

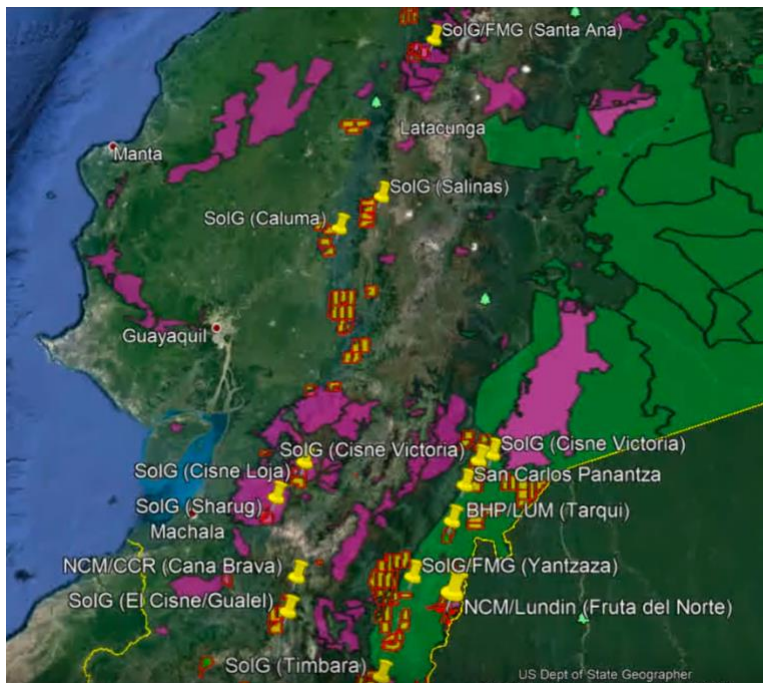


SolGold joins Rinehart with trouble in Ecuador

SolGold joins Gina Rinehart's Hancock Prospecting as the latest Aussie company to face challenges on their Ecuadorian mining concessions. Illegal miners who were evicted from Rinehart's concession at Buenos Aires in July, have been active on SolGold concessions in the Imbabura and Carchi provinces, while ongoing community resistance is thwarting SolGold's plans to develop mining operations in the country. Despite PR announcements to the contrary, SolGold is facing a wave of resistance from locals who want the company and its subsidiaries out of their parishes.

The biggest headache for SolGold in Ecuador centres around ambiguities over the legal status of many of its concessions (including at least half of its "priority projects") due to concerns over Indigenous land, Protected Forests and a constitutional requirement for consultation with local communities. Widespread resistance from local communities to industrial scale mining, and rampant illegal mining (often with ties to international criminal cartels), seem likely to further derail hopes the company has of launching a successful mining operation in the country.

Community unrest



Rainforest Action Group map showing SolGold concessions (yellow outlined in red), Protected Forests (purple) and Indigenous territory (green) with areas of community unrest (yellow pins).

The province of Loja has been a hotbed of unrest for years. A successful court case against Chinese mining company Junefield shut down operations at their Rio Blanco mine in August 2018. In latest news, residents of Gualal who are surrounded by three SolGold concessions (El Cisne 2A/2B/2C), plan to radicalise protests if mining concessions are not withdrawn. They propose to march with residents from the Azuay, Loja, El Oro and Zamora Chinchipe provinces, stating on 30 July that if they are not heard they will go on a hunger strike.¹ More meetings are expected to take place in the

¹ <https://www.lahora.com.ec/loja/noticia/1102261616/habitantes-de-gualel-pretende-radicalizar-protestas-si-no-son-escuchados-?fbclid=IwAR2kOEkRXfXkC-HqEQIZgrfPfiOP5oNQSng8x-us8KcntEFG4DjFT86MV40>
(Full article machine translated at end of media release)

first weeks of August in parishes and cantons in Zamora Chinchipe that are threatened by mining activity.

Popular consultations against mining

Numerous local parishes and cantons have been voting on mining across the country in recent months. These popular votes could form a significant legal challenge for the government and impede the development of mining projects across the country.

