


## EXPLORATION LICENCE

between

**SECRETARY OF STATE FOR BUSINESS  
INNOVATION AND SKILLS**

and

**UK SEABED RESOURCES LTD**

**THIS LICENCE** is dated  February 2013

### **PARTIES**

**Secretary of State for Business Innovation and Skills (Licensor).**

**UK Seabed Resources Ltd** incorporated and registered in England and Wales with company number **08058443** whose registered office is at c/o MacRae and Co LLP, 58 Lafone Street, Shad Thames, London, United Kingdom, SE1 2LX (**Licensee**).

### **BACKGROUND**

This Licence is issued in exercise of the powers conferred by section 2 of the Deep Sea Mining (Temporary Provisions) Act 1981 and Regulations 2 and 4 of the Deep Sea Mining (Exploration Licences) Regulations 1984 (S.I. 1984/1230).

## **1. Interpretation**

(1) In this licence the following expressions have the following meanings:—

“the Act” means the Deep Sea Mining (Temporary Provisions) Act 1981, as may be amended from time to time;

“Authority” means the International Seabed Authority

“consent” means consent in writing;

“the Convention” means the United Convention on the Law of the Sea (Montego Bay, 10 December 1982);

“dumping means”:

(i) any deliberate disposal of wastes or other matter from vessels, aircraft, platforms or other man-made structures at sea;

(ii) any deliberate disposal of vessels, aircraft, platforms or other man-made structures at sea;

but does not include:

- the disposal of wastes or other matter incidental to, or derived from the normal operations of vessels, aircraft, platforms or other man-made structures at sea and their equipment, other than wastes or other matter transported by or to vessels, aircraft, platforms or other man-made structures at sea, operating for the purpose of disposal of such matter or derived from the treatment of such wastes or other matter on such vessels, aircraft, platforms or structures;

- placement of matter for a purpose other than the mere disposal thereof, provided that such placement is not contrary to the aims of the Convention.

“Effective Date” means the date upon which the Authority and the Licensee enter into a contract pursuant to which the Authority grants the Licensee a licence in respect of the exploration area.

“the exploration area” means the area of the deep sea bed in which the Licensee may exercise the rights granted by this licence and which is more particularly described in Annex I to this licence;

“the Licensee” means the person or persons to whom this licence is granted, and any person or persons to whom the rights conferred

by this licence may lawfully have been assigned in accordance with clause 23.

"marine environment" includes the physical, chemical, geological and biological components, conditions and factors which interact and determine the productivity, state, condition and quality of the marine ecosystem, the waters of the seas and oceans and the airspace above those waters, as well as the seabed and ocean floor and subsoil thereof;

"the Part XI Agreement" means the Agreement relating to Implementation of Part XI of the United Nations Convention on the Law of the Sea of 10 December 1982 (New York, 28 July 1994);

"the plan of work" means the programme of activities and expenditure for exploration for polymetallic nodules and the seabed floor which has been submitted by the Licensee and approved by the Authority on or before the Effective Date and which is more particularly described in Annex 2 to this licence. The plan of work shall also include any subsequent amendment, alteration or variation to that plan which is approved by the Authority;

"Pollution" means the introduction by man, directly or indirectly, of substances or energy into the marine environment, including estuaries, which results or is likely to result in such deleterious effects as harm to living resources and marine life, hazards to human health, hindrance to marine activities, including fishing and other legitimate uses of the sea, impairment of quality for use of sea water and reduction of amenities;

"the Polymetallic Nodules Regulations" means the Regulations on Prospecting and Exploring for Polymetallic Nodules in the Area, adopted by the Council of the Authority at its sixth session in 2000, and any Regulations adopted by the Council amending or replacing the same; and any reference to an individual regulation shall be deemed to be a reference to the regulation of that number in the Polymetallic Nodules Regulations or to any regulation amending or replacing those Regulations;

"polymetallic nodules" means one of the resources of the Area consisting of any deposit or accretion of nodules, on or just below the surface of the deep seabed, which contain manganese, nickel, cobalt copper, and rare earth elements;

"serious harm to the marine environment" means any actual effect from activities in the Area as defined in Article 1(1)(1) of the Convention on the marine environment which represents a significant adverse change in the marine environment determined according to

the rules, regulations and procedures adopted by the Authority on the basis of internationally recognised standards and practices.

