

Vancouver, September 29, 2021

**Attn:** Christen Dobson, Senior Program Manager & Researcher  
Meagan Barrera, North America Researcher & Representative  
**Delivered via email**

***Subject:** Solaris' Response to Allegations by the Shuar Arutam People Association (PSHA), Mining Watch Canada and Alianza para los Derechos Humanos*

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Dear Ms. Dobson & Ms. Barrera,

This letter responds to the allegations (the Allegations) made in the letter from Marcelo Unkuch on behalf of the Shuar Arutam People Association (PSHA) to Her Excellency Sylvie Bedard, Ambassador of Canada to Ecuador dated August 26, 2021, in the blog entry from Mining Watch Canada on behalf of PSHA, posted online, dated September 8, 2021, and in the public complaint from Alianza para los Derechos Humanos Ecuador on behalf of PSHA, posted online, dated September 9, 2021.

Other than as set out herein, Solaris has not made any public disclosure or taken any actions in connection with the allegation made by Ms. Josefina Tunki, PSHA's President, against Mr. Federico Velásquez, Solaris' VP Operations. The Sucúa Criminal Prosecutor Office's is conducting an inquiry into the complaint (as set out in more detail herein). Solaris is not involved in the inquiry. Following due process and upon resolution of the proceedings, Mr. Velásquez's testimony will be made publicly available.

Solaris has made public disclosure in relation to its work with PSHA and the communities of Warints and Yawi that address the other allegations.

This letter is divided into two parts:

- **Part A – The Parties** identifies the relevant parties. This part is crucial in understanding the context in which the Allegations have been made.
- **Part B - Response to the Allegations** provides specific responses to the Allegations.

### **Part A – The Parties**

#### ***Solaris Resources Inc.***

Solaris is a mineral exploration company publicly listed on the Toronto Stock Exchange. Its material project is the Warintza Project. Solaris is committed to a sustainable approach to exploration by acting ethically and with integrity.

Solaris' Sustainability Policy embeds the Company's commitment to managing Environmental, Social and Governance (ESG) risks across its operations. This commitment is rooted in Solaris' core values and implemented through Solaris' governance structure and management systems. This commitment is further reinforced by Solaris' participation in the United Nations Global Compact and Solaris' commitment to incorporating the universally accepted sustainability principles that take actions that support broader United Nations goals, including the Sustainable Development Goals.

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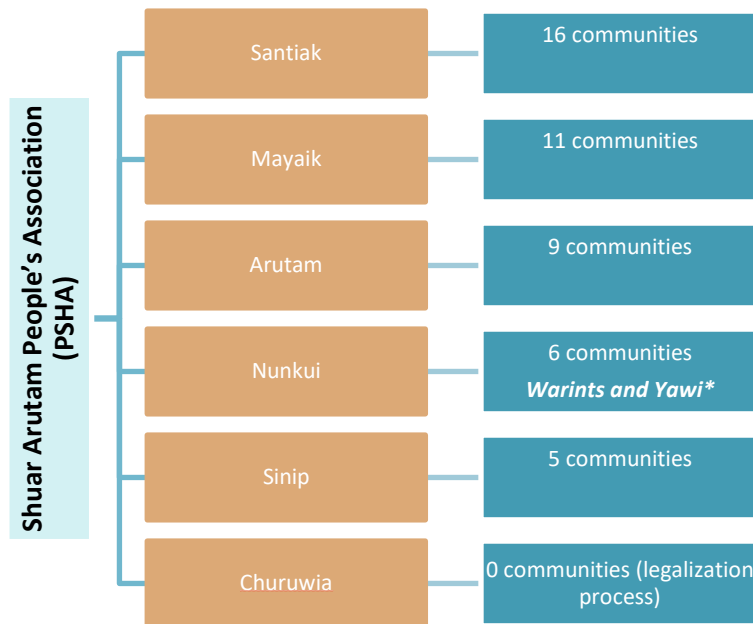
## *The Centres of Warints and Yawi*

The local Shuar Centres of Warints and Yawi are the two local communities within the direct area of influence of the Warintza Project. Article 3 of the Shuar Centre Warints' Charter states that "the Centre is constituted as a legal person under private law". As Warints and Yawi are the Centres within the direct area of influence of the Warintza Project, these two communities are the only communities legally authorized to sign agreements, treaties, and other instruments related to the Warintza Project.

Solaris maintains a positive working relationship with Warints and Yawi that has been built between the parties through a process of reconciliation, collaboration and association. Moreover, on January 23, 2019, Solaris and the Shuar Centres of Warints and Yawi entered into a memorandum of understanding at the Community House in Warints, with PSHA and the Ministry of Energy and Non-Renewable Natural Resources signing the memorandum as witnesses. In addition, on July 28, 2020, Solaris and the Shuar Centres of Warints and Yawi signed an Impact and Benefits Agreement with support of majority votes (92%) of the Warints and Yawi Centres.

## *The Shuar Arutam People's Association (PSHA)*

PSHA is representative of 6 Shuar Associations which represent 47 Shuar Centres (see diagram below).



