

THE BAFFIN BAY LICENSING ROUND

MODEL
GUARANTEE
issued by

(Guarantor)



Government of Greenland
Bureau of Minerals and Petroleum
20YY/xx

WHEREAS:

- Pursuant to Act No. 335 of 6 June 1991 on Mineral Resources in Greenland (hereinafter called “the Mineral Resources Act”) with later amendments, see Consolidated Act No. 368 of 18 June 1998, the Government of Greenland has granted Licence No. .../... of 20... (hereinafter called “the Licence”) to ...(company)... (hereinafter called...)

jointly and with other parties; and
- The Licence is subject to the issuance of this Guarantee;

NOW THEREFORE:

- The undersigned ... (parent company and/or other companies that are the ultimate owners of major shareholdings in the above-mentioned company) ... (hereinafter called ”the Guarantor”) hereby provides the following Guarantee:

1.

The Guarantor has acquainted itself with the Licence, including all appendices, etc. thereto, to the extent they exist at the time of this present Guarantee being signed.

2.

As surety with primary liability, the Guarantor hereby guarantees irrevocably, without any time limit, the due performance of any and all existing and future obligations and liabilities of the nature referred to under (a), (b) and (c) below that are incurred by or become incumbent on ... (company) ... in its capacity of co-holder of the Licence or as a consequence of any activities undertaken or executed in pursuance of or in connection with the Licence, and regardless of whether such obligations and liabilities are incumbent on ... (company) ... exclusively or jointly and severally with any other parties:

- (a) any and all obligations and liabilities, whether they pertain to private or public law, towards the Government of Greenland and the Danish State, and any obligations and liabilities towards NUNAOIL A/S. This Guarantee shall also be valid and binding on the Guarantor in relation to any party to which NUNAOIL A/S may assign or otherwise transfer its rights in whole or in part, whether directly or through any intermediary, provided that such assignment or transfer is made to the Government of Greenland and/or the Danish State or to a company in which the Government of Greenland or the Danish State holds a controlling interest;
- (b) liability for damages pursuant to sections 26.01-26.05 of the Licence or any other existing or future rules or provisions on liability for damages, including liability for remedying any pollution or other environmental damage, regardless of the identity of the injured party and of whether the claim is set forth by any party(ies) other than the injured party, where this is allowed according to Danish or Greenland law;

(c) the liability to pay interest on and costs associated with the claims referred to in (a) and (b) above.

3.

The Guarantor shall be generally liable for all claims covered by the Guarantee as well as for its own debts, and the Guarantor shall thus either fulfil or arrange for the fulfilment of any obligation incurred and payable by ... (company) ... , including any claim for interest and costs, falling within the scope of this Guarantee, with payment to be made immediately upon demand or, where the correctness of the claim is contested, when it has been established by a final court decision. Legal proceedings in respect of claims under the Guarantee raised by parties other than the Government of Greenland and/or the Danish State shall not be instituted against the Guarantor until the claim has been established by a final judgment against ... (company) ...

4.

Where the Guarantee becomes payable due to obligations for which ... (company) ... is jointly and severally liable with the other co-holders of the Licence, the guarantee amount payable in respect of an individual obligation cannot exceed 200 per cent of ... (company) ...'s share of the relevant obligation. Regardless of the percentage distribution among the co-holders of the Licence, ... (company) ...'s share of the obligation shall be determined as ... (company) ...'s percentage share of the Licence at the time when the claim arose (upon the issuance of the Licence: ... %). Where the Government of Greenland has accepted that the shares in the Licence are not identical throughout the licence area, then the basis used shall be the shares in the activity from which the claim arises.

5.

The maximum amount of the Guarantor's liability set forth in clause 4 above shall not be reduced in the event that part of the claim is covered or coverable by others, or in the event that the Guarantor has contributed or undertaken to contribute towards such coverage, whether directly or indirectly. However, amounts that the beneficiary has received as partial coverage of the relevant obligation from ... (company) ... or under insurance taken out by ... (company) ... shall be deducted from the maximum calculated. Where insurance has been taken out by several co-holders of the Licence, the share of insurance coverage corresponding to ... (company) ...'s share, as defined in the second and third sentences of clause 4, shall be deducted from the Guarantor's maximum liability. The Guarantor shall have no right of recourse against ... (company) ... where such recourse claim competes with claims raised by the beneficiary under this Guarantee.

6.

The Guarantee shall also cover any obligations and liabilities referred to in clause 2 above that become incumbent on ... (company) ... after the issuance of this Guarantee as a consequence of any

future amendments to the Licence with appendices, etc., new or changed agreements, including the Joint Operating Agreement referred to in section 22 of the Licence, new or amended or other rules of law.

7.

The Guarantor hereby expressly and irrevocably waives the right to obtain a release from or reduction of any liability under this Guarantee by relying on any objection based on ... (company) ...'s transgression or non-performance of obligations towards the Guarantor, including objections to the effect that ... (company) ... has given the Guarantor incomplete or misleading information or has entered into more extensive commitments than authorised by the Guarantor. This shall also apply to any objection based on the following: (i) that a beneficiary pursuant to clause 2 fails to inform the Guarantor of matters of significance to the Guarantee, or (ii) that a beneficiary, by its acts or omissions towards ... (company), fails to comply with obligations towards the Guarantor, including objections to the effect that the beneficiary has granted ... (company) ... a respite or has waived security furnished, or to the effect that claims against the Guarantor have lapsed or been reduced due to the beneficiary's failure to prove claims against ... (company) ...'s estate. Where the liability of ... (company) ... has been established by a final judgment or by an arbitral award pronounced by a competent court or tribunal in a case instituted against ... (company), the Guarantor shall moreover waive the right to lodge any objection against the existence and enforceability of the liability claim against the Guarantor, regardless of whether the Guarantor has been involved in the legal proceedings or not.

8.

This Guarantee shall be governed by and construed in accordance with Danish law, including Greenland law, and any dispute arising out of or in connection with this Guarantee shall be settled in conformity with the said rules of Danish law and by the Danish courts. The venue shall be Copenhagen.

This provision shall not prevent the parties from agreeing in individual cases to refer a dispute to final settlement by arbitration.

9.

The Guarantor hereby agrees that any judgment or arbitral award pronounced against the Guarantor pursuant to clause 8 hereof shall be enforceable against the Guarantor's assets, regardless of the country in which such assets might be located.

10.

Subject to the terms and conditions stated herein, this Guarantee may be immediately and directly enforced against the Guarantor by any party whose claim(s) against ... (company) ... fall(s) under

this Guarantee, and the beneficiary(ies) may invoke any and all terms and conditions contained herein, including the provision on venue set out in clause 8 above.

11.

Any expenses in connection with the issuance of the present Guarantee shall ultimately be paid by the Guarantor, or by ... (company) ... where an agreement to such effect has been made between the Guarantor and ... (company) ...

_____, _____, _____ 20____
(Company)

In witness of the authenticity of the signatures, correctness of the date, and the authority of the signatories to impose upon the Guarantor such liabilities and obligations as are contained in the Guarantee set out above. (For companies not registered in Denmark: see the attached Affidavit.)

Signature:

Signature:

Name (typed):

Name (typed):

Position:

Position:

Address:

Address: