

Alderaan – Measures concerning permanent magnet generators for windmills

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1. BACKGROUND

1. Alderaan is a developed country and a member of the World Trade Organization (“*WTO*”) since 1 January 1995. It is home to more than 60% of the world’s neodymium reserves. Most of its neodymium production is exported, but some is also used domestically. Neodymium is the key input material used in the production of permanent magnet generators (“*PMGs*”) used in windmills. PMGs are that part of windmill generators which converts the energy from the rotation of the blades into electricity. Demand for PMGs has soared recently as governments worldwide have pushed for greener energy policies.

2. While the toxicity of neodymium had not been previously thoroughly investigated, the World Health Organization (“*WHO*”) published a report in 2015 highlighting that neodymium mining carried important health risks for humans, animals, and plants alike. The report explains that the extraction of neodymium creates dust, which spreads into the air, as well as toxic waste, which leaks into soils and rivers. Neodymium dust causes lung embolisms and liver failure in humans, while ingested neodymium waste damages animals’ cell membranes and leads to land desertification. Following the publication of this report and its own investigation of the issue,³ Alderaan decided to move away from neodymium mining.

3. In July 2016, Alderaan’s government published a strategy paper titled “A Green Hope”, laying down an action plan covering all sectors of its economy and aiming to make Alderaan a world leader in sustainability. In relation to the extraction of natural resources, the Green Hope strategy indicates that Alderaan’s industries should shift away from the extraction and export of basic commodities, in particular neodymium.

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² Member of the Legal Service, European Commission. The information and views set out in this text are those of the author and do not reflect the official opinion of the European Commission.

³ Ministry of Mining and Industrial Development, Doc. C4PO dated June 2016.

4. As part of this effort, in September 2017, the Alderaan government introduced an export tax of 25% on all neodymium extracted in Alderaan, which became applicable on 1 September 2018. The Alderaan Environment Minister, Leia Groundrunner, made the following statement the day before the export tax entered into force:

This new tax is an important milestone in Alderaan's efforts to implement the Green Hope strategy. The previous measures taken by our government as part of this strategy, such as the circular economy and zero waste initiatives, or the banning of single-use plastics, are already reaping huge benefits. This new tax will bring considerable additional benefits. In particular, it will encourage the windmill industry worldwide to reduce their reliance on unsustainable and damaging raw materials such as neodymium.

5. Around the same time, Alderaan decided to start monitoring its exports of neodymium through export registration, whereby any export of neodymium needs to be accompanied by a form to be provided to Alderaan's customs authorities at the time of exportation indicating the volume exported, the price, the identity of the customer, the place and means of extraction, the identity of the miner, the level of purity, and other technical details. Failure to accompany a shipment with a duly filled-out form can result in a fine of up to 15% of the value of the shipment. This has created additional delays at Alderaan's customs of two to three weeks as well as additional paperwork and difficulties for exporters, as neodymium is usually sold by mining companies to distributors for export. For example, *Neorix Matrix Traderix*, Alderaan's largest mineral distributor, was recently fined USD 8,000 for comingling neodymium from several mines and for not having the proper procedures in place to be able to distinguish and trace the specific neodymium exported to its actual place of extraction. Other companies have been reported as being the subject of similar fines since 2018.

6. *Special Electrix* is the largest PMG producer in Alderaan. Thanks to Alderaan's large neodymium reserves, Special Electrix is a well-established market player in the PMG market worldwide. Due to Alderaan's policies to reduce harmful raw material extraction, Special Electrix has been investing heavily in research and development over the last few years in order to develop more efficient and less damaging PMGs. In late 2017, Special Electrix made a breakthrough when it was able to fully replace neodymium with kyber, a mineral whose extraction has a limited impact on the environment and human health.⁴ Kyber also allowed Special Electrix to reduce the weight of its PMGs significantly, while at the same time lowering the wind speed necessary for the windmill to produce electricity. Special Electrix named its new PMG technology the *SaberLite*.⁵

7. Tatooine, a least developed country and member of the WTO, holds more than 95% of the world reserves of kyber. The country has been ravaged by secessionist infighting, which has made exploitation of kyber difficult. Most of the reserves are located in the country's central desert, the Jundland Wastes, over which the government has had limited control. However, the Tatooine government has expressed its intention to ensure that its large raw material reserves remain within the country and benefit its people and has therefore enacted high export taxes making exports of kyber virtually impossible. A detailed map of Tatooine is provided as **Annex 1**.

⁴ According to a recent WHO study as well as several studies published in peer-reviewed academic journals.

⁵ Because it is: (i) cutting-edge; and (ii) lighter and smaller than other PMGs.

