

Ms. D. Hirsch  
Director Both ENDS

14th July 2016

Dear Ms Hirsch,

Thank you for your letter of 5 July concerning the Barro Blanco project in Panama. We would like to address the issues and questions you raised, based on the assessment of the situation after the tripartite meeting Nanno Kleiterp participated in last week in Panama City. The meeting was between representatives of the Panamanian Government, Genisa, the Embassies of Germany and The Netherlands as well as FMO, DEG and Cabeil. For further reference you may refer to FMO's press statement which was released last Friday.

We were glad that our client, Genisa, had the opportunity to address the Government's High Commission for Barro Blanco. Genisa as a key player expressed their disposition to facilitate an agreement. We as lenders are willing to support the dialogue between them.

We would like to underline that we are able and willing to support the dialogue, within the limits of our possibilities, through initiation and facilitation of meetings and talks, as we did last week, with the support of the Dutch and German Ambassadors. We also continue to seek fulfillment of the obligations set out in the numerous international agreements and principles, such as the IFC Performance Standards. Yet at the same time, we cannot induce an agreement upon the government and the indigenous communities, nor decide upon issues which are within the mandate of the Panamanian state or organized by the Government, like the dialogue table with the indigenous groups.

This said, we can confirm that the test-filling of the reservoir has been suspended since June 9th. Currently the water is flowing out of the reservoir as much as the technical limitations of the structure allow it, considering all the necessary security precautions. The Company remains expectant of the decision of the government and an agreement on the dialogue table of the government and the indigenous communities.

We take our responsibilities very seriously and constantly monitor the situation. Our independent environmental and social -consultant will shortly visit the area, and we have asked her to get into contact with various relevant stakeholders, including the affected local communities and those who are protesting against the latest developments.

Yours sincerely,

**FMO**

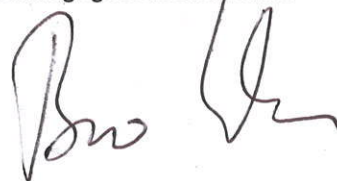
Nederlandse Financierings-Maatschappij  
voor Ontwikkelingslanden



Nanno Kleiterp  
*Chief Executive Officer*

**DEG**

Deutsche Investitions- und  
Entwicklungsgesellschaft mbH



Bruno Wenn  
*Chairman of the Management Board*