



MiningWatch Canada

# ANNUAL REPORT 2007



MINE HAZARD AREA  
**DANGER**  
ZONE MINIERE DANGEREUSE

Every person who removes, alters, impairs or destroys this notice, this fence or any other rehabilitation work made in accordance with Part VII of the Mining Act, is guilty of an offence and, upon conviction, is liable to a fine of not more than \$ 20,000.

Mining Act 167 (4)

Le personne qui enlève, modifie, compromet ou détruit cet avis, cette clôture ou d'autres travaux de réhabilitation exécutés conformément à la partie VII de la Loi sur les mines est coupable d'une infraction et possible, sur déclaration de culpabilité, d'une amende d'au plus 20 000 \$.

Loi sur les mines 167 (4)



ONTARIO

Ministry of the Environment

Ministère de l'Environnement

DANGER

CAUTION  
RADIATION AREA  
DANGEROUS MATERIALS

### ***MiningWatch Canada Advisors***

Stephen Hazell  
Dr. Isobel W. Heathcote  
Moira Hutchinson  
Ovide Mercredi  
Dr. Donna Mergler  
The Very Rev. The Hon. Lois M. Wilson  
Alan Young

### ***MiningWatch Canada Members in 2007***

Bathurst Sustainable Development  
Bedford Mining Alert  
Canadian Arctic Resources Committee (CARC)  
Canadian Auto Workers (CAW) Social Justice Fund  
Canadian Parks and Wilderness Society (CPAWS)  
Citizens' Mining Council of Newfoundland  
Development and Peace  
Friends of the Earth  
Friends of the Stikine Society  
Innu Nation  
Inter Pares  
Kairos - Canadian Ecumenical Justice Initiatives  
Nature Canada  
Northwatch  
Public Service Alliance of Canada  
Rivers Without Borders  
Sierra Club of Canada  
Steelworkers Humanity Fund  
Yukon Conservation Society (YCS)



MiningWatch Canada staff, from left to right: National Coordinator Joan Kuyek, Research Coordinator Catherine Coumans, Communications Coordinator Jamie Kneen, and Administration and Resource Development Coordinator Susan Murdock.



## **MiningWatch Canada**

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### **Mines Alerte**

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## ***Who is MiningWatch Canada?***

*The following is adapted from Joan Kuyek's October 2, 2007 opinion piece in the Vancouver Sun. It is an excellent summary of who we are and what we do.*

Lately there has been a collective howl from the mining industry about the impact of MiningWatch Canada and other non-governmental organizations on mining projects in Canada and by Canadian mining companies around the world. The industry argues that we are anti-development and creating poverty in indigenous and rural communities everywhere.

We need to ask how it is that mining company executives, who each make hundreds of thousands (if not millions) of dollars a year, whose companies are registered in Canada with secret investors from all over the developed world, and whose only objective is to make money for their shareholders, get to be experts on poverty alleviation and transparency?

It would be laughable if it did not have such serious consequences.

Mining companies spend enormous amounts to gain access to the minerals under our feet. They hire public relations firms and government relations experts. They lobby for lax laws and regulations. In communities, they hire leaders for small jobs; they spread rumours about their critics; they make promises of future riches.

Founded in 1999, MiningWatch Canada is a coalition of 20 Canadian environmental, social justice, church, aboriginal and labour organizations. Four of our 11 board members are aboriginal, including one of our two co-chairs.

We provide advice to communities dealing with the effects of mining, and help them get the technical assistance and 'voice' they need to defend their interests. We advocate for regulatory change -- including regulating Canadian mining companies operating internationally. We have come to know that the environment, indigenous and human rights, community health, and worker health and safety will not be protected without strong regulation and well-staffed enforcement. There are occasions when this concern with public policy forces us to engage in the courts, in environmental assessments, and in other administrative processes.

We also participate with industry and government representatives in many "multi-sectoral" initiatives. We are a founding member of the National Orphaned and Abandoned Mines Initiative and of the Canadian Network on Corporate Accountability. We are a member of the Canadian Council for International Cooperation, and as such abide by its Code of Ethics.

We have a web site, [www.miningwatch.ca](http://www.miningwatch.ca), which provides information about the effects of mining on communities around the world, and links to resources and information that are of value to communities, industry, researchers, and investors. In 2007, the site received over 2-1/4 million pageviews (over 6000/day on average).