8. In light of Special Electrix's newfound need for kyber, Alderaan initiated discussions with Tatooine over extracting Tatooine's kyber reserves in order to ensure that Special Electrix has access to sufficient amounts of kyber to produce its SaberLite PMGs, and in order for the people of Tatooine to be able to reap the benefits of their country's kyber wealth. In June 2018, Alderaan and Tatooine reached an understanding whereby Tatooine would create a special development zone in the Jundland Wastes (*the Jundland Special Development Zone*). The ownership of the land of this zone would be sold to *Investerix*⁶ for a price of USD 100 per square meter. At the same time, Alderaan agreed to provide USD 1 billion to finance infrastructure investments to develop the zone. Investerix would also transfer 5% of the profits derived from the zone to the government of Tatooine.⁷ In addition, Investerix would be responsible for ensuring security within the zone. During a meeting of the governments of Alderaan and Tatooine in late June 2018, these engagements were officially put in writing in a memorandum of understanding provided as **Annex 2**.

9. Following its purchase of the land, Investerix has developed infrastructure and connectivity for the zone. Its business model is now to sell land use rights for USD 10 per square meter per year over 75 years. Several industrial companies, domestic as well as foreign, purchased these rights and installed production lines within the Jundland Special Development Zone in early 2019. Thanks to Investerix's efforts to ensure security in the zone, the mining of kyber by Tatooine mining companies has also taken place without interruption for the first time in Tatooine's history.

⁶ Investerix is the largest industrial land developer in Alderaan. It is incorporated in Alderaan and has its seat in Alderaan's capital city. It is a fully State-owned enterprise established by Alderaan's Ministry of Mining and Industrial Development and members of that ministry form 80% of its board of directors. It develops and operates most industrial parks throughout Alderaan and holds the ownership of the land within these parks. It must report yearly to the Alderaan government as regards the status and development of Alderaan's industrial parks.

⁷ This share was calculated so as to equal the average expected annual profit of a land developer in Tatooine.

10. In order to avoid the high export taxes on kyber, Special Electrix decided to set up production for its SaberLite PMGs in Tatooine within the new development zone. Special Electrix incorporated a fully-owned subsidiary (*Desertix*) under Tatooine law in January 2019. In light of the considerable investment necessary to establish the SaberLite production facilities in the zone, Desertix sought to purchase the full ownership of the land from Investrix. Full ownership rights can be purchased in other industrial zones in Tatooine, such as the Mos Eisley Industrial Zone, located near Tatooine's largest port in the south, where land can be purchased at an average price of USD 235 per square meter. Investrix was initially reluctant to deviate from its standard commercial practice of selling land use rights. However, after consulting with the government of Alderaan, in March 2019, Investrix agreed to sell a parcel of land in full ownership to Desertix, in light of the strategic importance of Desertix's operations to Alderaan. The sales contract is provided as **Annex 3**. Following the signing of the contract, the Ambassador of Alderaan to Tatooine, Mr Jabba, who had been following the negotiations closely, made the following statement:

The installation of Desertix's production line of the SaberLite in this special development zone will be of great benefit to both of our countries. We are pleased that Tatooine warmly welcomes Alderaan's investors. We are convinced that such a large investment will bring prosperity to the Jundland Wastes region, as well as to Tatooine as a whole. Despite difficult negotiations, we are also satisfied to see that Desertix has accepted to supply the SaberLite to Alderaan's windmill industry before supplying foreign competitors.

11. To finance the purchase of the parcel of land and the development of its production facilities, Special Electrix's subsidiary (*Desertix*) negotiated a loan with Zurix Bank, a private bank established in Alderaan.⁸

⁸ Zurix Bank is fully owned by private investors and the Alderaan government holds no share in it.

12. Zurix Bank is governed by a board of directors appointed by the bank's shareholders. In Alderaan, all bank directors have to be approved by the Alderaan Finance Ministry based on objective criteria regarding the qualifications of the nominees. Each bank director acts in his or her independent capacity and only answers to the bank's shareholders. Zurix Bank is run on a commercial basis insofar as each loan is granted based on the merits of the applicant. However, Alderaan's Finance Law provides that all banks within its territory must have "regard to the strategic policy priorities established by the Government of Alderaan". In this regard, banks must submit yearly reports to the Alderaan Finance Ministry indicating the investments made during the year which advanced Alderaan's strategic policy priorities. Failure to submit these reports lead to significant fines of up to 1% of the bank's yearly turnover.

13. In March 2019, Zurix Bank granted a ten-year loan to Desertix of USD 93 million at an interest rate of 4% per annum.⁹ The Minister of the Environment, Ms Groundrunner, expressly supported the loan in a public statement on national television a few days later. Ms Groundrunner indicated that the SaberLite PMGs would be a key tool to limit Alderaan's windmill industry's use of neodymium-based PMGs in accordance with government policies, but stressed that she had not been involved in Zurix Bank's decision to grant the loan.

