

April 16, 2013

John R. Morgan  
President, CEO & Director  
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Dear Mr. Morgan:

As Canadian organizations concerned about the impact that open-pit mining can have on the environment, we are appalled at the ongoing attempt by your mining company Infinito Gold to intimidate the people, court system, and government of the eco-conscious country of Costa Rica. Over a ten year period, despite massive public protest against allowing Infinito permission to develop an open pit gold mine not far from the San Juan river system, and despite the Supreme Court of Costa Rica having twice denied permission to proceed with the mine (in 2010 and again in 2011), your company continues to harass this small Central American nation.

On April 4, 2013, in a release carrying your signature, Infinito Gold issued an ultimatum to Costa Rica stating that if the company were not to be allowed to proceed with its open-pit gold mine (known as Crucitas) within six months, it would sue Costa Rica for allegedly breaching its 1999 investment treaty with Canada, reportedly seeking more than US\$ 1 billion in compensation.

This marks the fourth time that Infinito Gold has threatened to take Costa Rica to international arbitration at the World Bank's International Centre for Settlement of Investment Disputes (ICSID) headquartered in Washington. On three prior occasions Infinito has used a similar threat to twist the arms of Costa Rican officials so that they would emit resolutions favourable to the company's interests, such as forcing the overturning of a finding that had rejected the company's environmental assessment study as being fundamentally flawed.

As you are well aware, the Costa Rican courts have launched an investigation into the actions of some Costa Rican government authorities, who face dereliction of duty charges for trying to fast-track resolutions favourable to Infinito's interests. The Courts have also ordered an investigation into an alleged payment made to the Arias Foundation for Peace and Human Progress by Infinito's main Canadian financial backer just days before then-President Oscar Arias declared the Crucitas mine to be in 'the national interest' (an action deemed illegal and annulled by the Costa Rican justice system) in an attempt to overturn a previous ban.

Late in 2012 Canada was sent an official request by Costa Rica to provide them with key financial information that could shed light on the possible transfer of funds to the Arias Foundation. Canada's Department of Justice has recently responded to this request from Costa Rica, though no details have yet been made public.

At the request of Costa Rican authorities, a team of experts went to the site that the company had ordered to be clear cut without proper authorization, and determined that \$10 million worth of damage had already been done to 300 hectares of tropical forest.

Over the past year Infinito Gold has continued to meddle in the national affairs of Costa Rica. Infinito Gold's lawyers recently challenged the authority of Judge Fernando Cruz in an effort to remove him from

the Constitutional Chamber of the Supreme Court (SALA IV) for (apparently) being disinclined to favour the company's position on a technical appeal under consideration. Also in 2012, Infinito's lawyers threatened the University of Costa Rica (UCR) with a defamation suit over a seminar that the Department of Biology was scheduled to run in the fall semester, even suggesting that the company should have the right to vet the course content before it was given. The UCR President told the mining company that it had no jurisdiction in the internal affairs of a Costa Rican University, and the seminar went ahead as planned.

In addition to the intromission into the affairs of a sovereign nation already mentioned, Infinito launched five civil and criminal cases against Costa Ricans who spoke publicly about the likely damage to the environment of an open-pit gold mine in an ecologically sensitive part of the Central American nation. The first two of these cases against UCR professors have recently been heard, and the two different judges involved found no merit to the company's case, and in both cases ordered that the company pay all the costs involved.

Infinito Gold's decade-long efforts to intimidate the small nation of Costa Rica is nothing short of an outrage, and will further sully Canada's reputation in that country. Over the past decade this case has drawn some of the largest street protests ever seen, and opinion polls consistently show that over 80% of Costa Ricans favour keeping the Crucitas mine site closed.

We demand that Infinito Gold respect the will of the vast majority of Costa Ricans and drop the threat of international arbitration.

We also demand that Infinito Gold 'cease and desist' all its pending court cases in Costa Rica, and that Infinito adhere to the Supreme Court decisions directing the company to pack up and leave.

We are calling on the Canadian government to immediately make public any and all information it may have pertaining to this case, including the information requested by Costa Rica with regard to funds allegedly transferred by Infinito Gold's major Canadian backer to the Arias Foundation.

This case provides one more example of the damage done by corporations using 'investor-state' provisions to try and override the will of a small, eco-friendly nation like Costa Rica.

Sincerely signed,

- MiningWatch Canada
- Common Frontiers
- Sierra Club Canada
- Comité pour les droits humains en Amérique latine (CDHAL)
- Council of Canadians
- The Blue Water Project
- Polaris Institute
- Public Service Alliance of Canada

With copies to:

Ed Fast, Minister of International Trade  
Don Davies, Trade Critic for the New Democratic Party  
Wayne Easter, Trade Critic for the Liberal Party  
André Bellavance, Trade Critic for the Bloc Québécois  
Elizabeth May, Green Party Leader  
Anabel González Campabadal, Minister of Exterior Trade, Republic of Costa Rica  
Luis Carlos Delgado Murillo, Republic of Costa Rica's Ambassador to Canada  
Mary Crane-Charef, OECD Anti-Corruption Division