

Letter of Intent Outlining Collaboration between Fondo Santa Barbara & the University of Arizona – Lowell Institute for Mineral Resources

22 September 2015

Description of Organizations

Fondo Santa Barbara (FSB) is a registered Colorado-based, non-profit corporation that works as a non-governmental organization (NGO) directly with marginalized communities in which mined materials are or have the potential to be a primary or significant contributor to their revenue stream. FSB uses a 'social enterprise' business model in communities where some percentage of profits realized by the community-based enterprise is re-invested in the local and/or global community per the needs and desires of the community. The vision of FSB is to be a leading, global NGO working with Artisanal and Small Scale Mining communities that are substantially or completely outside the formal local, regional, national or global economy. The mission is: To improve the quality of life in marginalized communities with the development and operation of minerals-based commercial enterprises in the context of social, environmental, safety, and legal norms. FSB uses a 'Motor de arranque' (starter motor) strategy where a micro-mining approach converts a previously non-sustainable activity into a legitimate, sustainable activity, to help build better, sustainable communities. FSB engages a network of world-class experts with global large-scale mining, artisanal and small scale mining, international development, community engagement, research, and education.

The Lowell Institute for Mineral Resources (IMR) was formally created in 2009 as an interdisciplinary research center for the breadth of mineral resources challenges facing the world. The purpose of the IMR is to institute culture change in the education of students entering the mining workforce, and professionals in the workforce; the types of use-inspired research conducted by teams of university and industry experts; and the meaningful engagement of communities. The mission of the IMR is to create and disseminate knowledge in service to our communities; we are externally focused and stakeholder driven. The vision of the IMR is to be a leading global center for mineral resources that bridges basic and applied research and education in the fields of science, social science, engineering, health, business, leadership, law, and that works with leaders to adopt new ideas, policies, and technologies to enable more **compatible mining**. The thematic areas within the IMR include: Lowell Program in Economic Geology; Mining and Metallurgical Engineering; Health and Safety; Environment; Law; and Social Sciences. The IMR engages a network of diverse faculty, industry professionals, government experts, and civil society. Faculty and students involved in the IMR has started 12 companies. The IMR



has created the Pan American Hub for Compatible Mining with partners throughout the region from universities, companies, government agencies, indigenous communities, and civil society.

Description of Activities

The FSB is developing pilot projects throughout the world. Criteria for pilot projects include the following criterion:

1. A socially definable entity such as a community, cooperative, corporation, family, clan or tribe;
2. Manageable size;
3. A safe work environment (e.g. identifiable and manageable risks such as violence, disease, rule of law);
4. Relevancy to current or potential sponsors;
5. Access to a facilitator with local credibility;
6. In possession of mineral rights and surface rights or capable to acquire both. FSB may be involved in consultations on improving mining and related laws;
7. Defined political or social structure in the community and region that facilitates dialogue;
8. Opportunities to create more collaborative, sustainable or alternate/parallel economic development, i.e. mineral specimens, tourism, arts and crafts, support to miners, agriculture, etc.;
9. Identifiable and resolvable issues – technical, social or environmental. Projects may serve as demonstrations of innovative environmental mitigation, health and safety, production, or technologies.
10. Shared desire to do, be more, or be better;
11. Not aligned with political interests or agendas;
12. Reasonably accessible;
13. Resource longevity or recognition of need for long-term economic development; and
14. Capacity to measure modifications or changes before and after pilot project.

The IMR engages in research, demonstration and development projects, education and training, community engagement, and dissemination of knowledge related to mineral resources exploration, development, production, closure, and policy. The IMR strives to retain objectivity in its research and

dissemination of results; it serves as an honest broker of the science. The IMR identifies and manages conflicts of interest with processes that are transparent and meet stringent federal guidelines.

Areas of Collaboration

There are several areas of mutual benefit for collaboration between FSB and IMR.

The IMR can –

- Develop rigorous evaluation and audits of project outcomes and impacts, baseline studies, indicators, and reports;
- Provide state of art research techniques, technologies, engagement strategies, and communication methods
- Educate or train communities and other stakeholders in a variety of subjects
- Bring clinical faculty expertise to the service of the community (e.g. law, health, etc.) as well as student groups such as Engineers Without Borders
- Validate the approaches used in communities as meeting best practices and uses current knowledge
- Facilitate interactions with communities, government agencies, industry, and NGOs
- Other services and skills

FSB can –

- Provide a deep network of domain experts with field experience in many locations
- Access land, mineral rights, import and export of goods
- Demonstrate industry, government, and NGO best practices
- Have full-time, on-site experts working in the community on projects
- Help collect data
- Facilitate interactions with communities, government agencies, industry, NGOs
- Access financial support, create businesses, partner in businesses
- Other services and skills

Methods of Collaboration

The IMR will create a Technical Advisory Committee for Artisanal and Small Scale Mining Communities (ASMC TAC) jointly with FSB. The ASMC TAC will be the governing group for the collaboration.

Either FSB or IMR can lead projects and can solicit funding for projects provided they work together to develop the project, define the budget, and carry out the work and deliverables.

FSB and IMR can work exclusively on projects if there is no shared interest in the project or if one party or the other is not capable of contributing to the scope of work.

FSB and IMR can subcontract to each other depending on which organization leads a project and whether the subcontracting entity is fully capable of doing the work.

FSB and IMR will link to each other's websites and can reference each other in communications provided each entity approves of the communication in advance.

FSB and IMR personnel can publish papers and reports together.

FSB and IMR can share data provided there are no other ownership restrictions.

FSB and IMR have a joint goal of sharing knowledge, educating, communicating and facilitating ways to improve the lives of anyone involved in the extraction of mineral resources capable of contributing to the quality of life in their marginalized communities.

FSB and IMR will strive to strengthen each other through collaboration.

Limitations

The relationship between FSB and IMR is not legally binding except as contracts and agreements define specific relationships and activities. FSB is not required to work exclusively with the IMR nor is the IMR required to work exclusively with FSB but neither party will use ideas, technologies, or other products from each other without mutual agreement. Neither party will commit the other to a project without mutual consent. Both parties will meet the requirements of their tax status, legal status or other constraints imposed by their organizations. Neither FSB nor IMR will assume liability for the other's actions. This agreement does not bind the University of Arizona to FSB nor does it bind FSB members' other employers to the IMR.

Signatories:



Leigh Freeman, Chairman
Fondo Santa Barbara



Mary Poulton, Director
Lowell Institute for Mineral Resources
The University of Arizona