14. In January 2020, Desertix was able to start commercializing the SaberLite PMG. Although its sales price was higher than that of traditional PMGs, it was an immediate success.

15. Coruscant, a developed country and member of the WTO, is home to *Magnetix*, the main international rival to Special Electrix in the production and export of PMGs. Magnetix has traditionally imported most of the neodymium used in its PMG production from Alderaan.

16. However, from January 2018 to December 2019, the government of Alderaan only renewed the mining permits of three neodymium mining firms under the Alderaan Mining Act of 2002. It decided not to renew the mining permits, which had expired during that period, of nineteen neodymium mining firms. Article 4 of the Mining Act of 2002 provides as follows:

Sales of mineral resources with Alderaan origin, whether domestically or for export, may only be made by holders of mining permits issued by the Ministry of Mining and Industrial Development ('the Ministry').

⁹ **Annex 4** provides an overview of long-term interest rates per country.

These permits shall be valid for a duration of three years. Upon request, the Ministry shall grant and/or renew such mining permits, unless the Ministry makes a finding based on objective evidence that any of the criteria set out in Articles 2 to 3 are not met, or that the granting and/or renewal of such permits would not be in the national interest of Alderaan for public health, environmental, economic or social reasons.

17. Articles 2 and 3 of the Mining Act of 2002 provides a series of criteria that need to be met by mining companies in Alderaan in order to receive mining permits, including criteria relating to public health, the environment, safety and operational standards. Among the nineteen companies whose mining permits were not renewed, seventeen were issued identical decisions by the Ministry of Mining and Industrial Development setting out the reasons why their permits were not renewed. An example of one of these decisions is provided as **Annex 5**. The remaining two mining firms' requests for renewal were rejected on the basis that the mining firms were not complying with Alderaan's mining safety standards as provided for under Article 3 of the Mining Act of 2002.

18. The Minister of Mining and Industrial Development, Mr Corn Windu, stated in connection with the Ministry's decision not to renew the mining permits:

The Ministry's decision not to renew the mining permits for the vast majority of Alderaan's neodymium mines was taken, first and foremost, in order to limit these mines' health and environmental impact. In line with the government's Green Hope strategy, it also helps us move away from a reliance on the extraction of basic commodities. Most of Alderaan mining companies are well diversified and will not suffer disproportionately. Nevertheless, a few smaller firms have had their permits renewed given their good practices in terms of preventing dust and toxic waste. This also lessens the disruption of this new policy on domestic neodymium users and allows for an orderly transition away from neodymium. We continue to actively monitor market conditions but are satisfied that the 25% export tax on neodymium will ensure that what little neodymium is still extracted in Alderaan is primarily used to supply our domestic industry. Moreover, it should be noted that thanks to the revolutionary invention of the SaberLite, our windmill industry, such as the well-known Windmix,¹⁰ has been moving away from permanent magnet generators containing neodymium in any case. So the impact on domestic downstream industries should be minimal.

¹⁰ Windmix is Alderaan's largest windmill manufacturer and is 40% State-owned.

19. The decision not to renew the relevant mining permits of nineteen of Alderaan’s mining firms was met by much indignation among the affected firms. Mr Senteb, CEO of Alderaan’s largest mining firm *Con Star Mining Corp.*, commented: *“To impose these restrictions on us, virtually overnight, is outrageous. The government does not even tell us what efforts could be undertaken by our mines to obtain new permits! Con Star Mining as well as other firms that have been targeted operate in full compliance with the applicable health and environmental regulations. Indeed, our mines have always thoroughly complied with all requirements laid down in the Mining Act of 2002.*

20. In the course of 2020, some of the neodymium mining firms applied anew for mining permits. Their requests were rejected on the same grounds as the initial refusal to renew their permits, except for one mine, whose permit renewal had previously been rejected based on safety reasons. This mine obtained a new permit after implementing the necessary safety measures prescribed in Article 3 of the Mining Act of 2002. In addition, six neodymium mining firms whose mining permits expired in 2020 applied to renew their licences. Three of them saw their requests rejected with a similar decision as that provided in Annex 5, while one request was rejected based on safety reasons.

Table: number of neodymium mining firms operating in Alderaan

Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020
28	27	23	24	18	16	17	9	8	6	7	6

21. Due to the mining permits that have remained in force, some neodymium extraction and sales have continued in Alderaan. In early 2020, these firms that have continued to operate slightly increased their exports in order to meet international neodymium demand. Nevertheless, Alderaan’s neodymium exports have dropped significantly since early 2018, with a noticeable drop in late 2019, and prices have skyrocketed, leading to a global neodymium shortage (see **Annex 6**).

