTOR
Place: LONDON
Date: 8.3.22

Name: Nationality: Roderick McCance
Passport number: British
Title: E4095977
Place: Director
Date: London
10-3-22

Government of Greenland

~~Naaja H. Nathanielsen~~
Minister for Mineral Resources and Justice
Place: Nuuk
Date: 11/4-2022