Mining is essentially a waste management industry with short-term benefits and long-term consequences. Until we run out of metals, or until our recycling and materials efficiency catch up with our consumption, mining will continue. But it needs to answer to some much tougher standards, and it cannot be allowed to continue foisting its greatest costs and liabilities onto the public purse—and future generations.

Raising questions about the effects of mining projects, and about the ability of governments to monitor and control them is an important public service. We are proud to provide it.

## ***What does MiningWatch Canada do?***

### ***Technical assistance and support to communities and grassroots movements***

Each year we provide research and technical assistance to over 60 communities in Canada and over 40 outside the country, to NGOs and individuals, tailored to their specific needs. Depending on the nature of the request, this may take anywhere from a few minutes – to find contact information for a resource person – to days, or weeks, for an

extensive information search or a detailed analysis of an Environmental Impact Statement.

### ***Work in Coalitions***

In 2007, we were active members of six Canadian advocacy coalitions:

- The Canadian Environmental Network (RCEN) and its Mining and Environmental Assessment and Planning



Caucuses. We represent RCEN on the *Mine Effluent Neutral Drainage* (MEND) program, the *National Orphaned and Abandoned Mines Initiative* (NOAMI), the *Fisheries Act Metal Mining Effluent Advisory Group* (MMER-MAG), the Mining Sub-Committee of the *National Pollutant Release Inventory Working Group* (NPRI), and the *Mining Sector Sustainability Table* (MSST);

- The Canadian Council for International Cooperation (CCIC), “a coalition of Canadian voluntary sector organizations working globally to achieve sustainable human development”, and its working groups – the Africa Canada Forum, the Americas Policy Group, and the Asia-Pacific Working Group;
- The Ontario Mining Action Network (OMAN) which “promotes responsible mining practices through mutual support founded on common interests taking into account the social, cultural, economic and environmental impacts of mining in Ontario”;
- The Halifax Initiative (HI) – where we participate on the steering committee – whose “mission is to fundamentally transform the international financial system and its institutions, namely the World Bank, the International Monetary Fund, and Export Credit Agencies [and thus] achieve poverty eradication, environmental sustainability and the full realization of human rights”;
- The Canadian Network on Corporate Accountability (CNCA), a coalition of non-governmental organizations, churches, trade unions and other civil society organizations that calls for the Canadian government to move beyond corporate social responsibility measures that are strictly voluntary.
- The Green Budget Coalition, a twenty member coalition of Canada’s largest environmental organizations which advocates for ecological fiscal reform. Ending mining subsidies is one of their “asks”.

### **Major areas of work in 2007**

#### **Successful challenges of government and mining sector actions via the courts and regulatory systems**

In late 2006, MiningWatch Canada presented a submission to the Joint Federal-Provincial Environmental Assessment Review Panel on the Kemess North mine project in northern BC, arguing that the Panel had “no choice but to find that the ... project poses serious environmental effects which cannot be mitigated and that are not justified under the circumstances,” a position consistent with that of the Tse Keh Nay Nation. In September 2007, the Joint Panel rejected the project, agreeing with our position and even quoting our submission.

A few weeks later, there was more good news: we learned that, acting on our behalf, Ecojustice Canada (formerly the Sierra Legal Defence Fund) had won a lawsuit launched in 2006 challenging the environmental assess-

ment of the proposed Red Chris open-pit copper/gold mine, also in northern BC. The application had asked the Court to invalidate the environmental screening that had been originally carried out since the Departments of Fisheries and Oceans and Natural Resources had not allowed the public to participate in determining the required level of assessment under Section 21 of the *Canadian Environmental Assessment Act*.

These are huge victories with significance beyond the specific projects involved.

The Kemess North decision set out five “sustainability criteria” which will be used as touchstones for assessing the impacts of other mines. A few weeks after the Kemess North Panel published its report, the White’s Point Quarry in Nova Scotia was turned down by a review panel for similar reasons.

The Red Chris decision effectively overturned an earlier court decision, “True North”, which had been used to enable federal authorities like the Department of Fisheries and Oceans (DFO) to restrict federal Environmental Assessments to those portions of large projects that would directly affect areas within their regulatory jurisdiction, for example, assessing only a tailings pond, not the whole mine, or assessing a road to a mine rather than the whole mine. Although the Red Chris case has been appealed, the federal court decision is currently the law of the land — and the government has had to “re-scope” numerous large mining projects.