22. This shortage has had a significant impact on Magnetix’s situation as it has had to reduce production and let go of a number of employees in order to continue its operations. By contrast, since the global launch of the SaberLite in January 2020, Desertix has been able to acquire a large share of the worldwide PMG market.

23. Most significantly, Magnetix had in 2019 entered into negotiations with *Ventix Generatix*, a large windmill manufacturer located in the country of Naboo, for the exclusive supply of PMGs for Ventix Generatix's windmill production over the next five years. However, Ventix Generatix broke off negotiations in March 2020. The company informed Magnetix that it had opted for a rival offer from Desertix, which had offered to lower the price of its SaberLite PMGs so as to match the price of Magnetix's PMGs.

2. WTO CONSULTATIONS

24. Coruscant requested consultations with the Government of Alderaan, in respect of: (i) the provision of land by Investertix to Desertix; (ii) the loan by Zurix Bank to Desertix; and (iii) the systematic restriction of exports of neodymium. It submitted that these measures violated several provisions of the Agreement on Subsidies and Countervailing Measures ("*SCM Agreement*") and of the General Agreement on Tariffs and Trade 1994 ("*GATT 1994*").

25. During the consultations, the representative of Coruscant indicated that Alderaan's support to Tatooine-based companies distorted international trade by picking winners and losers in violation of WTO rules. She added that the set of actions taken by Alderaan with regard to the extraction and export of neodymium was akin to an export ban, stressing that the worldwide windmill industry was on the brink of a PMG shortage. Alderaan had plentiful reserves of neodymium, which there was no need to conserve, and thus Alderaan should not seek to hinder its exportation to the rest of the world. The export ban would severely impact the transition to greener energy production if Alderaan did not resume extraction and export of neodymium without delay.

26. Alderaan's representative strongly objected to Coruscant's allegations. He insisted that Alderaan foreign investment in Tatooine was necessary to assist Tatooine on its path to stability and development. He added that cross-border transactions fall outside the scope of the SCM Agreement. Alderaan's representative also indicated that, while Alderaan is well aware of the potential consequences of the non-renewal of, and refusal to grant, neodymium mining permits, transition to wind energy should not come at the expense of the well-being of Alderaan's population and its environment. He added that he encouraged Coruscant to look for alternatives to undesirable raw materials such as neodymium, stressing that Alderaan's measures had not been taken to conserve Alderaan's supply of neodymium, but rather were simply necessary in order to protect the health of its citizens and pristine environment.