After a massive event involving 140 delegates from the provinces of Esmeraldas, Carchi, Imbabura and Sucumbíos, the Awá announced on 25 July the total rejection of mining in the territory. This was the fourth time they had passed a mandate to ban mining in their territory. SolGold holds 3 concessions that overlap Awá territory, while one is held by Hanrine Ecuadorian Exploration and Mining SA (HEEM) – a Rinehart-owned subsidiary.

“This resolution prohibits mining intervention in Awá territory and megaprojects that are not in line with the needs of our people. Our territory must be respected,” said Jairo Cantincus, president of the Awá.²

Further south, communities and social organizations in the Bolivar province announced they want SolGold subsidiary Valle Rico mining out of the region, with a declaration on 28 July 2019 declaring the parish free of mining and calling for a permanent mobilisation to defend its territory of the mining company Valle Rico resources.³

On the 30th July, a protection action was presented in the Yantzaza canton in the Zamora Chinchipe province to reject mining in Alto Nangaritza, where SolGold holds six concessions. This was due to this area being part of the Cerro Plateado biological reserve and declared Protected Forest by ministerial agreement.

SolGold stocks took a battering in May after media reports of a potential referendum on mining in Imbabura, where Cascabel is located. The case by Wilmer Meneses Ibarra hinged around the lack of community consultation. However, the Constitutional Court ended up throwing it out because applicant failed to adhere to the procedural requirements for launching such a case. The core concerns of the community regarding consultation were not addressed.



Provinces of Ecuador – Reference Map. Copyright not owned by Rainforest Action Group

² https://lahora.com.ec/imbabura/noticia/1102260565/nacionalidad-awa-le-dice-no-a-la-mineria?fbclid=IwAR0b8uod1wyW_rrl3Bv4c1zC2hDTKZGK1Y0BgyPOH0jmB86I6gxbxEF6Z58

(Full article machine translated at end of media release)

³ <https://rainforestactiongroup.org/wp-content/uploads/2019/08/Bolivar-release-28.7.19.jpg>

This point was largely overlooked in international media, with Reuters claiming on July 31 that: “the Constitutional Court ruled against a request to require community consultations over the Cascabel mine”.⁴ Such a ruling would potentially contravene SolGold’s UN and OPEC obligations in which foreign companies must ensure the support of Indigenous and local groups before proceeding with such an enterprise.

There have been at least five similar cases where the application was competently presented which proved successful, showing that courts do generally support communities’ claims about the lack of consultation. Three landmark cases over the past year involving the communities of the Waorani⁵, the A’I Cofán⁶ and the Rio Blanco mine in Cuenca⁷ were won because the government had not informed communities their territories were being opened up for oil or mineral exploitation.

Indigenous Kichwa Prefect Yaku Perez, an environmental and human rights lawyer, has been assisting parishes within the Azuay province to vote on mining in order to establish a proper consultation process.

Pérez presented a petition to the Constitutional Court to ban mining in the Azuay province on July 22 after his call for popular consultation in the Provincial Chamber of Azuay passed with a simple majority, but did not achieve the three-fourths majority that would allow it to be immediately executed. The Constitutional Court has twenty days to make a decision.

If the Constitutional Court agrees to a popular consultation, mining companies may be able to sue the Ecuadorian government before an international tribunal for renegeing on its commitments. Such a case could put mining interests on hold for years.

Voters in the Girón canton in Azuay voted overwhelmingly to ban mining on March 24, with 86.79 per cent of the canton’s 15,000 voters rejecting mining in the area.⁸ SolGold has two priority projects in Azuay: 'Cisne Loja' and 'Sharug'. Sharug entirely covers a Protected Forest, while Cisne Loja – comprised of two concessions – has approximately 90 per cent of one concession within a Protected Forest, while about 15 per cent of the other is within Protected Forest.

⁴ https://www.reuters.com/article/us-ecuador-mining/mineral-rich-ecuadorean-province-requests-popular-referendum-on-mining-idUSKCN1UP2CN?fbclid=IwAR308pPx_aCyZqw0vX_txcopBjvu6P8JrJz-VjYm9Y6QLpZzElnAVZAVtvE

⁵ <https://www.aljazeera.com/news/2019/04/indigenous-waorani-win-landmark-legal-case-ecuador-gov-190426221504952.html>

⁶ <https://news.mongabay.com/2019/02/ecuadors-indigenous-cofan-hail-court-ordered-end-to-mining-on-their-land/>

⁷ <https://www.telesurenglish.net/news/Ecuadorean-Court-Cancels-Rio-Blanco-Mine-After-Resistance-20180803-0011.html>

⁸ <https://www.elcomercio.com/actualidad/consulta-popular-mineria-giron.html>

(Full article machine translated at end of media release)

On top of this, there is near unanimous community opposition in the region. Illegal mining raids by the Ecuadorian Army in Azuay on the 31st of July were also only 30 kilometres away from these projects.⁹

Illegal mining

Illegal mining is becoming the poster child for chaos for mining investors, with the Ecuadorian Army being sent into the provinces of Carchi and Imbabura in July to attempt to secure the area after illegal miners were found prospecting there.¹⁰ SolGold holds nine concessions in the region under the subsidiary Carnegie Ridge Resources S.A.

This is in the wake of military evictions at the illegal mining operation at Buenos Aires, on concessions owned by Gina Rinehart in July, when more than 5000 local and international miners were evicted. Buenos Aires had up to 10,000 miners descend on the region at the height of its activity. Mining operations were purportedly run by various militia groups – with Colombian, Venezuelan and Mexican crime cartels vying for control.

These illegal miners are now exploring other prospective sites in the country using mining company reports to scour for likely locations.

Rainforest Action Group summary

The Rainforest Action Group¹¹ is a research and advocacy group investigating Australian mining companies and their operations, particularly in Ecuador.

Rainforest Action Group spokesperson Martin Daley says it is clear that despite government claims to the contrary, mining in Ecuador is not wanted.

“We are very concerned that Australian mining companies such as SolGold are continuing to push forward with plans to mine in the area, despite Indigenous and local communities clearly being resistant to these plans,” Martin says.

“Copper is being greenwashed as a sustainable resource to fuel the growing electric car market, however it comes at a great cost to the Andean and Amazonian biospheres, which include some of the last virgin tropical rainforests in the world, and the world's most biodiverse ecosystems.”

“Recent studies show that planting 3 trillion trees might be the most effective way of combatting climate change. We believe that protecting and extending the rich ecosystems that are already in place is a far more sustainable outcome, as is

⁹ https://www.eltelegrafo.com.ec/noticias/judicial/12/labores-mineras-campamentos-azuay?fbclid=IwAR1GPSpVHsDqhluXiBolIXeFPXynq00zpvngPtDWGhP12Y-UffFMMV_tEOw
(Full article machine translated at end of media release)

¹⁰ <https://www.elnorte.ec/sucesos/carchi-se-blinda-contra-la-mineria-EI479868?fbclid=IwAR0QW8A8liGDjN-YemiDeBQbUxX3RFd7dUxlXv6QtQxckONW2t0gVHIHF1Q>
(Full article machine translated at end of media release)

¹¹ www.rainforestactiongroup.org

supporting local people to build economies that are not dependent on fossil fuels or mining. Global development just cannot continue at the rate it has been.”

With thousands expected to join protests planned in Melbourne in October to oppose the International Mining and Resources Conference (IMARC)¹² and protest government inaction on climate change, it is apparent that resistance to mining is growing globally.

SolGold holds 75 mineral concessions in Ecuador through four subsidiaries. Financial Times states that: “Year on year SolGold plc's net income fell 341.77% from a loss of 4.42m to a larger loss of 19.52m despite flat revenues”.¹³

A flyover of Ecuador here¹⁴ shows SolGold concessions, overlaps with Protected Forests and Indigenous territories, and community conflicts. Maps by Rainforest Action Group and Forest Network.

