

*Unofficial translation*

**APPLICATION PROCEDURES  
FOR EXPLORATION AND PROSPECTING LICENCES  
FOR MINERALS IN GREENLAND**

Government of Greenland  
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## **Application procedures and standard terms for exploration and prospecting licences for minerals in Greenland**

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

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

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

### **A. Application procedure for exploration licences for minerals**

#### **1. Registered date of application**

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

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

applicant's identity.

BMP shall use all reasonable effort to secure that the information provided is correct but does not assume any liability as regards possible errors and defects of the material.

1.10. BMP may stipulate a fee for the forwarding of information under section 1.9.

## **2. Application fee**

2.1. At the submission of an application for an exploration licence the applicant shall pay a fee of DKK 5,000 to BMP for each licence applied for.

2.2. The fee shall be paid to BMP in DKK and cannot be paid in another currency. The fee may be forwarded by credit card, by cheque or by bank transfer to BMP's bank.

2.3. The fee shall be received by BMP or BMP's bank not later than 14 days after the registered date of application, cf. section 1.5.e. If not received on this date, the registered date of application shall be altered to the date of receipt of the payment.

2.4. If the application results in the granting of an exploration licence to the applicant, the fee under sections 401 or 402 of the Standard Terms is reduced by the fee indicated in section 2.1 with respect to the application.

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

## **3. Non-competing and competing applications**

3.1. Applications with a registered date of application between the 1st and the 15th day of the month (both days included) shall be included in application batch A for that month. Applications with a registered date of application between the 16th and the last day of the month (both days included) shall be included in application batch B for that month.

3.2. A non-competing application is defined as an application of application batch A (B respectively) in which the licence area applied for does not overlap another licence area applied for within the same application batch A (B respectively).

3.3. A competing application is defined as an application of application batch A (B respectively) in which the licence area applied for overlaps another licence area applied for within the same application batch A (B respectively).

3.4. In case of competing applications BMP shall notify the applicants by fax (and mail) as soon as possible after expiry of the period for the application batch in question and shall at the same time notify the applicants about the delineation of

the overlapping area.

- 3.5. In case of competing applications the applicant may, in addition to maintaining the application unamended, choose the following, provided that BMP is notified about this within the first 3 working days after BMP's notification under section 3.4:
  - a. The applicant may alter the licence area applied for in such a way that the overlap with other licence areas applied for is reduced or eliminated. In such case the registered date of application is not altered.
  - b. The applicant may submit information about the matters indicated in section 4.5.a-c.

#### **4. Presentation of applications to the political authorities**

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

- 4.6 In case of an applicant, who under section 4.5.c has offered training and employment for Greenland labour, being granted the licence applied for the offer in question is stipulated as an additional provision in the licence.
- 4.7. The authorities are free to decide upon an application or upon competing applications and may in relation to an applicant decide to grant a licence as applied for, to offer a portion of the licence area applied for or not to grant any licence.

## **5. Other matters**

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

## **B. Application procedure for prospecting licences for minerals**

### **1. Submission of applications**

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

### **2. Application fee**

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

### **3. Presentation of applications to the political authorities**

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

### **4. Other matters**

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

## **C. Exploration licences (exclusive) for minerals**

### **1. Miscellaneous**

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

## **2. Licence area**

- 2.1. The licence area shall be delineated by corner coordinates defined by degrees and undivided minutes connected by longitudes and latitudes and/or by the coastline. Thus a licence area consists of a number of units delineated by 1 minute longitude and 1 minute latitude (varying between 0.4 km<sup>2</sup> in North Greenland and 1.8 km<sup>2</sup> in South Greenland). The licence area may consist of up to 5 subareas, but the distance between any two subareas must not exceed 100 km. Reference is made to sections 201-209 of the Standard Terms (enclosure 3).
- 2.2. Normally a licence area includes only land areas, but sea areas to a certain depth may upon application be included.
- 2.3. The licensee may reduce the licence area as indicated in section 204 of the Standard Terms (enclosure 3).
- 2.4. The licence area may upon application be enlarged as indicated in section 205 of the Standard Terms (enclosure 3).

## **3. Licence period**

- 3.1. The first licence period will be 5 years ending December 31 in the 5th year in the following way:
  - a. If the licence is granted prior to October 1 in a year, this calendar year will count as year 1 of the licence period.
  - b. If the licence is granted on or after October 1 in a year, the following calendar year will count as year 1 of the licence period.
- 3.2. At expiration of year 5 of the licence period the licensee is entitled to be granted a new 5 year licence for the same area, cf. section 302 of the Standard terms (enclosure 3).
- 3.3. The licensee may at any time surrender the licence with immediate effect, cf. section 304 of the Standard Terms (enclosure 3).