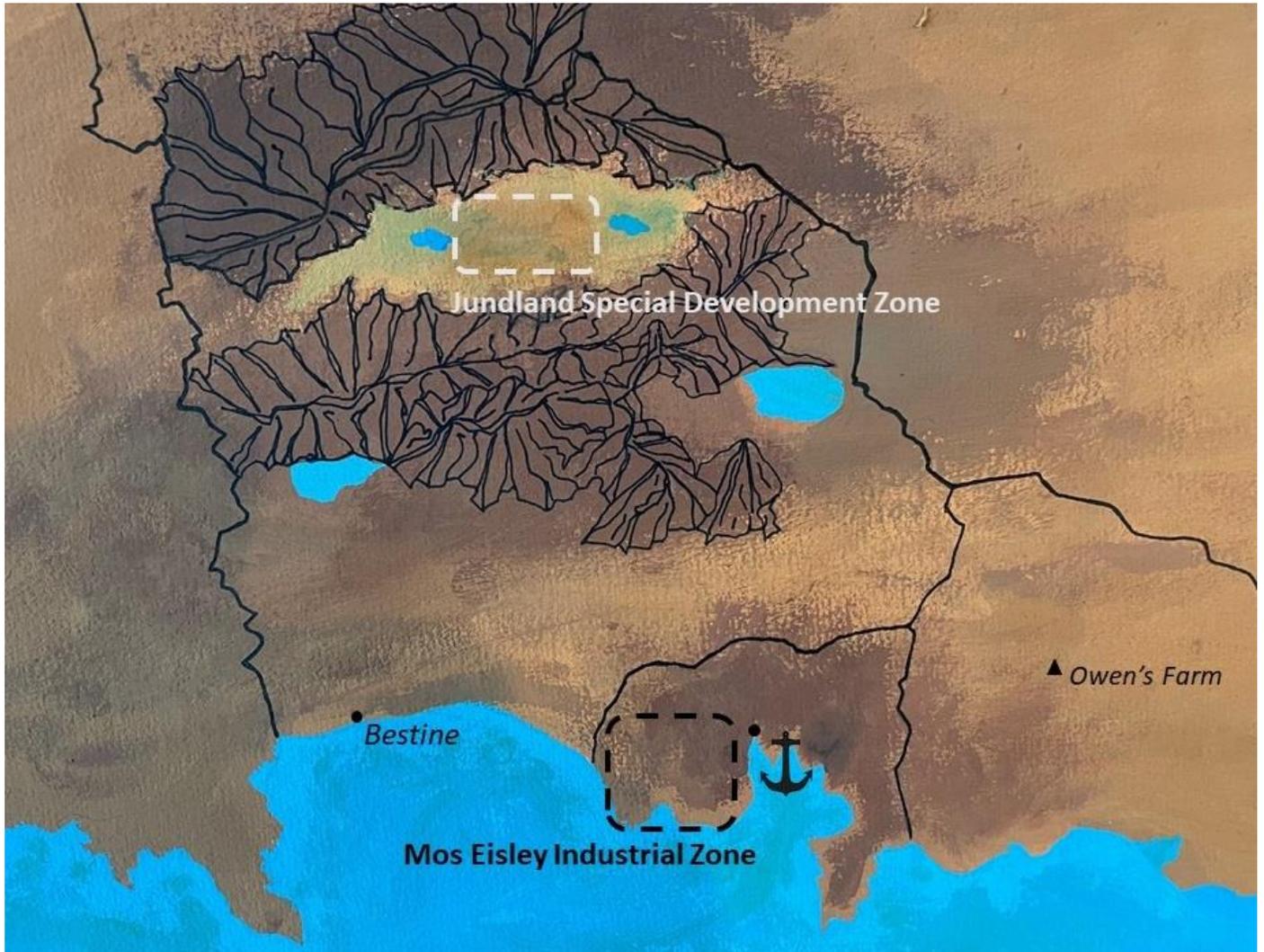
3. CLAIMS OF WTO INCONSISTENCY

27. As the consultations failed to settle the dispute, Coruscant submitted the following claims in a request for the establishment of a WTO panel:

- Coruscant considers that the provision of land by Investrix to Desertix constitutes a specific subsidy within the meaning of Article 1 of the SCM Agreement, and that it is inconsistent with Article 3.1(a) of the SCM Agreement because it is contingent in fact upon the export of the SaberLite PMGs;
- Coruscant considers that the loan from Zurix Bank to Desertix constitutes a specific subsidy within the meaning of Article 1 of the SCM Agreement and that it causes serious prejudice to the interests of Coruscant within the meaning of Article 5(c) of the SCM Agreement and Article XVI:1 of the GATT 1994, as it has resulted in lost sales of PMGs in the market of Naboo within the meaning of Article 6.3(c) of the SCM Agreement;
- Coruscant considers that the Government of Alderaan's non-renewal of the mining permits and refusal to grant new mining permits to neodymium mining firms, together with the export tax on neodymium and export registration requirement, constitute an overarching measure that systematically restricts exports of neodymium contrary to Article XI:1 of the GATT 1994.

ANNEX 1:

Map of Tatoonie



The authors would like to express their special thanks to the artist Irene de Tovar Hernández.

ANNEX 2

Memorandum of Understanding

Between

The Ministry of Commerce of Alderaan and The Ministry of Investment of Tatoonie

In light of the economic development strategy of Tatoonie and in order to enhance the friendship between the two Governments and the two peoples and develop bilateral economic and trade relations, the Government of Alderaan, represented by the Ministry of Commerce of Alderaan, and the Government of Tatoonie, represented by the Ministry of Investment of Tatoonie (hereinafter referred to as the “Parties”), in accordance with the principle of equality and mutual benefit and through friendly consultations, reached agreement on the development of the Jundland Special Development Zone (hereinafter referred to as the “Development Zone”) as follows:

Article 1

The Parties agree to establish and develop the Development Zone in accordance with existing multilateral and bilateral treaties to which both Parties are members, and the applicable laws and regulations of both Parties.

Article 2

The Government of Tatoonie shall create a special development zone within the meaning of Tatoonie Presidential Decree 1138 in the Jundland Wastes covering 3,500 km² ranging from the Motesta Oasis in the east to the Pika Oasis in the west, and from the Mospic High Range in the North to the Great Chott Salt in the South (the Jundland Special Development Zone).

Article 3

The Parties believe that the development of the Development Zone is conducive to promoting: (i) Alderaan investment in Tatoonie; (ii) the economic development of Tatoonie; and (iii) the development of bilateral economic and trade relations between Alderaan and Tatoonie.

The construction and development of the Development Zone should be based on the principles of government guidance, corporate decision-making, market operation, and scientific planning.