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¹² <https://www.heraldsun.com.au/news/victoria/activists-promise-blockade-over-climate-criminals-at-melbourne-mining-conference/news-story/b39cb66ab0e46ff396b58147ab14ec76>

¹³ <https://markets.ft.com/data/equities/tearsheet/profile?s=SOLG:LSE>

¹⁴ https://www.youtube.com/watch?v=dD2bT9s9fuc&feature=youtu.be&fbclid=IwAR0uIhSnIKXLNRMN1NeBM2gn_-8kwOp-LNRvokHq6g5BzBo_NT8m4BHdiiU

Appendices from footnotes (machine translated)

5. Awá nationality says no to mining

https://lahora.com.ec/imbabura/noticia/1102260565/nacionalidad-awa-le-dice-no-a-la-mineria?fbclid=IwAR0b8uod1wyW_rrl3Bv4c1zC2hDTKZGK1Y0BgyPOH0jmB86l6gxbxEF6Z58

The Enlarged Council of Awá nationality was developed over the weekend. This event took place in the communal house of the town of San Marcos, in the Chical parish, in the canton of Tulcán. A massive event involving about 140 delegates from the provinces of Esmeraldas, Carchi, Imbabura and Sucumbíos.

A team of Diario La Hora arrived at the place to participate in the event, which left several important resolutions. Perhaps the most significant, for the current moment in the country, was the total rejection of mining in the territory of the nationality.

Jairo Cantincus, president of the Awá nationality of Ecuador, said that the event discussed the new territorial governance model. A subject that is related to the exploitation of minerals. Therefore, the resolution that was taken at the meeting was blunt. For the fourth time they resolved as a mandate not to allow mining in Awá territory.

Position

“We have to issue that pronouncement to public opinion and the national government. This resolution prohibiting mining intervention in Awá territory and megaprojects that are not in line with the needs of our people. Our territory must be respected.”

In this meeting of the Expanded Council were people involved in mining. They were responsible for socializing with the communities the supposed benefits that this activity would bring to the area. His goal was to allow them to enter to explore the territory. But after hearing the overwhelming position of nationality, foreigners apologized.

Protected areas

Another of the measures taken in the Expanded Council was to present a proposal to the Ministry of Environment. With this it is sought that protection and conservation areas, or buffer zones, as they are called, are integrated into the Socio Bosque program, so that communities can have income.

“We have a clear example. In Mataje Alto, we have about 1,200 hectares that are part of the Socio Bosque program. Annually they receive about 22 thousand dollars, which has been working according to the investment plan. This helps the community, because it gives cattle to families, cocoa plants or zinc sheets. It is an income that supports communities. And we believe it is important for communities with these territories to enter the program,” Cantincus said.

Primordial orders

The resolutions taken by the Expanded Council are aimed at covering the shortcomings that exist in the communities. For example, the Government is requested to have the guarantee to inject the necessary resources into education, health, road, economy, production and food security.

"We want these towns to be taken into account that have always been relegated by distance and that we are really considered a priority. One, for being a nationality. And second because we are taking care of the border. We are millenary. We always live there. And I think we are the only conservationists in terms of territoriality," Cantinco said.

In addition, it was reported that they are forming a commission to travel to Quito, so that the road that is at the hands of the Ministry of Public Works is fulfilled. "We have been going for about four years now and we have not reached the community of San Marcos. There is the availability that the Prefecture of Carchi can also contribute. Then that these requests are met and if it is to sign agreements, sign agreements," said the president of the nationality.

When asked if there is a concern of the State to cover these needs, he said no. He added that right now, for example, they need housing plans for three Awá communities. One in Mataje Alto, and the others in Tarabita and Tobar Donoso. "It is a duty of the state to serve these communities," he said.

7. Inhabitants of Gualiel intends to radicalize protests if they are not heard

<https://www.lahora.com.ec/loja/noticia/1102261616/habitantes-de-gualiel-pretende-radicalizar-protetas-si-no-son-escuchados-?fbclid=IwAR2kOEKRXfXkC-HqEQIZgrfPfiOP5oNQSnG8x-us8KcntEFG4DjFT86MV40>

They plan to complete a march with the presence of residents of Saraguro, Portovelo, Zaruma and Loja.

About 40 inhabitants of the distant parish, Gualiel, arrived yesterday in Loja and bet on the Santo Domingo park, with the purpose of insisting that the work of the mining concessions not continue.

