



**STATEMENT OF THE BOARD OF DIRECTORS CONCERNING THE GENERAL MEETING PROPOSALS
TO RESTRUCTURE NUNAMINERALS A/S**



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1 Introduction

NunaMinerals A/S, company registration number A/S 247.544 in suspension of payments ("NunaMinerals" or the "Company") and the Government of Greenland are nearing a consensus on the terms for a restructuring agreement (the "Restructuring Agreement") with Greenland Mining Management Ltd. (UK), company registration number 09408353 ("GMM") regarding the restructuring of the Company. The descriptions below relate to the current draft (19 November 2015) of the Restructuring Agreement.

The Restructuring Agreement contains certain rights and obligations in relation to the conditional restructuring of NunaMinerals, including *inter alia* a share capital reorganization, a compulsory payment arrangement, a debt restructuring and sale of existing shares and certain covenants in relation to the activities of NunaMinerals (the "Restructuring").

To allow the implementation of the Restructuring, the board of directors of NunaMinerals (the "Board") on 16 November 2015 convened a general meeting to be held on 25 November 2015 (the "General Meeting").

For the full proposals and the associated documents, reference is made to the notice for the general meeting, company announcement no.26 (a, b and c) of respectively 16 and 19 November 2015.

It is a condition for the completion of the Restructuring that the required majority of the shareholders of NunaMinerals vote in favour of the proposals at the General Meeting.

The details of the Restructuring and the assessment by the board of directors of NunaMinerals (the "Board") of the advantages and disadvantages thereof are set out in this statement.

In section 2 the background of the Company and an update of recent developments are described; section 3 contains a description of GMM; section 4 contains an overview of the proposals for the General Meeting; section 5 sets out the details of the Restructuring and the conditions therefor; section 6 contains the assessment of the advantages and disadvantages of the Restructuring; section 7 contains disclosure of certain interests of the parties involved in the Restructuring and section 8 contains a conclusion of this statement.

No assurances can be given regarding the outcome of the Restructuring.



2 Background

2.1 The activities of NunaMinerals

NunaMinerals is a mineral exploration company active in Greenland, currently holding seven exploration licenses covering approximately 1,815 km². The company is a gold explorer in Greenland, but holds a diverse exploration portfolio incorporating precious, base and critical metals.

2.2 Process leading up to the restructuring

NunaMinerals' financial position has for a longer period been highly critical primarily due to lack of liquidity, to which the Board has sought a long term financing solution and in the meantime surviving only due to emergency loans from the Government of Greenland and its wholly owned holding company, Greenland Holding A/S.

As a consequence of the financial distress, the Board filed for bankruptcy on 19 April 2015, having failed to pay interest and instalments on outstanding loans (which are now defaulted) and not having paid trade creditors.

On 15 May 2015, the bankruptcy petition was withdrawn and the Company instead suspended its payments under the Danish Bankruptcy Act, as applicable in Greenland, due to the initiation of restructuring negotiations between the Company and GMM.

After lengthy negotiations over the summer and early fall, the parties to the Restructuring, NunaMinerals, the Government of Greenland and GMM, are nearing a consensus and the Board hopes for the Restructuring Agreement to be signed as soon as possible.

2.3 2014 annual report

According to the draft 2014 annual report, the financial highlights were:

That NunaMinerals showed a loss for the year of approximately DKK 87m.

That The loss was primarily due to a write down of the value of capitalized exploration costs of approximately DKK 81m.

That NunaMinerals' equity as at 31 December 2014 was approximately DKK -10m.



2.4 *NunaMinerals' corporate structure and shareholder base*

NunaMinerals has a share capital of nominally DKK 2,759,094 divided into shares of nominally DKK 0.10 each. All shares currently have the same rights and are admitted to trading and official listing on NASDAQ OMX Copenhagen A/S.

Trading on NASDAQ OMX Copenhagen A/S of NunaMinerals' shares, is currently suspended.

NunaMinerals has more than 2,900 shareholders. Each of the Government of Greenland, Professionel Forening LD Strategiske Danske Aktier - Mandat and Nykredit Bank A/S holds at least 5% of the share capital and voting rights in NunaMinerals.

2.5 *Change of control*

The Board notes that the various licensing agreements are subject to change of control clauses and that GMM is aware and will seek the relevant consent from the licensor.

