



Corporación Nacional del Cobre de Chile
Casa Matriz
Huérfanos 1270
Santiago
Chile
www.codelco.com

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Matter 82682203
By Email

Garry Korte
Chief Executive Officer
Hancock Prospecting Pty Ltd
HPPL House
28–42 Ventnor Avenue
West Perth WA 6005
mail@hancockprospecting.com.au

Copy:
Brad Ross
General Counsel
Hancock Prospecting Pty Ltd
HPPL House
28–42 Ventnor Avenue
West Perth WA 6005
mail@hancockprospecting.com.au

Fernando Benalcázar
Viceministro de Minería
Ministerio de Energía y Recursos Naturales no
Renovables
Av. República de El Salvador N36-64 y Suecia
Quito, Ecuador
fernando.benalcazar@recursosyenergia.gob.ec

Daniilo Enrique Icaza Ortiz
Gerente General
Empresa Nacional Minera ENAMI
Av. 6 De Diciembre N31-110 Y Whymper, Edf.
Torres Tenerife
Quito, Ecuador
daniilo_icaza@enamiep.gob.ec

Periodismo de
INVESTIGACIÓN

Llurimagua Project – interference with contractual relations

Dear Mr Korte,

I write on behalf of Corporación Nacional del Cobre de Chile (**Codelco**).

As you may be aware, Codelco is a Chilean state-owned mining enterprise which has been undertaking mining exploration activities in Ecuador pursuant to various bilateral agreements between the Republics of Ecuador and Chile and with Empresa Nacional Minera del Ecuador (**ENAMI EP**), Ecuador's state-owned mining company, since 2011.



Specifically:

- (a) on 28 November 2011, Codelco and ENAMI EP entered into an agreement providing Codelco with preliminary mining exploration rights across key regions of Ecuador; pursuant to which the parties agreed to incorporate a joint venture company for the development of the project, with ENAMI EP holding a 51% share and Codelco holding a 49% share;
- (b) on 7 December 2015, Codelco and ENAMI EP entered into an agreement for the development of the Llurimagua copper mining project in Imbabura, Ecuador (the **Llurimagua Project**), which reaffirmed the parties' commitment to enter into a shareholders' agreement by determining the main conditions that will regulate the corporate relationship. ; and
- (c) on 29 March 2019, Codelco and ENAMI EP entered into a further agreement adapting some details regarding the corporate structure of the joint venture to the latest Attorney's General opinion.

These agreements confirm a long-running relationship between the Republic of Ecuador and the Republic of Chile to cooperate in mining matters, relationship that initiated on 2008, when both countries executed a Cooperation Agreement. As a result of this long-running relationship, Codelco has conducted important investments in the Llurimagua Project. However, correspondence between you and various entities in Ecuador was recently obtained pursuant to Article 18 of the Constitution of Ecuador and Articles 2 and 19 of the Access of Information and Transparency Act (*Ley the Transparencia y Acceso a la Información*) and Article 11 of its Regulations, through which Codelco has become aware that Hancock Prospecting Pty Ltd and its Ecuadorian subsidiary (jointly **Hancock**), have approached ENAMI EP, The Ministry of Energy and Non-renewable Natural Resources (former Ministry of Mines) and other public officials on several occasions between October 2017 and December 2019 with a non-solicited offer to acquire the rights to the future development of the Llurimagua Project.

Hancock firstly addressed the General Manager of Enami EP, Ministry of Mines and the President of the Republic of Ecuador on 2017 with an offer to acquire Llurimagua Project's rights. This offer was later pursued in March and December 2019 where Hancock sought an official meeting to deal with its proposal regarding the Llurimagua Project. As a result of these communications, the Republic of Ecuador, through its Vice-Minister of Mines, sent official letters declining any offer and communicating the relationship with Codelco in the Llurimagua Project pursuant to the existent agreements executed by Ecuador and Chile.

Were any offer by Hancock to be accepted, Codelco's continuing involvement in the Project, as contemplated by the agreements set out above, may be brought to an end or otherwise detrimentally affected.

Under Australian law, the knowing and intentional interference with another's contractual rights is an economic tort sounding in damages. Based on the information available to it, including the official response made by the Government of Ecuador, Codelco considers that at the time of making its offer, Hancock had sufficient knowledge of the various agreements governing Codelco's rights in relation to the Llurimagua Project to ground an intention to interfere with those arrangements.

Given the stage of the Llurimagua Project and considering the investments conducted by Codelco, any further action by Hancock will certainly constitute a knowing and intentional interference that could be extremely damaging to Codelco's contractual rights.

In light of the above, Codelco requests that Hancock and any of its subsidiaries and/or affiliate entities immediately desist from engaging in any conduct that may interfere, directly or indirectly, with Codelco's contractual relations pertaining to the Llurimagua Project. Furthermore, Codelco reserves all of its rights against Hancock in respect of any past or continuing conduct which interferes with its contractual relations as set out above, including



its right to seek injunctive relief, damages and any other orders it considers appropriate in light of the circumstances.

Yours sincerely,



Lorena Ferreiro
General Counsel
Codelco

Lorena.ferreiro@codelco.cl
+56 2 2690-3686



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