



August 23, 2017

Ambassador Todd Robinson
U.S. Embassy in Guatemala

Subject: Urgent request in support of rule of law, judicial integrity and call for expeditious and lawful resolution to ongoing dispute in Santa Rosa department, Guatemala

Dear Ambassador Robinson:

On behalf of Tahoe Resources ("Tahoe"), I am writing to you to request assistance from the U.S. Embassy in Guatemala in the matter related to our Guatemalan subsidiary, Minera San Rafael (MSR) and the threat to the operation of the Escobal mine in Santa Rosa, Guatemala. We seek an opportunity at your earliest convenience to brief you on our knowledge of the situation and to seek your counsel on actions we may take to protect the interests of our company, our employees and our communities in Guatemala.

In early July, the Supreme Court of Guatemala issued a decision on an action brought by the Guatemalan NGO CALAS, resulting in the provisional suspension of the Escobal mine's exploitation license. The action contends that Guatemala's Ministry of Energy and Mines (MEM) did not conduct adequate consultation with the Xinca Indigenous community when granting the license for MSR to operate the Escobal mine. This is despite the fact that MEM conducted an assessment and determined there were no Xinca communities in the San Rafael Las Flores municipality or the "area of impact" within the "environmental impact assessment" footprint. The Supreme Court's decision to suspend the license effectively granted MSR standing to appeal the ruling to the Constitutional Court, which we did immediately.

Since the Supreme Court ruled in early July, we have watched the judicial processes in both courts with growing alarm. We have now received disturbing information about an effort within the Constitutional Court to impose a decision on our appeal based on an improper manipulation of the judges assigned our case, without due consideration of the opinions of all judges and without reference to precedential decisions, such as *Oxec*. We are greatly concerned that potential judicial impropriety in the Constitutional Court, coming on top of the Supreme Court's decision to ignore binding precedent and suspend MSR's license, is frustrating our efforts to obtain just resolution of our case. In addition, we are aware of five other hydroelectric cases that the Supreme Court decided in July and August in which the court *did* follow the Constitutional Court's *Oxec* ruling *not* suspending licenses while MEM conducted ILO 169 consultations.¹

¹In *Oxec*, the Constitutional Court stated that MEM shall set ILO 169 consultation standards "not only for this case, *but for future ones*, in order to overcome the absence of legislation that regulates said issue." (Emphasis added.) The *Oxec* case established new rules for consultation including: 1) providing a timeframe with sanctions imposed if the consultation is not held within 12 months of the resolution becoming enforceable; 2) quarterly reports provided to the Court by MEM; and 3) defining the "Area of Impact" as being determined by the Environmental Impact Assessment.

Somewhat concurrently, since June 7th, a group of protesters near the town of Casillas has illegally blocked the primary road connecting Guatemala City to the Escobal Mine near San Rafael Las Flores. Protests appear to be related to numerous issues including local political issues and claims regarding mining's impact on the local community, including earthquakes. On June 23rd, the Guatemalan government took legal action to disperse protesters, which came after many attempts by the company and the government to engage in dialogue with protesters. The government has not been successful in enforcing rule of law in the area and today the blockade continues. We are bringing a former United Nations mediator and his team to work with community stakeholders to address their grievances peacefully before further potential military police intervention.

We are gratified by the overwhelming support we have received from our communities, employees, suppliers, the Guatemalan executive branch (including the President and MEM) and the Guatemalan private sector, with whom we are working diligently to reverse the court decision and re-establish operations to the benefit of our employees, the community of San Rafael Las Flores and the Guatemalan economy. We are increasingly concerned, however, that certain parties to the conflict have been allowed and enabled to foment and sustain political and physical conflict that is proving detrimental to the economic and social wellbeing of local Guatemalans.