Article 4

The Government of Tatooine shall agree to transfer the ownership rights to the land in the Development Zone to Investrix Co. Ltd for a price of USD 100 per square meter to be paid in five yearly instalments, the first instalment being due within three months from the date of signature of this Memorandum of Understanding by the Parties. The remaining instalments are due, each year thereafter, on the first day of the month following the due date for the first instalment.

Investrix Co. Ltd shall transfer 5% of the profits derived yearly from operating and developing the Development Zone to the government of Tatooine. Payment shall take place before June 30 of the year following the year in which the profits accrued.

Investrix Co. Ltd. shall be free to dispose of the land in accordance with the laws of Tatooine.

The Government of Tatooine may, at any time, give written notification to Investrix Co. Ltd that it will acquire land in the Development Zone. The Government of Tatooine shall pay the full market value of the land at the time of the notification to Investrix Co. Ltd. Title to the land should be transferred to the Government of Tatooine within two months of the notification. Payment is to be made within six months of the notification.

Article 5

The Parties will provide support and facilitation for the construction, attraction of tenant businesses and operation of the Development Zone.

The Alderaan Government considers the Development Zone as an Alderaan overseas economic and trade cooperation zone. The Development Zone, during the construction, attraction of tenant businesses and operation, is entitled to relevant policy support and facilitation provided by the Alderaan Government for overseas economic and trade cooperation zones.

Investrix Co. Ltd. shall adhere to the relevant laws and regulations of Tatooine during the construction, attraction of tenant businesses and operation of the Development Zone, and, on the basis of maintaining existing business scale and scope, is entitled to all relevant preferential policies and facilitation. The Tatooine Government shall simplify the formalities and procedures of approval for prospective investors and enterprises in the Development Zone.

Article 6

In addition to making available policy support and facilitation that is generally accorded to Alderaan's overseas economic and trade cooperation zones, the Alderaan Government shall also support the Development Zone in the following ways:

1. By providing no less than USD one billion to the Government of Tatooine and Investrix Co. Ltd. to develop infrastructure in the Development Zone.
2. By encouraging relevant financial institutions to provide financing facilities for companies involved in the construction of the Development Zone and investment projects located within the Development Zone, provided that applicable lending conditions and loan use requirements are met.
3. By encouraging Alderaan companies to invest and pursue development in the Development Zone.
4. By providing training in Alderaan for Tatooine professionals in order to promote the construction and development of the Development Zone.

Article 7

In addition to making available policy support and facilitation that is generally accorded to special development zones in Tatooine, the Tatooine Government shall also support the Development Zone in the following ways:

1. Setting up service centres to provide services for investors and enterprises settling in the Development Zone.
2. Issuing work permits for foreigners.

Article 8

In addition to the payment obligations detailed in Article 4, Investrix Co. Ltd. shall also:

1. Develop infrastructure for the Development Zone, including connectivity construction and energy supply.

2. Providing security in the Development Zone as well as fire safety and environmental protection.

Article 9

The Parties agree to establish a management mechanism for the Development Zone composed of an intergovernmental Coordinating Committee for Development. The Coordinating Committee will hold ad hoc meetings to discuss any issues that may arise concerning the construction and operation of the Development Zone and may provide guidance in relation thereto.

A Joint Venture Committee will also be formed between the Ministry of Investment of Tatooine and Investerix Co. Ltd. This Committee shall be the relevant forum to discuss any issue faced by Investerix Co. Ltd. in constructing, administering and operating the Development Zone. The Joint Venture Committee may report any issue it considers relevant to the Coordinating Committee for Development for its consideration. The Joint Venture Committee shall be convened at least once per year.

Article 10

Any dispute concerning the interpretation and execution of this Memorandum of Understanding between the Parties shall be resolved through amicable consultations. Subject to agreement, the Parties may make amendments or supplements to this Agreement in writing.

Article 11

Any dispute arising between Investerix Co. Ltd. and one or several private investors and/or state-owned commercial investors regarding the development of the Development Zone shall be subject to Tatooine law and adjudicated before Tatooine courts.

Article 12

This Memorandum of Understanding shall enter into force one month after the date of signature.

Signed in Bestine, on 21 June 2018,

THE MINISTRY OF COMMERCE
OF ALDERAAN

THE MINISTRY OF INVESTMENT
OF TATOOINE

ANNEX 3

Land Sale Contract

Desertix, located at 327 Wookie Street, Mos Espa, Tatooine (henceforth known as “Buyer”) agrees to purchase from Investrix, located at 66 Appenza Road, Aldera, Alderaan (henceforth known as “Seller”) the land (henceforth known as “Land”) located at the following address: 5 Carkoon Avenue, Jundland Special Development Zone, Tatooine. Further legal description of the Land is as follows:

- The Land is considered vacant industrial land of a total size of **182,108 m²**.
- The Land and accompanying deed is registered as **Plot R3-D3** in the Land Registry of the Commercial Court of Mos Eisley.