#### **Lakes are too precious to be used as tailings dumps**

For the first time, MiningWatch Canada made a petition to the Commissioner of the Environment and Sustainable Development under the Auditor General’s Office this fall. The object of our concern: the destruction of lakes by mine waste, made permissible through the addition of specific water bodies to Schedule 2 of the Metal Mining Effluent Regulation under the Fisheries Act, which allows lakes or ponds to be redefined as industrial waste dumps. Without Schedule 2, it would be illegal under the Fisheries Act to dump mine wastes into lakes. We believe that our petition will be an effective mechanism for generating serious, critical consideration of the addition of water bodies to Schedule 2, something that has been taking place without adequate regard for Canada’s environment or due process.

#### **Stopping Free Entry in Ontario**

On December 4, 2007, the Environmental Commissioner of Ontario (ECO) released his annual report and called for an end to Free Entry, changes to the Mining Act to recognize Aboriginal rights and title, and Environmental Assessment of mines, based on a petition submitted by MiningWatch Canada and CPAWS-Wildlands League. The Commissioner’s report represents a moral victory that we, and many aboriginal and environmental groups, hope will lead to major policy change.

### ***Message to the Environment Minister: Enforce the regulations!***

The National Pollutant Release Inventory (NPRI) under the Canadian Environmental Protection Act (CEPA) is the means by which Canadians have access to information about pollutants transferred by companies and released to the environment in their communities. The industry has fought very hard to avoid reporting the materials disposed of in tailings dumps and waste rock piles because they fear the public relations nightmare that this will generate: the quantities are enormous, certainly more than 50% of all releases currently reported under the NPRI.

MiningWatch Canada has long argued that the public has a right to know, and welcomed the February 2006 removal of “the mining exemption” in the NPRI. Much to our dismay, however, industry has yet to comply and government has yet to oblige them to do so.

Beginning in 2006, MiningWatch wrote to the Ministers of Environment – first Rona Ambrose and then John Baird – to draw their attention to the government’s failure to implement its own regulations – to no avail. Subsequently, in early November 2007, Ecojustice filed a lawsuit, specifically, an Application for Judicial Review, in Federal Court on behalf of MiningWatch Canada and Great Lakes United, alleging that the Minister broke the law when he directed mining companies to ignore their legal responsibility to report millions of kilograms of pollution from their operations under the NPRI. According to Justin Duncan, an Ecojustice lawyer, “The law is clear: mining companies in Canada are legally required to report the amount of chemicals they are releasing into the environment... Instead, at the direction of the Minister of Environment, these companies continue to flout the law by not reporting massive amounts of toxic tailings they dump into our environment each year.”

The media responded quickly and extensively to news of the lawsuit and within a few days, Minister Baird was himself making public statements about the need for mining companies to fully comply with Environment Canada requirements for reporting waste. At year-end, the court case was proceeding.

### ***Enabling communities to assess the health impact of mining***

In early 2007, MiningWatch began work on a comprehensive toolkit that would respond to the need expressed by mining affected communities and mineworkers to better understand the potential health effects they may experience as a result of living and working near or in a mine. The toolkit will contain detailed background information, step-by-step guidance on its application, sample worksheets, and case study examples that can be used both in a trainer’s training course and as a practical guide for community members themselves.

The proposed design means that the toolkit should be

clear on what sorts of issues it will be able to answer, as well as what its limitations are likely to be, and serve as a starting point for taking preventative measures to improve community health, developing an emergency response plan, and undertaking political activism.

The toolkit is scheduled for completion in the first half of 2008 and will be field-tested before it is released.

### ***Uranium mining – in a class by itself***

Canada is the largest exporter of uranium in the world; it is mined in Canada in open pit and underground mines. Because of the potential long-term damage to the environment and the health of affected workers and communities caused by the staking rush, MiningWatch is increasing its work on uranium to provide background information and analysis to workers, communities and Aboriginal governments facing new uranium mines and/or dealing with the dangers from existing (operating or closed) projects. MiningWatch also developed and published a policy on uranium mining to make it clear that the conditions do not currently exist for safe and ethical extraction or use of this metal.

