



Río Blanco Copper S.A.

Río Blanco holds legally valid permits for the use of surface land of the Peasant Communities of Yanta and Segunda y Cajas

* On June 11th of this year, the Environment and Ecology Work Group of the Andean, Amazonian, and Afroperuvian People, Environment and Ecology Commission of the Peruvian Congress delivered a report which alleges that the Río Blanco Project, located in the Huancabamba Province of Piura, is illegally occupying part of the lands of the Peasant Communities of Yanta and Segunda y Cajas. This opinion is an incorrect allegation, and is one of many that continue to be irresponsibly issued.

* In response, Río Blanco Copper S.A. wishes to inform the members of Congress, groups opposed to mining activity and the general public that the company does hold legally valid, binding and current rights over the surface lands currently occupied by the company's mining project, the Río Blanco Project.

VALID PERMITS GRANTED

There are two permits which grant the right to Río Blanco to develop mining activity on the surface lands of the Peasant Communities of Yanta and Segunda y Cajas, which are dated October 4, 1997 and October 5, 1997, respectively (The "Permits"). These permits were granted in accordance with the law and are legally enforceable today based on the following:

1. The permits were granted pursuant to certain Acts that were approved by the **unanimous vote of the General Assembly** of each community (on September 21, 1997 by Segunda y Cajas and October 3, 1997 by Yanta), in accordance with Article 11 of Law No. 26505, the Law Governing Private Investment in the Development of Economic Activities in National Territory and Peasant and Native Community Lands (hereafter the "Law of Lands"). It is important to note that both permits expressly specify that they were granted "pursuant to the Regulations of Article 7 of the Law of Lands."
2. These Acts authorized the Presidents of each community to sign definitive permits or contracts for the use of the surface lands of each community (Mr. Exequiel Acha Jimenez, President of the Yanta Peasant Community, and Mr. Salomón Ramírez Correa, President of the Segunda y Cajas Peasant Community). Both Presidents signed the permits before a Public Notary: in the case of Yanta, before Romulo Jorge Cevasco Caycho, Public Notary of the Piura Province; and in the case of Segunda y Cajas, before Carlos A. La Torre, Public Notary of the Huancabamba Province. Each of the Notaries is legally authorized to exercise the duties of Public Notary.
3. The Acts expressly set forth the specific areas of the surface lands of each Peasant Community that are covered by the definitive contracts, as well as the fact that the authorizations cover all phases of the Río Blanco mining project (exploration, construction and exploitation).
4. The referenced Acts are duly registered in the Book of Acts of each community, on pages 156, 157, 158 and 159 of the Book of Act of the Segunda y Cajas Peasant Community; and on pages 60, 61, 62 and 63 of the Book of Acts of the Yanta Peasant Community.

Based on the foregoing, the Acts of the General Assemblies of both Communities and the Permits are legally valid and binding documents, and there can be no doubt as to their enforceability. The intentions of the Communities with respect to this issue are clearly evidenced therein.

OPINION OF LEGAL SCHOLAR JORGE AVENDAÑO VALDEZ:

The distinguished Legal Scholar and University Professor Dr. Jorge Avendaño Valdez issued a legal opinion regarding this matter in which he concluded that: **"The Contracts for Surface Land Use did not involve the granting permission for the pure and simple use of the Peasant Communities lands, but in fact constitute mining easements..."**

OPINION OF THE MINISTRY OF ENERGY AND MINES:

1. After an exhaustive analysis of the formal application for an Environmental Permit for Río Blanco, in official document No. 119-2006 MEM/VMM dated September 6, 2006, the Direction of Environmental Mining Affairs issued a response to the Office of the Public Ombudsman's Official Document No. 0176-2006/ASPMA-MA, certifying that **there were no irregularities** in the approval of the Environmental Evaluation for the exploration stage of the Río Blanco Project.
2. The Ministry of Energy and Mines, in report N° 430-2006-MEM/OGJ dated November 28, 2006, clearly determined that "(...) The Direction of Environmental Mining Affairs- DGAAM, has found that **the referenced permits for surface land use constitute valid title for the purpose of evidencing lawful possession and use of the area where the Río Blanco Project is located, a legal position which without a judicial annulment or mutual contractual revocation by both parties, remains legally enforceable**" (*emphasis added*).
3. The foregoing opinion of the Peruvian mining authority was ratified in Official Document N° 007-2007-MEM/PGJ dated February 2, 2007, in which document the legal validity of the Environmental Permit granted was also confirmed.

