

Investor Alert: Belo Sun discloses misleading information to investors regarding controversial gold mining project in the Brazilian Amazon

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OTTAWA, July 29, 2021 - In a complaint to the Ontario Securities Commission, an international coalition of civil society organizations calls attention to the repeated dissemination of misleading information by [Belo Sun Mining Corp.](#) (TSXV: BSX), including statements by CEO Peter Tagliamonte, downplaying socio-environmental, legal, and financial risks of the company's "Volta Grande" project along the Xingu River.

Canadian-based mining company Belo Sun Corp.(TSXV: BSX) is disseminating misleading and incomplete information to investors about the mining project it is trying to develop on the Xingu river (Volta Grande do Xingu), Pará State, Brazil.

This is the central message of a warning letter sent to the Ontario Securities Commission (OSC) on July 29th by an international coalition of civil society organizations and networks including Amazon Watch, Earthworks, Instituto Socioambiental (ISA), Interamerican Association for Environmental Defense (AIDA), International Rivers, MiningWatch Canada, Movimento Xingu Vivo para Sempre and Rede Xingu+. The OSC is an independent Canadian Crown corporation responsible for protecting shareholders and investors from unfair, improper and fraudulent practices from companies and industries.

Drafted by a legal team and supported by independent technical and scientific analysis, the complaint letter challenges recent statements by Belo Sun's CEO Peter Tagliamonte. In a speech at the Prospectors & Developers Association of Canada (PDAC) event in March 2021, the largest mining convention in the world, Tagliamonte cited the Covid-19 pandemic as the justification for repeated delays in the environmental licencing of the Volta Grande mine, claiming that the mining project was "fully authorized" and that construction was expected to begin at the end of 2021. Similar comments have been made in recent company statements, and by Tagliamonte himself in other occasions.

According to the complaint, such declarations are patently false. There are seven public civil actions active in Brazilian courts asking for the suspension of permits and of the licencing process, filed by Federal and State public prosecutors' and defenders' offices. These lawsuits focus specifically on irregularities in the Environmental Impact Assessment (EIA), and the lack of free, prior and informed consultation and consent with Indigenous peoples and other traditional communities.

The coalition argues that there is overwhelming evidence that Belo Sun breached the Securities Act disclosure requirements, which requires companies to disclose material changes "forthwith" (without delay). Companies must disclose factual and updated data to keep investors well informed.

Misleading information disclosed by [Belo Sun Mining Corp.](#)

According to the complaint, while the company acknowledges the generic risks associated with the licensing process, it fails to disclose the concrete details of the legal actions and suspensions in play regarding its project, relying on investors' lack of knowledge concerning licensing legislation in Brazil.

One example refers specifically to the suspension of its construction licence (LI), due to the lack of "free and informed consultation" of Indigenous peoples. In its more recent Corporate Update, Belo Sun states that "it continues to advance financial discussions with various groups in preparation for the commencement of construction following the lifting of the suspension of the construction license (LI)".

"The company has not even started a consultation process, - which is now delayed by COVID-19 - and it is already advertising the lifting of the suspension, as if it was just a matter of time", says Marcella Ribeiro, attorney from AIDA's Human Rights and the Environment Program. "The company is not in a position to guarantee the results of the consultation process, as negotiations around consent are time-consuming and will invariably result in major material changes to the project. None of that is being disclosed properly to investors", she adds.

Among the risks associated with investments in Belo Sun, the complaint highlights the history of judicial proceedings; conflict around the project; the flaws and gaps in the environmental impact assessment; and the violation of the Indigenous Peoples' right to prior consultation.

The downplaying of environmental and social risks by the company's studies and impact assessments has sounded the alarm among communities in the Volta Grande region, already affected by the Belo Monte dam. A series of independent technical studies challenge Belo Sun's statements regarding impacts to water resources, to fauna and flora, and regarding dam safety.

The company's refusal to acknowledge impacts in Indigenous territories along the Xingu river has led to the court decision that suspended the installation licence of the Volta Grande project in 2017 until "free and informed consultation" was carried out. There are also increasing accounts of intimidation and harassment against project opponents, which demonstrate a much more complex and contentious situation as a result of the project than what has been disclosed by the company, the complaint stresses.

The coalition concludes that "Belo Sun has failed to fully communicate to current and potential investors about the complex nature of its project" which has a "direct implication for delays, and raises fundamental questions about the project's viability". The letter delivered to the OSC aims to increase visibility to the many irregularities of the project and to raise awareness among current and potential investors about the major reputational and legal risks attached to the project, at a moment when heightened attention is focused on the Amazon rainforest and its capacity to provide environmental services and mitigate climate change.

About Belo Sun's Volta Grande Project

Proposed for development along the Volta Grande (Big Bend), a stretch of the Xingu River (a major tributary of the Amazon) that is one of the most biodiverse locations on the planet, Belo Sun's project would be the largest open pit gold mine in Brazil. The region is home to indigenous people such as Juruna (Yudjá), Arara, and Xikrin, along other isolated Indigenous and riverside communities.

From the outset, Belo Sun has faced numerous lawsuits regarding the Volta Grande Project filed by the Federal Public Prosecutor's Office, the State Public Prosecutor's Office, the State Public Defender's Office, and the Union Public Defender's Office. All of these lawsuits refer to the multiple flaws in its licensing process and in the project's technical studies. Among other things, the lawsuits seek the cancellation of the company's licences and the suspension of the project's licensing process. One of them resulted in a court decision that suspended Belo Sun's operations in the area. Contact: MiningWatch Canada, viviana@miningwatch.ca; Camila Rossi, Amazon Watch, crossi@amazonwatch.org; Cecilia Garcia, International Rivers, cgarcia@internationalrivers.org; Victor Quintanilla, AIDA, vquintanilla@aida-americas.org
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