(2) Any obligations which are to be observed and performed by the Licensee shall at any time at which the Licensee is more than one person be joint and several obligations.

## **2. Grant of the licence**

(1) In consideration of the payments provided for in clause 6 and the performance and observance by the Licensee of all the terms and conditions contained in this licence, the Secretary of State, in exercise of the powers conferred by the Act, hereby grants to the Licensee effective as of the Effective Date exclusive licence and liberty, during the continuance of this licence and subject to its provisions, to explore for the hard mineral resources of the deep sea bed in the exploration area, to the extent that those hard mineral resources are covered by the plan of work.

(2) The Licence does not provide authorisation for:

- (a) any activity that is not described in the plan of work, and approved by the Authority; and
- (b) any activity in respect of any area of the deep sea bed for which an exploration or exploitation licence granted by the Secretary of State, or a licence or authorisation issued under the law of a reciprocating country is in force.

(3) The Licensee shall give the Secretary of State at least three months' written notice of any request by the Licensee to the Authority to amend, alter or vary the plan of work and with such a notification shall set out details of all proposed changes and the likely effect thereof, and shall include details of any potential environmental effects.

(4) The Secretary of State may reduce the three months' written notice requirement provided for in clause 2(3), where the Licensee provides the Secretary of State with:

- at least one months' written notice, otherwise in accordance with the requirements set out in clause 2(3); and
- sound reasons as to why three months' notice could not be provided in accordance with clause 2(3).

(5) The right to explore for the hard mineral resources of the deep sea bed conferred by this licence shall not include any right to their exploitation.

(6) Notwithstanding clause 2(5), the UK shall, if the following conditions are satisfied, act as a sponsor state to the Licensee for purposes of obtaining an exploitation licence from the Authority (including providing the Licensee with a domestic UK exploitation licence under the UK's exploitation regulations then in place):

a) the Licensee has complied with the terms and conditions of this licence;

b) the Licensee has completed exploration activities pursuant to the plan of work sufficient to file an exploitation licence application with the ISA;

c) the Licensee makes an application for, and satisfies the requirements for, an exploitation licence (the exploitation licence) under the Act and related Regulations;

d) that exploitation licence is issued and covers any activity in respect of any area of the deep sea bed to which this licence relates.

### **3. Term of the licence**

(1) Subject to clause 3(2) this licence, unless sooner determined under the Act or under any of its provisions, shall subsist for a period of 15 years from the Effective Date but may, if the Secretary of State sees fit and the Licensee has at least three months before the expiry of the said period made a written request for its extension, be continued for a further period of five years and at the expiry of any such further period the same provision shall apply.

(2) The Licence shall not come into force until the Effective Date.

(3) The Licence shall cease to have effect if the Authority fails to authorize the negotiation of an exploration contract with the Licensee by September 2014.

(4) In the event that the Authority suspends or terminates its contract with the Licensee, this licence shall also be suspended or terminated; provided, that in the event that the Licensee disputes or challenges any such suspension or termination by the Authority, this licence shall not be suspended or terminated, as applicable, until such dispute or challenge is resolved.

### **4. Right of Licensee to terminate licence**

Subject to clause 6 and without prejudice to any obligation or liability imposed by or incurred under the terms or conditions of this licence, the Licensee may at any time terminate this licence by giving to the Secretary of State not less than three months' previous notice in writing to that effect.

### **5. Provision of contact details to Secretary of State**

A direction, written instructions or other document authorised or required (in whatever terms) to be given to the Licensee by virtue of this licence is treated as given to the Licensee if it is sent:-

(a) to such address as may be specified in writing by the Licensee and supplied to the Secretary of State; or

(b) if no address is specified in accordance with clause 5(1)(a), the registered office of the Licensee.

## **6. Payment of consideration for licence**

(1) The Licensee shall pay to the Secretary of State the fee payable on the grant of this licence, and any such fees payable during the period of this licence as are prescribed in Regulations made under the Act from time to time, in the manner specified in Annex 3.

(2) The Licensee shall not by reason of the determination of this licence be entitled to be repaid or allowed any part of any sum payable to the Secretary of State pursuant to this licence.

(3) The Licensee shall have no claim for compensation against the Secretary of State in the event of the variation or revocation of this licence under clause 24 or in the event of a repeal of the Act under section 18(3) or otherwise.