PSHA is responsible for supporting and representing its component communities. PSHA's authority, however, is limited by the decisions made by each individual community through the highest decision-making body of each community, the General Assembly. In the case of Warints and Yawi, the communities, through their General Assemblies, have agreed to work in partnership with Solaris at the Warintza Project.

**For context, it is critically important to understand that the Allegations have been made without consulting the communities of Warints and Yawi, without consideration of these communities' rights to self-determination and without consideration of these communities' voluntary choice to work with Solaris.**

As set out in a letter from the Shuar Centres of Warints and Yawi in a letter to the Canadian Embassy in Ecuador dated September 7, 2021, "In July 2020, the Warints and Yawi centres signed an Impacts and

*Benefit Agreement for the Warintza Project - that is current, and we respect it because it represents the sentiment of most of the partners in our communities. However, several organizations, unknown to us, have sought to invalidate our agreements and relationship with Solaris Resources, which cause us outrage since none represent us”.*

## **Part B – Response to Allegations**

**Allegation #1:** PSHA alleges that Ms. Josefina Tunki, PSHA’s President, received a telephone death threat from Mr. Federico Velásquez, Solaris’ VP Operations on November 6, 2020, to which Ms. Tunki filed a complaint with the Sucúa Criminal Prosecutor's Office on December 21, 2020.

**This allegation is false.** Mr. Federico Velásquez, Solaris’ VP Operations has never threatened Ms. Josefina Tunki. Since 2018, Solaris has maintained open communication with PSHA authorities and, on November 6, 2020, Ms. Tunki and Mr. Velásquez did have a telephone conversation. Following the call, Ms. Tunki filed a criminal complaint against Mr. Velásquez with the Sucúa Criminal Prosecutor's Office, the state prosecutor’s office, alleging that Mr. Velásquez used the expression “degollar una cabeza”, which means in English to cut off the head. In Spanish, this expression is regularly used as an expression of reducing headcount (removing or firing someone from an organization).

### **Key points:**

- As a result of the complaint, the Sucúa Criminal Prosecutor's Office is required to, according to the Constitution of the Republic of Ecuador, conduct an inquiry. As part of this inquiry, Mr. Velásquez, Ms. Josefina Tunki and Ms. Tania Laurini (as employee to national and international NGOs) provided testimony as to what was said on the phone call. Ms. Tunki is now required to expand upon her version of events. As this has yet to occur, the complaint remains in the inquiry stage.
- Upon becoming aware of the complaint, Mr. Velásquez retained local counsel, who’s expert opinion was that the claim was without grounds and would be filed without consequence.
- Following due process, Mr. Federico Velásquez’s testimony will be made publicly available upon resolution of the proceedings.
- Instead of following due process, the fact that Ms. Tunki is publicizing the complaint suggests to Solaris that Ms. Tunki does not seek justice in this complaint, but rather, seeks to use the justice system to champion the interests of her organization.

**Allegation #2:** PSHA rejects Solaris’s Strategic Alliance with the communities of Warints and Yawi and alleges it undermines PSHA’s organizational structure and violates their collective rights.

**This Allegation is false.** The Strategic Alliance of the Warintza Project was established on August 4, 2019, between Solaris and the Shuar Centres of Warints and Yawi. The Strategic Alliance was approved by each community’s General Assembly and is governed by a Board of representatives of Shuar leaders from both Warints and Yawi. The Board’s role is to establish and promote direct and transparent dialogue regarding all activities related to the Warintza Project. PSHA made similar allegations in an open letter to Solaris dated September 23, 2020. Solaris submitted a response on October 5, 2020. Both letters can be found at: <https://www.business-humanrights.org/en/companies/solaris-resources/>

The Strategic Alliance was established in accordance with Article 57, Section 9 of the Constitution of the Republic of Ecuador, the process of reconciliation, and dialogue in Warints and Yawi led by PSHA at the

time, carried out based on principles of legitimacy and representativeness, fully respecting the provisions of the Constitution of the Republic of Ecuador, in both preserving and developing Indigenous forms of coexistence and social organization, generation and exercise of authority in their legally recognized communally held territories of ancestral possession.

While PSHA does not have the authority to legally bind the communities of Warints and Yawi without the consent of these communities' General Assemblies, PSHA has been part of the Strategic Alliance since the beginning of Solaris' exploration activities in 2018, participating in numerous meetings and initiatives, and officially signed the Memorandum of Understanding dated January 23, 2019, between Solaris and the Warints and Yawi centres as a witness, among other documents such as the separate Memorandum of Understanding between Solaris and PSHA for the Consultation and Information Process of local communities dated the same date. As set out in a letter from PSHA to Solaris dated September 1, 2021, *“This process initially had the authorization of the Presidents of the Shuar Territory Associations in the previous governing period when Mr. Numi Vicente Tsakimp – President of the Shuar Arutam People for the 2016- 2019 period, signed the Memorandum of Understanding between Lowell and PSHA, on January 23, 2019.”*

**Allegation #3:** PSHA alleges that Solaris' Warintza Project caused negative impacts on their territories, including loss of primary forests and contamination of watershed systems and micro-watersheds.