3 Greenland Mining Management Ltd.

3.1 *About GMM*

GMM is a London based company that was formed to assist with the refinancing of NunaMinerals. GMM's shareholders include the Continental Resources Development Group Limited ("CRD"). CRD has a strong shareholder base which includes numerous financial institutions and investment funds as well as corporate investors and high net worth private individuals. CRD is currently developing gold projects in Ghana and is looking to expand into new geographical areas such as Greenland.

3.2 *GMM Strategy for NunaMinerals*

GMM has informed the Board that it intends to exercise its influence as a major shareholder in the Company for the purpose of operating and developing the Company as an exploration and mining company with activities in Greenland and to let the Company acquire and have activities outside Greenland. In the event that the Restructuring is completed, the Company will be able to make acquisitions of producing mining assets using its publicly listed shares rather than relying on unfunded exploration as previously happened in Greenland.

According to GMM, the Company shall concentrate on acquiring producing assets – i.e. those with proven existing net cash generation, but the Company will continue to explore in Greenland but with joint venture partners funding the exploration costs or with money generated from its profitable producing assets worldwide.



3.3 *GMM plans for future governance structure*

In connection with the General Meeting, Christopher J. Williams, David A. Winduss and Allan R. Biggar have been proposed as new members of the board of directors of NunaMinerals.

It is the view of the current Board, that the members proposed to the board of directors are highly experienced and provides specialist compliance expertise.

4 The General Meeting

For the General Meeting to be held on 25 November 2015, the following proposals have been made:

1. Report on the activities of the Company
2. Presentation of the annual report for approval
3. Resolution on the covering of loss according to the annual report as approved
4. Election of members to the board of directors
5. Determination of the remuneration of the chairman and the other members of the board of directors.
6. Appointment of auditors
7. Any proposals from the board of directors and/or the shareholders:
 - a. Proposal to reduce the Company's share capital by nominally DKK 2,207,276 from nominally DKK 2,759,094 to nominally DKK 551,818.8 for the purpose of payment of losses, by way of decreasing the nominal value of each share from DKK 0.1 to DKK 0.02
 - b. Proposal to increase the Company's share capital from nominally DKK 551,818.8 to nominally DKK 2,209,262.26 by way of cash contribution of DKK 5,300,460.73
 - c. Proposal to increase the Company's share capital from nominally DKK 2,209,262.26 to nominally DKK 3,678,798.8 by way of conversion of debt in the amount of DKK 4,699,539.27
8. Any other business

Of particular importance for the Restructuring are proposals number 4 (described above under section 3.3) and 7 (described below under section 5).



5 The Restructuring

The Restructuring consists of the following main steps, which are inter-conditional and except for the election of new board members and the capital decrease, each of the components of the Restructuring will only be completed if all conditions are completed.

5.1.1 *Capital decrease*

As part of the Restructuring, the share capital shall be decreased by nominally DKK 2,207,276 from nominally DKK 2,759,094 to nominally DKK 551,818.8 for the purpose of payment of losses by way of decreasing the nominal value of each share from nominally DKK 0.1 to nominally DKK 0.02. The capital decrease affects the current shareholders' shareholdings on a pro-rata basis and is a purely technical precaution to facilitate the steps described below to occur. The capital decrease will be registered with the Danish Business Authority as soon as possible after the general meeting, regardless of whether the Restructuring is completed.

5.1.2 *Directed capital increase*

As part of the Restructuring, it is proposed that the share capital is increased through a subscription for shares by GMM of nominally DKK 1,657,443.46, equal to 82,872,173 new shares at the price of DKK 0.063959475 per share of nominally DKK 0.02 (the new nominal share capital following the capital decrease described above), equal to a total cash payment of DKK 5,300,460.73.

A proposal for amendment of the proposal will be made at the general meeting to allow for a subscription period that expires on 5 January 2016.

5.1.3 *Acquisition of debt and directed capital increase*

As part of the Restructuring, GMM agrees to acquire from the Government of Greenland, the Company's outstanding debt to the Government of Greenland of DKK 4,699,539.27. Further, the Government of Greenland agrees to waive any and all other claims against the Company under this particular debt instrument, including for interest accrued after 15 May 2015. The debt acquired by GMM, shall, as part of the Restructuring, be converted into shares as described below.

The reason for GMM's acquisition of (i) NunaMinerals' debt to the Government of Greenland, and (ii) all of the Government of Greenland's shares in the Company (as described below) is that the Board and GMM are of the opinion that the Government of Greenland's role as a governmental authority in relation to many of the activities of NunaMinerals should not be



combined with its role as a major creditor and shareholder.