This Contract is executed on **18 March 2019**.

The following terms and conditions apply to this Contract:

1. **Price:**

Buyer agrees to purchase the Land described above, paying a purchase price of USD 215 per square meter for a total purchase price of USD **39,153,220** to be paid within one month of the signing of this contract.

2. **Late fees:**

Buyer agrees to pay the instalment on the due date, with the understanding that a USD **500,000** late fee will be added to the payment if said payment is more than **7** days late.

3. **End of contract:**

The entire balance must be paid by the **18 June 2019**. If there is a remaining balance on this date, the interest on said balance shall be **12%**, with a USD **2,000,000** late fee applied every month until the balance is paid in full. Clauses 4 and 8 shall remain in force until 18 March 2031.

4. **Commercial obligations:**

Buyer shall endeavour to supply half of the PMGs produced every six months at its plant in the Development Zone to Windmix's windmill production facilities located in the Kaamos territory of Alderaan.

5. **Title:**

Upon full and final payment, Buyer agrees to provide Seller with the title and deed to the Land. Seller further agrees to relinquish any and all claims to the Land.

Buyer agrees to remove Seller from any liability with regard to issues that arise after the end of this contract. Buyer agrees to take complete responsibility, financial and otherwise, for the Land as of the date of this Contract.

Seller agrees to allow Buyer to develop and use the Land as of the date of this Contract.

6. **Insurance:**

Any insurance becomes the responsibility of Buyer as of the date of this Contract.

7. **Taxes:**

All taxes on the Land shall be the responsibility of Buyer as of the date of this Contract.

8. **Dispute resolution:**

In the event of a dispute between the Buyer and the Seller, other than a matter to be resolved pursuant to Clause 4, concerning the interpretation of any provision of this Contract or the performance of any of the terms of this Contract, such matter or matters in dispute shall be finally settled before the national courts of Tatooine in accordance with Tatooine law.

With regard to matters to be resolved pursuant to Clause 4, the Buyer and the Seller agree to refer the matters to the Alderaan-Tatooine Coordinating Committee for Development for their consideration.

This Contract is executed on **18 March 2019**.

We, the undersigned, agree to this Contract and all of its terms.

Can Can Beans

Bob A. Thin

CEO

Executive President

Investerix

Desertix

ANNEX 4

Average 2019 interest rate for loans in USD per country

	Long term interest rate	Short term interest rate
	2019	2019
Alderaan	2.0%	1.7%
Australia	1.5%	1.3%
Canada	1.6%	1.9%
Colombia	6.5%	4.5%
Coruscant	4%	3.6%
Costa Rica	10.3%	6.6%
India	7.0%	5.8%
Israel	1.5%	0.2%
Korea	1.7%	1.7%
South Africa	9.1%	7.1%
Tatooine	10.0%	9.5%
United States of America	2.1%	2.2%

ANNEX 5

Decision 42/2019

Ministry of Mining and Industrial Development

Denial of request to renew mining permit under the Mining Act of 2002

Addressee: Con Star Mining Corp.

Date: 15 November 2019

A. Background

1. On 1 July 2019, Con Star Mining Corp., with registered office at 123 Droid Lane, Aldera, Alderaan, lodged a request for a renewal of its mining permit for neodymium (‘the licence’) pursuant to Article 4 of the Mining Act of 2002 (‘the request’). The licence was last renewed on 12 December 2016 for a duration of three years. According to Ministerial Guidelines 2006/17, a request must be lodged at least six months prior to the date of its expiry. The Ministry of Mining and Industrial Development (‘the Ministry’) thus considered the request to have been validly lodged within the applicable time frames.

2. The request concerns Con Star Mining Corp.’s existing mining permit for neodymium and pertains to the company’s two mines located in the Appenza Range (Aldera Province). These mines have been in operation since 2002 and 2004, respectively.

B. Inspection visits

3. In September 2019, Ministry officials undertook inspection visits to both mining sites. These inspections were successfully completed with the full cooperation of Con Star Mining Corp.

4. The inspections showed that the health and environmental standards provided for in Article 2 of the Mining Act of 2002 were met at both mines.

5. The inspections showed that the safety standards provided for in Article 3 of the Mining Act of 2002 were met at both mines.

C. Decision

6. Pursuant to Article 4 of the Mining Act of 2002, the Ministry decides not to renew the mining permit of Con Star Mining Corp. The Ministry does not consider that the renewal of those permits would be in the national interest of Alderaan for environmental and health reasons. The reasons for this decision are set out below.