Currently, Northern Saskatchewan is home to all of Canada’s operating uranium mines. However, rising uranium prices have seen companies seek out known and prospective deposits in other areas of the North, especially in the Northwest Territories, Nunavut and Labrador. Prospectors are re-visiting low grade deposits in areas such as the Yukon; the Outaouais and Pontiac regions of Quebec, as well as the northern Cree and Inuit territories; south-eastern BC; and Bancroft, Elliot Lake, and north Frontenac County (near Sharbot Lake) in Ontario. There is increased exploration in Saskatchewan in the Athabasca Basin and adjacent areas of Manitoba, and new exploration in New Brunswick and Nova Scotia.

In addition to our Clearinghouse role to make information available on request to community and research bodies focusing on uranium mining, MiningWatch Canada:

- met with Nunatsiavut (Labrador Inuit) Government officials and made presentations at community workshops in Makkovik and Postville on uranium exploration and mining
- helped pressure the Newfoundland and Labrador provincial government into using Saskatchewan drilling guidelines and also requiring independent monitoring to ensure compliance;
- compiled and provided information, references, and contacts to Aboriginal and non-Native communities and activists across the country as well as to researchers, academics, and media;
- met with representatives and technical support people for several Aboriginal and non-Native communities and organisations; and
- made numerous presentations and public interventions.

### ***“Conversations with the Earth” project in Sudbury***

In 2001, the Ontario Ministry of the Environment completed the Sudbury Soil Study, a comprehensive documentation of the concentrations of 20 inorganic elements in soils in the Sudbury region. Sudbury Human Health and Ecological Risk Assessments was due to be released in January 2007, but as of December 31st, the Assessment had still not been made public.

Concerned about devastation to the region’s environment and determined to engage families and youth in analyzing these issues and promoting greater awareness, Myths and Mirrors Community Arts developed a proposal that would have MiningWatch Canada, contracted by its sister organization, Canary Research Institute, collaborate on a local initiative. Two weekly groups have been established, one for parents and young children and the other for youth. Parents have organized documentary film evenings, held lively discussions on environmental issues and become involved in a local campaign to ban pesticides. Children, aged two to ten, have built a puppet stage and have written and directed their own shows. Youth have organized a series of shows featuring local punk and hip-hop groups and taken part in screen-printing workshops that used recycled sewn cloth bags, tee-shirts, posters, etc. as their base materials.

Both groups collaborated to paint a mural that covers all four walls of their meeting place and is “dedicated to all the children who live in mining communities, and to the adults who work for safe, clean mining practices”. They produce the “Muse” zine which focuses on the environment but not to the exclusion of other local issues. At the Ontario Mining Action Network conference in Sudbury in November, Myths and Mirrors, in partnership with MiningWatch, held youth workshops, organized tours of the project site and promoted a Youth Network for Mining Communities. The project will continue in 2008.

### ***The call for corporate accountability continues unanswered***

The “National Roundtables on Corporate Social Responsibility and the Extractive Sector in Developing Countries” were hosted during 2006 by a government Steering Committee of nine government departments headed by Foreign Affairs Canada. The Steering Committee in turn involved industry and civil society members in an Advisory Group in which MiningWatch’s Catherine Coumans participated as a member. Conclusions and recommendations arising from the process were compiled during the first quarter of 2007 and were presented to the federal government at the end of March as an industry/civil society consensus report. Although the government failed to respond to this document throughout 2007, the report generated heightened awareness in the media, among parliamentarians, and in the general public, and set the stage for further action in 2008.

### ***Latin American activists gather to network***

In March, MiningWatch’s Jamie Kneen attended the Environmental Justice and Mining Gathering hosted by the Centre for Ecology and Andean Peoples (CEPA) in Oruro, Bolivia. Between 30 and 40 people were present throughout the three-day meeting, from Argentina, Peru, Chile, Colombia, Ecuador, and Guatemala as well as different parts of Bolivia.