These declarations by the mining authority demonstrate the strict review to which the company's Environmental and Mining Permits have been subject, which reinforces the fact that the company has well-established rights to carry out responsible mining activities in the Río Blanco Project area.

DECISION OF THE SULLANA TRIBUNAL

1. In resolution N° 262-2007-SUNARP-TR dated September 26, 2007, the Sullana Tribunal of Peru's National Real Property Registry sets forth a meticulous and complete legal analysis of the mining easements and the Permit granted by the Yanta Peasant Community, which was the document that was submitted for registration at the Public Registry. Notwithstanding that the Tribunal determined that the Permit could not be registered due to the fact that the agreement was not prepared in the proper format, although the signatures were legalized, the validity of the Permit was not affected, nor were the obligations arising thereunder. The only consequence was that it could not be registered.
2. The Tribunal explains in its decision that in "the case of the mining easement, the servient estate benefits a mining concession, in other words, it encumbers the servient land for the benefit of the concession". Thus, expresses the Tribunal, **"the easements are perpetual and inseparable from the servient estate and the dominant estate (the mining concession)**. They are only transferred with the land and they remain with the land irrespective of who owns the land (1026th and 1037th article of the Peruvian Civil Code)." Therefore, the Tribunal confirms the statement of Scholar Avendaño: the 1997 Permits are transferred with the transfer of the mining concessions, with no need for a new agreement from the Peasant Community.
3. Contrary to the erroneous statements of certain third parties, the National Public Registry Tribunal, which is the highest court of the Public Registry in Peru, has declared in the Resolution, that the permit granted by Yanta Peasant Community is a CONVENTIONAL MINING EASEMENT. The decision is a definitive and final administrative finding, and cannot be legally challenged.

REPORT OF THE OFFICE OF THE OMBUDSMAN

1. The alleged illegalities that are widely cited by entities and individuals whose only objective is to delay the development of forgotten peoples and hinder responsible mining activity, as is the case for the Río Blanco Project, are based principally on Report N° 001-2006/ASPMA-MA dated November 14, 2006, published by the Public and Environmental Services Unit of the Office of the Public Ombudsman. The referenced report contains erroneous facts and information, and does not take into consideration legally binding documents, resulting in an incomplete legal analysis and ambiguous conclusions.

Aware of the foregoing, we appealed to the Office of the Ombudsman to **respond to our pending request from more than one year ago**, dated 14 February 2007, in which we requested a review of the referenced report.

2. The Office of the Ombudsman is required under the Constitution to defend the constitutional and fundamental rights of the people, and accordingly, **the Office of the Ombudsman has the responsibility to ensure that its opinions are the result of a responsible and objective analysis**. Therefore, it is unacceptable that the lawyers of that entity decide in an arbitrary manner not to apply a the proper legal analysis to the issue of the granting of property rights by way of a mining easement, analyses which were clearly explained by the Legal Scholar Jorge Avendaño Valdez, the Tribunal of Sullana, and the Ministry of Energy and Mines.
3. In light of the foregoing, we call upon the Office of the Ombudsman to not allow acts of torture and aggression against mining workers and members of the Peasant Communities that support the development of the Río Blanco Project just because they are aware that this development will be an extraordinary opportunity for them to improve their social and economic conditions. **HUMAN RIGHTS ARE ALSO VIOLATED BY INDIFFERENCE**.
4. We must warn that by not amending or reconsidering its well-known report, the Office of the Ombudsman continues to feed misinformed opposition to the Project and also creates a false perception regarding illegality, which may encourage violence against our staff, our facilities, and members of the Communities who would like to benefit from the responsible development of the Río Blanco Project.

We reiterate our commitment to contribute to the responsible and sustainable development of the Piura Mountains in cooperation with its communities.

Lima, June 28th 2008