It is proposed that, following this acquisition of debt, the share capital is increased through subscription for shares by conversion of debt by GMM of nominally DKK 1,469,536.54, equal to 73,476,827 new shares at the price of DKK 0.063959475 per share of nominally DKK 0.02 (the new nominal share capital following the capital decrease described above), equal to a total conversion of debt of DKK 4,699,539.27.

A proposal for amendment of the proposal will be made at the general meeting to allow for a subscription period that expires on 5 January 2016.

5.2 *Compulsory scheme*

As part of the Restructuring (but not a proposal at the general meeting), the Board anticipates that the Company will file a compulsory payment arrangement with the court of Greenland.

The proposed compulsory payment arrangement is, in outline, comprised of a payment to the majority of creditors upon approval of the compulsory scheme, followed by payment of 8 equal instalments, with the exemption that all creditors will receive a payment of at least DKK 100,000 upon approval of the compulsory scheme (or the full claim, if such claim is below DKK 100,000). In addition, the remaining creditors will either waive their privileged rights according to Section 95 of the Danish Bankruptcy Act or accept being subordinated. However, subordination of the debt shall not prevent conversion of the subordinated claims to shares at a later stage.

As a condition for the Restructuring, the compulsory payment arrangement has to be approved by the court of Greenland and the creditors of the Company.

5.3 *Transfer of the Government of Greenland's shares*

As part of the Restructuring (but not a proposal at the general meeting), the Board understands that GMM will purchase all of the Government of Greenland's 7,912,260 shares in the Company for the purchase price of DKK 0.063959475 per share of nominally DKK 0.02 (the new nominal share capital following the capital decrease described above), equal to DKK 506,064 in total, which is the exact same price as the subscription price paid by GMM in connection with the capital increases described above.

5.4 *Maintaining of listing*

The capital increases and acquisition of shares in the Company by GMM as described above will as a starting point trigger an obligation to make a mandatory tender offer to all shareholders of the Company.



However, as part of the Restructuring, the Board understands that GMM will apply to the Danish FSA for an exemption to make a mandatory tender offer to all shareholders of the Company.

The reason for applying for this exemption is that, according to GMM, the Company's listing on NASDAQ OMX Copenhagen A/S is of substantial value to NunaMinerals and its shareholders by enhancing the Company's public profile, granting it access to the capital markets, by enabling the Company to make share-based offers, and giving its shareholders a liquid market for their investment.

In the event that an exemption cannot be obtained, it is the Board's understanding that the Restructuring will be conditional on GMM having (a) received duly executed versions of irrevocable statements of rejection from all major shareholders of the Company that they will not tender their shares in the mandatory tender offer, and (b) received written confirmation from the Danish FSA that the price paid per share in the mandatory tender offer shall not exceed the subscription price for the shares subscribed for by GMM in the Restructuring.

5.5 *Conditions*

The Restructuring is conditional on being completed no later than 5 January 2016 and is subject to the following conditions;

- (i) Adoption of all items on the agenda of the general meeting;
- (ii) The Court of Greenland's final approval of the compulsory scheme;
- (iii) Certain undertakings in relation to the licenses granted by Råstofdepartementet to NunaMinerals.
- (iv) The Government of Greenland having approved the indirect transfer of all of NunaMinerals' licences.
- (v) GMM either (i) having obtained an exemption from the obligation to make a mandatory tender offer from the Danish FSA, or (ii) in the event that an exemption cannot be obtained, GMM having (a) received duly executed versions of irrevocable statements of rejection from all major shareholders of the Company that they will not tender their shares in the mandatory tender offer, and (b) having received written confirmation from the Danish FSA that the price paid per share in the mandatory tender offer shall not exceed the subscription price for the shares subscribed by GMM in the Restructuring.



All of the above conditions are inter-conditional and completion of the Restructuring cannot take place until all steps are completed.

5.6 *Ownership of NunaMinerals following completion of the Restructuring*

Following completion of the restructuring, the ownership of the Company shall be the following:

Approximately 10.70% of the Company's total share capital is held by the shareholders that were shareholders in the Company prior to the general meeting. Of the above shareholding:

- Nykredit Bank A/S will have a shareholding that is equal to approximately 1.46 %.
- Lønmodtagernes Dyrtingsfond (the Danish Employees Capital Pension Fund) will have a shareholding that is equal to approximately 2.53 %.
- The Government of Greenland will not have any shares in the Company.
- Greenland Holding A/S will have a shareholding that is equal to approximately 0.71%.
- GMM will have a shareholding that is equal to approximately 89.30%.
- The remaining minor shareholders will have an aggregate shareholding that is equal to approximately 6.00%.