The meeting opened with a presentation by Gilberto Pauwels, the director of CEPA, who spoke of the Bolivian context in terms of the hardships of the miners as well as the environmental and economic consequences of mining. He was followed by the Bolivian Mines Minister, Guillermo Dalence, who outlined the government’s efforts to re-capitalise the mining sector and attract foreign investment while also re-nationalising and building an industry that would maintain high employment levels but with better health, safety, and environmental protection (there are, in fact, almost no protection measures currently in place). Respectful but hard-hitting questions were directed to the Minister about different projects underway and on the government’s lack of action on various promises. In his presentation, Jamie discussed the interests of Canadian companies and the Canadian government in the region as well as the work of MiningWatch Canada. He also compared the Bolivian and Canadian political contexts, noting that mines ministers in Canada will typically not even meet with organizations like MiningWatch, much less listen to our concerns.

Participants made presentations on the impacts of mining in each of their countries, and while the details of each varied, the themes of violence, abuse of power, impunity, and manipulation were constant. The meeting focused on exploring the needs and possibilities for strengthening links between organizations and networks, between communities and organizations and with the Church. The group formalised a commitment to create a Latin American “Observatory on Mining Conflicts” out of the existing informal network, maintaining the current cooperative, non-hierarchical structure and loose membership requirements (members shall not accept funding from industry or industry bodies).

### ***MiningWatch partner in Ecuador sees its labours bear fruit***

Our Ecuadorian partner, DECOIN, saw dramatic progress in its work to protect the Intag region in Northwest Ecuador – which encompasses two of 34 biological “hotspots” worldwide according to Conservation International – against the effects of a major copper mine proposed by Ascendant Copper Corporation. In late September of this year, the country’s Minister of Mines and Petroleum announced that the company was prohibited from carrying out any and all mining and “community relations” activities within its Junín mining concession. The decision will also affect the company’s ability to undertake

the environmental impact study for its exploration activities, which it has not resubmitted since it was rejected in December of 2006. Ascendant's presence and activities are alleged to be illegal because it failed to get authorization from the Municipality of Cotacachi before starting operations in the area, as required by article 11 of the nation's mining law, in addition to controversy around irregularities in the company's acquisition of the mining concessions themselves and its use of subcontracted paramilitary "development workers" to intimidate and attack local people blocking its operations.

DECOIN has worked tirelessly to oppose this operation both within its own country and in Canada, the adopted home of Ascendant Copper. MiningWatch helped make possible a visit to Canada last spring by its spokesperson, Carlos Zorrilla, and assisted him in setting up meetings with parliamentarians, social justice organizations, and Ascendant shareholders, and facilitated his contact with corporate and independent media and freelance journalists. In an interview with MiningWatch near the end of his visit, Carlos observed that: "It's been worthwhile being here to get in contact with new allies, and to get the word out to more organizations and to the public in general through events and news articles," He added: "knowing that the government and major shareholders are informed about the human rights violations happening because of Ascendant's presence is important."

### ***The Democratic Republic of Congo: A worst case example in contract negotiations***

Canadian companies have been repeatedly implicated in human rights abuses and the ongoing pillage of mineral resources (copper, cobalt, gold, diamonds) from the Democratic Republic of Congo (DRC) since the dying days of the Mobutu dictatorship. MiningWatch Canada has been working with other groups in Canada and internationally to bring these companies to account for their actions, to renegotiate unfair contracts, and to establish reasonable norms for corporate behaviour.

After years of widespread criticism over highly questionable mining contracts that essentially gave mining companies access to huge (and hugely profitable) orebodies with minimal restrictions and an extremely small return for the DRC itself – the DRC government established a ministerial commission in April of this year to "examine partnership contracts and their impact on the recovery of these companies and national development, to propose, if necessary, modalities for their revision with a view to correcting any imbalances and related faults." (Arrêté ministériel no 2745/cab.min/Mines/01, 20 April 2007)

Information leaked to the press in the fall of 2007 indicated that the Commission, which had finalized its report, was under pressure to change certain elements of its findings. In response, a broad coalition of non-governmental and human rights organisations – of which MiningWatch is a member – from Europe, Canada, the U.S., and the DRC launched an international appeal to demand that the

DRC government publish the final report and announce measures to be taken to follow up on the Commission's recommendations.

MiningWatch also participated in the "Ending Economic Exploitation" working group of the Global Congo Action Coalition, which also launched an international appeal on the contracts issue called "A Fair Share for Congo".