## **4. Exploration obligations**

- 4.1. The licensee is obligated to spend exploration expenses per calendar year regarding the licence area of the character defined in sections 605-606 of the Standard Terms (enclosure 3). These minimum exploration expenses are calculated for each particular exploration licence as the sum of the following two components:
- a. An amount per licence per calendar year as follows:
    - Years 1-2: DKK 100,000
    - Years 3-5: DKK 200,000
    - Years 6-10: DKK 400,000
  - b. An amount per km<sup>2</sup> per calendar year as follows:
    - Years 1-2: DKK 1,000 per km<sup>2</sup>
    - Years 3-5: DKK 5,000 per km<sup>2</sup>
    - Years 6-10: DKK 10,000 per km<sup>2</sup>

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

- 4.2. The exploration commitments indicated in section 4.1 are calculated on the basis of the size of the licence area as follows:
- a. For year 1 of the licence period the exploration commitment under section 4.1.b is calculated on the basis of the size of the licence area at the granting of the licence.
  - b. For years 2-10 of the licence period the exploration commitments under section 4.1.b are calculated on the basis of the size of the licence area on December 31 of the year in question. If the licensee during the year relinquishes part of the licence area the exploration commitment for the year in question will be reduced correspondingly. If the licensee surrenders the licence during the year the total exploration commitment under section 4.1 will be annulled for that year.
- 4.3. Expenses spent under a prospecting licence or exceeding the exploration obligations under a special exploration licence for large areas in North and East Greenland may within 3 years from the calendar year in which the expenses have been spent qualify as expenses for one or more exploration licences as indicated in section 613 of the Standard Terms (enclosure 3).

## **5. Licence fees**

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

## **6. Inspection, etc.**

- 6.1. The licensee shall not reimburse BMP-expenses regarding regulation under

article 25 subsection 5 of the Mineral Resources Act, cf. however section 804 of the Standard Terms (enclosure 3) as regards inspection site visits.

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

## **7. The transition from exploration to exploitation**

- 7.1. If the licensee has found and delineated commercially viable deposits which the licensee intends to exploit and provided the terms of the exploration licence have been complied with, the licensee is entitled to be granted an exploitation licence. The exploitation licence will be granted as indicated in sections 1401-1413 of the Standard Terms (enclosure 3).
- 7.2. The economic terms of an exploitation licence will be as follows, unless otherwise stipulated in the exploration licence:
  - a. Taxation according to Greenland legislation in force at any time.
  - b. Payment of a fee of DKK 100,000 to BMP at the granting of an exploitation licence.
  - c. Reimbursement of BMP's expenses regarding regulation in accordance with article 25 subsection 5 of the Mineral Resources Act.

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

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

- 8.1. In North and East Greenland - in this context defined as areas in West Greenland north of 78°N and all areas in East Greenland east of 44°W - special (exclusive) exploration licences for large areas may be granted on the following conditions:
  - a. The licence area shall during the entire licence period comprise a contiguous area of not less than 1,000 km<sup>2</sup>.
  - b. The licence period is 3 years.
  - c. The total exploration commitment is DKK 500 per km<sup>2</sup> per year (to be indexed).
  - d. During the licence period the licensee is entitled to be granted, upon application, an exploration licence on normal terms for the licence area, wholly or partly, beginning with year 1 for such licence.
  - e. If the exploration expenses spent at the termination of the licence exceed the exploration obligation for the licence period the difference may qualify as fulfilment of the exploration obligations for one or more exploration licences (on normal terms) under the same conditions as for prospecting licences as indicated in section 613 of the Standard Terms (enclosure 3), cf. also section C.4.3 above.

- f. The Standard Terms (enclosure 3) apply with the amendments indicated above.

## **D. Prospecting licences (non-exclusive) for minerals**

### **1. Miscellaneous**

- 1.1. A prospecting licence will cover all mineral resources except hydrocarbons and radioactive elements, unless otherwise stipulated in the licence.
- 1.2. The licence is based on a number of standard stipulations, cf. the enclosed examples of a prospecting licence (enclosure 4) and the Standard Terms (enclosure 5) for this licence. Reference is made to these enclosures.

### **2. Licence area**

- 2.1. The licence area may be delineated as an area within one of the following 3 areas or may be delineated as one of these areas:
  - a. West Greenland, in this context defined as areas south of 78°N and west of 44°W;
  - b. East Greenland, in this context defined as areas south of 75°N and east of 44°W;
  - c. North Greenland, in this context defined as areas north of 78°N and west of 44°W and areas north of 75°N and east of 44°W.

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

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

### **3. Licence period**

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

#### **4. Exploration obligations**

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

#### **5. Licence fees**

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

#### **6. Inspection, etc.**

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

#### **7. A personal prospecting licence**

- 7.1. A special personal prospecting licence may be granted to a person who intends to prospect on his own behalf and at his own risk - i.e. carry out prospecting which is not related to employment or contracting with a third party - on the following basis:
  - a. Sections 2.1-2.3 will apply. Normally such licences will not be granted for areas in the National Park in North and North East Greenland.
  - b. The licence period will be 1 year covering a calendar year. Also section 3.2 will apply.
  - c. A fee of 100 DKK shall be paid to BMP by the licensee at the granting of the licence.
  - d. The licence cannot be transferred.
  - e. Sections 1.1-1.2, 4.1-4.2 and 6.1-6.2 will apply.