MSR and government authorities dedicated to human rights, dialogue, and conflict resolution make continued attempts to engage concerned parties, local community members and leaders and local indigenous communities to better understand concerns, establish a dialogue process to address these concerns and, ultimately, find peaceful resolution to the conflict. While anti-mining leaders claim to be concerned about the environment and the wellbeing of local communities, they continue to obstruct any attempts at dialogue. For example, MSR representatives have made numerous approaches to the Xinca leadership to conduct dialogue about specific concerns related to the mine. None of our approaches has been answered.

We are concerned with the message that these unchecked legal challenges and politically-motivated acts of intimidation, such as the blockade, send to foreign investors looking for opportunities in Guatemala. Such a campaign damages economic advancement and hinders the important U.S. policy goal of creating political and economic stability in the region. We urge you to lend the support of the U.S. Embassy to help ensure that investors in Guatemala are treated fairly, judicial fairness and transparency are maintained and rule of law is strengthened.

We appreciate your consideration of this pressing matter.

Yours truly,



Edie Hofmeister
Executive Vice President, Corporate Affairs

cc: Landon Loomis, Office of the Vice President
John Creamer, Deputy Assistant Secretary, Western Hemisphere, Department of State
John Andersen, Deputy Assistant Secretary, Western Hemisphere, Department of Commerce
Luis Arreaga, Ambassador-Designate to Guatemala
Rep Mark Amodei, Nevada 2nd District

Attachment

Tahoe Resources/Minera San Rafael Commitment to Sustainability, Human Rights and Economic Empowerment in Guatemala

Value Generation

Through responsible development of natural resources at Escobal, MSR has significantly improved the quality of life for people at and around the mine. Last year MSR paid approximately US\$35 million in royalties and taxes to local and national governments and communities in Guatemala. MSR has approximately 1,500 employees at Escobal, 97% of whom are Guatemalan. MSR pays its employees approximately US\$20 million per year in wages and benefits, well above the average wage in most cases, and provides full employee benefits. Working alongside suppliers, MSR's operations support thousands of Guatemalan families. Despite the suspension, MSR continues to pay employee salaries out of solidarity, although, with the mine in a care and maintenance position, the Company will likely need to reevaluate in the coming weeks the need to lay off employees.

Human Rights commitments

Tahoe is committed to the human and civil rights of all Guatemalan people. Tahoe and all of its subsidiaries undertake responsible business operations including implementation of standards set out in the United Nations Guiding Principles on Business and Human Rights and the Voluntary Principles on Security and Human Rights.

MSR recognizes the presence of the Xinca People in several localities located within municipalities in the departments of Santa Rosa, Jalapa and Jutiapa and that the legitimate socio-political organization that represents the population is the Xinca People's Parliament of Guatemala. We respect indigenous communities' rights to consultation and seek opportunities to engage with indigenous communities where we operate. We take very seriously our responsibility to consult with any impacted indigenous populations and firmly believe in engaging our stakeholders and community partners, meeting and often exceeding our consultation obligations by applying leading Canadian standards to our global operations.

For this reason, MSR supported and worked alongside MEM to participate in and document hundreds of public and private meetings and open consultations in and around the mine area dating back to 2010. MSR has also always been able to collaborate and participate with all communities in the region and has held activities to support community development projects within Xinca communities. While MSR has made efforts to bring economic and development benefits to the larger regional area, we firmly believe that all consultation obligations as defined by the area of impact and relating to the permitting of the Escobal license were met.

Tahoe also supports communities' rights to freedom of expression and assembly in a lawful manner, including the right to protest. We equally support others negatively affected by the illegal road blockage, such as employees, suppliers and non-protesting citizens' rights to free passage and work. We are working diligently to engage numerous stakeholders to attempt to resolve the blockade peacefully, and have been actively seeking dialogue with community leaders to address local concerns. We have urged all involved who share our same commitment to respect of human rights and the wellbeing of local communities to lend their support to a peaceful dialogue and resolution process. We are eager to see an end to the blockade so we may put our valued employees and vendors back to work, support the economy of communities in the region and continue to contribute to the economic growth of Guatemala.