

August 5, 2016

Mr. Osvaldo L. Gratacós  
Compliance Advisor Ombudsman  
International Finance Corporation  
2121 Pennsylvania Avenue, N.W.  
Washington, DC 20433

**Subject: IFC Management Response to the CAO Compliance Investigation Report on IFC's Investment in Eco Oro Minerals Corp., Colombia (Project # 27961)**

Dear Mr. Gratacós,

IFC appreciates the opportunity to respond to CAO's Compliance Investigation Report regarding IFC's performance in relation to our equity investment in Eco Oro. We are pleased to note CAO's findings regarding IFC's compliance with applicable E&S policies and procedures. We also note the concerns detailed in your findings.

We acknowledge that there are areas where we can continue to improve our practices including in particular enhancing the completeness of our supervision documentation which will address your findings regarding supervision documentation; we will emphasize to our staff the importance of doing so.

While we acknowledge your concerns raised under multiple comments regarding the IFC approach to early stage mining, IFC believes that its phased approach to the classification of mining investments is sound. By distinguishing the exploration and feasibility stage from the mine construction and operations, IFC is enabled to consider the E&S impacts of the activities being financed. We also confirm that in response to CAO's observations in this and similar mining investments, IFC has developed new procedural guidance for staff describing our E&S approach – including categorization, appraisal, and supervision for such types of phased development investments.

In 2009, IFC invested in Eco Oro, a mining exploration company focused on progressing studies at its flagship Angostura gold project located in the District of California in the Department of Santander, in northeastern Colombia. From 2009 until February 2015, IFC made a series of investments to support Eco Oro's exploration and feasibility studies for its Angostura project, which we believe has the potential to bring substantial benefits and promote sustainable development for California, an impoverished mining district that relies on artisanal and in some cases illegal mining to subsist. Such small scale unregulated mining activity poses substantial environmental risks due to its uncontrolled use of hazardous chemicals (e.g. mercury) as well as unsafe labor practices. By contrast,

a successful, regulated modern mine would bring the benefits of formal employment and revenues to the community and would be subject to international standards related to environmental and social practices, including health and safety practices as well as the use of security forces.

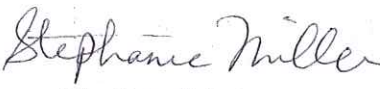
In summary, IFC agrees that a mine development at Angostura would have environmental and social impacts that would need to be carefully assessed and managed, particularly given the proximity of the Paramo of Santurban. However, at the time of the writing of this response, the Eco Oro project still remains in pre-feasibility stage as the company has not finalized the preliminary mine design. Consequently, the related Environmental and Social Impact Assessment is yet to be completed.

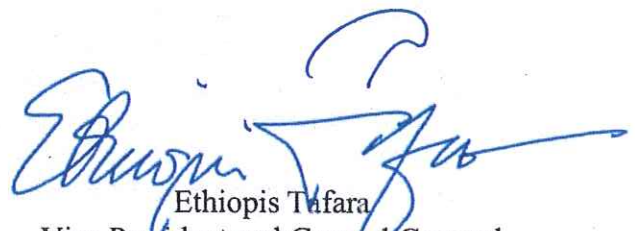
IFC's environmental and social appraisal and supervision of the project to date has focused on the actual, on-the-ground impacts of the exploration and feasibility work being financed by the IFC, while helping the company to prepare an Environmental and Social Management System for mine development, in the event the project transitions to this phase.

Currently, Eco Oro's management has decided to suspend project development. Should the project progress to full mine development, IFC will require continued compliance with our Performance Standards, as applicable to the advanced phase of the project, before considering the provision of additional financing.

IFC appreciates the engagement with CAO on its phased development investments and we look forward to continuing the dialogue with CAO in this regard.

Sincerely,

*for*   
Dimitris Tsitsiragos  
Vice President  
Global Client Services

  
Ethiopis Tafara  
Vice President and General Counsel  
Corporate Risk & Sustainability