## **7. Obligations of Licensee**

(1) The Licensee shall be responsible for the exercise of all functions involved in the exploration of the deep sea bed in pursuance of this licence by whomsoever carried out.

(2) For the avoidance of doubt the Licensee may engage subcontractors to carry out activities for all purposes under the Licence on behalf of the Licensee.

(3) The Licensee shall ensure that all persons carrying out any activities under the Licence on behalf of the Licensee shall be provided with a copy of this Licence and with the provisions of the plan of work which are relevant to those activities.

(4) The Secretary of State shall be notified within 14 days of the occurrence of the following matters (except where such disclosure is prohibited by Stock Exchange rules):

(a) Where the Licensee is a registered company:

(i) any change in the Licensee's trading name, registered name or registered office address; and

(ii) any steps taken with a view to the Licensee going into administration, entering into a company voluntary arrangement or being wound up.

(b) Where the Licensee is a corporate body other than a registered company:

(i) any change in the Licensee's name or address; and

(ii) any steps taken with a view to the dissolution of the Licensee.

(c) In any other case:

- (i) any change in the Licensee's name(s) or address(es); and
- (ii) any steps taken with a view to the Licensee, going into bankruptcy, entering into a composition or arrangement with creditors, or, in the case of the Licensee being in a partnership, dissolving the partnership.

(5) Any obligations of the Licensee, other than those obligations arising directly from the appointment of an Inspector, Independent Verifier or Independent Monitor, the expense of each of which shall be borne by the Secretary of State, under this Licence are at the Licensee's expense.

(6) Where the Licensee subsequently applies for an exploitation license connected to the plan of work, the Licensee will seek to use the UK as a sponsor state. However, if the UK fails to agree in writing to serve as a sponsor state within 90 days after a request for such sponsorship by the Licensee, then the Licensee shall be permitted to seek an alternative sponsor state.

(7) Where the Licensee (or any other person acting on the Licensee's behalf) intends to make an application to the Authority for an exploitation licence, it shall provide written notice of such intention to the Secretary of State, at least six months prior to any such application being received by the Authority.

## **8. Obligations of Licensee in relation to the Convention**

(1) The Licensee shall comply with those provisions of the Part XI Agreement, as well as of Convention, including particularly Part XI thereof and Annex III thereto, as interpreted in accordance with Article 2(1) of the Part XI Agreement, which are applicable to contractors:

- i) the Polymetallic Nodules Regulations;
- ii) the rules, regulations and procedures of the Authority;
- iii) the plan of work; and
- iv) its contract with the Authority. [Article 153(4) and Annex III, Article 4(4)]

(2) Without prejudice to the generality of paragraph (1), the Licensee shall in particular:

- a) comply with Articles 147 and 149 of the Convention and Regulation 34 of the Polymetallic Nodules Regulations, relating to activities in the Area and objects of an archaeological and historical nature found there;

- b) cooperate fully with the Authority, in particular in relation to the matters mentioned in Articles 153(4) and (5), and with any inspectors appointed by the Authority; [Article 162(2)(3)]
- c) comply with any temporary measures taken by the Secretary-General of the Authority in accordance with regulation 32 of the Polymetallic Nodules Regulations and emergency orders issued by the Council in accordance with the Convention and/or the Polymetallic Nodules Regulations; [Article 162(2)(v)]
- d) comply with the financial terms of its contract with the Authority; [Annex III, Article 13; Section 8 of the Part XI Agreement]
- e) transfer data to the Authority in accordance with Annex III, Article 14(1), of the Convention;
- f) draw up training programmes in accordance with Annex III, Article 15, of the Convention and regulation 27 of the Polymetallic Nodules Regulations, and cooperate with the Authority in the implementation of such training programmes;
- g) pay to the Authority any monetary penalties imposed in accordance with Annex III, Article 18(2), of the Convention;
- h) enter into negotiations in the circumstances set out in Annex III, Article 19(1), of the Convention;
- i) consent to the recognition and/or enforcement in the territories of all States party to the Convention of any final decision rendered by a court or tribunal having jurisdiction under the Convention relating to the rights and obligations of the Authority and/or of the Licensee; [Annex III, Article 21(2); Article 187; Annex VI, Article 39]
- j) irrevocably submit to the jurisdiction of the courts of England and Wales in order to ensure compensation or other relief in respect of damage caused by the Licensee by pollution of the marine environment; [Article 235(2)]
- k) accept responsibility and/or liability in the circumstances set out in the first sentence of Annex III, Article 22, of the Convention; and
- l) decline to accept subsidies in the circumstances set out in Section 6, paragraph 3, of the Part XI Agreement.