### ***Solidifying connections with Australia***

In early 2007, MiningWatch's Catherine Coumans travelled to Australia, invited by Oxfam Australia to take part in the third Asia-Pacific Economic Cooperation (APEC) Mining Ministers meeting. In addition to bringing a civil society voice to APEC representatives, Catherine took part in a demonstration on Riverine Tailings Disposal outside the Mining Ministers meeting, conducted interviews with Australian media on mining issues, and gave presentations together with Myke Magalang from Marinduque (Philippines) and Matilda Koma from Papua New Guinea to audiences in Perth, Melbourne and Sydney.

***We would like to thank all those organisations and individuals who have helped us in the past year, as well as all the individuals whose donations help make our work possible:***

Boreal Songbird Initiative  
Canadian Auto Workers Social Justice Fund  
Holly Hill Charitable Trust  
International Development Research Centre  
Inter Pares  
MSST Foundation  
Primate's World Relief and Development Fund  
Rainforest Action Network  
Steelworkers Humanity Fund  
Tula Foundation

While staff member Jamie Kneen was on parental leave from May through August, his duties were assumed by Dawn Paley, a social justice activist, researcher and journalist.

### ***Board of Directors***

**Co-chairs:** *Laura Calmwind, Thunder Bay, Ontario*  
*Marilyn Crawford, Godfrey, Ontario*

**Treasurer:** *Jean Symes, Ottawa, Ontario - Inter Pares*

**Secretary:** *Earl Commanda*

**Directors:**

*Florence Catholique, Lutsel K'e, Northwest Territories*  
*Sarah Johnnie, Ross River, Yukon*  
*Ken Luckhardt, Toronto, Ontario*  
*David MacKinnon, Whitehorse, Yukon*  
*Kevin O'Reilly, Yellowknife, Northwest Territories*  
*David Peerla, Thunder Bay, Ontario*  
*Gavin Perryman, Vancouver, BC*





## AUDITORS' REPORT

To the Members,  
MiningWatch Canada / Mines Alertes Canada:

We have audited the statement of financial position of MiningWatch Canada / Mines Alertes Canada as at December 31, 2007 and the statement of changes in net assets and revenue and expenditure for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Ottawa, Ontario  
January 30, 2008

*OHCD LLP.*

OUSELEY HANVEY CLIPSHAM DEEP LLP  
Licensed Public Accountants



**MININGWATCH CANADA / MINES ALERTE CANADA**STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2007

	2007	2006
<b>CURRENT ASSETS</b>		
Cash	\$ 93,382	\$ 54,792
Short-term investment (note 2)	50,000	-
Accounts receivable	3,472	11,084
Due from Canary Research Institute (note 4)	57,430	34,909
Due from Mining Watch US (note 4)	-	28,517
Prepaid expenses	2,669	1,385
	<u>\$ 206,953</u>	<u>\$ 130,687</u>
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 22,951	\$ 15,441
Deferred revenue (note 3)	56,234	-
	<u>79,185</u>	<u>15,441</u>
<b>NET ASSETS</b>		
Contingency fund - internally restricted (note 5)	50,000	50,000
Unrestricted net assets	77,768	65,246
	<u>127,768</u>	<u>115,246</u>
	<u>\$ 206,953</u>	<u>\$ 130,687</u>

STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2007

	2007	2006
<b>CONTINGENCY FUND</b>		
Balance - beginning of year	\$ 50,000	\$ -
Transfer from unrestricted net assets (note 5)	-	50,000
Balance - end of year	<u>\$ 50,000</u>	<u>\$ 50,000</u>
<b>UNRESTRICTED NET ASSETS</b>		
Balance - beginning of year	\$ 65,246	\$ 83,835
Excess of revenue over expense for the year	12,522	31,411
Transfer to contingency fund (note 5)	-	(50,000)
Balance - end of year	<u>\$ 77,768</u>	<u>\$ 65,246</u>

STATEMENT OF REVENUE AND EXPENDITURE  
FOR THE YEAR ENDING DECEMBER 31, 2007

	2007	2006
<b>REVENUE</b>		
Grants	\$ 171,795	\$ 73,514
Program generated (note 4)	284,929	350,576
Foundation grants	-	56,266
Memberships, interest and other	12,611	16,881
	<u>469,335</u>	<u>497,237</u>
<b>EXPENDITURE</b>		
Council meeting coordination	39,900	35,150
Conferences and meetings	33,102	27,574
Technical support	50,826	48,598
Publicity and publications	19,309	21,961
International program	79,148	78,504
Domestic program	156,573	179,405
Operating	17,589	13,352
Office and administration	60,366	61,282
	<u>456,813</u>	<u>465,826</u>
<b>EXCESS OF REVENUE OVER EXPENDITURE FOR THE YEAR</b>	<u>\$ 12,522</u>	<u>\$ 31,411</u>