5.7 *Post-Closing Rights Issue*

As part of the Restructuring, the Board is informed that GMM has undertaken to cause the Company to (i) carry out a rights issue at or below market price, with publication of a prospectus no later than 1 May 2016, or (ii) in the event that, in the reasonable opinion of GMM after taking into account the Company's situation and the market conditions prevailing at such time, it is not possible to structure and execute a rights issue without GMM ending up with 90% or more of the total outstanding share capital following closing of the rights, to provide the Company with a loan on arms' length terms and conditions to be agreed in detail between GMM and the Company.

The rights issue is intended to be structured and underwritten by GMM and to result in the Company receiving gross proceeds of a DKK amount equivalent to GBP 500,000 or alternatively if a loan is provided, such loan shall be for the amount of GBP 500,000.



6 The Board of Directors' assessment of the Restructuring

The Board has considered a number of factors in respect of the Restructuring.

6.1 *Advantages to the Shareholders*

The Board finds that the Restructuring provides the following advantages to NunaMinerals' shareholders:

- The subscription price paid by GMM, DKK 0.063959475 per share of nominally DKK 0.02 (the new nominal share capital following the capital decrease described above), is an attractive price for the Company and its current shareholders compared to the Company's current situation, being in suspension of payments and in default of a number of obligations and licenses.
- The Restructuring is subject to a reasonable number of conditions necessary to allow NunaMinerals to continue its operations.
- The Restructuring is not subject to any further due diligence.
- None of the major shareholders of the Company, including the Government of Greenland, have indicated a willingness to provide any further capital investment.
- The Company's current situation; being in suspension of payments and in default of a number of obligations and licenses, giving little opportunity of avoiding bankruptcy, which would, with a very high degree of certainty result in the shareholders not receiving any proceeds from the bankruptcy process.
- By having GMM acquire NunaMinerals' debt to the Government of Greenland, and all of the Government of Greenland's shares in the Company, the Government of Greenland will cease to act both as the governmental authority in relation to many of the activities of NunaMinerals as well as being a major creditor and shareholder in NunaMinerals.
- The planned rights issue described above will provide the Company with additional financing.
- The Company has for several years tried to find a long term financing solution and the Restructuring with GMM being the only remaining realistic option.
- The Restructuring allows NunaMinerals' shareholders to participate in potential future value increases of the Company.



- As part of the Restructuring, it is our understanding that GMM shall deposit the subscription amounts in a secured account with an attorney, which minimises the credit risk to the Company.
- While GMM's strategy is to expand the Company's activities beyond Greenland, GMM has stated that it will continue its activities in Greenland, which will maintain jobs in Greenland and potentially create further jobs and growth for Greenland.

6.2 *Disadvantages to the Shareholders*

The Board finds that the Restructuring provides the following disadvantages to NunaMinerals' shareholders:

- NunaMinerals' shareholders will suffer a high dilution.
- GMM will, by controlling 89.30% of the total votes in the Company, likely be able to make all or most of all decisions relating to the Company, including to elect members of the board of directors and undertake capital increases.
- The amounts proposed to be injected into NunaMinerals are relatively limited and may not allow the Company to continue its operations for an extended period.

7 **Disclosure of certain interests**

7.1 *Ownership interest by the Board and executive management*

Name	Position	Shares (nom DKK)
Birks Bovaird	Chair	0
Anton Marinus Christoffersen	Vice chair	75,800
Hans Christian Karl Olsen	Board member	0
Henning Skovlund Pedersen	Board member	0
Edward Slowey	Board member	0
Ole Christian Anthon Christiansen	Director, CEO	242,000

7.2 *Bonus Payments*

Neither any member of the Board nor the executive management of the Company will receive any payment or compensation in connection with the completion of the Restructuring or any parts thereof.



8 Conclusion

Taking into considerations the advantages and disadvantages of the Restructuring and considering the other matters analysed in this statement, the Board has unanimously decided to recommend to NunaMinerals' shareholders to vote in favour of the proposals at the general meeting.

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Nuuk, 19 November 2015

James Birks Bovaird (Chairman) Anton Marinus Christoffersen (Deputy Chairman)

Edward Patrick Slowey

Hans Kristian Karl Olsen

Henning Skovlund Pedersen