The peaceful measure they made was intended to prevent and that if they are not heard they will radicalize the measures that could be with a hunger strike.

For now, on Wednesday, August 28, they plan to complete a great march with the presence of residents of the parishes of the Saraguro, Portovelo, Zaruma and Loja cantons, being the most affected.

The presence of the Vice Minister of Mining is expected, who would have promised to visit the parish of Gualiel on Tuesday, August 13.

Criteria

The legal advisor, Pablo Piedra Vivar, who was the Ombudsman, said that it is a legitimate right to claim for a life free of metal mining, for the defense of water, for life and for the right to consultation.

He took advantage of the space to invite the community to join the cause and contribute with them the defense of the moors of Fierrohurco, Gualiel that give life as they irrigate part of the canton and province Loja; as well as El Oro.

The spokesman of the Parish Government of Gualiel, Manuel Angamarca, said that no more people could be mobilized to support the action. "What is concessioned to the miners harms four cantons, but it is more in time of sewage they take from these waters to supply the tanks of the master plan of drinking water," he says.

Wilman Angamarca, said that some companies that benefit from Fierrohurco waters have been present, "beyond the solidarity embrace they must present their pragmatic proposals," he says.

THE DATA

Fierrohurco is considered a water star as four important rivers are born.

TAKE NOTE

They ask the Municipality of Loja to declare the canton free of metal mining to protect the water.

Decisions

From the meeting on Saturday, July 7

Require the National Government to suspend the delivery of metal mining concessions and licenses in the province.

That Gualiel be considered a great agricultural potential

Maintain the vigilance and unity of the people in the defense of the water sources of Fierrohurco.

8. Yaku Pérez presents a question to ban metal mining in Azuay

<https://www.eluniverso.com/noticias/2019/07/30/nota/7448529/yaku-perez-presenta-pregunta-prohibir-mineria-metalica-azuay?fbclid=IwAR1loWiyTQ3VtiFvPcrvI-IUBNinVzkHLRDxtZ1b2rQ6VZzRYRKT2CGbltE>

This morning, the prefect of Azuay, Yaku Pérez, presented to the Constitutional Court a petition to rule on the constitutionality of a question to ban mining in that province.

The question states: Do you agree with the prohibition, without exception of prospecting, exploration and exploitation activities of metal mining in water sources, recharge, discharge and water regulation areas, badlands, wetlands, protective forests and fragile ecosystems in the province of Azuay ?, with the options yes or no.

The Constitutional Court must pronounce within twenty days. At the moment, in Ecuador a consultation has been carried out to ban mining in Quimsacocha and won the yes. Another question request for four parishes: La Carolina and Lita, in Imbabura; and in El Goaltal, and Jijón y Caamaño, in Carchi, was rejected for form issues.

Pérez went to the Constitutional Court after he failed to reach three-fourths of the vote in the Provincial Chamber of Azuay to approve the consultation; Fifteen mayors voted in favor and eight against. I needed three more votes.

9. Mining did not prevail with 86, 79% in the popular mining consultation of the canton Girón, in Azuay

<https://www.elcomercio.com/actualidad/consulta-popular-mineria-giron.html>

The population of the canton Girón, in Azuay, opposed in popular consultation the mining exploitation, where the Canadian INV Metals Inc operates, according to the scrutiny disclosed on Tuesday, March 26, 2019 by the CNE. The National Electoral Council (CNE)

consulted about 12,580 residents of Girón, in the province of Azuay: "Do you agree with mining activities in the moors or water sources of the Quimsacocha Hydrological System?"

He did not destroy with 86.79% of the valid vote, according to the count of 100% of the minutes by the CNE. To protect the water, sectors of indigenous people, social organizations and environmentalists asked for a consultation to define if they can advance mining work in the Quimsacocha moor.

The result of the referendum, which is binding, would affect the activities of INV Metals Inc, which has in that area the concession of the Loma Larga project, from which 2.6 million ounces of gold are expected to be extracted during the 12 years of useful life of the mine, in addition to 13.3 million ounces of silver and 88 million pounds of copper. The Ministry of Energy and Non-Renewable Natural Resources has not ruled after the consultation.