# MININGWATCH CANADA / MINES ALERTE CANADA

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2007

## 1. SIGNIFICANT ACCOUNTING POLICIES

### (a) Organization

MiningWatch Canada / Mines Alerte Canada was incorporated on June 11, 1999 without share capital, under the laws of Canada. MiningWatch Canada / Mines Alerte Canada is a non government organization dedicated to the promotion of responsible mining and minerals development. Working nationally and globally, in support of local organizations, MiningWatch Canada / Mines Alerte Canada emphasizes economic, social, ecological and cultural integrity. The organization operates on a not-for-profit basis and is not subject to Federal or Provincial income tax.

### (b) Capital assets

The Organization follows the accounting policy of recording as expenditure, the cost of capital assets acquired during the year. The expenditure for the year related to the acquisition of computer equipment and furniture totalled \$nil (2006 - \$nil).

### (c) Revenue recognition

The organization follows the deferral method of accounting for contributions.

### (d) Use of Estimates

The preparation of these financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## 2. SHORT-TERM INVESTMENT

Short-term investment consists of a cashable GIC that matures October 10, 2008 and earns interest at a variable interest rate. The interest rate at the year end was 3.55%.

## 3. DEFERRED REVENUE

Deferred revenue consists of funding received prior to the year end that relates to the next fiscal year.

## 4. RELATED ENTITIES AND TRANSACTIONS

On November 3, 2003 Canary Research Institute for Mining, Environment and Health (Canary) was incorporated without share capital, under the laws of Canada. Canary is a Registered Charity and is not subject to income tax. The Board of Directors of Canary is currently comprised of two directors of MiningWatch Canada plus three other directors. During the year \$205,605 (2006 - \$182,606) of MiningWatch Canada's program generated revenue was from Canary. As at December 31, 2007 there is an amount due from Canary of \$57,430 (2006 - \$34,909).

Canary has not been consolidated in these financial statements. The following is a summary of the financial position of Canary as at December 31, 2007 and the results of operations for the period then ended.

	2007	2006
<b>Canary</b>		
Total assets	\$ 72,411	\$ 86,922
Total liabilities	68,430	85,809
<b>Net assets</b>	<b>\$ 3,981</b>	<b>\$ 1,113</b>
Total revenue	\$ 252,379	\$ 200,048
Total expense	249,511	192,916
<b>Excess of revenue over expense for the year</b>	<b>\$ 2,868</b>	<b>\$ 7,132</b>

On March 24, 2003 MiningWatch (MiningWatch US) was incorporated under the Oregon Non-profit Corporations Act. The Board of Directors of Miningwatch US is comprised of three directors of MiningWatch Canada plus two other directors. During the year \$5,419 (2006 - \$31,554) of MiningWatch Canada's program generated revenue was from MiningWatch US. As at December 31, 2007, there is an amount due from MiningWatch US of \$nil (2006 - \$28,517 due from MiningWatch US)

MiningWatch US has not been consolidated in these financial statements. The following is a summary of the financial position of MiningWatch US as at December 31, 2006 and the results of operations for the year then ended.

	2007	2006
<b>MiningWatch US</b>		
Total assets	\$ 12	\$ 35,268
Total liabilities	-	29,267
<b>Net assets</b>	<b>\$ 12</b>	<b>\$ 6,001</b>
Total revenue	\$ -	\$ 37,296
Total expense	5,989	31,161
<b>Excess (deficiency) of revenue over expense for the year</b>	<b>\$ (5,989)</b>	<b>\$ 6,135</b>

## 5. CONTINGENCY FUND

During the 2006 fiscal year the organization decided to set up an internally restricted contingency fund. The purpose of the fund is to address unforeseen changes in the organization's finances and to invest in projects for which ongoing funding is not available. During the year the organization transferred \$nil (2006 - \$50,000) to this fund.

## 6. COMMITMENTS

The organization has a lease commitment for office space which expires April 30, 2009. Annual lease payments including operating costs are approximately \$10,000.