7. In July 2016, the Government of Alderaan adopted a strategy entitled “A Green Hope”, aimed at making Alderaan a world leader in sustainability. The strategy highlighted that mining operations resulted in significant negative environmental and health consequences. A scientific study commissioned by the Ministry (Ministry of Mining and Industrial Development, Doc. C4PO dated June 2016) demonstrated that Alderaan neodymium extraction leads to desertification and raises human and animal health risks. The Ministry found that this was applicable in the case of the two mines operated by Con Star Mining Corp. On this basis, the Ministry found that it was not in the national interest of Alderaan to renew the mining permit of Con Star Mining Corp.

D. Entry into force

8. The decision enters into force two weeks after the date of its issuance.

Aldera, 15 November 2019

[Signed]

Corn Windu

Minister

Ministry of Mining and Industrial Development

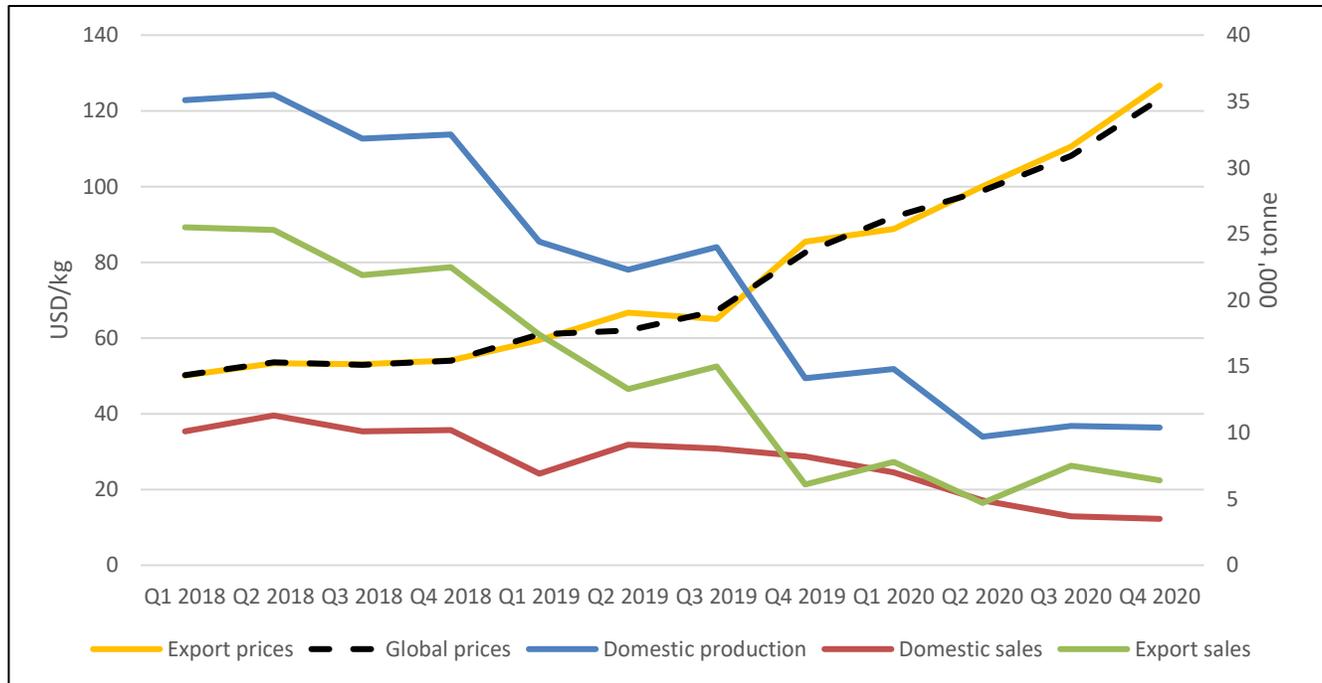
Government of Alderaan

ANNEX 6

Neodymium production, sales and prices in Alderaan and globally

	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020
Domestic production	35.1	35.5	32.2	32.5	24.4	22.3	24.0	14.1	14.8	7.7	10.5	7.9
Domestic sales	10.1	11.3	10.1	10.2	6.9	9.1	8.8	8.2	7.0	4.9	4.7	2.8
Export sales	25.5	25.3	21.9	22.5	17.4	13.3	15.0	6.1	7.8	3.8	6.5	5.1
Export prices	50.1	53.3	53.1	54.1	59.5	66.7	65.0	85.4	88.8	100.1	110.6	126.7
Global prices	50.2	53.6	52.9	54.0	61.0	62.0	67.2	82.6	92.0	98.9	108.1	123.1

Quantities are expressed in thousands of metric tons. Prices are expressed in USD/kg.



ILLUSTRATIVE SOURCES

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