## **9. Safety, health and welfare**

(1) The Licensee shall conduct all operations pursuant to this licence with due regard to the safety, health and welfare of persons employed in those operations and shall comply with any written instructions that the Secretary of State may from time to time give for this purpose.

(2) The Licensee shall conduct all operations pursuant to this licence with due regard to the safety of life and property at sea, and shall comply with any written instructions that the Secretary of State may from time to time give for this purpose.

(3)(a) The Licensee shall ensure that all ships and other vessels and equipment used in pursuance of this licence are at all material times in

good repair and condition and shall execute all operations in the exploration area in a proper manner using all due skill and care.

(b) The same standards shall apply to the construction, maintenance and operation of all ships and other vessels employed in pursuance of this licence as apply to ships and other vessels registered in the United Kingdom under United Kingdom legislation including, in particular, any requirements imposed pursuant to the international conventions listed in Annex 4, any amendments to those conventions and any other present or future conventions to which the United Kingdom is or becomes a party and which contains provisions relating to such standards.

## **10. Diligence**

The Licensee shall carry out the exploration for which he is licensed in accordance with the plan of work. It shall be the duty of the Licensee to ensure that such exploration is carried out with all due skill and diligence.

## **11. Protection of the Environment**

(1) The Licensee shall take all practicable measures, as far as reasonably possible using the best technology available to it, applying a precautionary approach and best environmental practices, to prevent pollution and any harmful effects to marine creatures, plants or other organisms and their habitats that might result from activities authorised under this licence, including, but not limited to, any measures specified in the plan of work or the Licensee's contract with the Authority.

(2) The Licensee shall comply with any obligations placed upon it, by regulation 31 of the Polymetallic Nodules Regulations.

(3)(a) The Licensee shall promptly notify the Secretary of State, in writing, of any incident arising from activities pursued under this Licence which has caused or is causing serious harm to the marine environment or poses a threat of causing such harm. Each such report shall contain the details of such incident, including, inter alia:

- (i) the coordinates of any area affected or which can reasonably be anticipated to be affected;
- (ii) the description of the action being taken by the Licensee to prevent, contain, minimize and repair the serious harm or threat of serious harm to the marine environment;
- (iii) a description of the action being taken by the Licensee to monitor the effects of the incident on the marine environment;

and the licensee shall provide such further information as the Secretary of State may reasonably require;

(b) the Licensee shall take prompt measures to prevent, contain, minimize or repair serious harm or the threat of serious harm to the marine environment, and, where the Secretary of State considers that sufficient measures have not been taken for that purpose, the Secretary of State may take such reasonable

measures as are necessary, in which case the Licensee shall promptly reimburse the Secretary of State the actual costs and expenses incurred in so doing.

## **12. Environmental Monitoring and reporting**

(1) The Licensee shall monitor and record environmental conditions in the exploration area in accordance with the Polymetallic Nodules Regulations. Copies of all reports, information and data submitted to the Authority shall be provided at the same time to the Secretary of State, and the Licensee shall provide such further information as the Secretary of State may reasonably require in respect of such matters.

(2) The Licensee shall, six months after the date on which this licence comes into force, and every six months thereafter, submit to the Secretary of State a summary written report of its exploration activities carried out under the plan of work and this Licence in the preceding six month period. The report shall be in accordance with the format determined by the Secretary of State in consultation with the Licensee. At yearly intervals, from the date of this licence coming into force, such reports shall additionally include (unless covered in the reports submitted to the Authority and the Secretary of State under clause 12(1)):

(a) the Licensee's annual expenditure on exploration in the exploration area;

(b) a statement of the ownership of all ships or other vessels used by the Licensee to explore in the exploration area;

(3) Where the Licence terminates for whatever reason, and is not renewed, a final report shall be submitted to the Secretary of State covering the period of the licence since the last biannual report, complying with the requirements of clause 12(2) (a) to (c), to be received no later than three months after the date on which the licence terminates.