**This Allegation is false.** The Warintza Project is in the early exploration stage. Importantly, Solaris complies with its environmental registry and its environmental management plan prepared in compliance with Ecuadorian environmental legislation, and its environmental registration has been duly granted by the Ministry of Water, Environment and Ecological Transition.

Further, Solaris has carried out training and capacity building to its employees, contractors, and providers, extending environmental responsibility, and respect for Indigenous Peoples throughout its supply chain. Solaris' activities are always reported to the energy and environment authorities.

Lastly, in compliance with Ecuadorian law, Solaris carries out information sessions with the Centres of Warints and Yawi to inform the communities about its Environmental Registry and ensure transparency of all its activities and environmental impacts.

**Allegation #4:** PSHA claims Solaris has requested military incursions into Shuar Arutam territory.

**This Allegation is false.** Solaris has not requested any kind of police or military activity on its concessions. Solaris commissions helicopter and light aircraft overflights that are exclusively used for exploration activities at the Warintza Project. They are overflights for the transport of personnel, cargo, and execution of technical evaluations.

Solaris does not have the legal capacity or desire to request military incursions into the Shuar Arutam territory.

**Allegation #5:** PSHA alleges that Solaris has co-opted their communities, including isolated communities to advance the Warintza Project, causing internal damage that diverts them from the directives of their life plan and hinders their right to exercise their own ways of life.

**This Allegation is false.** Solaris has always respected the communities' organization structures and works with the approval of Warints and Yawi, who have made their decisions in a legitimate and democratic way

through General Assemblies, their highest governing body.

## Key Points:

- Solaris is committed to transparent and responsible mining practices and believes that building strong relationships with Indigenous Peoples is critical to its long-term success. Solaris is guided by the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP), and the International Labour Organization (ILO) Convention No. 169 on Indigenous and Tribal Peoples. Accordingly, it subscribes to the principle of Free, Prior and Informed Consent when working on private land, including traditional, Indigenous territories.
- PSHA is attempting to impose its agenda on the communities it represents despite the communities' support for the development of the Warintza Project and their relationship with Solaris.
- There exists interference from anti-mining NGOs whose objective is to damage the trust and mutual respect built between the communities and Solaris. As set out in an open letter from the Shuar Centres of Warints and Yawi dated September 30, 2020:

*“Representatives of Amazon Watch and Mining Watch, know that here, in the depths of the Ecuadorian jungle, exist two Shuar centres that stand firm and shout to the world that we do have a voice, we are not being manipulated and we are capable of understanding and discernment to make decisions about our present and future.”*

- Similar sentiments were expressed by the Shuar Community of Tinkimints in a press release dated July 17, 2021, about a conflict occurring with Sol Gold:

*“We also want to clarify that these events come from NGOs such as Amazon Watch and Mining Watch, American and Canadian respectively; they impose an anti-mining agenda within the Shuar Arutam People with the sole objective of generating division within the organization and violating the rights of the communities, for which the Shuar Tinkimints community profoundly rejects the actions of the above-mentioned NGOs. (...) The damage caused that they talk so much about is not caused by any mining company, but rather, the damage comes from their desire to champion a supposed defense struggle in favour of our communities. If they really knew and were interested in understanding our reality, they would know that each of the decisions we make in our Shuar community of Tinkimints, has the support of an Assembly with the presence of all our members; we never make decisions with our backs to them, always together and always listening to them.”*

**Allegation #6:** PSHA alleges that Solaris has made violent attempts to bring heavy duty machinery on their territory.

**This Allegation is false.** Solaris does not own the machinery in question nor was it intended for the use of company activities. Solaris has not formed, financed, or sponsored, in any way or means, an armed security group.

## Key Points:

- The road project in question is a community project, led by the Shuar Warints and Yawi Centers together with a contractor from the Limón Indanza canton.
- On September 8, 2021, near the Shuar Maikiuants Center, a group of hooded men set fire in a

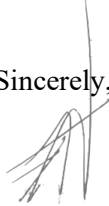
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violent and criminal manner to a vehicle owned by Segundo Ángel Morocho Wazhima who was to carry out work on a local road to connect the Shuar Centers of Warints and Yawi. This machinery was intended to carry out activities for the benefit of the community, fulfilling a long-awaited dream of the Warints and Yawi community members.

- In response to this event, the Shuar Arutam People (PSHA), without factual or legal support, proceeded to make a complaint, alleging a “violent attempt to access heavy duty equipment owned by the mining company Solaris Resources Inc. on our territory”.
- Solaris rejects the false and maliciously propagated statements issued by Mining Watch Canada and the Alianza por los Derechos Humanos Ecuador, on behalf of PSHA which lack factual and legal basis and violate the legitimate interests and rights of the Shuar Centers of Warints and Yawi, as well as the national interests of Ecuador in developing a responsible mining industry.

We are grateful for the opportunity to respond to this matter and are available to assist in any way possible.

Sincerely,



**Federico Velasquez**  
**VP Operations**  
**Solaris Resources, Inc.**

E-mail: [federico.velasquez@solarisresources.com](mailto:federico.velasquez@solarisresources.com)