Last week, Candace MacGibbon, CEO of the mining company, said in a statement that Loma Larga "will continue moving towards the development of the project."

"The Resources and Mineral Reserves of our Project are not located in the cantons (Azuay towns) of Girón or San Fernando," she said. "However, the processing and tailings facilities were originally planned in the Girón canton, but they will be relocated if necessary," she added.

INV Metals Inc, which has other concessions in Ecuador, is in the exploration phase of Loma Larga. It plans to build an underground mine and start the production of gold concentrate by the end of 2021. Ecuador will receive about USD 554 million for the exploitation of Loma Larga, according to the Ministry of Energy and Non-Renewable Natural Resources.

10. Authorities closed 75 underground mining works and 100 camps in Azuay

https://www.eltelegrafo.com.ec/noticias/judicial/12/labores-mineras-campamentos-azuay?fbclid=IwAR1GSPVHsDqhluxiBolIXeFPXynq00zpvngPtDWGhP12Y-UffFMMV_tEOw

Two days of operation against illegal mining in the sector of Pucul, canton Camilo Ponce Enriquez, in the province of Azuay, allowed the discovery of 75 underground mining works, 100 camps, six winches (pulleys with motor) and more than 1,000 packages of material mineralized. The Mining Regulation and Control Agency (ARCOM) participated since the morning of Wednesday, July 31, in the inter-institutional operation. ARCOM technicians carried out the recognition and gathering of information on each of the existing mining tasks. 405 people from different government institutions participated: Ministry of Interior, Ministry of Environment, Mining Regulation and Control Agency, Azuay Governorate, National Police, Armed Forces, Prosecutor's Office and Political Headquarters of the Camilo Ponce canton.

Several power plants used to supply energy to the camps were seized. Foto Ministry of Interior Andrea Cárdenas Valencia, Executive Director of ARCOM, said that illegal mining operations are spread throughout the country and it is a priority of the institution to combat these illicit acts that harm citizens, the environment and the State.

"The mining work found in the operation in Pucul was carried out in a concession-free area and is not framed within the technical parameters stipulated in the mining legal regulations, which causes, among other things, environmental effects."

The intervention began at 03:00 on Wednesday, July 31 and until Thursday, August 1, the seizure of the mineralized material found continued. So far, more than 200 packages of rocks composed of sulphides associated with gold and silver have been removed. The Mining Law establishes that the Mining Regulation and Control Agency (ARCOM) is the

technical-administrative agency in charge of monitoring, auditing, intervention and control of all phases of mining activity in Ecuador.

11. Carchi protects against mining

<https://www.elnorte.ec/sucesos/carchi-se-blinda-contra-la-mineria-EI479868?fbclid=IwAR0QW8A8liGDjN-YemiDeBQbUxX3RFd7dUxIXv6QtQxckONW2t0gVHIHFIQ>

The Army maintains mining control in the community of El Cielito in the canton Mira, Carchi and in the Buenos Aires parish of Urucuquí in Imbabura.

Look. The Commander of the IV of D.E Amazonas and the 31 Andes Infantry Brigade, toured the community of El Cielito in the Jacinto Jijón Caamaño parish of the Mira canton.

The premise is to maintain the security of the sector and prevent some type of illegal mining from occurring in the province.

Release. "The tour was made in order to persuade and neutralize the emergence of new outbreaks of people engaged in illegal mining in Carchi and Imbabura," said Joint Colonel of Joint Staff Franklin Pico Medina, who heads the 31 Andes Infantry Brigade.

The place is concessioned to a foreign company. But since the expulsion of the miners from the Buenos Aires parish in the Urucuquí canton in the province of Imbabura, some of them have moved to the Carchense area to try to exploit the mining material.

That is why, in order to avoid some setback, the military personnel of the Brigade and the units of the Division comply with the 'Camex' operation, which also extended to the Buenos Aires sector.

About the place. The Cielito is located on a mountain covered by fruit trees of guava, raft, hawthorn. The area is eminently agricultural, the plantations of banana, orange, orange and corn, which are the livelihood of the peasants.