## **13. Verification of Licensee's Reports**

(1) If required by the Secretary of State, the Licensee shall appoint an Independent Verifier, approved by the Secretary of State and shall ensure that the bi-annual reports required by clause 12(2) of this Permit are verified by the Independent Verifier, before submission. The Licensee shall provide the Secretary of State with the Independent Verifier's written assessment, at the same time as submitting the report, and with such further information from the Independent Verifier as the Secretary of State may require.

(2) The Licensee shall make available to the Independent Verifier any information and data which the Independent Verifier reasonably requires in order to assess the Licensee's reports.

(3) An Independent Verifier shall not be appointed to act during a period in which an Independent Monitor is monitoring activities conducted under this licence in accordance with clause 14.

#### **14. Independent Monitors**

(1) If required by the Secretary of State, the Licensee shall appoint an Independent Monitor, approved by the Secretary of State, to monitor the Licensee's compliance with its plan of work and this Licence, and to report thereon to, and as required by, the Secretary of State.

(2) The Licensee shall submit any further reports or information from the Independent Monitor as the Secretary of State may reasonably require.

(3) The Licensee shall make available to the Independent Monitor any information and data relating to its activities conducted under this licence which the Independent Monitor requires in order to provide reports and information to the Secretary of State on the Licensee's compliance with this Licence.

#### **15. At-Sea testing of systems and equipment**

The Licensee shall not undertake any at-sea testing of mining systems or any equipment liable to be harmful to the environment without the consent of the Secretary of State. The Licensee shall submit a written request for such consent three months in advance of any at-sea testing describing the systems and/or equipment to be tested, the nature, place and duration of the test, the existing condition of the environment and the potential impact of the test on the environment. The Licensee shall comply with any conditions attached to a consent if granted by the Secretary of State.

#### **16. Dumping and waste disposal**

(1) The Licensee shall not dispose at sea of any waste or other matter arising directly from exploration activities from any ship or other vessel or structure used in pursuance of such activities.

(2) Without prejudice to sub-paragraph (1), the Licensee shall not carry out any dumping.

#### **17. Records**

(1) The Licensee shall keep accurate records in a form from time to time approved by the Secretary of State of its operations on the deep sea bed. Such records shall include particulars of the following matters:—

(a) methods of all data collection required by the terms of this licence and covered in the plan of work;

(b) the expenditure incurred in pursuance of the plan of work;

(c) details of physical obstacles to mining (for example, sea-floor topography or wrecks);

(d) point and other data on abundance (weight/unit area), grade (metal assays) and extent of nodule deposits;

(e) such other matters as the Secretary of State may reasonably (from time to time) direct.

(2) All records required to be made by this licence shall:

- (a) be legible;
- (b) be made as soon as reasonably practicable;
- (c) if amended, be amended in such a way that the original and any subsequent amendments remain legible, or are capable of retrieval; and
- (d) be retained, unless otherwise agreed in writing by the Secretary of State, for at least 6 years from the date when the records were made,

(3) The Licensee shall deliver copies of such records to the Secretary of State as and when required to do so.

(4) The Licensee shall notify the Secretary of State three months in advance of the placing and position of any structure (either fixed or floating), but excluding any light or buoy.

(5) The Licensee shall notify the Secretary of State in advance, if practicable, or if not then promptly after, of the placing and position of any light or buoy within the exploration area, and the timing and nature of any exploratory activities.

### **18. Samples and assays**

As far as reasonably practicable the Licensee shall correctly label and preserve for reference for the period of the licence samples of matters collected in the course of exploration or assays of such samples. The Licensee shall furnish such samples or assays of such samples to the Secretary of State as and when required to do so.

### **19. Inspectors, Independent Verifiers and Independent Monitors**

(1) The Licensee shall ensure that any Independent Verifier or Independent Monitor, and any Inspector appointed by the Secretary of State, is able at all reasonable times, and for the purposes of monitoring the Licensee's compliance with the conditions of this Licence and its plan of work—

- (a) to board or obtain access to all parts of any ship or other vessel or equipment while being used for or in connection with exploration under this licence whether the said ship or equipment is on the high seas or not;
- (b) to inspect and request testing of equipment used by the Licensee for the purposes of exploration under the licence];
- (c) to inspect any log, equipment, records, facilities, all other recorded data and any relevant documents and to make abstracts or copies of any records, returns, plans or maps which the Licensee

is required to keep or make in accordance with the provisions of this Licence (this provision applies to information recorded in any form);

(d) to remove any samples or assays of such samples from any ship or equipment used for or in connection with exploration under this licence whether the said ship or equipment is on the high seas or not;

(e) to have the Licensee carry out such procedures in respect of any equipment used for or in connection with exploration under this licence as may be deemed necessary by the Secretary of State;

(f) to have available for his use such equipment within the control of the Licensee which would allow inspection of the deep sea bed.

