

**Ninth report on the progress of Cerrejón's social commitments
following the 2008 Third Party Review**

**Letter from Roberto Junguito, president of Cerrejón
November 15, 2012**

This is the ninth report that Cerrejón presents to its stakeholders on the progress achieved on the projects that resulted from the Third Party Review carried out in 2008 to enhance our the company's social programs. This report is evidence of Cerrejón's commitment to the reflective spirit that motivated the calling of the panel. Since then, our pledge to the identification and management of our impacts, the constant search of ways to enhance our engagement practices with neighbor communities and other stakeholders, and the adoption and implementation of well known social and environmental standards in our processes, among others, continue to have high value to our organization. We will continue to look for ways to enhance our performance y we will maintain an open attitude towards our critics and to the recommendations that can help us do our work better.

Although in this report we cannot close any of the four pending projects we can inform that significant progress has been made in all of them. It's worth mentioning that three of the remaining projects are complex and require the participation of several Government agencies as well as of engagement processes with the community that because of their social character are long, difficult, and require much attention. In spite of this, we continue committed to achieving a successful closure of the five ongoing resettlement processes (Roche, Patilla, Chancleta, Tamaquito, and Las Casitas), enhancing the quality of life of the Media Luna communities neighbor to our Port, as well as the construction of Tabaco's symbolic site in the place where the municipality of Hatonuevo is expected to build the new town.

We are close to finalizing the fourth pending project: piloting the indicators of our human rights trainings. Until the publishing of this report we only had available preliminary results but report only until the end of 2012 will we have the final baseline on the trainings we have conducted on this subject. We are convinced that in next year's report we will be able to close this activity.

Even though it's satisfactory to inform of the progress we've made in the past six months we recognize we still have significant challenges ahead. In the next paragraphs you'll find some of the most relevant events of the past months and in the tables attached you may find detailed information on the status of the four remaining projects.

Social impacts study and dialogue with communities

Best practices and current social standards recommend that companies promote dialogue with neighbor communities on the possible impacts caused by companies. Because of this, once we concluded our social impacts study and validated it internally we initiated a phase of dialogue sessions with communities regarding real or perceived impacts, positive and negative impacts and openly discuss our management measures with the purpose of listening to their opinions and recommendations and to have the opportunity of clearing doubts and strengthening trust. We set a target of five meetings and we have concluded one so far with the communities of Tabaco and Oreganal. We are currently making some adjustments to the methodology used in order to continue in the upcoming months with the remaining ones. With this activity we take important steps in the implementation of human rights due diligence standards, recognized and promoted by the United Nations' **Protect, Respect, and Remedy framework**.

Tabaco

We are aware that the commitments with the Tabaco community are complex and take time but we are pleased to inform that in the past months there has been progress. The donation of the La Cruz plot to the Municipality of Hatonuevo is expected to conclude in November 2012. Hatonuevo has the responsibility to build the new town, therefore, it's important to mention that with the support of Cerrejón, the municipality achieved the approval of a project financed with royalty resources to carry out the design and detailed studies for the Physical Reconstruction of Tabaco project.

The construction of Tabaco's symbolic site that Cerrejón committed to build, will start once the donation of the plot is completed, the municipality constructs the aqueduct and sewerage systems and Cerrejón completes the detailed designs with the participation of the community.

Media Luna

As we reported six months ago, at the beginning of the year we started to socialize the works in Puerto Bolívar. During this process 14 communities expressed their disagreement and presented several requirements that included the handing over of the land to them, the full recognition of their indigenous condition, a prior consultation process on future works at the Port, and increased participation in development projects. Cerrejón has maintained open dialogue in search of specific solutions. The process has been accompanied by Government authorities.

Resettlements

Following the International Corporation's social performance standard No. 5, we have made significant progress in most of our on-going resettlements but we continue to face challenges in others where we continue to work.

After two years of the relocation, 17 of the 24 Roche families are at the new site benefitting from the results of their productive projects and enjoying an enhancement in their quality of life. Unfortunately, we have not reached an agreement with 8 remaining families. We continued negotiations and agreed on buying a plot of land for their use, which has already been acquired by Cerrejón. We also defined with the families a 60-day term to reach a final agreement on the resettlement. The term ended on October 10 without such result. We maintain our willingness to continue negotiations on order to avoid the expropriation of the land. However, the expropriation process is moving forward. In October, the Ministry of Mines and Energy issued the public interest declaration of the Roche plots giving way to the next judicial step. We have reiterated to the families our disposition to finding an agreement that avoids expropriation.


We are pleased to report that all of the members of Patilla (46 families) moved to the new site and have started to benefit from the social programs and are starting their income generation projects. In the case of Chancleta, in the past 6 months we finished the construction of the houses and 28 families have already moved. We hope to have the other 12 families moved by the end of the year. We will continue dialogue with the 16 families that opted for individual relocation. In Tamaquito we have started construction of the houses and we hope to have them ready by the first quarter of 2013 and start the relocation process by mid 2013. We will continue to negotiate with them a general compensations agreement.

Lastly, we have made some progress regarding Las Casitas. The Barrancas Mayor's Office issued a construction license that allowed us to begin to build the houses this month. We've made progress in dialogue with several groups and we have been able to gradually reactivate our social programs. We are

committed to finding ways to strengthen trust, achieve the participation of all families in the process of impact identification, and identifying other groups that may have been affected.

This summary is an example of the large challenges we face in which we will continue to work decisively. We reiterate or will to maintain a reflective attitude that can help us to identify ways to enhance our performance. We will continue to implement these processes following recognized standards and we are open to constructive recommendation presented to us that can result in clear benefit to our neighbor communities.

Sincerely,



Roberto Junguito
President
Cerrejón