(2) The Licensee shall convey any Independent Verifier, Independent Monitor or inspector to or from any ship used for or in connection with exploration under this licence together with any equipment require for carrying out testing. The Secretary of State shall bear the reasonable costs thereof.

(3) The Licensee shall provide any representative of an Independent Verifier or Independent Monitor, and any inspector while on board any ship in exercise of his duties with reasonable accommodation and subsistence.

(4) In the event of immediate or apprehended danger the Licensee shall carry out promptly all reasonable instructions given by any inspector.

(5) Any information provided to an Inspector, Independent Verifier, or Independent Monitor by the Licensee under this clause shall be subject to clauses 14 and 20.

## **20. Confidentiality**

(1) All documents, records, returns, plans, maps, samples, assays of samples, accounts and information (in this clause referred to as "specified data") which the Licensee is or may be from time to time liable to furnish under the provisions of this licence shall be supplied at the expense of the Licensee and shall not be disclosed by the Secretary of State to any person not in the service or employment of the Crown, except as prescribed in section 13(1) of the Act or as provided below, for 12 years from the date of receipt or until the expiry of the licence, whichever is the longer. Specified data includes information recorded in any form.

(2) The Secretary of State shall be entitled at any time to furnish any of the specified data to the Natural Environment Research Council and any other body of like nature as may from time to time exploit opportunities to advance marine science.

(3) The Secretary of State, the said Council and any other such body shall be entitled at any time to prepare and publish reports and surveys of a general nature using information derived from any of the specified data. The Secretary of State shall consult the Licensee about such general

reports prior to their publication and shall ensure that any comments of the Licensee are given due consideration.

## **21 Rights of third parties**

(1) The Licensee shall carry out the exploration under the plan of work in such a way that his activities will not interfere unreasonably with the exercise of the freedom of the high seas by the nationals of other nations as well as of the United Kingdom under the general principles of public international law as recognised by the United Kingdom. In particular, the Licensee shall not carry out any operations authorised by this licence in or about the exploration area in such a manner as to interfere unjustifiably with navigation or fishing in the waters of the exploration area or with the observation of marine creatures, plants and other organisms and their habitats.

(2) Without prejudice to section 4 of the Act, the Licensee shall take all reasonable steps to ensure that his operations do not interfere with any operations carried out by a third party under an exploration or exploitation licence or authorisation under a plan of work approved by the Authority.

## **22. Indemnity against third party claims**

The Licensee shall at all times keep the Secretary of State effectually indemnified against all actions, proceedings, costs (or in Scotland expenses), charges, claims and demands whatsoever which may be made or brought against the Secretary of State by any third party in relation to or in connection with this licence or any matter or thing done or purported to be done in pursuance thereof, other than anything done upon the instruction of the Secretary of State or any person authorised by him.

## **23. Transfer of licence**

(1) The Licensee shall not without the consent of the Secretary of State in writing assign or part with any of the rights granted by this licence in relation to the whole or any part of the exploration area or grant any sub-licence in respect of any such rights.

(2) The Licensee shall apply in writing for the consent of the Secretary of State to an assignment (or in Scotland assignation) of the licence or any part thereof by providing details of the proposed assignee similar to those required of an applicant making an application for an exploration licence governed by the Deep Sea Mining (Exploration Licences) (Applications) Regulations 1982, as may be amended from time to time.

## **24. Power of revocation or variation**

(1) If any of the events specified in the following paragraph shall occur the Secretary of State may revoke this licence whereupon all the rights hereby

granted shall cease and determine but subject nevertheless and without prejudice to any obligation or liability incurred by the Licensee or imposed upon him by or under the terms and conditions hereof.

(2) The events referred to in the foregoing paragraph are—

- (a) where section 6 of the Act applies;
- (b) any payment under clause 6 hereof or any part thereof being in arrear or unpaid for two months following the day on which it ought to have been paid;
- (c) any breach or non-observance by the Licensee of any of the terms or conditions of this licence;
- (d) in Great Britain the bankruptcy (or in Scotland sequestration) of the Licensee;
- (e) in Great Britain the making by the Licensee of any arrangement or composition with his creditors (or in Scotland the granting by him of a trust deed for behoof of creditors or the making of a composition contract);
- (f) in Great Britain if the Licensee is a company, the appointment of a receiver or administrator or any liquidation whether compulsory or voluntary;
- (g) in a jurisdiction other than Great Britain, the commencement of any procedure or the making of any arrangement or appointment substantially corresponding to any of those mentioned in sub-paragraphs (d) to (f) of this paragraph;
- (h) the Licensee's ceasing in the case of a company to have its central management or be incorporated in the United Kingdom;
- (i) the Secretary of State is of the view that the Licensee has failed to carry out within the first five years of the term of this licence a significant part of the plan of work in light of market and general economic conditions and the technological feasibility of exploring the licence area;

and where two or more persons are the Licensee any reference to the Licensee in sub-paragraphs (c) to (i) of this paragraph is a reference to any of those persons.

(3) The Secretary of State may vary this licence under section 6(1) of the Act.

## **25. Installation movements**

(1) The Licensee shall give the Secretary of State six months' prior notice of any installation movements within the Exploration Area.

(2) The Licensee shall, at its own expense, install and maintain underwater sonar beacons to such specifications as the Secretary of State may require

in accordance with commercially accepted maritime practice on any structures that may be temporarily within the Exploration Area, provided that there shall be no requirement to fit such beacons to fixed and charted installations or vessels.

## **26. Disputes**

The Licensee shall comply with any instructions from time to time given by the Secretary of State in writing relating to any operations carried out under this licence. If the Licensee objects to any such instruction on the grounds that it is unreasonable he may, within 30 days from the date upon which the instruction was given, refer the matter to arbitration in the manner provided by clause 27 of this licence.

## **27. Arbitration**

(1) If at any time any dispute, difference or other question shall arise between the Secretary of State and the Licensee as to any matter arising under or by virtue of this licence or as to their respective rights and liabilities in respect thereof then the question shall, except where it is expressly provided by this licence that it is to be determined, decided, approved or consented to by the Secretary of State, be referred to arbitration as provided in the following paragraph.

(2) The arbitration referred to in the foregoing paragraph shall be conducted in accordance with the Arbitration Act 1996 by a single arbitrator who, in default of agreement on his appointment between the Secretary of State and the Licensee within three months of a request for arbitration by either party, shall be appointed at the request of either party by the Lord Chief Justice of England for the time being.

Provided that if any such dispute, difference or other question arises solely out of any act or omission taking place in Scotland or in territorial waters adjacent thereto or in a designated area or part of a designated area in respect of which an Order in Council has been made pursuant to section 11 of the Petroleum Act 1998 making provision for the determination of questions in accordance with the law in force in Scotland the arbitration referred to in the foregoing paragraph shall be conducted by a single arbiter who, in default of agreement between the Secretary of State and the Licensee on his appointment as aforesaid, shall at the request of either party be appointed by the Lord President of the Court of Session:

And provided further that if any such dispute difference or question arises solely out of any act or omission taking place in Northern Ireland or in territorial waters adjacent thereto or in a designated area or part of a designated area in respect of which such an Order in Council has been made making provision for the determination of questions in accordance with the law in force in Northern Ireland the arbitration referred to in the foregoing paragraph shall be conducted in accordance with the Arbitration Act 1996 by a single arbitrator who, in default of agreement between the Secretary of State and the Licensee on his appointment as aforesaid shall be appointed on the request of either party by the Lord Chief Justice of Northern Ireland for the time being.

## 28. Governing Law and Jurisdiction

This licence shall be governed by the law of England and Wales and subject to clause 27, the courts of England and Wales shall have exclusive jurisdiction over any matter or dispute arising in relation to it

### Annex 1

#### The Exploration Area

The Exploration Area is the area described in the plan of work as the application area, and defined by the geographical coordinates (in accordance with the World Geodetic System WGS 84) included in the plan of work.

The geographic coordinates defining the exploration area are -

Label	Decimal Degrees		Label	Decimal Degrees	
	North Latitude	West Longitude		North Latitude	West Longitude
1	14.00000	134.00000	20	11.25000	135.33333
2	13.58010	133.83300	21	10.83333	135.33333
3	13.50000	133.83300	22	10.83333	135.25000
4	13.50000	134.75000	23	9.50000	135.25000
5	11.50000	134.75000	24	9.50000	138.62500
6	11.50000	133.83333	25	9.87500	138.62500
7	11.66667	133.83333	26	9.87500	138.87500
8	11.66667	133.66667	27	10.12500	138.87500
9	11.00000	133.66667	28	10.12500	138.62500
10	11.00000	133.50000	29	10.83330	138.62500
11	10.50000	133.50000	30	10.83330	138.37400
12	10.50000	132.58333	31	11.63330	138.37400
13	10.03333	132.58333	32	11.63330	137.83330
14	10.03333	133.16667	33	12.50000	137.83330
15	9.81350	133.16667	34	12.50000	136.00000
16	9.81350	134.07000	35	13.50000	136.00000
17	10.98000	134.07000	36	13.50000	137.42000
18	10.98000	135.00000	37	13.86000	137.42000
19	11.25000	135.00000	38	13.86000	134.00000
The following coordinates define an area to be excluded from the Application Area					
39	10.66667	135.33333	48	9.98330	136.83300
40	10.45000	135.33333	49	9.98330	137.50000
41	10.45000	135.41667	50	10.83330	137.50000
42	10.33333	135.41667	51	10.83330	136.00000
43	10.33333	135.83333	52	10.91667	136.00000
44	10.50000	135.83333	53	10.91667	135.75000
45	10.50000	136.00000	54	10.83333	135.75000
46	9.66670	136.00000	55	10.83333	135.50000
47	9.66670	136.83300	56	10.66667	135.50000

### Annex 2

## **The Plan of Work**

The 'Plan of Work' referred to in this exploratory licence refers to the Plan of Work submitted to the International Seabed Authority (ISA) by UK Seabed Resources for consideration at the ISA's 19th session (July 2013), and modified from time to time by agreement between UK Seabed Resources Ltd. and the ISA. The Plan of Work includes a proposal by UK Seabed Resources Ltd., to explore an area of the Clarion Clipperton zone (CCZ) in the Eastern Pacific for polymetallic nodules, collecting a variety of data on their abundance & metallic content, in addition to oceanographic, bathymetric, and environmental data over a 5 year period (or longer by agreement), using direct & remote sampling methodologies. Major activities include collection of environmental data and analysis to obtain an environmental baseline for the area, and survey activities to establish potential commercial recovery areas.

## **Annex 3**

### **Method of Payment**

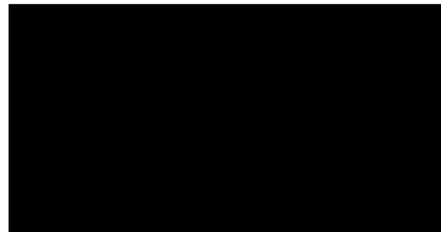
Payment of all monies due to the Secretary of State in connection with this licence shall be made directly to the account detailed below by credit transfer payment in accordance with the following details, or by other method that the Secretary of State may specify:

Bank Sort Code  
Bank

Account

Amount

Reference



In Sterling

Deep Sea Mining (Temporary Provisions) Act 1981 – UK Seabed Resources Ltd

## **Annex 4**

### **Relevant instruments**

- the International Convention on Load Lines, 1966;
- the International Convention for the Safety of Life at Sea, 1974;
- the Protocol of 1978 relating to the International Convention for the Safety of Life at Sea, 1974;
- the International Convention for the Prevention of Pollution from Ships, 1973 as modified by the Protocol of 1978 relating thereto;

—the International Convention for Standards of Training, Certification and Watchkeeping for Seafarers, 1978;

—the Convention on the International Regulations for Preventing Collisions at Sea, 1972;

—the Merchant Shipping (Minimum Standards) Convention, 1976 (ILO Convention 147);

—the Protocol of 1988 relating to the International Convention on Load Lines 1966;

—the Protocol of 1988 relating to the International Convention on Safety of Life at Sea 1974 (SOLAS).

Signed by and on behalf of the Secretary of State for Business Innovation and Skills by:

Signed by [redacted] for and on behalf of UK Seabed Resources Ltd.

[redacted] ....  
[redacted]

Director

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